Annual Report
2017

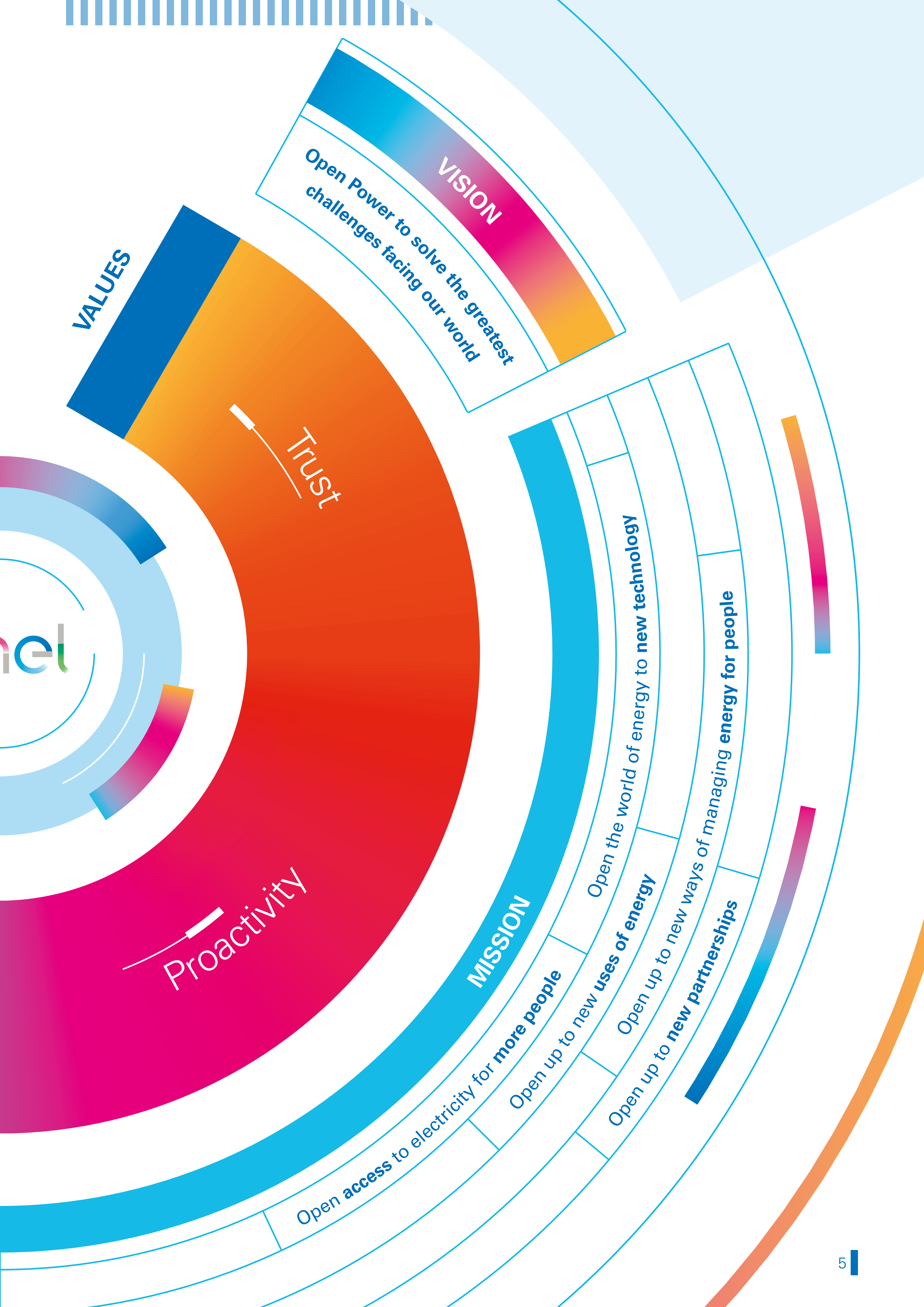
enel

Annual Report 2017

Contents

Enel is Open Power

Open to the world, to technology and, internally, among our people. This is the strategic concept of Open Power. But in order to transfer to our customers and stakeholders the essence of a new innovative and open Enel, it is essential to instill this approach to openness within the company.
In order to create a shared culture among all of the Group's parts, we have developed a "galaxy" composed of a Vision – for the first time in Enel – which represents our major long-term objective, a Mission 2025 expressed in five points, the values that represent Enel's DNA and ten principles of conduct that must inspire everyone who works for the company. Let's discover the Open Power galaxy.


VALUES
Trust
Proactivity
VISION
Open Power to solve the greatest challenges facing our world
MISSION
Open access to electricity for more people
Open up to new uses of energy
Open the world of energy to new technology
Open up to new ways of managing energy for people
Open up to new partnerships

01

Report on operations

Enel organizational model

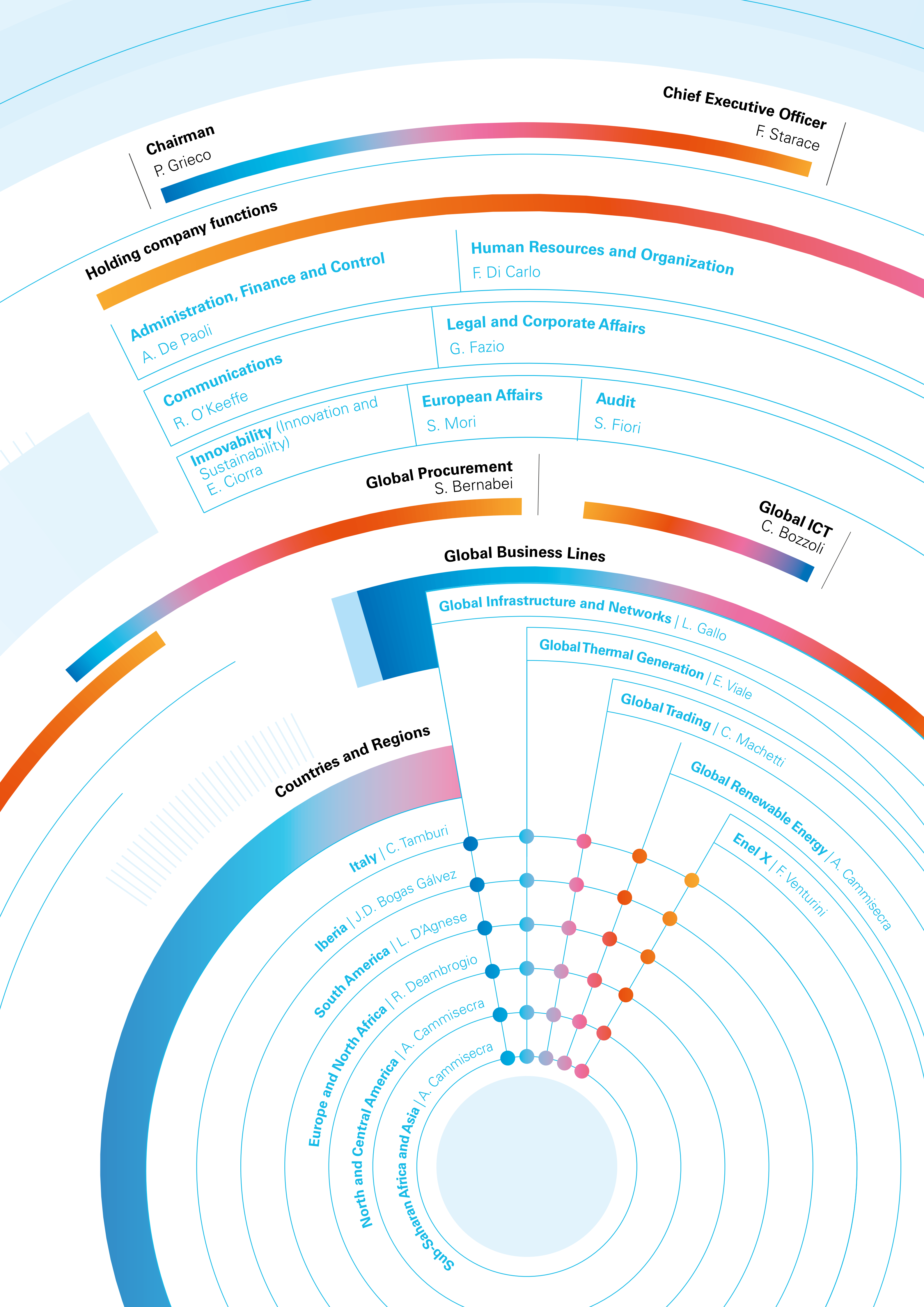
On April 28, 2017, the Enel Group adopted a new organizational structure, introducing a new Global Business Line, called "Enel X". It is intended to foster greater customer focus and digitization as accelerators of value within the 2017-2019 Strategic Plan:

More specifically, the new Enel Group structure is organized, like the previous one, into a matrix that comprises:

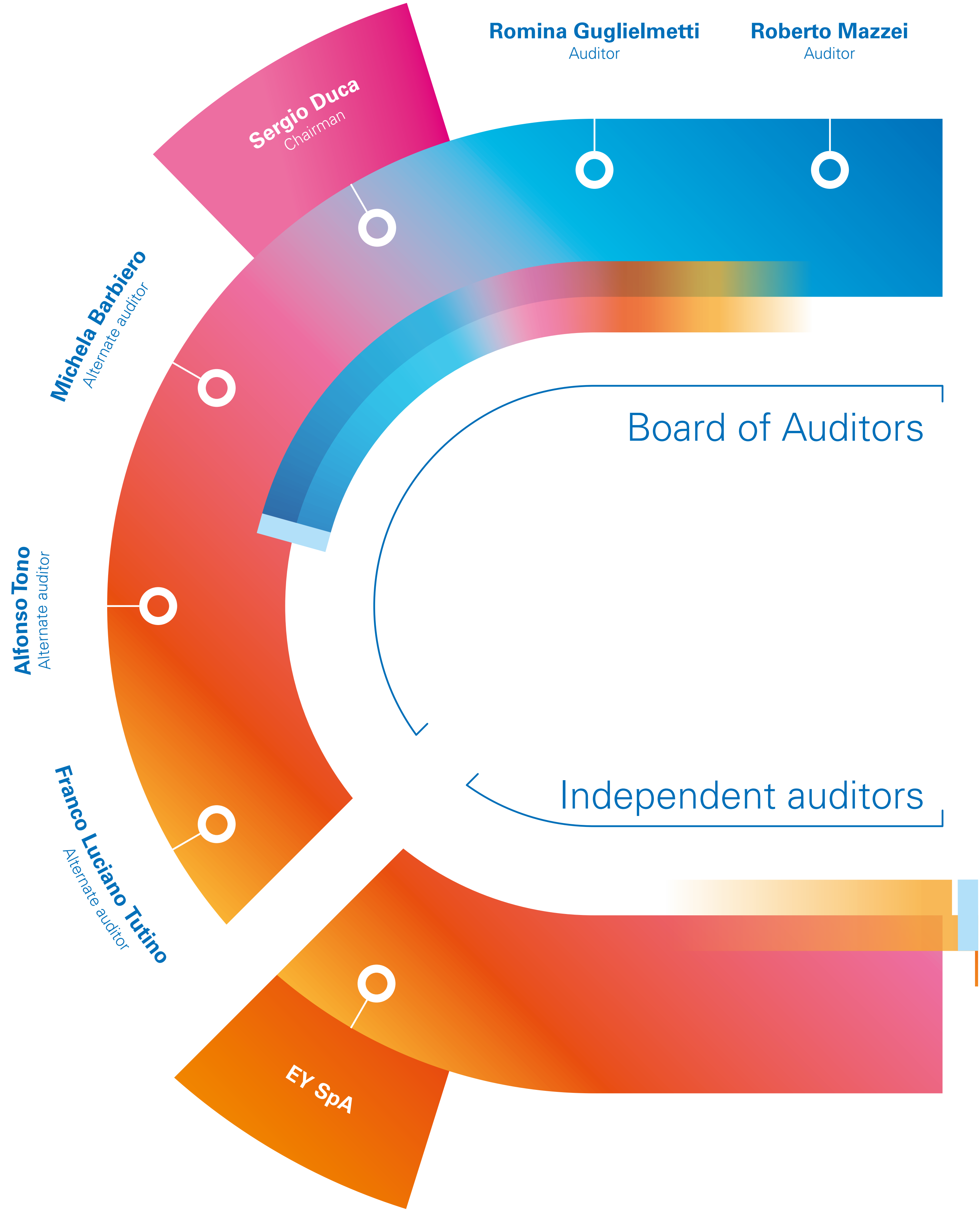
> *Divisions* (Global Thermal Generation and Trading, Global Infrastructure and Networks, Renewable Energy, Enel X), which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Divisions are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group will benefit from a centralized industrial vision of projects in the various Business Lines. Each project will be assessed not only on the basis of its financial return but also in relation to the best technologies available at the Group level;
> *Regions and Countries* (Italy, Iberia, South America, Europe and North Africa, North and Central America, Sub-Saharan Africa and Asia), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Divisions.

The following functions provide support to Enel's business operations:

> *Global service functions* (Procurement and ICT), which are responsible for managing information and communication technology activities and procurement at the Group level;
> *Holding company functions* (Administration, Finance and Control, Human Resources and Organization, Communications, Legal and Corporate Affairs, Audit, European Affairs, and Innovation and Sustainability), which are responsible for managing governance processes at the Group level.

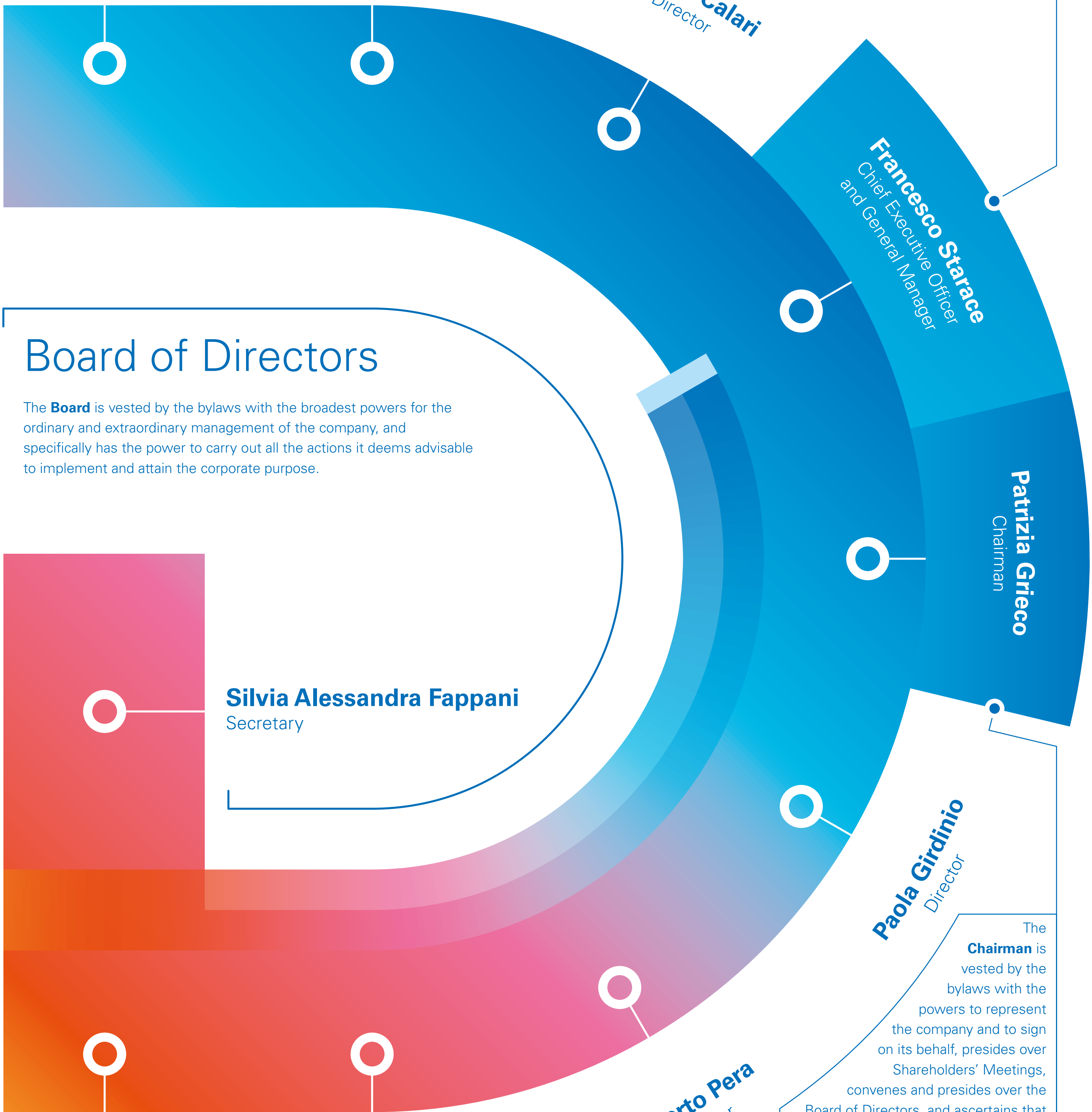

Chairman
P. Grieco
Chief Executive Officer
F. Starace
Holding company functions
Administration, Finance and Control
A. De Paoli
Human Resources and Organization
F. Di Carlo
Communications
R. O'Keeffe
Legal and Corporate Affairs
G. Fazio
Innovability (Innovation and Sustainability)
E. Ciorra
European Affairs
S. Mori
Audit
S. Fiori
Global Procurement
S. Bernabei
Global ICT
C. Bozzoli
Global Business Lines
Global Infrastructure and Networks | L. Gallo
Global Thermal Generation | E. Viale
Global Trading | C. Machetti
Global Renewable Energy | A. Cammisecra
Enel X | F. Venturini
Countries and Regions
Italy | C. Tamburi
Iberia | J.D. Bogas Gálvez
South America | L. D'Agnese
Europe and North Africa | R. Deambrogio
North and Central America | A. Cammisecra
Sub-Saharan Africa and Asia | A. Cammisecra

Corporate boards and powers



Board of Directors

The **Board** is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the company, and specifically has the power to carry out all the actions it deems advisable to implement and attain the corporate purpose.



Patrizia Grieco
Chairman

Francesco Starace
Chief Executive Officer and General Manager

Alfredo Antoniozzi
Director

Alberto Bianchi
Director

Cesare Calari
Director

Paola Girdinio
Director

Alberto Pera
Director

Anna Chiara Svelto
Director

Angelo Taraborrelli
Director

Silvia Alessandra Fappani
Secretary

The **Chief Executive Officer** is vested by the bylaws with the powers to represent the company and to sign on its behalf, and in addition is vested by a Board resolution of May 5, 2017 with all powers for managing the company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

The **Chairman** is vested by the bylaws with the powers to represent the company and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 5, 2017, the Chairman has been vested with a number of additional non-executive powers.

Letter to shareholders and other stakeholders

Dear shareholders and stakeholders,

in 2017 the Enel Group once again had to cope with strong and sudden changes in macroeconomic conditions: the strategic decisions taken in the recent past prepared the Group to tackle the emerging challenges and seize the opportunities that presented themselves in a highly volatile and increasingly complex environment. The effectiveness of our strategic approach and our capacity to implement it on the operational level enabled Enel to become the European utility with the largest market capitalization during the year, confirming the soundness of the choices made in recent years.

The macroeconomic environment

In 2017, global economic activity expanded at an average rate of 3.7%, the fastest pace since 2011. Economies in the advanced phase of the expansion consolidated their positions, while those that in 2016 had begun the recovery process posted further gains.
Despite the persistence of a number of sources of uncertainty, such as the Brexit negotiations and the renegotiation of NAFTA, the positive data on the state of the global economy helped to boost the general level of confidence and reduce volatility in the financial markets. In 2017, economies benefited especially from the rise in commodity prices, the recovery in global trade and, in some cases, a reduction in inflation, which enabled the implementation of more accommodative monetary policies.
More specifically, growth in the euro-area economies outpaced expectations, and inflationary pressures, while mixed, gradually increased. Although the exceptional volume of liquidity in the system remains, driven by the expansionary monetary stances of the main central banks, the improvement in the macroeconomic situation prompted the ECB to reduce the volume of its asset purchases under quantitative easing and to announce the possible termination of the program, indicating its intention to begin a gradual process of normalizing monetary policy.
The United States continues to grow rapidly. Structural inflation, supported by an extremely strong labor market, is close to the 2% target, prompting the Federal Reserve to undertake a monetary tightening.
Last year was also one of economic growth in Latin America: Brazil and Argentina emerged from recession, while Peru and Mexico displayed considerable resilience to external shocks, and Colombia and Chile continued to post strong growth, albeit at a slower pace compared with previous years.
On the commodity front, over the course of 2017 the price of oil went from initial broad stability (with a low of about $45 a barrel at the end of June) to a period of steady increases, ending the year above $65 a barrel following the OPEC agreement to cut production. The price of coal was much higher than in 2016, mainly due to the sharp increase in demand in China, the

high temperatures registered during the summer in southern Europe and structural difficulties in Indonesia and Australia, which limited flows of coal towards international markets.
The gas market was characterized by the growing role of LNG and by a sharp increase in European demand, driven both by seasonal factors and by the reduced availability of French nuclear plants in the first part of the year, which exerted upward pressure on prices compared with the previous year.
In addition, 2017 saw a substantial and consistent recovery in electricity demand in almost all the countries in which the Enel Group operates. In particular, in Europe demand expanded by around 1% compared with the previous year, thanks to especially hot weather during the summer and cold temperatures in the latter part of the year. South America (with the exception of Argentina) also registered an expansion in electricity consumption.
The year was also characterized by an exceptional wave of drought and, consequently, poor availability of water resources, which heavily penalized hydroelectric generation in a number of key markets such as Italy, Spain and Chile.

Performance

Despite the adverse market conditions for gas and coal and the limited availability of hydro resources, the Enel Group managed to surpass the financial targets set for 2017.
In particular, the Group closed the year with ordinary EBITDA of €15.6 billion, up from €15.2 billion the previous year, outpacing the guidance provided to the market.
Ordinary net income, on which the dividend is calculated, increased by 14%, reaching €3.7 billion compared with €3.2 billion the previous year.
The 2017 dividend amounts to 23.7 eurocents per share (with an implicit pay-out of 65%), an increase of 32% compared with the 18 eurocents registered the previous year and well above the minimum dividend of 21 eurocents guaranteed to shareholders. In line with the dividend payment policy in effect since 2016, an interim dividend of 10.5 eurocents was distributed in January 2018. The ratio of FFO to net debt, an indicator of financial strength, reached 27%, in line with the target and an improvement on the 26% posted in 2016. Net debt remained broadly stable at €37.4 billion, an improvement on the guidance of €37.8 billion, despite the continuation of Group investment for growth (which in 2017 was around €8.1 billion, only slightly lower than the record level posted in 2016).
These decidedly positive results were reflected in the performance of the Enel stock, which in 2017 rose by about 21.5%. This performance was even more significant when compared with the benchmark index for the European utilities sector (Euro STOXX Utilities UEM), which rose by about 14.6%, and with the benchmark index for the Italian market as a whole (FTSE-MIB), which over the same period posted a gain of 11.7%.

Main developments

With regard to industrial growth, the development of renewable energy also continued in 2017, with the installation of 2,600 MW of new capacity, of which 300 MW of managed capacity. During the year, Enel was also awarded contracts for the supply of renewable energy (through public tenders or private agreements) totaling about 5,000 MW in the Americas, Spain, Russia, Australia and Ethiopia. Significant transactions were also carried out, involving the termination of tax partnerships in the United States and the signing of disposal agreements to implement the BSO business model ("Build, Sell and Operate") in Mexico.
Acquisitions also played a prominent role in 2017. In particular, those carried out through the new Enel X Global Business Line involved companies active in the fields of demand response, energy storage and the construction of infrastructure for electric mobility. At the same time, acquisitions in the distribution sector enabled the Group to become the second largest electricity distributor in Brazil.
One of the most important challenges in 2017 concerned the mass installation of smart meters in the countries in which the Group's distribution companies operate.
In particular, in Italy – a country historically in the vanguard on this front – the plan to replace 32 million first-generation digital meters with the new Open Meters (the second generation) was launched in June.
In 2017, the installation of 1.7 million Open Meters in Italy made it possible to activate previously unexplored functions and make progress towards the world of smart grids. In addition, in Spain more than 11 million digital meters have already been installed, of which about 2 million in 2017 alone, while in Romania about 290,000 are installed, of which more than half in 2017.

In 2017, the Group's efforts to create an ultra-broadband fiber optic network in Italy also continued. The main transactions undertaken as part of the active portfolio management program included the purchase of minority interests in the Romanian companies and the sale of the stake in the coal mine at Bayan in Indonesia.
As part of its commitment to electric mobility, in November 2017 Enel presented a National Plan for the installation of charging infrastructure for electric vehicles. The plan provides for comprehensive coverage of Italy, with the installation of some 7,000 charging stations by 2020, rising to 14,000 by 2022.
The year 2017 was also busy on the financial front, with the issue of the first Green Bond and the launch of two bond issues on the US market.
Our commitment to innovation also continued in 2017, where, in implementation of the Open Innovation strategy, the network of seven innovation hubs – including three newly opened hubs in San Francisco, Moscow and Madrid – enables the Group to seize the opportunities generated by the world's leading innovation ecosystems and actively foster collaboration with the best start-ups in the world. Today, the Group boasts a portfolio of 126 active collaborations, mainly in the fields of electric mobility and smart charging, energy efficiency, advanced automation of generation plants, digitization of networks and the Internet of Things.
These results were also achieved thanks to the continuing rationalization of the organizational structure, which is now more streamlined and efficient, thanks in part to the corporate reorganization in Chile.

Strategy and forecasts for 2018

The strategy adopted in recent years, together with its effective implementation, has enabled the Group to achieve its objectives, confirming a significant capacity for generating value and the Group's clear positioning in the ongoing energy transition. Enel is now recognized as a global leader in renewable generation and in distribution through smart grids: two key pillars in an energy context that is evolving towards the electrification of final consumption and the deep decarbonization of the energy mix.
Our industry is currently experiencing far-reaching change under the impetus of two fundamental drivers that mutually fuel and reinforce each other: digitization, with technologies that enable the roll-out of innovative processes and services at an increasingly rapid pace and at lower cost; and a focus on customers, who are ever more actively involved and equipped to choose in a more knowledgeable and informed fashion.
To lend further impetus to the strategic journey we have

undertaken, the 2018-2020 Strategic Plan was presented in November 2017. It essentially confirms the substance and medium-term objectives of the Group's strategy, incorporating 2020 within the plan horizon. The Enel Strategic Plan is the outcome of the shared efforts of management and the Board of Directors, which is called upon to approve the strategy and to periodically monitor its implementation.
In the Strategic Plan, digitization and customer focus are again the key enablers of the Enel Group's strategy.
More specifically, the digitization of operations represents a fundamental lever for the creation of long-term value, thanks to the transformation of processes, the introduction of new systems, the continuous dialogue with technology to enhance efficiency and effectiveness, and to be increasingly resilient and flexible in responding to sudden changes in the competitive environment.
For precisely these reasons, in the new Strategic Plan investments in digitization in the next three years have increased to €5.3 billion from the €4.7 billion envisaged in the previous plan. In particular, the investment plan focuses on digitizing not only grid assets (smart meters, remote control and connectivity of systems), but also the customer relationship, while at the same time promoting a stronger digital orientation among all of Enel's people.
Customer focus will receive a significant boost from the creation of the new Enel X Global Business Line, whose commercial offer supplements the traditional business of selling electricity and gas, focusing on the delivery of value-added services for domestic and industrial customers, and for cities, as well as on electric mobility, with the aim of generating €3.3 billion of EBITDA in 2020.
After the major gains achieved in recent years, the Group's path of industrial growth continues to strengthen. In 2018-2020, Enel plans to allocate 70% of resources to investments for growth and 30% to maintenance activities, with a total investment of €24.6 billion. This will consolidate growth and at the same time keep the level of debt in 2020 at current levels, thanks to solid cash generation. More specifically, 80% of the investment program for growth is dedicated to mature markets, contributing to a further reduction in risk and underscoring considerable flexibility in allocating resources to the most attractive growth opportunities.
The Group also plans to continue the rationalization of existing assets over the next few years, mainly by focusing on thermal generation plants and exiting non-strategic countries. We also plan to invest up to €4.7 billion in strategic acquisitions.
People are a central element of Enel's strategy, and for this reason the Group aims to leverage skills to an ever greater extent, as they are the engine of development and change in a vision inspired by the principles of ethics, transparency, inclusiveness, diversity, respect for human rights and maximum attention to safety.
Continuing along the road undertaken, the Strategic Plan promotes the implementation of a sustainable business model along the entire value chain, with particular reference to the 17 Sustainable Development Goals (SDGs) of the United Nations. For Enel, sustainability – in essential combination with innovation – is central to the Group's strategy and is fully integrated with its industrial and financial dimension, fully aware that it is only possible to remain competitive in the long term and create value in a changing environment by identifying sustainable business solutions that can reduce environmental impact and increase interaction and cooperation with all stakeholders.
The actions taken by the Group in line with this vision contributed to the achievement in 2017 of some of the SDG commitments that the Group had set for 2020. In particular, Enel has confirmed and increased its specific commitment to the following SDGs:

> 800,000 beneficiaries of quality education by 2020, doubling the previous target of 400,000 beneficiaries (SDG 4);
> 3 million beneficiaries of access to clean and low-cost energy by 2020, mainly in Africa, Asia and South America (SDG 7);
> 3 million beneficiaries of employment and sustainable and inclusive economic growth by 2020, doubling the previous target of 1.5 million (SDG 8);
> in the fight against climate change (SDG 13), Enel will continue the process of decarbonizing its generation mix with the aim of reducing average CO_2 emissions per kWh generated to 350 gCO_2/kWh_{eq} by 2020, following the trajectory for complete decarbonization by 2050.

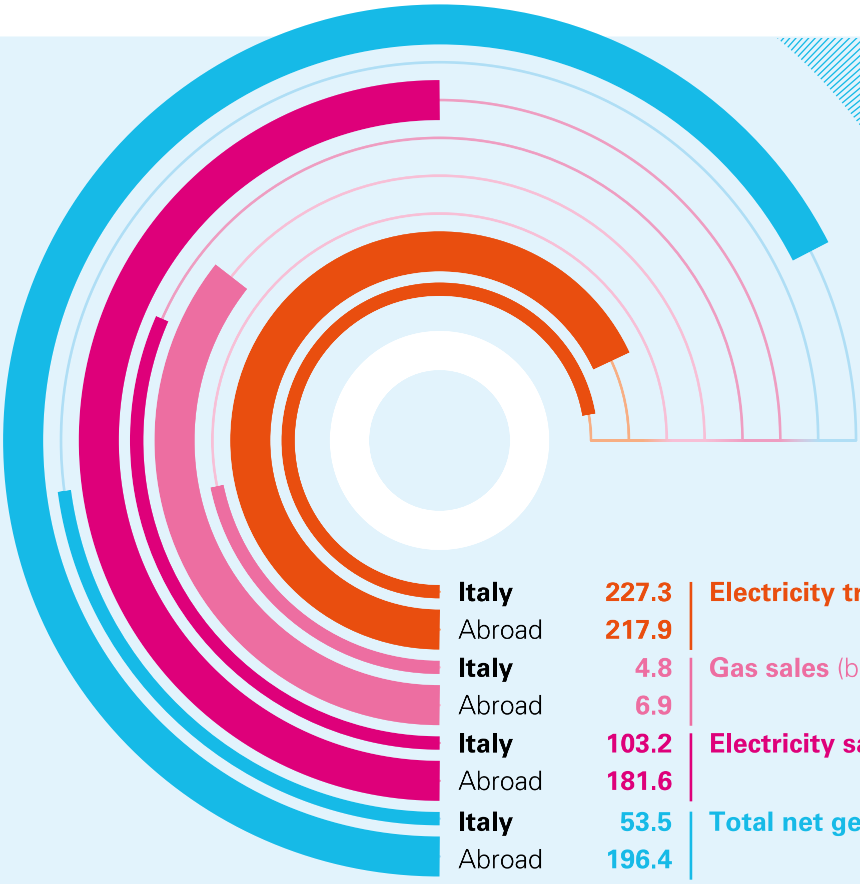
The Enel Group is moving forward

with the process of transformation undertaken some years ago. This journey is based on the transparency and full visibility with respect to our shareholders and other stakeholders of the actions that will be undertaken in the coming years, with the aim of offering our shareholders an attractive return on their investment and generating sustainable value over the long term for all stakeholders.

Chairman of the Board
of Directors
Patrizia Grieco

Chief Executive Officer
and General Manager
Francesco Starace

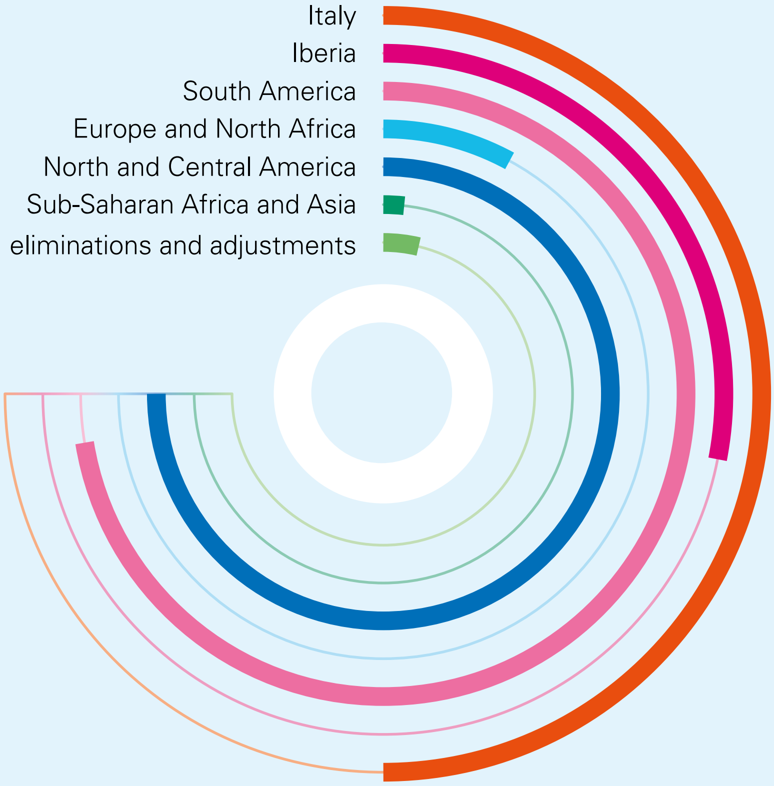
Summary of results



Italy	227.3	**Electricity transported** (TWh) | **445.2**
Abroad	217.9	
Italy	4.8	**Gas sales** (billions of m³) | **11.7**
Abroad	6.9	
Italy	103.2	**Electricity sales** (TWh) | **284.8**
Abroad	181.6	
Italy	53.5	**Total net generation** (TWh) | **249.9**
Abroad	196.4	

Capital expenditure by Country/Region
8,130 (millions of euro)

1,812	Italy
1,105	Iberia
3,002	South America
307	Europe and North Africa
1,802	North and Central America
30	Sub-Saharan Africa and Asia
72	Other, eliminations and adjustments



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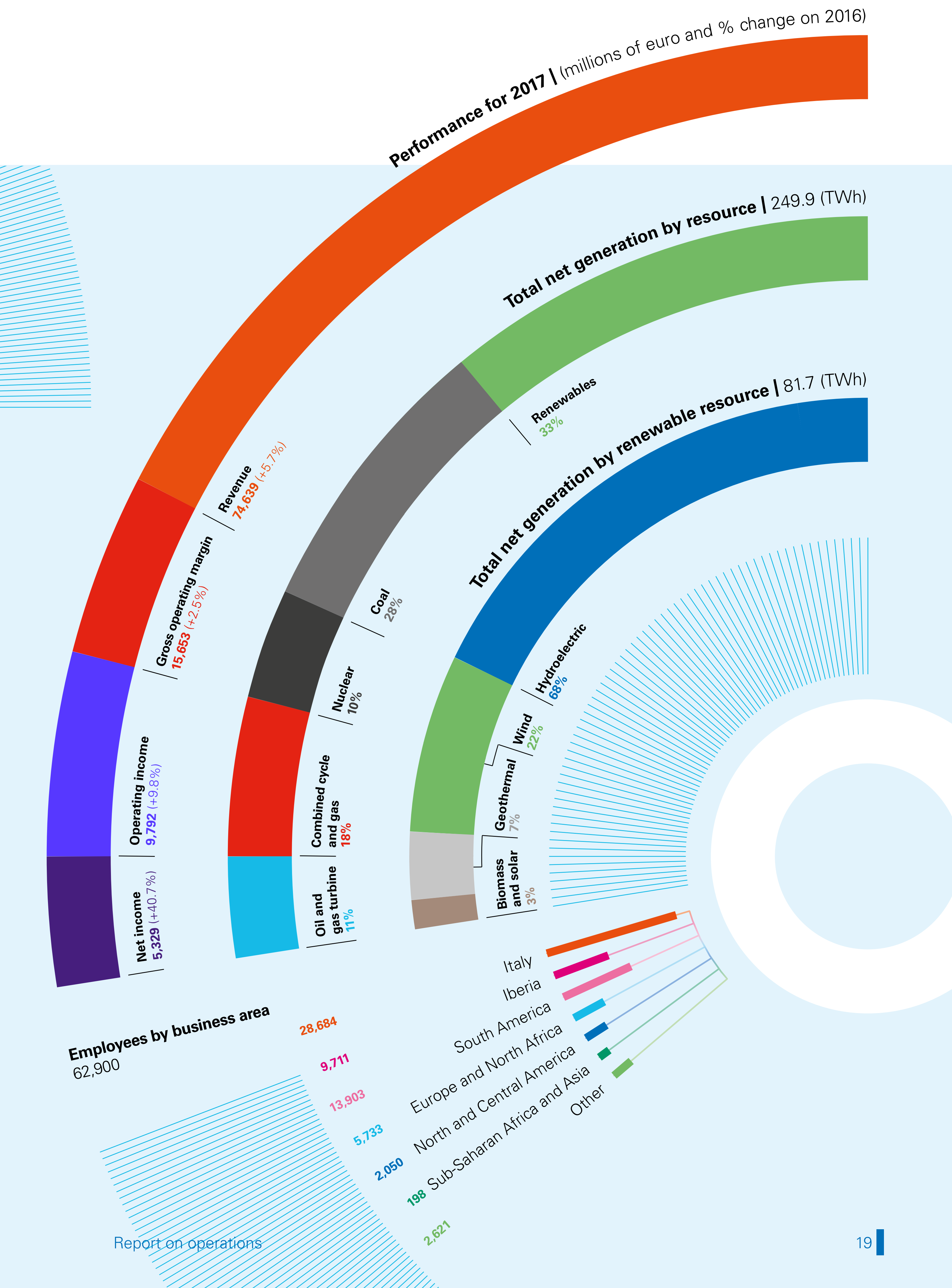


Performance for 2017 | (millions of euro and % change on 2016)
Revenue
74,639 (+5.7%)
Gross operating margin
15,653 (+2.5%)
Operating income
9,792 (+9.8%)
Net income
5,329 (+40.7%)
Total net generation by resource | 249.9 (TWh)
Renewables
33%
Coal
28%
Nuclear
10%
Combined cycle and gas
18%
Oil and gas turbine
11%
Total net generation by renewable resource | 81.7 (TWh)
Hydroelectric
68%
Wind
22%
Geothermal
7%
Biomass and solar
3%
Employees by business area
62,900
Italy
28,684
Iberia
9,711
South America
13,903
Europe and North Africa
5,733
North and Central America
2,050
Sub-Saharan Africa and Asia
198
Other
2,621

Performance data

Revenue

Revenue in 2017 amounted to €74,639 million, an increase of €4,047 million (5.7%) compared with 2016. The rise mainly reflected an increase in revenue from the sale and transport of electricity (especially in end-user markets in Italy and Spain) as a result of greater quantities sold in an environment of rising prices, for grid management and for the sale of fuels, especially natural gas. In addition revenue from trading on international electricity markets also increased, essentially reflecting a rise in quantities handled in a context of rising prices.

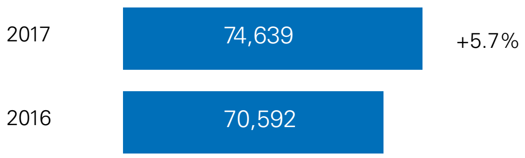
Positive exchange rate developments, which saw gains posted in all countries with the exception of Argentina and the United States, were essentially offset by the impact of the changes in the scope of consolidation following the disposal of Slovenské elektrárne, Marcinelle Energie and Enel France and the acquisitions of Enel Distribuição Goiás (formerly CELG-D) and EnerNOC.

Revenue includes a number of extraordinary items associated with gains on the disposal of companies. In 2017 this mainly included the gain of €143 million on the disposal of the investment in Electrogas in Chile.

In 2016, it had mainly regarded the gain from the sale of GNL Quintero (an associate in which the Group held 20%) of €173 million and the gain of €124 million on the sale of Hydro Dolomiti Enel.

The following table reports developments in revenue by geographical area.

Millions of euro



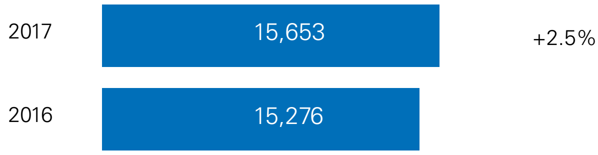
Millions of euro

	2017	2016	Change	
Italy	38,781	37,045	1,736	4.7%
Iberia	19,994	18,953	1,041	5.5%
South America	13,154	10,768	2,386	22.2%
Europe and North Africa	2,411	3,798	(1,387)	-36.5%
North and Central America	1,187	1,125	62	5.5%
Sub-Saharan Africa and Asia	96	29	67	-
Other, eliminations and adjustments	(984)	(1,126)	142	12.6%
Total	**74,639**	**70,592**	**4,047**	**5.7%**

Gross operating margin

The **gross operating margin** in 2017 totaled €15,653 million, up €377 million (2.5%) compared with 2016, despite a negative impact of €225 million from the change in the scope of consolidation – mainly due to the deconsolidation of Slovenské elektrárne and EGPNA REP and the acquisition of Enel Distribuição Goiás (formerly CELG-D) and EnerNOC – and an unfavorable context attributable to adverse weather and water conditions, which penalized Group performance. In addition to exchange rate gains, the increase in the gross operating margin reflected the implementation of the investment plan over the past few years and the efficiency plans pursued by the Group. The following table reports gross operating margin by geographical area.

Millions of euro



Millions of euro

	2017	2016	Change	
Italy	6,863	6,618	245	3.7%
Iberia	3,573	3,562	11	0.3%
South America	4,204	3,556	648	18.2%
Europe and North Africa	543	762	(219)	-28.7%
North and Central America	759	833	(74)	-8.9%
Sub-Saharan Africa and Asia	57	14	43	-
Other	(346)	(69)	(277)	-
Total	**15,653**	**15,276**	**377**	**2.5%**

The **ordinary gross operating margin** amounted to €15,555 million, up €381 million on 2016 (+2.5%). Extraordinary items for 2017, which are not reflected in the ordinary gross operating margin, amounted to €98 million, including:

> the gain of €143 million on the sale of Electrogas; and
> the losses of €45 million posted in South America from the abandonment of hydroelectric projects in Chile and Colombia.

In addition, in 2016 extraordinary items amounted to €101 million and included:

> the gains on the sale of GNL Quintero and Hydro Dolomiti Enel for €173 million and €124 million respectively;
> the losses recognized following the definitive abandonment of the development of a number of hydroelectric projects in Chile and Peru (about €196 million).

The following table reports developments in the ordinary gross operating margin by segment.

Millions of euro

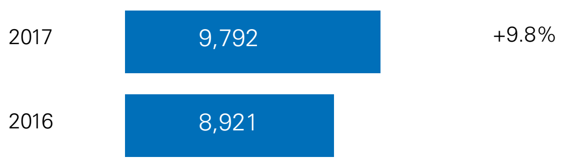
	2017	2016	Change	
Italy	6,863	6,494	369	5.7%
Iberia	3,573	3,562	11	0.3%
South America	4,106	3,578	528	14.8%
Europe and North Africa	543	762	(219)	-28.7%
North and Central America	759	833	(74)	-8.9%
Sub-Saharan Africa and Asia	57	14	43	-
Other	(346)	(69)	(277)	-
Total	**15,555**	**15,174**	**381**	**2.5%**

Operating income

Operating income in 2017 amounted to €9,792 million, an increase of €871 million compared with 2016 (€8,921 million), with a decrease in depreciation, amortization and impairment losses of €494 million. The latter was almost entirely attributable to the greater impairment recognized in 2016 than in 2017. In 2016, impairment regarded the writedown of the value of water usage rights for hydroelectric projects on the rivers Neltume and Choshuenco in Chile, which face procedural difficulties (€273 million), upstream gas assets (€55 million), the writedown of Marcinelle Energie following the application of IFRS 5 (€51 million), as well as the writedowns recognized following impairment testing of the Enel Green Power Romania CGU (€130 million) and the Nuove Energie CGU (€92 million). In 2017, the only impairment recognized regarded the geothermal assets in Germany under development through Erdwärme Oberland GmbH (€42 million).

The following table reports developments in operating income by geographical area.

Millions of euro



Millions of euro

	2017	2016	Change	
Italy	4,470	4,270	200	4.7%
Iberia	1,842	1,766	76	4.3%
South America	2,970	2,163	807	37.3%
Europe and North Africa	306	286	20	7.0%
North and Central America	553	565	(12)	-2.1%
Sub-Saharan Africa and Asia	15	(5)	20	-
Other	(364)	(124)	(240)	-
Total	**9,792**	**8,921**	**871**	**9.8%**

Ordinary operating income, which in addition to not including the items excluded from ordinary gross operating margin does not consider the effects of the impairment noted above, amounted to €9,736 million, an increase of €301 million (3.2%) on 2016.

The following table reports developments in ordinary operating income by geographical area.

Millions of euro

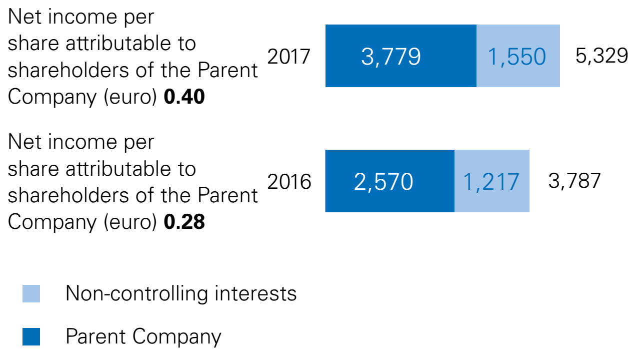
	2017	2016	Change	
Italy	4,470	4,289	181	4.2%
Iberia	1,842	1,766	76	4.3%
South America	2,872	2,458	414	16.8%
Europe and North Africa	348	486	(138)	-28.4%
North and Central America	553	565	(12)	-2.1%
Sub-Saharan Africa and Asia	15	(5)	20	-
Other	(364)	(124)	(240)	-
Total	**9,736**	**9,435**	**301**	**3.2%**

Net income

Net income attributable to shareholders of the Parent Company amounted to €3,779 million in 2017, compared with €2,570 million in 2016. More specifically, the increase in operating income improved further with the reduction in financial expense on the debt, the gain from the disposal of Bayan Resources and the differences between the two years in the impact of the writedown of the investment in Slovak Power Holding and the financial receivable in respect of the disposal of an interest in that company.
In addition, taxes decreased, mainly due to the reduction in the rate of corporate income tax (IRES) from 27.5% to 24% in Italy and the adjustment of the deferred taxation of companies resident in the United States following the tax reform approved in December 2017, which reduced the corporate income tax rate from 35% to 21%.

Ordinary net income attributable to shareholders of the Parent Company in 2017 amounted to €3,709 million (€3,243 million in 2016), an increase of €466 million on 2016. The following table provides a reconciliation of net income and ordinary net income attributable to shareholders of the Parent Company, reporting the non-ordinary items and their respective impacts on net income, excluding the associated tax effects and non-controlling interests.

Millions of euro



Millions of euro

	2017
Net income attributable to shareholders of the Parent Company	**3,779**
Gain on disposal of Bayan Resources	(52)
Impairment of Erdwärme geothermal assets	36
Abandonment of hydroelectric projects in Chile and Colombia	11
Gain on disposal of Electrogas	(37)
Revaluation of investment in Slovenské elektrárne	(28)
Ordinary net income attributable to shareholders of the Parent Company	**3,709**

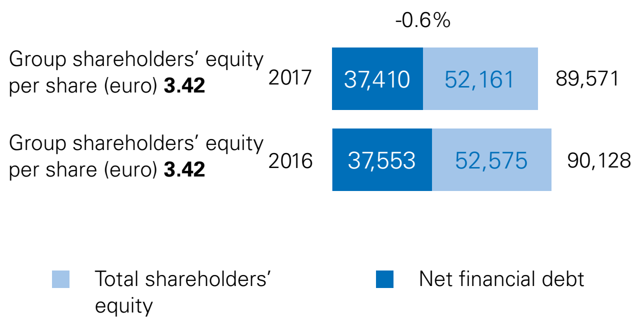
Financial data

Net capital employed

Net capital employed, including net assets held for sale of €241 million, amounted to €89,571 million at December 31, 2017 and was financed by equity pertaining to shareholders of the Parent Company and non-controlling interests of €52,161 million and net financial debt of €37,410 million. At December 31, 2017, the debt/equity ratio came to 0.72% (0.71% at December 31, 2016).

Net financial debt amounted to €37,410 million, a decrease of €143 million on December 31, 2016, a slight change compared with the balance at the end of the previous year.

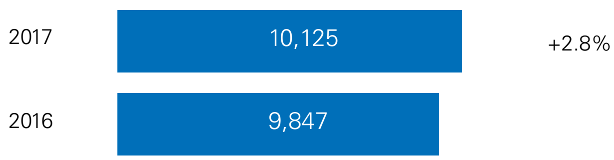
Millions of euro



Cash flows from operations

Cash flows from operations amounted to €10,125 million in 2017, an increase of €278 million on the previous year, mainly reflecting the increase in the gross operating margin, a reduction in uses of provisions and a decline in taxes paid, which more than offset the deterioration in net working capital.

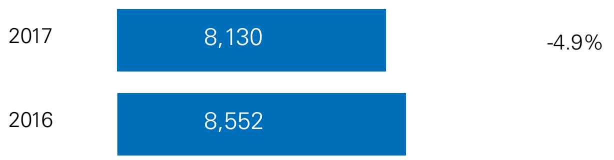
Millions of euro



Capital expenditure

Capital expenditure amounted to €8,130 million in 2017 (of which €6,857 million in respect of property, plant and equipment), a decrease of €422 million on 2016, mainly concentrated in renewable energy plants in Brazil, Chile and South Africa and in Italy due to the deconsolidation of OpEn Fiber.

Millions of euro



The following table reports developments in capital expenditure by geographical area.

Millions of euro

	2017	2016	Change	
Italy	1,812	1,894 [3]	(82)	-4.3%
Iberia	1,105	1,147	(42)	-3.7%
South America	3,002	3,069	(67)	-2.2%
Europe and North Africa	307 [1]	265 [4]	42	15.8%
North and Central America	1,802 [2]	1,832	(30)	-1.6%
Sub-Saharan Africa and Asia	30	304	(274)	-90.1%
Other, eliminations and adjustments	72	41	31	75.6%
Total	**8,130**	**8,552**	**(422)**	**-4.9%**

(1) Does not include €44 million regarding units classified as "held for sale".
(2) Does not include €325 million regarding units classified as "held for sale".
(3) Does not include €7 million regarding units classified as "held for sale".
(4) Does not include €283 million regarding units classified as "held for sale".

Operations

	Italy	Abroad	Total	Italy	Abroad	Total
		2017			2016	
Net electricity generated by Enel (TWh)	53.5	196.4	**249.9**	60.9	200.9	**261.8**
Electricity transported on the Enel distribution network (TWh) [1]	227.3	217.9	**445.2**	224.1	202.6	**426.7**
Electricity sold by Enel (TWh)	103.2	181.6	**284.8**	94.1	168.9	**263.0**
Gas sales to end users (billions of m^3)	4.8	6.9	**11.7**	4.6	6.0	**10.6**
Employees at period-end (no.)	31,114	31,786	**62,900**	31,956	30,124	**62,080**

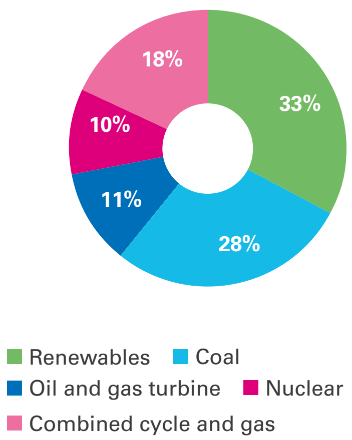
(1) The figure for 2016 reflects a more accurate measurement of amounts transported.

Net electricity generated by Enel in 2017 decreased by 11.9 TWh on 2016 (-4.5%), due to the decrease in amounts generated in Italy (-7.4 TWh) and abroad (-4.5 TWh). The decline in generation in Italy is mainly attributable to the decrease in conventional thermal generation. Abroad, the reduction reflects the deconsolidation at the end of July of Slovenské elektrárne (-7.5 TWh), which more than offset the increase in generation in Spain and South America.

As regards the technology mix, the change is mainly attributable to a decrease in nuclear generation (-7.0 TWh), coal- and oil-fired generation (-4.7 TWh) and hydroelectric generation (-4.7 TWh). These effects were only partly offset by an increase in natural gas generation (+4.1 TWh) and solar generation (+1.4 TWh).

Finally, 33% of the electricity generated by Enel in 2017 came from renewable sources.

Net electricity generation by source (2017)



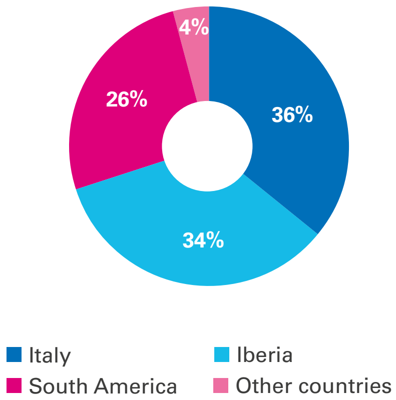
Electricity transported on the Enel distribution network in 2017 amounted to 445.2 TWh, up 18.5 TWh (+4.3%), essentially reflecting the acquisition of Enel Distribuição Goiás (formerly CELG-D).

Electricity sold by Enel in 2017 amounted to 284.8 TWh, up 21.8 TWh (+8.3%) on the previous year, reflecting the increase in amounts sold on markets in Italy (+9.1 TWh, with the largest increase coming in the business customer segment), South America (+11.6 TWh) and Spain (+3.0 TWh), only partly offset by a decrease in amounts sold in Romania, France and Slovakia following the Group's exit from those markets.

At December 31, 2017, Enel Group employees numbered 62,900 (an increase of 820 on the end of 2016). The rise reflects the net balance of new hires and terminations (-2,111) and the change in the scope of consolidation (+2,931 overall), which included the acquisition of Demand Energy and EnerNOC in North America and Enel Distribuição Goiás (formerly CELG-D) in Brazil.

The following table reports the employee workforce by geographical area.

Electricity sold by geographical area (2017)



No.

	at Dec. 31, 2017	at Dec. 31, 2016
Italy	28,684	29,321
Iberia	9,711	9,695
South America	13,903	12,979
Europe and North Africa	5,733	5,858
North and Central America	2,050	891
Sub-Saharan Africa and Asia	198	185
Other	2,621	3,151
Total	**62,900**	**62,080**

Environmental, social and governance indicators

	2017	2016	Change	
"Zero-emission" generation (% of total)	43.3	45.6	(2.3)	-5.0%
Total specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (1)	411	395	16	4.1%
Average efficiency of thermal plants (%) (2)	40.7	40.0	0.7	1.8%
Specific emissions of SO_2 (g/kWh_{eq}) (1)	0.84	0.82	0.02	2.4%
Specific emissions of NO_x (g/kWh_{eq}) (1)	0.79	0.75	0.04	5.3%
Specific emissions of particulates (g/kWh_{eq}) (1)	0.27	0.22	0.05	22.7%
ISO 14001-certified net efficient capacity (% of total)	99.0	97.9	1.1	1.1%
Enel injury frequency rate (3)	1.20	1.25	(0.05)	-4.0%
Enel injury severity rate (4)	0.058	0.050	0.008	16.0%
Serious and fatal injuries at Enel (no.)	6	5	1	20.0%
Serious and fatal injuries at contractors (no.)	20	12	8	66.7%
Verified violations of the Code of Ethics (no.) (5)	27	21	6	29.0%

(1) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).
(2) Percentages calculated using new method that does not include oil and gas plants in Italy that are in the process of decommissioning or are marginal among thermal plants. The figures also do not consider consumption and generation for co-generation at Russian thermal plants. The average efficiency is calculated on the basis of the number of plants and weighted by output.
(3) The indicator is calculated as the ratio between the total number of injuries and the number of hours worked, in millions.
(4) The indicator is calculated as the ratio between the number of days lost for injuries and the number of hours worked, in thousands.
(5) The analysis of reports received in 2016 was completed in 2017. For that reason, the number of verified violations for 2016 was restated from 18 to 21.

In line with the decarbonization objective for 2050, new renewables capacity totaling about 2.8 GW was installed, mainly in Brazil, Peru and the United States. However, zero-emissions generation in 2017 was equal to about 43% of total output, a decrease on the previous year that reflected the deconsolidation of the plants in Slovakia, Belgium and North America. Emissions of CO_2 diminished slightly in absolute terms compared with 2016, but with a reduction in the Group's total net generation, specific emissions of CO_2 increased by 4% on the previous year ($411g/kWh_{eq}$).

The values for other specific atmospheric emissions rose slightly compared with 2016 as a result of the decline in output. Particulates increased by about 23%, however, reflecting the increase in coal-fired thermal generation in Russia. Nevertheless, these figures were in line with the Group's targets for 2020.

The average efficiency of thermal plants was virtually unchanged on 2016.

The Enel Group has an environmental management system that covers almost 100% of all activities (generation plants, grids, services, properties, sales, etc.). The entire scope of operations is certified except for new plants and newly acquired or constructed installations, which require a certain amount of time for certification.

Injury frequency and severity rates for employees of the Enel Group were equal to 1.20 (1.25 in 2016) and 0.058 (0.050 in 2016).

In 2017 there were 2 fatal accidents and 4 serious accidents involving Enel personnel and 11 fatal accidents and 9 serious accidents involving the employees of contractors working for Enel.

Reports of violations of the Code of Ethics numbered 123 last year. Following analysis in 2017, 27 were classified as violations.

Overview of the Group's operations, performance and financial position

Definition of performance indicators

In order to present the results of the Group and the Parent Company and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and by Enel SpA and presented in the consolidated and separate financial reports. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated and separate financial statements, which management feels are useful in monitoring the performance of the Group and the Parent Company and representative of the financial performance of the business.
As regards those indicators, on December 3, 2015, CONSOB issued Communication 92543/15, which gives force to the Guidelines issued on October 5, 2015, by the European Securities and Markets Authority (ESMA), concerning the presentation of alternative performance measures in regulated information disclosed or prospectuses published as from July 3, 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.
Accordingly, in line with the regulations cited above, the criteria used to construct these indicators are as follows.

Gross operating margin: an operating performance indicator, calculated as "Operating income" plus "Depreciation, amortization and impairment losses".

Ordinary gross operating margin: an indicator calculated by eliminating from the gross operating margin all items connected with non-recurring transactions such as acquisitions or disposals of entities (e.g. capital gains and losses), with the exception of those in the renewables development segment, in line with the new "Build, Sell and Operate" business model launched in the 4th Quarter of 2016, in which the income from the disposal of projects in that sector is the result of an ordinary activity for the Group.

Ordinary operating income: this is calculated by correcting "Operating income" for the effects of the non-recurring transactions referred to with regard to the gross operating margin, as well as significant impairment losses on assets following impairment testing or classification under "Assets held for sale".

Group ordinary net income: this is defined as "Group net income" generated by Enel's core business and is equal to "Group net income" less the effects on net income (including the impact of any tax effects or non-controlling interests) of the items referred to in the comments on "Ordinary operating income".

Gross global value added from continuing operations: this is defined as value created for stakeholders and is equal to "Revenue", including "Net income/(expense) from commodity management" net of external costs defined as the algebraic sum of "Cost of fuels", "Cost of electricity purchases", "Costs of materials", "Capitalized costs of internal projects", "Other costs" and "Costs for services, rentals and leases", with the latter net of "Costs for fixed water diversion fees" and "Costs for public land usage fees".

Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:

> "Deferred tax assets";
> "Securities held to maturity", "Financial investments in funds or portfolio management products measured at fair value through profit or loss" and "Other financial receivables" included in "Other non-current financial assets";
> "Long-term borrowings";
> "Employee benefits";
> "Provisions for risks and charges (non-current portion)";
> "Deferred tax liabilities".

Net current assets: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:

> "Long-term financial receivables (short-term portion)", "Factoring receivables", "Securities held to maturity", "Cash collateral" and "Other financial receivables" included in "Other current financial assets";
> "Cash and cash equivalents";
> "Short-term borrowings" and the "Current portion of long-term borrowings";
> "Provisions for risks and charges (current portion)";
> "Other financial payables" included in "Other current liabilities".

Net assets held for sale: calculated as the algebraic sum of "Assets held for sale" and "Liabilities held for sale".

Net capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net current assets", "Provisions for risks and charges", "Employee benefits", "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale".

Net financial debt: a financial structure indicator, calculated as:

> "Long-term borrowings" and "Short-term borrowings and the current portion of long-term borrowings", taking account of "Short-term financial payables" included in "Other current liabilities";
> net of "Cash and cash equivalents";
> net of the "Current portion of long-term financial receivables", "Factoring receivables", "Cash collateral" and "Other financial receivables" included in "Other current financial assets";
> net of "Securities held to maturity", "Securities available for sale", "Financial investments in funds or portfolio management products measured at fair value through profit or loss" and "Other financial receivables" included in "Other non-current financial assets".

More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation 2004/809/EC and in line with the CONSOB instructions of July 26, 2007, net of financial receivables and long-term securities.

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of a number of transactions. For more information, please see note 5 in the notes to the consolidated financial statements.

Group performance

Millions of euro

	2017	2016	Change	
Total revenue	74,639	70,592	4,047	5.7%
Total costs	59,564	55,183	4,381	7.9%
Net income/(expense) from commodity contracts measured at fair value	578	(133)	711	-
Gross operating margin	**15,653**	**15,276**	**377**	**2.5%**
Depreciation, amortization and impairment losses	5,861	6,355	(494)	-7.8%
Operating income	**9,792**	**8,921**	**871**	**9.8%**
Financial income	3,982	4,173	(191)	-4.6%
Financial expense	6,674	7,160	(486)	-6.8%
Total financial income/(expense)	**(2,692)**	**(2,987)**	**295**	**9.9%**
Share of income/(losses) of equity investments accounted for using the equity method	**111**	**(154)**	**265**	**-**
Income before taxes	**7,211**	**5,780**	**1,431**	**24.8%**
Income taxes	1,882	1,993	(111)	-5.6%
Net income from continuing operations	**5,329**	**3,787**	**1,542**	**40.7%**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income (Group and non-controlling interests)	**5,329**	**3,787**	**1,542**	**40.7%**
Net income attributable to shareholders of Parent Company	3,779	2,570	1,209	47.0%
Net income attributable to non-controlling interests	1,550	1,217	333	27.4%

Revenue

Millions of euro

	2017	2016	Change	
Revenue from the sale of electricity	43,433	42,337	1,096	2.6%
Revenue from the transport of electricity	9,973	9,587	386	4.0%
Fees from network operators	900	557	343	61.6%
Transfers from institutional market operators	1,635	1,462	173	11.8%
Revenue from the sale of gas	3,964	3,876	88	2.3%
Revenue from the transport of gas	570	563	7	1.2%
Gains on disposal and negative goodwill on acquisitions of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	159	399	(240)	-60.2%
Remeasurement at fair value after changes in control	-	99	(99)	-
Gains on the disposal of property, plant and equipment and intangible assets	43	65	(22)	-33.8%
Other sales, services and revenue	13,962	11,647	2,315	19.9%
Total	**74,639**	**70,592**	**4,047**	**5.7%**

In 2017 **revenue from the sale of electricity** amounted to €43,433 million, an increase of €1,096 million on the previous year (+2.6%). The rise is mainly attributable to the following factors:

> an increase of €2,317 million in revenue from electricity sales to end users. The change reflects an increase in quantities sold as well as a recovery in average prices and developments in exchange rates, which had a positive impact for all countries with the exception of Argentina. The change in the scope of consolidation also had a significant impact: the acquisition of Enel Distribuição Goiás had an impact of €1,042 million on revenue in 2017, while the deconsolidation of Slovenské elektrárne had an impact of €345 million;

> a reduction of €2,189 million in revenue from wholesale electricity sales, mainly due to the contraction in volumes

generated in Italy (€1,777 million) together with the contraction in revenue (€880 million) associated with the deconsolidation of Slovenské elektrárne at the end of July 2016. These factors were partly offset by exchange rate developments and an increase in revenue in Chile and Brazil;
- an increase of €968 million in revenue from electricity trading, reflecting the increase in volumes handled on the foreign market, which offset the decline in revenue from trading on the Italian market.

Revenue from the transport of electricity amounted to €9,973 million in 2017, an increase of €386 million on 2016. The rise was mainly concentrated in Spain, South America and Italy. The increase in average rates on foreign markets was associated with an increase in quantities transported, especially on the free market.

Fees from network operators amounted to €900 million in 2017, an increase of €343 million on the previous year. The change mainly reflects the increase in revenue from the reimbursement of the costs of essential generation units in Italy, due to the inclusion of the Brindisi Sud plant.

Revenue from **transfers from institutional market operators** totaled €1,635 million in 2017, up €173 million. More specifically, the increase in transfers mainly reflected an increase in the costs of liquid fuels in the Spanish extra-peninsular area, for which the Group is entitled to reimbursement.

Revenue from the sale of gas in 2017 amounted to €3,964 million, an increase of €88 million (+2.3%) compared with the previous year. The change essentially reflected the increase in revenue in Iberia, primarily as a result of an increase in volumes sold and higher average unit prices than in 2016.

Revenue from the transport of gas in 2017 amounted to €570 million, an increase of €7 million (+1.2%), largely as a result of the increase in quantities transported in Italy.

The item **gains on disposal of entities** amounted to €159 million in 2017, a decrease of €240 million (-60.2%) on 2016, mainly reflecting the gain of €143 million from the disposal of the Chilean company Electrogas.
In 2016, this item mainly consisted of:
- the gain from the disposal of GNL Quintero (an associate in which the Group had held 20%) of €173 million;
- the gain of €124 million from the sale of Hydro Dolomiti Enel;
- the gain of €35 million recognized by Enel Green Power Kansas from the disposal of its subsidiaries Cimarron and Lindahl;
- recognition of a price adjustment on the Portuguese assets sold in 2015 in the amount of €30 million.

There were no gains from **remeasurement at fair value after changes in control** in 2017, while in 2016 they totaled €99 million, of which €95 million in respect of the adjustment to fair value of the assets and liabilities of the Group following the changes in governance arrangements and the consequent loss of control of EGPNA REP, which had prompted a remeasurement to fair value of its interest in the company sold.

Gains on the disposal of property, plant and equipment and intangible assets in 2017 amounted to €43 million (€65 million in 2016) and regarded ordinary disposals during the period.

Revenue under **other sales, services and revenue** amounted to €13,962 million in 2017 (€11,647 million the previous year), an increase of €2,315 million on 2016 (+19.9%).
The change on 2016 mainly reflects:
- an increase of €1,312 million in revenue from the sale of fuels, especially natural gas;
- an increase of €342 million in transfers associated with environmental certificates, mainly due to an increase in quantities handled;
- an increase of €262 million in revenue from construction contracts, mainly reflecting works on infrastructure operated under concession arrangements within the scope of IFRIC 12 by Enel Distribuição Goiás;
- an increase of €139 million in revenue from reimbursements and indemnities, including €100 million in respect of the arbitration proceeding undertaken by the Group with regard to the Chucas wind farm, for which the Group received that amount from the Instituto Costarricense de Electricidad (ICE);
- an increase of €65 million in revenue from tax partnerships.

Costs

Millions of euro

	2017	2016	Change	
Electricity purchases	20,011	18,514	1,497	8.1%
Consumption of fuel for electricity generation	5,342	4,738	604	12.7%
Fuel for trading and gas for sale to end users	10,906	9,061	1,845	20.4%
Materials	1,880	1,708	172	10.1%
Personnel	4,504	4,637	(133)	-2.9%
Services, leases and rentals (1)	15,882	15,411	471	3.1%
Other operating expenses	2,886	2,783	103	3.7%
Capitalized costs	(1,847)	(1,669)	(178)	-10.7%
Total	**59,564**	**55,183**	**4,381**	**7.9%**

(1) Of which costs for fixed water diversion fees of €169 million in 2017 (€166 million in 2016) and costs for public land usage fees of €24 million in 2017 (€24 million in 2016).

Costs for **electricity purchases** increased in 2017 by €1,497 million compared with 2016, a rise of 8.1%. The increase reflects a rise in volumes purchased on the market, especially in Italy and Spain. More specifically, purchases of electricity on electricity exchanges increased by €2,026 million, notably in Italy, Iberia and South America, while costs for purchases through bilateral contracts rose by €693 million. These factors were partly offset by a reduction in purchases on local and foreign markets and as part of ancillary and balancing services totaling about €1,222 million, essentially reflecting the reduction in volumes and prices handled by Country Italy and the effect of the change in the scope of consolidation with the deconsolidation of Slovenské elektrárne.

Costs for the **consumption of fuel for electricity generation** amounted to €5,342 million in 2017, an increase of €604 million (+12.7%) on the previous year. The change essentially reflected an increase in purchase costs to meet the requirements of the expansion in thermal generation, especially in South America. These effects more than offset the effect of the deconsolidation of Slovenské elektrárne.

Costs for the purchase of **fuel for trading and gas for sale to end users** came to €10,906 million in 2017, an increase of €1,845 million on 2016. The change reflects an increase in quantities purchased and handled with rising average prices, especially in Italy and Spain.

Costs for **materials** in 2017 amounted to €1,880 million, an increase of €172 million on the previous year. The rise was mainly attributable to purchases of materials and equipment for works on infrastructure and networks operated under concession arrangements in Brazil, mainly due to the consolidation of Enel Distribuição Goiás. This effect was partly offset by a reduction in costs for purchases of environmental certificates.

Personnel costs in 2017 totaled €4,504 million, a decrease of €133 million (-2.9%) on 2016. The change essentially reflects:

- a decrease in costs for early retirement incentives of €152 million, mainly attributable to the reduction of €205 million in costs compared with 2016 for incentive plans in Spain (*Plan de Salida*), only partly offset by the introduction of a similar plan at the newly acquired Enel Distribuição Goiás in order to enhance the efficiency of the structure (€45 million);
- the effect of the increase in average unit costs, especially in South America, which was almost entirely offset by the reduction in the average workforce reflecting the changes noted below.

The Enel Group workforce at December 31, 2017 numbered 62,900, of whom 31,786 abroad. The Group workforce expanded by 820 in 2017. The negative balance between new hires and terminations (-2,111 employees), mainly attributable to the early retirement incentives noted earlier (44% of terminations took place in Italy), was more than offset by the changes in the scope of consolidation (+2,931) attributable to the acquisitions in 2017, especially Enel Distribuição Goiás and EnerNOC.

The overall change compared with December 31, 2016 breaks down as follows:

Balance at December 31, 2016	**62,080**
Hirings	2,302
Terminations	(4,413)
Change in scope of consolidation	2,931
Balance at December 31, 2017	**62,900**

Costs for **services, leases and rentals** in 2017 amounted to €15,882 million, an increase of €471 million on 2016. The change during the period essentially reflects:

> an increase of €398 million in wheeling costs, mainly in South America and Brazil in particular, in part reflecting the consolidation of Enel Distribuição Goiás, and in Italy, essentially due to the increase in transmission rates;

> an increase of €185 million in costs for IT services in Italy and Spain;

> an increase in costs for maintenance and other activities performed under public service concession arrangements in Brazil in the amount of €134 million;

> a decrease of €219 million in access fees for power transmission grids, mainly in Spain as a result of the elimination of charges provisioned in 2011-2016 in respect of fees paid by generation companies for self-consumption, as well as the effect of the deconsolidation of Slovenské elektrárne (€78 million).

Other operating expenses in 2017 amounted to €2,886 million, an increase of €103 million on 2016, mainly reflecting:

> an increase of €239 million in charges for environmental compliance, especially in Italy and Romania;

> an increase of €137 million in costs for taxes and duties, largely reflecting the increase in thermal generation taxes in Spain and higher taxes on nuclear generation in Catalonia as a result of the introduction of the new Law 5/2017, which taxes nuclear waste. This effect was amplified by the fact that in 2016 the Group had benefitted from the reversal of previous provisions for nuclear generation taxes provided for under the previous law, which was declared unconstitutional;

> an increase in costs for fines recorded in Argentina for failure to meeting quality standards in electricity supply services (€44 million) and for the change in the scope of consolidation associated with Enel Distribuição Goiás (€18 million);

> a decrease of €161 million in capital losses. The item reflected the writedowns recognized in 2016 in South America following the waiver of water usage rights for a number of development projects after an analysis of their profitability and socio-economic impact;

> the reversal of the litigation provision in 2016 in respect of the SAPE dispute in the amount of €80 million following the issue of the arbitration ruling;

> the recognition of lower charges connected with the ruling that granted Endesa reimbursement of amounts paid to finance the "*bono social*" in 2016, 2015 and 2014, with a positive impact of €222 million.

In 2017, **capitalized costs** amounted to €1,847 million, an increase of €178 million compared with the previous year, reflecting the increase in capital expenditure.

Net income/(expense) from commodity contracts measured at fair value showed net income of €578 million in 2017 (net expense of €133 million the previous year). More specifically, the net income for 2017 was essentially attributable to net income from managing positions in cash flow hedge derivatives in the amount of €246 million (net expense of €610 million in 2016) and derivatives measured at fair value through profit or loss in the amount of €302 million (net income of €477 million in 2016).

Depreciation, amortization and impairment losses in 2017 amounted to €5,861 million, a decrease of €494 million, almost entirely attributable to impairment. More specifically, the impairment losses recognized in 2016 mainly regarded the writedown of water usage rights for the development of projects involving the Neltume and Choshuenco rivers in Chile for which procedural difficulties have been identified (€273 million), as well as writedowns recognized following impairment testing of the Enel Green Power Romania CGU (€130 million) and the Nuove Energie CGU (€92 million). In 2017, the adjustment mainly regards the impairment of the geothermal assets of the German investee Erdwärme (€42 million).
In addition to the foregoing, another development was the increase in writedowns of trade receivables and other receivables net of reversals in the amount of €70 million, due essentially to the increase in net adjustments in Argentina and Brazil, due to the deterioration of economic

conditions, and in Italy as a result of the risk of default in respect of a number of traders.

Operating income in 2017 amounted to €9,792 million, an increase of €871 million.

Net financial expense amounted to €2,692 million in 2017, a decrease of €295 million, mainly reflecting:

> a decline of €255 million in impairment losses on financial receivables, almost entirely attributable to the adjustment to fair value of the financial receivable arising from the disposal of 50% of Slovak Power Holding, which in 2016 involved the recognition of charges of €220 million and a positive adjustment in 2017 of €34 million;
> a decrease of €199 million in net interest expense, mainly due to the Group's refinancing strategy, exploiting the maturing of more expensive bonds and refinancing at much lower market rates;
> a decrease of €96 million in charges for the accretion of other provisions, associated with the reduction of €58 million in charges in respect of the provision for early retirement incentives, largely in Spain, and with the decrease of €48 million in charges for the decommissioning provision following the deconsolidation of Slovenské elektrárne;
> an increase of €45 million in income on equity investments, due essentially to the gain on the disposal of the interest in the Indonesian company Bayan Resources (€52 million).

These factors were only partly offset by:

> an increase in financial expense recognized by Enel Finance International (€109 million) as a result of the early redemption of bonds under the "make whole call option" option provided for in the original loan contract;
> a decrease in capitalized interest (€75 million), mainly due to the deconsolidation of Slovenské elektrárne;
> an increase in financial expense of a regulatory nature connected with the acquisition of Enel Distribuição Goiás (€55 million) and an increase in charges on revolving credit lines (€37 million);
> an increase of €218 million in net charges on financial derivatives (hedging both interest and exchange rates), almost entirely offset by an increase of €203 million in net exchange gains as a result of developments in exchange rates.

The **share of income/(losses) of equity investments accounted for using the equity method** in 2017 showed net income of €111 million, compared with net losses of €154 million in 2016. The change of €265 million is essentially attributable to the writedown of the 50% stake in Slovak Power Holding (€246 million), which in 2016 had been written down by €219 million following changes of the reference parameters used to determine the price formula included in the agreements with EPH and, conversely, in 2017 increased by €27 million to take account of net income for the year.

Income taxes in 2017 amounted to €1,882 million, equal to 26.1% of taxable income, while taxes in 2016 totaled €1,993 million, equal to 34.5% of taxable income. The decrease of €111 million in taxes compared with the previous year essentially reflected:

> a decrease in current taxes in Italy as a result of the reduction of the IRES (corporate income tax) rate from 27.5% to 24%;
> the adjustment of the deferred taxation of companies resident in the United States following the tax reform approved in December 2017, which reduced the corporate tax rate from 35% to 21% (€173 million);
> the recognition of deferred tax assets in Argentina as a result of the improvement in the profit outlook for companies resident there (€60 million).

These decrease in taxes were partly offset by the increase in pre-tax income in 2017 compared with the previous year and the change in the weight of operations subject to different tax rates from the theoretical rates (in 2016 the gains on Hydro Dolomiti Enel and GNL Quintero, as well as writedowns of assets associated with Slovak Power Holding; in 2017, the gain on the disposal of Electrogas).

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	91,738	92,318	(580)	-0.6%
- goodwill	13,746	13,556	190	1.4%
- equity investments accounted for using the equity method	1,598	1,558	40	2.6%
- other net non-current assets/(liabilities)	(1,677)	(802)	(875)	-
Total net non-current assets	**105,405**	**106,630**	**(1,225)**	**-1.1%**
Net current assets:				
- trade receivables	14,529	13,506	1,023	7.6%
- inventories	2,722	2,564	158	6.2%
- net receivables due from institutional market operators	(3,912)	(3,592)	(320)	-8.9%
- other net current assets/(liabilities)	(6,311)	(5,201)	(1,110)	-21.3%
- trade payables	(12,671)	(12,688)	17	0.1%
Total net current assets	**(5,643)**	**(5,411)**	**(232)**	**-4.3%**
Gross capital employed	**99,762**	**101,219**	**(1,457)**	**-1.4%**
Sundry provisions:				
- employee benefits	(2,407)	(2,585)	178	6.9%
- provisions for risks and charges and net deferred taxes	(8,025)	(8,517)	492	5.8%
Total provisions	**(10,432)**	**(11,102)**	**670**	**6.0%**
Net assets held for sale	**241**	**11**	**230**	**-**
Net capital employed	**89,571**	**90,128**	**(557)**	**-0.6%**
Total shareholders' equity	**52,161**	**52,575**	**(414)**	**-0.8%**
Net financial debt	**37,410**	**37,553**	**(143)**	**-0.4%**

Property, plant and equipment and intangible assets (including investment property) amounted to €91,738 million at December 31, 2017, a decrease of €580 million. The decline mainly reflects the negative impact of translating financial statements denominated in foreign currencies (€3,824 million, with the largest losses coming in respect of the US dollar, the Colombian peso and the Chilean peso), depreciation, amortization and impairment losses totaling €5,021 million and the reclassification to asset held for sale of the "Kino" renewables projects in Mexico in application of IFRS 5 (€1,207 million).

These factors were partly offset by investments in the period (€8,130 million) and the change in the scope of consolidation (a positive €1,758 million), mainly attributable to the acquisition of Enel Distribuição Goiás (including the concession rights for the distribution of electricity in the region of Goiás), EnerNOC and eMotorWerks.

Goodwill amounted to €13,746 million, an increase of €190 million on December 31, 2016.

In addition to exchange losses, the net change mainly reflects:

> the recognition of goodwill of €289 million in respect of: (i) the acquisition of EnerNOC, a US company that is leader in demand response and energy services for industrial, commercial and government customers and (ii) the subsequent acquisition of eMotorWerks by EnerNOC;

> the reclassification of €38 million to assets held for sale

of the goodwill of the Central America CGU associated with the "Kino" wind farms in Mexico, for which the conditions established in IFRS 5 for recognition in that category were met during the year.

Equity investments accounted for using the equity method amounted to €1,598 million, an increase of €40 million on December 31, 2016.

This mainly reflects the recognition of net income pertaining to the Group, net of dividends paid. In addition to this factor and exchange differences, other factors included the changes in the scope of consolidation due to the disposal of the Chilean company Electrogas and the recognition of the residual portion attributable to the Group following the disposal of 80% of the Caney River and Rocky Ridge wind farms in the United States.

Other net non-current assets/(liabilities) showed net liabilities of €1,677 million at December 31, 2017, an increase of €875 million on December 31, 2016 (€802 million). The change is mainly attributable to:

> the decrease of €1,398 million in net assets in respect of cash flow hedge derivatives (especially those hedging exchange risk);
> the decrease of €138 million in other equity investments, mainly associated with the sale of the 10% interest in Bayan Resources;
> an increase of €455 million in financial assets in respect of service concession arrangements, mainly attributable to the award of a 30-year concession for the Volta Grande hydroelectric facility in south-eastern Brazil;
> an increase of €106 million from the consolidation of Enel Distribuição Goiás;
> an increase of €94 million in long-term receivables from institutional market operators in Spain and Italy.

Net current assets were a negative €5,643 million at December 31, 2017, an increase of €232 million on December 31, 2016. The change reflects the following factors:

> an increase of €1,023 million in *trade receivables*, mainly: (i) in South America, where unfavorable exchange effects were more than offset by the change in the scope of consolidation with Enel Distribuição Goiás (€336 million), the increase in quantities sold and transported and rate increases, notably in Argentina and (ii) in Italy in respect of traders;
> an increase of €158 million in *inventories*, mainly in Italy and reflecting the purchase of second-generation meters as part of the Open Meter plan, the purchase of materials for the maintenance and operation of medium- and low-voltage grids and an increase in CO_2 emissions allowances and stocks of gas and other fuels;
> a decrease of €320 million in *net receivables due from institutional market operators*, mainly in Italy in respect of white certificates and electricity equalization on the regulated market, as well as the effects in South America of the consolidation of Enel Distribuição Goiás and the increase in system charges in Argentina as a result of rate increases;
> a decrease of €1,110 million in *other current assets net of associated liabilities*. The change reflected the following factors:
  - a decrease of €541 million in net current financial assets, essentially reflecting the decrease in the fair value of derivatives, mainly cash flow hedges on exchange rates and commodity prices;
  - a decrease of €227 million in net income tax receivables. This was largely attributable to payments of income tax in the amount of €1,579 million, down €380 million on the previous year, partly offset by the recognition of the current tax liability (net of adjustments for prior years) in the amount of €1,867 million, an increase of €171 million;
  - a decrease of €94 million in other net current liabilities. More specifically, the reduction in liabilities for the purchase of equity investments (attributable to the payment of the put option that enabled the acquisition of an additional 13.6% of Enel Distributie Muntenia and Enel Energie Muntenia for €401 million) was only partly offset by the increase in liabilities for dividends to be paid, which reflects the larger interim dividend approved by Enel SpA for its shareholders and by the increase in liabilities in respect of customers for reimbursements to be paid, mainly in Italy;
> a decrease of €17 million in *trade payables*. More specifically, the decline in payables in Italy was almost entirely offset by an increase in Spain and South America.

Sundry provisions amounted to €10,432 million, a decrease of €670 million compared with the previous year. The change essentially reflects the following factors:

> a decrease of €178 million in provisions for employee benefits, mainly due to developments in exchange rates;
> a reduction of €384 million in provisions for risks and charges, mainly associated with the provision for early retirement incentives (largely in Italy and Spain);

- a decrease of €159 million in net deferred tax liabilities, mainly due to exchange differences on the net deferred tax liabilities of companies with a currency other than the euro.

Net assets held for sale amounted to €241 million at December 31, 2017 (€11 million at December 31, 2016).
The change mainly reflects the reclassification to assets held for sale of:

- eight Mexican project companies, which own three plants in operation and five under construction, for which Enel Green Power has signed agreements for the sale of 80% of their share capital (the "Kino Project");
- project companies associated with the Kafireas wind project, for which Enel Green Power Hellas has signed a Joint Venture Agreement with a partner that governs the terms and management of 100% of the projects linked to that wind farm.

Net capital employed at December 31, 2017 amounted to €89,571 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €52,161 million and net financial debt of €37,410 million. At December 31, 2017, the debt/equity ratio was 0.72 (0.71 at December 31, 2016).

Analysis of the financial structure

Net financial debt

Net financial debt and changes in the period are detailed in the table below.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Long-term debt:				
- bank borrowings	8,310	7,446	864	11.6%
- bonds	32,285	32,401	(116)	-0.4%
- other borrowings	1,844	1,489	355	23.8%
Long-term debt	*42,439*	*41,336*	*1,103*	*2.7%*
Long-term financial receivables and securities	(2,444)	(2,621)	177	6.8%
Net long-term debt	**39,995**	**38,715**	**1,280**	**3.3%**
Short-term debt:				
Bank borrowings:				
- short-term portion of long-term bank borrowings	1,346	749	597	79.7%
- other short-term bank borrowings	249	909	(660)	-72.6%
Short-term bank borrowings	*1,595*	*1,658*	*(63)*	*-3.8%*
Bonds (short-term portion)	5,429	3,446	1,983	57.5%
Other borrowings (short-term portion)	225	189	36	19.0%
Commercial paper	889	3,059	(2,170)	-70.9%
Cash collateral on derivatives and other financing	449	1,286	(837)	-65.1%
Other short-term financial payables (1)	307	414	(107)	-25.8%
Other short-term debt	*7,299*	*8,394*	*(1,095)*	*-13.0%*
Long-term financial receivables (short-term portion)	(1,094)	(767)	(327)	-42.6%
Factoring receivables	(42)	(128)	86	67.2%
Financial receivables - cash collateral	(2,664)	(1,082)	(1,582)	-
Other short-term financial receivables	(589)	(911)	322	-35.3%
Cash and cash equivalents with banks and short-term securities	(7,090)	(8,326)	1,236	14.8%
Cash and cash equivalents and short-term financial receivables	*(11,479)*	*(11,214)*	*(265)*	*-2.4%*
Net short-term debt	**(2,585)**	**(1,162)**	**(1,423)**	**-**
NET FINANCIAL DEBT	**37,410**	**37,553**	**(143)**	**-0.4%**
Net financial debt of "Assets held for sale"	**1,364**	**-**	**1,364**	**-**

(1) Includes current financial payables included in "Other current financial liabilities".

Net financial debt amounted to €37,410 million at December 31, 2017, a decrease of €143 million on December 31, 2016.

More specifically, net long-term debt rose by €1,280 million, the joint effect of a decrease in long-term financial receivables of €177 million and an increase in gross long-term debt of €1,103 million.

With regard to the latter aggregate:

> bank borrowings amounted to €8,310 million, an increase of €864 million due mainly to drawings on bank financing by Enel SpA and subsidized loans to Endesa, e-distribuzione, and Enel Green Power Perú, partly offset by the reclassification to short-term of amounts falling due within 12 months and the exchange gains of €287 million (the amount includes exchange differences in respect of the short-term portion of borrowings);

> bonds amounted to €32,285 million, a decrease of €116 million on the end of 2016, mainly reflecting:

- the repurchase by Enel Finance International of its own 10-year bonds issued in US dollars in October 2009 amounting to €1,479 million;
- the reclassification to short term of the current portion of bonds maturing within the next 12 months, the residual amount of two retail bonds issued by Enel SpA with a nominal value of €3,000 million falling due in February 2018, €512 million and €543 million in respect of two fixed-rate bond issued by Enel Finance International falling due in April 2018 and October 2018 respectively and €191 million in respect of issues in local currencies by the South America companies;
- new issues in 2017, including:
  - €1,250 million in respect of a fixed-rate Green Bond falling due in 2024, issued by Enel Finance International in January 2017;
  - $5,000 million (the equivalent of €4,169 million) in respect of a multi-tranche bond falling due in 2022, 2027 and 2047, issued by Enel Finance International in May 2017;
  - $3,000 million (the equivalent of €2,501 million) in respect of a multi-tranche bond, falling due in 2023, 2028 and 2047, issued by Enel Finance International in October 2017;
  - €484 million in respect of issues in local currencies by the South American companies;
- exchange rate gains during the year in the amount of about €1,850 million (the amount also includes the exchange difference on the short-term portion of the bonds).

Net short-term debt showed a creditor position of €2,585 million at December 31, 2017, an increase of €1,423 million on the end of 2016, the result of the decrease in other borrowings and in short-term bank borrowings of €1,095 million and €63 million, respectively, and an increase in cash and cash equivalents and short-term financial receivables in the amount of €265 million.

Other short-term debt, totaling €7,299 million, includes commercial paper issued by International Endesa BV amounting to €889 million, as well as bonds maturing within 12 months amounting to €5,429 million.
Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €2,664 million, while cash collateral received from such counterparties amounted to €449 million.
Cash and cash equivalents and short-term financial receivables came to €11,479 million, up €265 million compared with the end of 2016, mainly reflecting the increase in cash collateral paid to counterparties of €1,582 million, partly offset by a decrease in cash with banks and short-term securities of €1,236 million.

The main transactions carried out in 2017 included:
> the renegotiation with an extension until 2020 of the main credit lines of Endesa in the total amount of €1,985 million. As at December 31, 2017, the credit was drawn in the amount of €12 million;
> the agreement, on July 28, 2017, of the first tranche of a loan of €500 million from the European Investment Bank to e-distribuzione for the replacement of digital meters in Italy. As at December 31, 2017, the credit was drawn in the amount of €100 million;
> the agreement, on December 18, 2017, between Enel SpA and Enel Finance International and a pool of banks of a revolving credit line of €10 billion, which will fall due in December 2022 and as at December 31, 2017 was not drawn. This credit facility replaces an existing €9.4 billion facility agreed in 2015 and falling due in February 2020;
> the following bond repayments:
  - €908 million in respect of a fixed-rate bond, issued by Enel SpA in 2007, maturing in June 2017;
  - the equivalent of €1,254 million in respect of a fixed-rate bond in US dollars, issued by Enel Finance International, maturing in September 2017.

The net financial debt of assets and liabilities held for sale at December 31, 2017 amounted to €1,364 million and mainly regarded the borrowing with which the Group financed the construction of the plants of the Mexican project companies (the "Kino Project").

Cash flows

Millions of euro

	2017	2016	Change
Cash and cash equivalents at the beginning of the period (1)	**8,326**	**10,790**	**(2,464)**
Cash flows from operating activities	10,125	9,847	278
Cash flows from investing/disinvesting activities	(9,294)	(8,087)	(1,207)
Cash flows from financing activities	(1,646)	(4,474)	2,828
Effect of exchange rate changes on cash and cash equivalents	(390)	250	(640)
Cash and cash equivalents at the end of the period (2)	**7,121**	**8,326**	**(1,205)**

(1) Of which cash and cash equivalents equal to €8,290 million at January 1, 2017 (€10,639 million at January 1, 2016), short-term securities equal to €36 million at January 1, 2017 (€1 million at January 1, 2016) and cash and cash equivalents pertaining to assets held for sale equal to €150 million at January 1, 2016.

(2) Of which cash and cash equivalents equal to €7,021 million at December 31, 2017 (€8,290 million at December 31, 2016), short-term securities equal to €69 million at December 31, 2017 (€36 million at December 31, 2016) and cash and cash equivalents pertaining to assets held for sale equal to €31 million at December 31, 2017.

Cash flows from operating activities in 2017 were a positive €10,125 million, up €278 million compared with 2016, mainly reflecting an increase in the gross operating margin, a decline in the use of provisions and a reduction in taxes paid, which more than offset the deterioration in net working capital.

Cash flows from investing/disinvesting activities in 2017 absorbed funds in the amount of €9,294 million, while in 2016 they had absorbed liquidity totaling €8,087 million.

More specifically, cash requirements in respect of investments in property, plant and equipment and in intangible assets amounted to €8,499 million in 2017, down €343 million on the previous year, mainly due to decreased investment in renewable technologies.

Investments in entities or business units, net of cash and cash equivalents acquired, amounted to €900 million in 2017 and primarily regarded the acquisition of Enel Distribuição Goiás (formerly CELG-D), a power distribution company operating in the Brazilian state of Goiás, as well as EnerNOC, which operates in active demand response and energy intelligence software services in North America, Europe and Asia-Pacific.

In 2017, the disposal of entities and business units, net of cash and cash equivalents sold, generated cash flows of €216 million and mainly regarded the disposal of the Caney River and Rocky Ridge wind farms in North America. In 2016, the item amounted to €1,032 million and included:

> the disposal of Hydro Dolomiti Enel, which operates in the hydroelectric generation sector in Italy, for €313 million;
> the disposal, in December 2016, of the Cimarron and Lindahl wind farms to EGPNA Renewable Energy Partners (for €216 million), a vehicle to which plants operating in the United States for which a partnership agreement was reached with General Electric were transferred (and will continue to be transferred);
> the disposal of GNL Quintero, an associate in which the Group held 20%, for €177 million;
> the sale of 50% of Slovak Power Holding, which in turn holds 66% of Slovenské elektrárne, for €139 million;
> the disposal, in May 2016, of 65% of Drift Sand Wind Project, a company operating in the wind generation sector in the United States, for €98 million;
> the sale of Marcinelle Energie, a company operating in the thermal generation sector in Belgium, for a total of €36 million;
> price adjustments for disposals carried out in previous years totaling €60 million.

Cash flows from financing activities absorbed liquidity in the amount of €1,646 million, while in 2016 they showed cash absorbed of €4,474 million. The flow in 2017 is essentially associated with the increase in net financial debt (the net balance of repayments and new borrowing) in the amount of €1,705 million and the payment of dividends totaling €2,873 million.

These factors were accompanied by an increase in outlays for transactions involving non-controlling interests in the amount of €478 million, mainly regarding the outlay for the put option that enabled the acquisition of an additional 13.6% of e-distribuţie Muntenia and Enel Energie Muntenia.

Accordingly, in 2017, cash flows from operating activities in the amount of €10,125 million only partly covered the cash needs for financing activities in the amount of €1,646 million and for investing activities totaling €9,294 million. The difference is reflected in the decrease in cash and cash equivalents, which at December 31, 2017 amounted to €7,121 million, compared with €8,326 million at the end of 2016. This decrease also reflects the effect of negative developments in the exchange rates of the various local currencies against the euro, equal to €390 million.

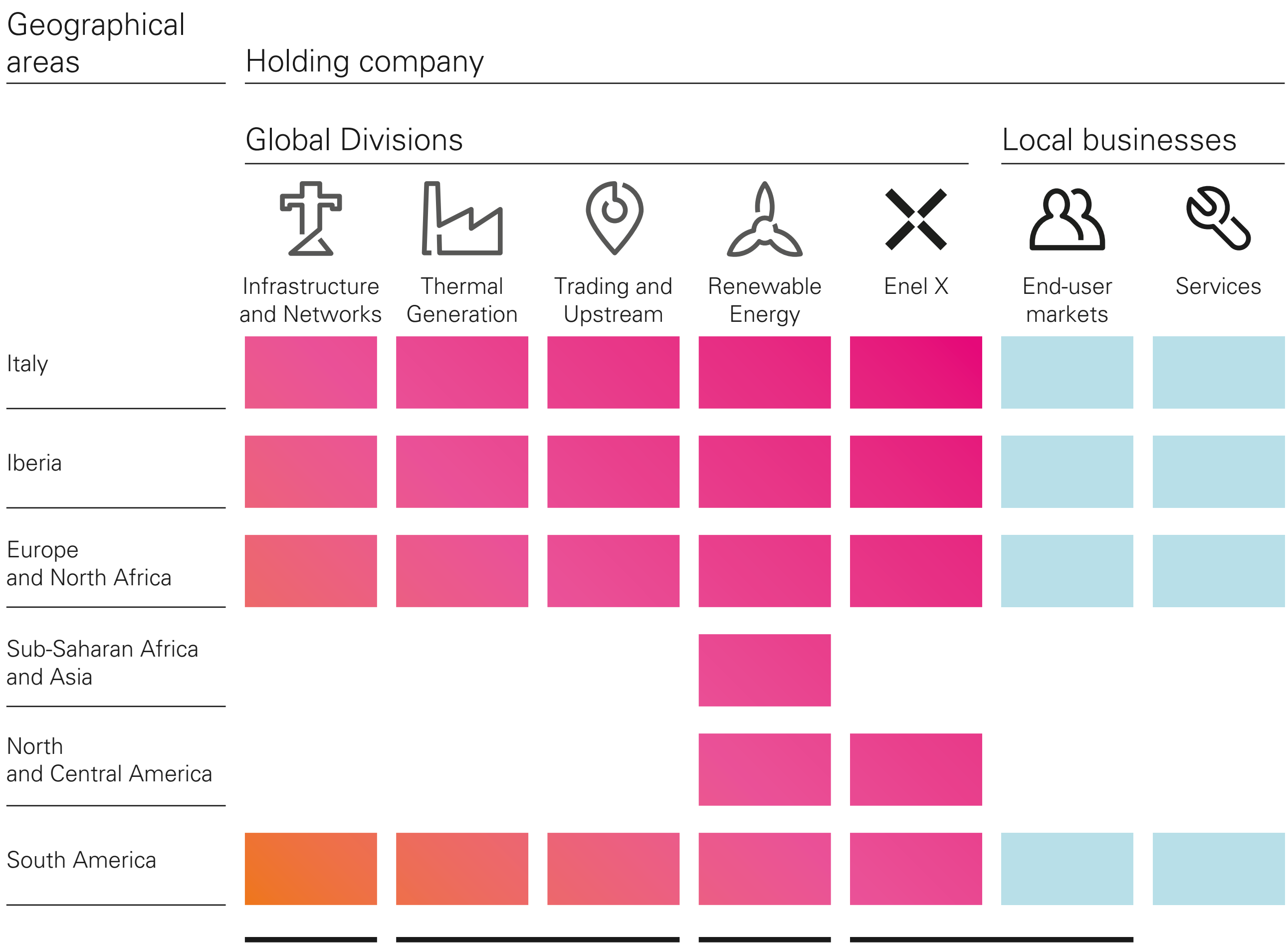
Results by business area

The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above.

Taking account of the provisions of IFRS 8 regarding the management approach, performance by business area reported in this Annual Report was determined by designating the Regions and Countries perspective as the primary reporting segment. In addition, account was also taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore:

- "Thermal Generation" and "Trading and Upstream" are presented together given the considerable interaction and interdependence between them;
- the "Enel X" area is presented together with "End-user markets" pending the full operation of the organization and the corporate reorganization to separate the scope of activities of the new Business Line;
- the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA.

The following chart outlines these organizational arrangements.



Results by business area for 2017 and 2016

Results for 2017 [1]

Millions of euro	Italy	Iberia	South America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Revenue from third parties	37,900	19,940	13,126	2,374	1,185	96	18	74,639
Revenue from transactions with other segments	881	54	28	37	2	-	(1,002)	-
Total revenue	**38,781**	**19,994**	**13,154**	**2,411**	**1,187**	**96**	**(984)**	**74,639**
Net income/(expense) from commodity contracts measured at fair value	537	13	26	-	2	-	-	578
Gross operating margin	**6,863**	**3,573**	**4,204**	**543**	**759**	**57**	**(346)**	**15,653**
Depreciation, amortization and impairment losses	2,393	1,731	1,234	237	206	42	18	5,861
Operating income	**4,470**	**1,842**	**2,970**	**306**	**553**	**15**	**(364)**	**9,792**
Capital expenditure	**1,812**	**1,105**	**3,002**	**307** [2]	**1,802** [3]	**30**	**72**	**8,130**

(1) Segment revenue include both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Does not include €44 million regarding units classified as "held for sale".
(3) Does not include €325 million regarding units classified as "held for sale".

Results for 2016 [1]

Millions of euro	Italy	Iberia	South America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Revenue from third parties	36,091	18,831	10,739	3,618	1,122	29	162	70,592
Revenue from transactions with other segments	954	122	29	180	3	-	(1,288)	-
Total revenue	**37,045**	**18,953**	**10,768**	**3,798**	**1,125**	**29**	**(1,126)**	**70,592**
Net income/(expense) from commodity contracts measured at fair value	(266)	131	9	(6)	(1)	-	-	(133)
Gross operating margin	**6,618**	**3,562**	**3,556**	**762**	**833**	**14**	**(69)**	**15,276**
Depreciation, amortization and impairment losses	2,348	1,796	1,393	476	268	19	55	6,355
Operating income	**4,270**	**1,766**	**2,163**	**286**	**565**	**(5)**	**(124)**	**8,921**
Capital expenditure	**1,894** [2]	**1,147**	**3,069**	**265** [3]	**1,832**	**304**	**41**	**8,552**

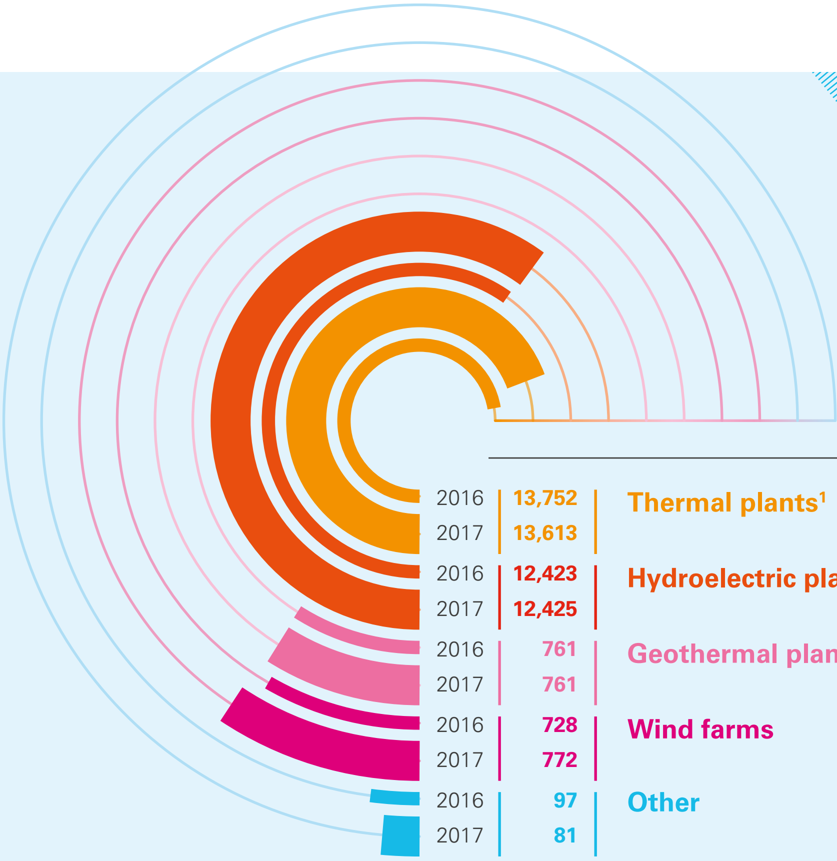
(1) Segment revenue include both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Does not include €7 million regarding units classified as "held for sale".
(3) Does not include €283 million regarding units classified as "held for sale".

In addition to the foregoing, the Group monitors performance at the Global Division level, classifying results by Business Line. The following table presents the gross operating margin for the two periods under review, offering visibility of performance not only from a Region/Country perspective but also by Division/Business Line.

Millions of euro	Local businesses								
	End-user markets			Services			Generation and Trading		
	2017	2016	Change	**2017**	2016	Change	**2017**	2016	Change
Italy	**2,007**	**1,932**	**75**	**96**	**105**	**(9)**	**239**	**(70)**	**309**
Iberia	**467**	**677**	**(210)**	**38**	**(95)**	**133**	**783**	**812**	**(29)**
South America	**-**	**-**	**-**	**(87)**	**(107)**	**20**	**687**	**737**	**(50)**
Argentina	*-*	*-*	*-*	*(1)*	*-*	*(1)*	*116*	*98*	*18*
Brazil	*-*	*-*	*-*	*(39)*	*(36)*	*(3)*	*119*	*73*	*46*
Chile	*-*	*-*	*-*	*(47)*	*(71)*	*24*	*281*	*389*	*(108)*
Colombia	*-*	*-*	*-*	*-*	*-*	*-*	*43*	*51*	*(8)*
Peru	*-*	*-*	*-*	*-*	*-*	*-*	*128*	*126*	*2*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Europe and North Africa	**(42)**	**25**	**(67)**	**5**	**1**	**4**	**269**	**373**	**(104)**
Romania	*(42)*	*30*	*(72)*	*2*	*1*	*1*	*2*	*(1)*	*3*
Russia	*-*	*-*	*-*	*3*	*-*	*3*	*267*	*186*	*81*
Slovakia	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*191*	*(191)*
Other countries	*-*	*(5)*	*5*	*-*	*-*	*-*	*-*	*(3)*	*3*
North and Central America	**8**	**-**	**8**	**-**	**-**	**-**	**-**	**-**	**-**
United States and Canada	*8*	*-*	*8*	*-*	*-*	*-*	*-*	*-*	*-*
Mexico	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Panama	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Sub-Saharan Africa and Asia	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
South Africa	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
India	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other	**-**	**-**	**-**	**-**	**(1)**	**1**	**(15)**	**(2)**	**(13)**
Total	**2,440**	**2,634**	**(194)**	**52**	**(97)**	**149**	**1,963**	**1,850**	**113**

Global Divisions											
Infrastructure and Networks			Renewable Energy			Other			**Total**		
2017	2016	Change	**2017**	2016	Change	**2017**	2016	Change	**2017**	2016	Change
3,467	**3,620**	**(153)**	**1,054**	**1,031**	**23**	**-**	**-**	**-**	**6,863**	**6,618**	**245**
2,086	**1,817**	**269**	**199**	**351**	**(152)**	**-**	**-**	**-**	**3,573**	**3,562**	**11**
1,687	**1,429**	**258**	**1,917**	**1,497**	**420**	**-**	**-**	**-**	**4,204**	**3,556**	**648**
140	*155*	*(15)*	*32*	*23*	*9*	-	-	-	*287*	*276*	*11*
644	*433*	*211*	*284*	*199*	*85*	-	-	-	*1,008*	*669*	*339*
237	*252*	*(15)*	*888*	*634*	*254*	-	-	-	*1,359*	*1,204*	*155*
461	*398*	*63*	*557*	*531*	*26*	-	-	-	*1,061*	*980*	*81*
205	*191*	*14*	*147*	*102*	*45*	-	-	-	*480*	*419*	*61*
-	-	-	*9*	*8*	*1*	-	-	-	*9*	*8*	*1*
166	**225**	**(59)**	**145**	**138**	**7**	**-**	**-**	**-**	**543**	**762**	**(219)**
166	*225*	*(59)*	*104*	*84*	*20*	-	-	-	*232*	*339*	*(107)*
-	-	-	-	-	-	-	-	-	*270*	*186*	*84*
-	-	-	-	-	-	-	-	-	-	*191*	*(191)*
-	-	-	*41*	*54*	*(13)*	-	-	-	*41*	*46*	*(5)*
-	**-**	**-**	**751**	**833**	**(82)**	**-**	**-**	**-**	**759**	**833**	**(74)**
-	-	-	*400*	*587*	*(187)*	-	-	-	*408*	*587*	*(179)*
-	-	-	*98*	*95*	*3*	-	-	-	*98*	*95*	*3*
-	-	-	*101*	*93*	*8*	-	-	-	*101*	*93*	*8*
-	-	-	*152*	*58*	*94*	-	-	-	*152*	*58*	*94*
-	**-**	**-**	**57**	**14**	**43**	**-**	**-**	**-**	**57**	**14**	**43**
-	-	-	*53*	*4*	*49*	-	-	-	*53*	*4*	*49*
-	-	-	*8*	*10*	*(2)*	-	-	-	*8*	*10*	*(2)*
-	-	-	*(4)*	-	*(4)*	-	-	-	*(4)*	-	*(4)*
(28)	**(13)**	**(15)**	**(76)**	**(50)**	**(26)**	**(227)**	**(3)**	**(224)**	**(346)**	**(69)**	**(277)**
7,378	**7,078**	**300**	**4,047**	**3,814**	**233**	**(227)**	**(3)**	**(224)**	**15,653**	**15,276**	**377**

Italy



Net efficient generation capacity (MW)

2016
27,761

2017
27,652

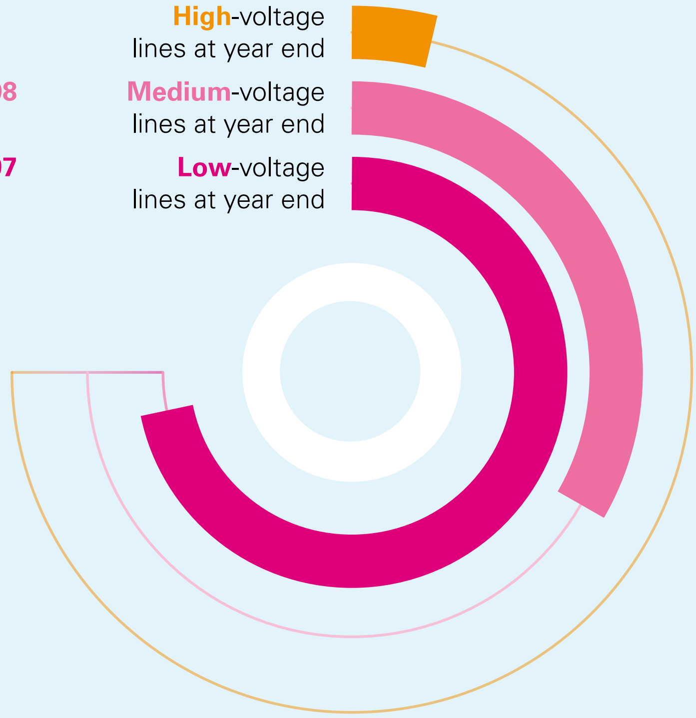
	2016	2017
Thermal plants[1]	13,752	13,613
Hydroelectric plants	12,423	12,425
Geothermal plants	761	761
Wind farms	728	772
Other	97	81

(1) 741 MW of which unavailable due to long-term technical issues (1,225 MW at December 31, 2016).

Electricity distribution and transport networks (km)

2017
1,149,218

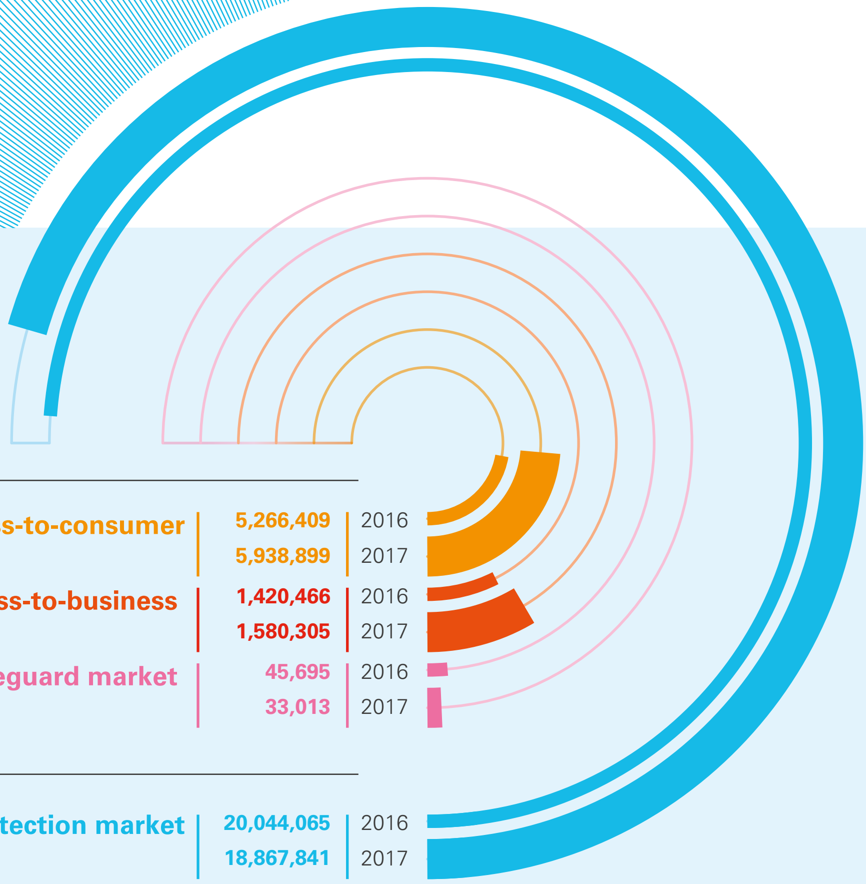
13	**High**-voltage lines at year end
353,808	**Medium**-voltage lines at year end
795,397	**Low**-voltage lines at year end



Average number of customers

2016
26,776,635

2017
26,420,058



Free market

2016
6,732,570

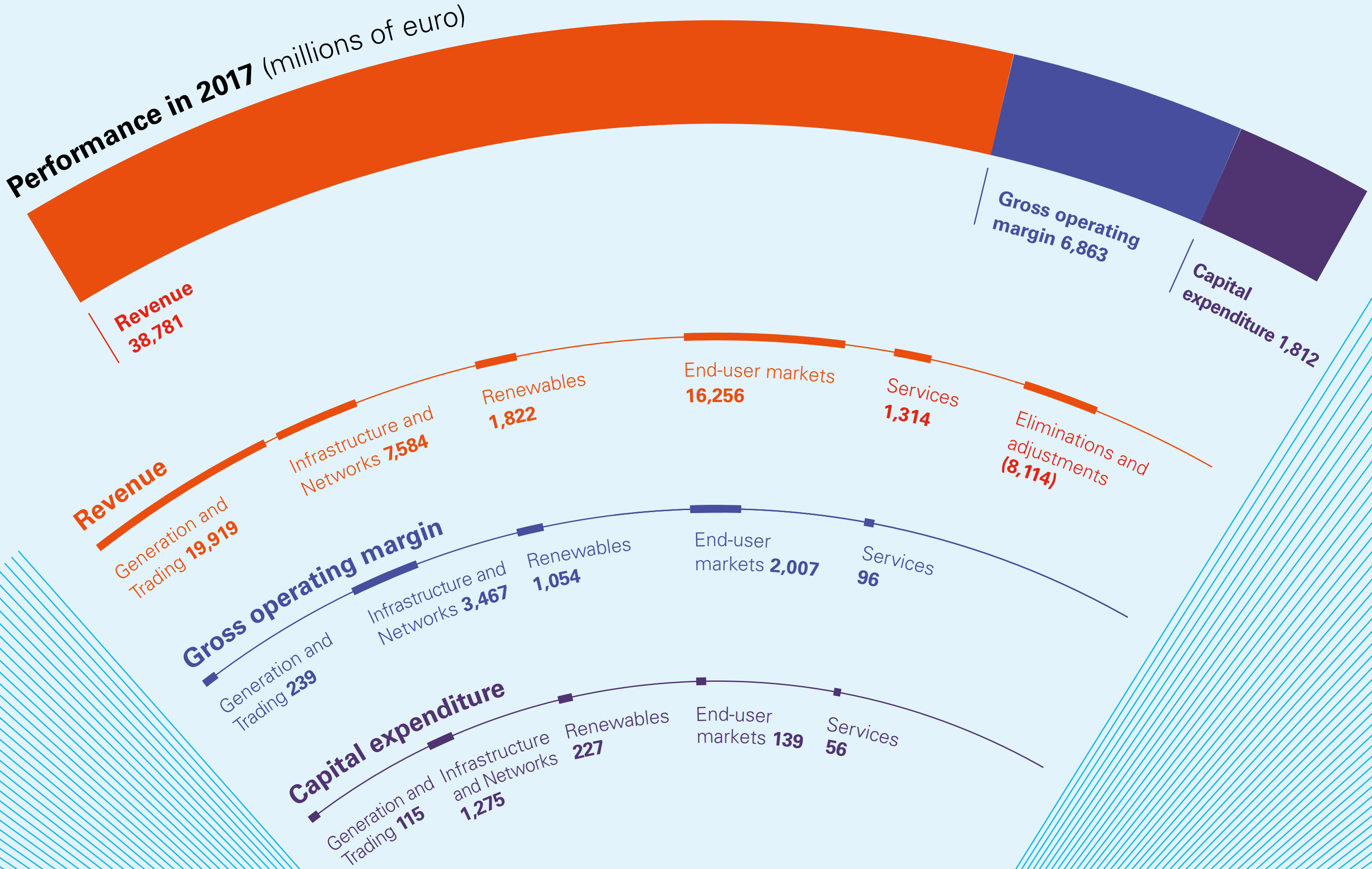
2017
7,552,217

Business-to-consumer	5,266,409	2016
	5,938,899	2017
Business-to-business	1,420,466	2016
	1,580,305	2017
Safeguard market	45,695	2016
	33,013	2017

Regulated market

Enhanced-protection market	20,044,065	2016
	18,867,841	2017

Performance in 2017 (millions of euro)



Operations

Net electricity generation

Millions of kWh

	2017	2016	Change	
Thermal	32,421	37,609	(5,188)	-13.8%
Hydroelectric	14,025	16,052	(2,027)	-12.6%
Geothermal	5,758	5,832	(74)	-1.3%
Wind	1,188	1,298	(110)	-8.5%
Other sources	126	122	4	3.3%
Total net generation	**53,518**	**60,913**	**(7,395)**	**-12.1%**

In 2017 net electricity generation amounted to 53,518 million kWh, a decline of 12.1% or 7,395 million kWh compared with 2016. Specifically, the decrease in thermal generation (down 5,188 million kWh) is the result of the reduced competitiveness of the coal plants and the lower output of the combined-cycle plants, including the Termini Imerese and Priolo Gargallo plants in Sicily, which were placed at a disadvantage by the new interconnection with the mainland that entered into operation in 2016.

The decrease in hydroelectric generation (down 2,027 million kWh) was instead due to poorer water conditions compared with the prior year.

Contribution to gross thermal generation

Millions of kWh

	2017		2016		Change	
Fuel oil	10	-	88	0.2%	(78)	-88.6%
Natural gas	8,396	23.9%	9,601	23.6%	(1,205)	-12.6%
Coal	26,139	74.5%	30,286	74.7%	(4,147)	-13.7%
Other fuels	534	1.6%	592	1.5%	(58)	-9.8%
Total	**35,079**	**100.0%**	**40,567**	**100.0%**	**(5,488)**	**-13.5%**

Gross thermal production in 2017 totaled 35,079 million kWh, a decrease of 5,488 million kWh (-13.5%) compared with 2016. Looking at the mix of fuels used shows that the decline is due mainly to the reduced use of coal-fired and combined-cycle plants as a result of developments noted above.

Net efficient generation capacity

MW

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Thermal plants [(1)]	13,613	13,752	(139)	-1.0%
Hydroelectric plants	12,425	12,423	2	-
Geothermal plants	761	761	-	-
Wind farms	772	728	44	6.0%
Other	81	97	(16)	-16.5%
Total net efficient capacity	**27,652**	**27,761**	**(109)**	**-0.4%**

(1) 741 MW of which unavailable due to long-term technical issues (1,225 MW at December 31, 2016).

Net efficient capacity in 2017 totaled 27,652 MW, a decrease of 109 MW compared with the previous year. The change mainly reflects the closing of Section 6 of the Genoa coal plant.

Electricity distribution and transport networks

	2017	2016	Change	
High-voltage lines at year end (km)	13	13	-	-
Medium-voltage lines at year end (km)	353,808	352,607	1,201	0.3%
Low-voltage lines at year end (km)	795,397	792,367	3,030	0.4%
Total electricity distribution network (km)	**1,149,218**	**1,144,987**	**4,231**	**0.4%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**227,322**	**224,100**	**3,222**	**1.4%**

(1) The figure for 2016 reflects a more accurate measurement of amounts transported.

Electricity transported on the Enel network in Italy for 2017 increased by 3,222 million kWh (+1.4%), going from 224,100 million kWh in 2016 to 227,322 million kWh in 2017. The change is essentially in line with the increase in electricity demand in Italy.

Electricity sales

Millions of kWh

	2017	2016	Change	
Free market:				
- business-to-consumer	12,475	11,257	1,218	10.8%
- business-to-business	44,735	35,024	9,711	27.7%
- safeguard-market customers	2,052	2,021	31	1.5%
Total free market	**59,262**	**48,302**	**10,960**	**22.7%**
Regulated market:				
- enhanced-protection-market customers	43,958	45,837	(1,879)	-4.1%
TOTAL	**103,220**	**94,139**	**9,081**	**9.6%**

Electricity sold in 2017 came to 103,220 million kWh for an overall increase of 9,081 million kWh compared with the prior year. The trend essentially reflects the greater volumes sold on the free market, focusing mainly on business customers, as a result of new commercial policies.

Average number of customers

	2017	2016	Change	
Free market:				
- business-to-consumer	5,938,899	5,266,409	672,490	12.8%
- business-to-business	1,580,305	1,420,466	159,839	11.3%
- safeguard-market customers	33,013	45,695	(12,682)	-27.8%
Total free market	**7,552,217**	**6,732,570**	**819,647**	**12.2%**
Regulated market:				
- enhanced-protection-market customers	18,867,841	20,044,065	(1,176,224)	-5.9%
TOTAL	**26,420,058**	**26,776,635**	**(356,577)**	**-1.3%**

Natural gas sales

Millions of m^3

	2017	2016	Change	
Business-to-consumer	2,910	2,815	95	3.4%
Business-to-business	1,901	1,776	125	7.0%
Total	**4,811**	**4,591**	**220**	**4.8%**

Gas sales in 2017 totaled 4,811 million cubic meters, an increase of 220 million cubic meters compared with the previous year, essentially attributable to sales to business customers.

Performance

Millions of euro

	2017	2016	Change	
Revenue	38,781	37,045	1,736	4.7%
Gross operating margin	6,863	6,618	245	3.7%
Operating income	4,470	4,270	200	4.7%
Capital expenditure	1,812	1,894 (1)	(82)	-4.3%

(1) Does not include €7 million regarding units classified as "held for sale".

The following tables break down performance by type of business in 2017.

Revenue

Millions of euro

	2017	2016	Change	
Generation and Trading	19,919	19,403	516	2.7%
Infrastructure and Networks	7,584	7,237	347	4.8%
Renewables	1,822	1,796	26	1.4%
End-user markets	16,256	15,323	933	6.1%
Services	1,314	1,207	107	8.9%
Eliminations and adjustments	(8,114)	(7,921)	(193)	-2.4%
Total	**38,781**	**37,045**	**1,736**	**4.7%**

Revenue in 2017 amounted to €38,781 million, an increase of €1,736 million compared with the same period of 2016 (+4.7%), the result of the following main factors:

> an increase of €516 million in revenue from **Generation and Trading** (+2.7%) compared with 2016. This development in primarily attributable to:
  - an increase of €1,337 million in revenue from the sale of fuels on the domestic and international wholesale markets, essentially due to the increase in intermediation business;
  - an increase of €971 million in revenue from trading on international energy markets due essentially to a growth in quantities handled (+33.9 TWh) of proprietary trading conducted on the European electricity exchanges (particularly in France and Germany) against a background of rising prices;
  - a €293 million increase in revenue from fees from the Regulatory Authority for Energy, Networks and the Environment (ARERA) for transactions on the Power Exchange, mainly attributable to the cost reimbursement scheme for essential generation units;
  - a €80 million increase in revenue from the sale of CO_2 emissions allowances and green certificates, owing to rising prices for allowances;
  - a €1,982 million decline in revenue from the sale of electricity, essentially related to the lower quantities

generated. More specifically, the change is mainly attributable to the decrease in revenue from the sale of electricity by way of bilateral agreements to other national resellers (€1,989 million), only partly offset by increased revenue from sales on the Power Exchange (€47 million);
  - a €124 million reduction in gains on extraordinary transactions, which in 2016 included the gain on the sale of the equity investment in Hydro Dolomiti Enel;
- an increase of €347 million (+4.8%) in revenue from **Infrastructure and Networks** operations, largely reflecting:
  - an increase in contributions from the Energy & Environmental Service Fund for white certificates (in the amount of €347 million) due to the increase in volumes purchased, but especially to the rise in the unit contribution, which reached record highs in the 2nd Half of 2017;
  - an increase of €10 million in rate revenue, mainly reflecting the rise in transmission rates (ARERA Resolution 779/2016), only partly offset by the reduction in distribution rates, the negative effect of the equalization mechanisms and the abolition, starting from January 1, 2017, of the equalization mechanism for revenue from domestic customers. In addition, there was an increase in revenue relating to changes in the "regulatory lag" (ARERA Resolution 654/2015);
- a €26 million increase (+1.4%) in revenue from **Renewables** generation, the result of higher average sales prices, which more than offset the lower volumes generated;
- an increase of €933 million (+6.1%) in revenue from **End-user markets** for electricity, essentially reflecting:
  - an increase of €783 million in revenue on the free market for electricity mainly as a result of higher volumes sold (+11.0 TWh);
  - an increase of €80 million in revenue on the regulated market for electricity attributable to the increase in rate revenue and revenue from marketing, partly offset by the decrease in volumes sold (-1.9 TWh) and in the number of customers served;
  - a €4 million increase in revenue from the sale of natural gas to end users due to increased volumes sold and higher average sale prices. These effects were only partly offset by the positive effect of prior-period items, which was €56 million lower than in 2016;
  - the increases in connection fees and in revenue from the cost reimbursement system for safeguard-market service providers (totaling €40 million).

Gross operating margin

Millions of euro

	2017	2016	Change	
Generation and Trading	239	(70)	309	-
Infrastructure and Networks	3,467	3,620	(153)	-4.2%
Renewables	1,054	1,031	23	2.2%
End-user markets	2,007	1,932	75	3.9%
Services	96	105	(9)	-8.6%
Total	**6,863**	**6,618**	**245**	**3.7%**

The **gross operating margin** in 2017 came to €6,863 million, an increase of €245 million compared with 2016 (+3.7%). More specifically, the change is essentially attributable to:

- the €309 million increase in the margin from **Generation and Trading**. Net of the difference in gains of €124 million on the sale of the interest in Hydro Dolomiti Enel recognized in 2016, the margin would have risen by €433 million due essentially to:
  - the improvement in the trading margin, which reflected the benefits of the price review agreements involving a number of gas supply contracts (€311 million);
  - the CO_2 provisioning transaction in 2016, which had a negative impact of €279 million;
  - the provisions during the previous year related to charges for reclamation work at the sites of the closed generation plants included in the Futur-E project (€160 million);
  - a decrease of €250 million in the margin on the Ancillary Services Market;
  - a decrease in the volume of electricity generated;
- a reduction of €153 million in the margin from **Infrastructure and Networks** operations (-4.2%), largely due to:
  - a decrease of €66 million in the margin on electricity transport, primarily reflecting the aforementioned reduction in distribution rates and in equalization mecha-

nisms, only partly offset by the positive effect of higher transmission rates and the change in the regulatory lag. In addition there was the positive effect of prior-period items (€20 million);

- an increase of €60 million in allocations to the provisions for risks and charges, reflecting the reversal in 2016 of provisions following the Antitrust Authority's decision to dismiss the proceedings (no. A486) it had begun in 2015 (€47 million) and in part to the provision for a lump-sum payment of the energy discount benefit in 2015 (€44 million). In addition there was an increase in provisions allocated during the period following ARERA Decision 40/2017 and the increase in the provision for exceptional weather events;
- higher operating costs;

> an increase of €23 million in the margin from **Renewables** generation as a result of the same factors affecting revenue, only partly offset by the reversal of the provision following the execution of the memorandum of understanding with the Region of Sardinia for the disposal of the hydroelectric plants on the Tirso River (€54 million);

> an increase of €75 million in the margin from **End-user markets** (+3.9%), mainly attributable to:
- a €64 million rise in the margin on the free market for electricity and gas (of which €83 million for the gas component), owing to the increase in quantities sold for both commodities (electricity and gas);
- the increase in €23 million in the margin on the regulated market for electricity, mainly as a result of an increase in revenue from marketing, only partly offset by lower volumes sold.

Operating income

Millions of euro

	2017	2016	Change	
Generation and Trading	-	(460)	460	-
Infrastructure and Networks	2,319	2,596	(277)	-10.7%
Renewables	745	751	(6)	-0.8%
End-user markets	1,361	1,333	28	2.1%
Services	45	50	(5)	-10.0%
Total	**4,470**	**4,270**	**200**	**4.7%**

Operating income amounted to €4,470 million, up €200 million (including an increase of €45 million in depreciation, amortization and impairment losses) compared with €4,270 million in operating income recognized in 2016.

More specifically, in addition to the increase in the gross operating margin, it reflected:

> the increase in net writedowns of trade receivables, owing to a deterioration in the recoverability of receivables for electricity sales to traders and regulated-market customers;

> higher depreciation, mainly for network infrastructure;

> the recognition in 2016 of impairment on the goodwill and assets of Nuove Energie due to the change in a number of measurement parameters in the midstream gas business.

Capital expenditure

Millions of euro

	2017	2016	Change	
Generation and Trading	115	119 [1]	(4)	-3.4%
Infrastructure and Networks	1,275	1,278	(3)	-0.2%
Renewables	227	304	(77)	-25.3%
End-user markets	139	133	6	4.5%
Services	56	60	(4)	-6.7%
Total	**1,812**	**1,894**	(82)	**-4.3%**

(1) Does not include €7 million regarding units classified as "held for sale".

Capital expenditure in 2017 amounted to €1,812 million, down €82 million compared with the previous year. More specifically, the change is attributable to:

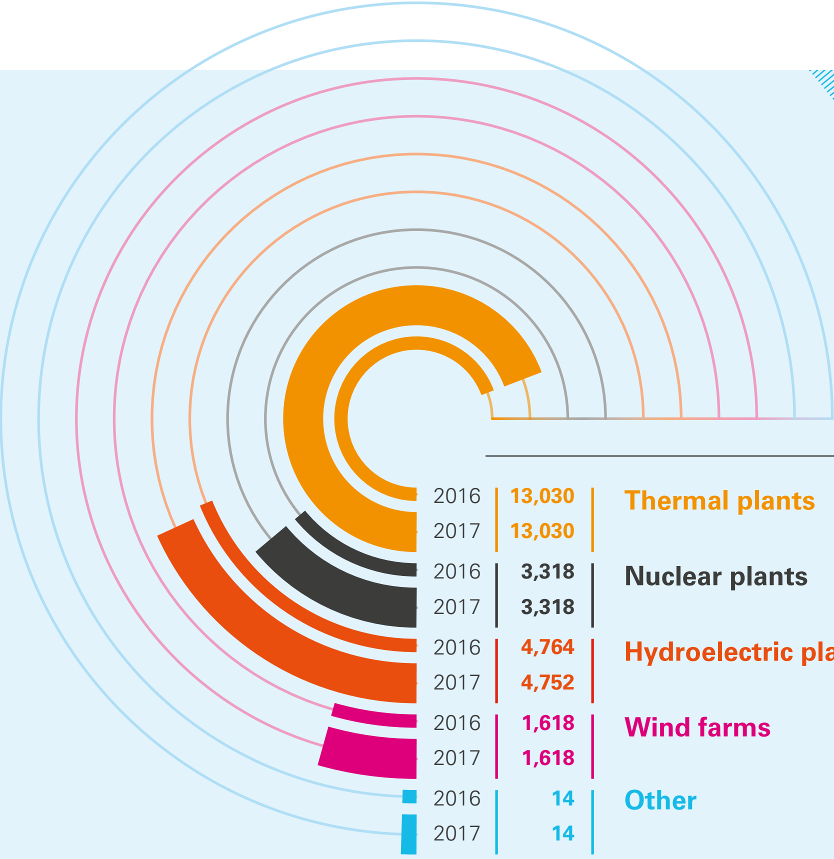
> a decrease in investment in **Infrastructure and Networks** operations equal to €3 million, mainly for digital meter replacement work under the Open Meter plan approved by ARERA Resolution 222/2017/R/eel. This increase in activity was more than offset by lower investment in service quality, which had been brought forward in 2016;

> an increase of €6 million in capital expenditure in **End-user markets**;

> a €4 million decrease in investment in **Generation and Trading**;

> a €77 million reduction in investment in **Renewables**, mainly on hydroelectric, biomass and wind plants.

Iberia



Net efficient generation capacity (MW)

2016
22,744

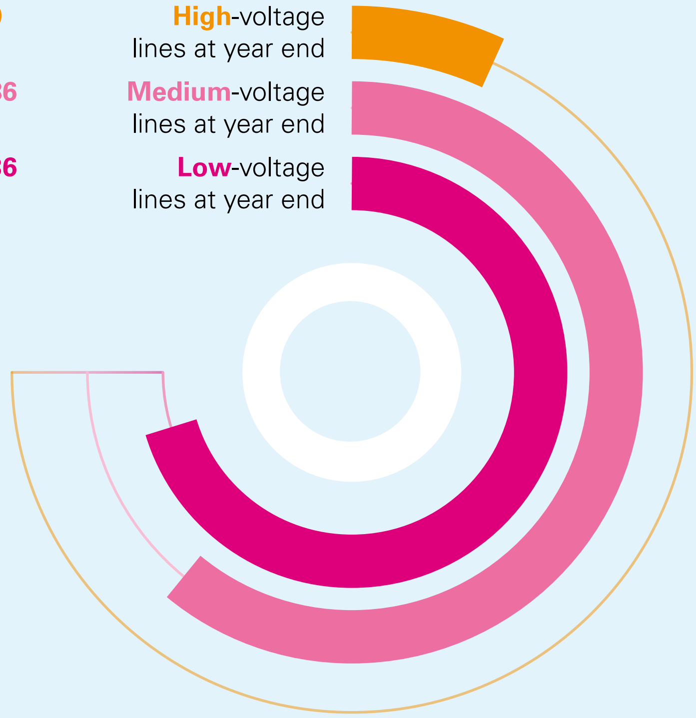
2017
22,732

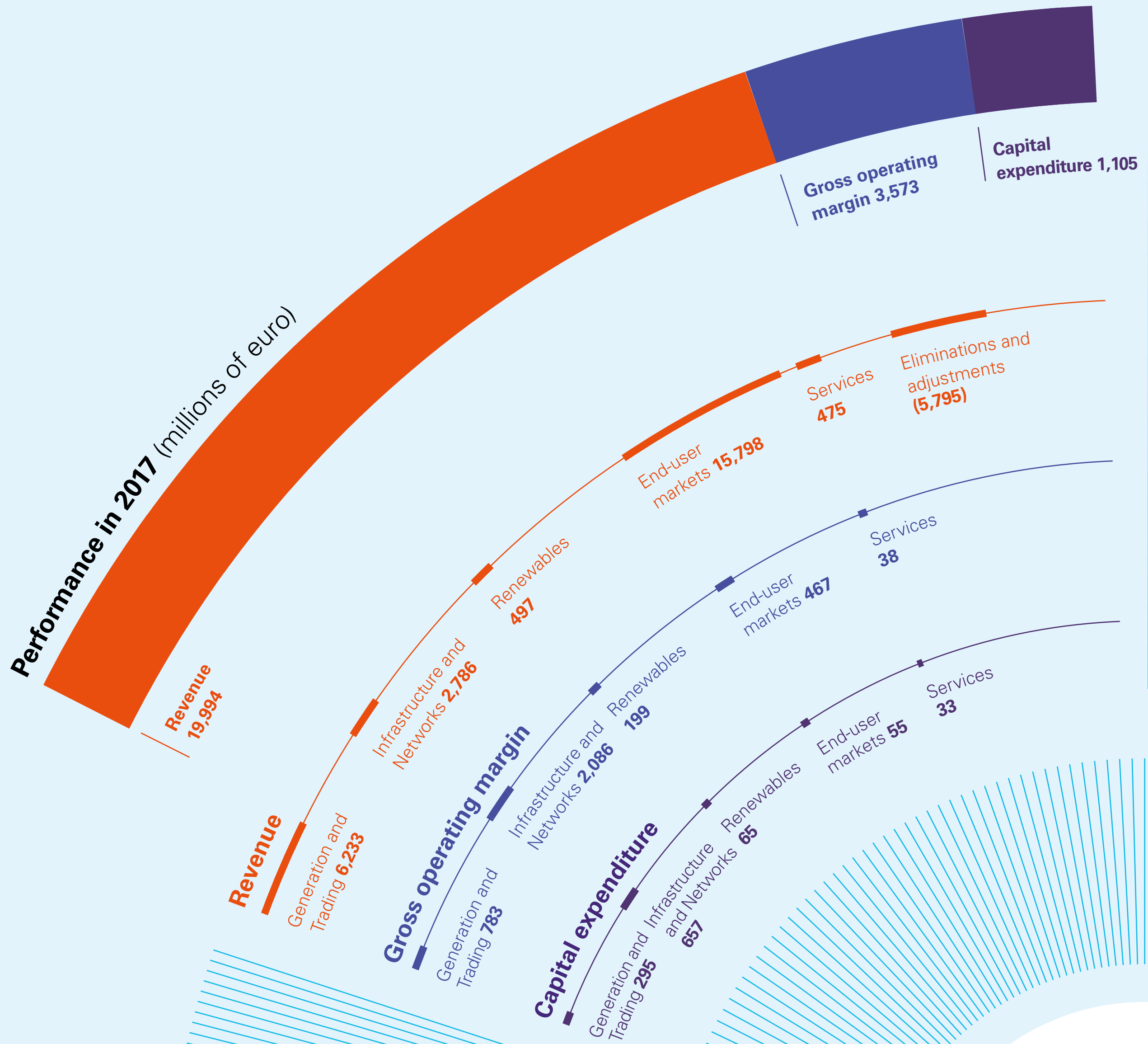
Thermal plants	2016	13,030
	2017	13,030
Nuclear plants	2016	3,318
	2017	3,318
Hydroelectric plants	2016	4,764
	2017	4,752
Wind farms	2016	1,618
	2017	1,618
Other	2016	14
	2017	14

Electricity distribution and transport networks (km)

2017
317,782

19,560	High-voltage lines at year end
117,886	Medium-voltage lines at year end
180,336	Low-voltage lines at year end





Performance in 2017 (millions of euro)
Revenue 19,994
Gross operating margin 3,573
Capital expenditure 1,105
Revenue
Generation and Trading 6,233
Infrastructure and Networks 2,786
Renewables 497
End-user markets 15,798
Services 475
Eliminations and adjustments (5,795)
Gross operating margin
Generation and Trading 783
Infrastructure and Networks 2,086
Renewables 199
End-user markets 467
Services 38
Capital expenditure
Generation and Trading 295
Infrastructure and Networks 657
Renewables 65
End-user markets 55
Services 33

Operations

Net electricity generation

Millions of kWh

	2017	2016	Change	
Thermal	43,754	35,525	8,229	23.2%
Nuclear	26,448	25,921	527	2.0%
Hydroelectric	5,038	7,288	(2,250)	-30.9%
Wind	3,351	3,422	(71)	-2.1%
Other sources	27	167	(140)	-83.8%
Total net generation	**78,618**	**72,323**	**6,295**	**8.7%**

Net electricity generation in Iberia in 2017 amounted to 78,618 million kWh, an increase of 6,295 million kWh compared with 2016. This increase was mainly due to higher thermal power generation, which benefitted from the drought that affected Iberia in 2017, and greater electricity demand.

Contribution to gross thermal generation

Millions of kWh

	2017		2016		Change	
Heavy fuel oil (S>0.25%)	6,319	8.6%	6,254	9.7%	65	1.0%
Natural gas	9,750	13.2%	5,008	7.8%	4,742	94.7%
Coal	26,156	35.5%	22,413	34.7%	3,743	16.7%
Nuclear fuel	27,542	37.4%	26,993	41.9%	549	2.0%
Other fuels	3,865	5.3%	3,810	5.9%	55	1.4%
Total	**73,632**	**100.0%**	**64,478**	**100.0%**	**9,154**	**14.2%**

Gross thermal generation in 2017 came to 73,632 million kWh, an increase of 9,154 million kWh compared with the previous year. As for the generation mix, there was an increase across all types of fuels, especially natural gas.

Net efficient generation capacity

MW

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Thermal plants	13,030	13,030	-	-
Nuclear plants	3,318	3,318	-	-
Hydroelectric plants	4,752	4,764	(12)	-0.3%
Wind farms	1,618	1,618	-	-
Other	14	14	-	-
Total net efficient capacity	**22,732**	**22,744**	**(12)**	**-0.1%**

Net efficient capacity in 2017 totaled 22,732 MW, a decrease of 12 MW compared with the previous year.

Electricity distribution and transport networks

	2017	2016	Change	
High-voltage lines at year end (km)	19,560	19,539	21	0.1%
Medium-voltage lines at year end (km)	117,886	117,632	254	0.2%
Low-voltage lines at year end (km)	180,336	179,391	945	0.5%
Total electricity distribution network (km)	**317,782**	**316,562**	**1,220**	**0.4%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**112,004**	**109,201**	**2,803**	**2.5%**

(1) The figure for 2016 reflects a more accurate measurement of amounts transported.

Electricity transported in 2017 totaled 112,004 million kWh, an increase of 2,803 million kWh, which is essentially in line with the development in demand.

Electricity sales

Millions of kWh

	2017	2016	Change	
Free market	83,036	79,008	4,028	5.1%
Regulated market	13,478	14,482	(1,004)	-6.9%
Total	**96,514**	**93,490**	**3,024**	**3.1%**

Electricity sales to end users in 2017 totaled 96,514 million kWh, an increase of 3,024 million kWh over the same period of 2016.

Performance

Millions of euro

	2017	2016	Change	
Revenue	19,994	18,953	1,041	5.5%
Gross operating margin	3,573	3,562	11	0.3%
Operating income	1,842	1,766	76	4.3%
Capital expenditure	1,105	1,147	(42)	-3.7%

The following tables break down performance by type of business in 2017.

Revenue

Millions of euro

	2017	2016	Change	
Generation and Trading	6,233	4,893	1,340	27.4%
Infrastructure and Networks	2,786	2,569	217	8.4%
Renewables	497	665	(168)	-25.3%
End-user markets	15,798	14,121	1,677	11.9%
Services	475	249	226	90.8%
Eliminations and adjustments	(5,795)	(3,544)	(2,251)	-63.5%
Total	**19,994**	**18,953**	**1,041**	**5.5%**

Revenue in 2017 increased by €1,041 million due to:

> a €1,677 million increase in revenue from **End-user markets**, of which €405 million for gas sales reflecting the increase in volumes in an environment of slightly rising unit prices. The increase in electricity sales was instead attributable to higher volumes sold in an environment of

rising unit prices in the regulated market, while prices fell in the free market;

- a €1,340 million increase in revenue from **Generation and Trading**, mainly associated with higher electricity sales in an environment of rising prices. Much of this revenue was generated with respect to domestic companies that sell electricity and is therefore also reflected in eliminations. In addition, there was the effect of the greater reimbursement received for costs incurred to ensure electricity generation in the extra-peninsular market;
- a €168 million decrease in revenue from **Renewables** activities, mainly attributable to the drought conditions mentioned above that penalized hydroelectric generation, as well as the price adjustment relating to the sale of ENEOP recognized in 2016 in the amount of €30 million;
- an increase of €217 million in revenue from **Infrastructure and Networks** operations, primarily reflecting the rate adjustments recognized in consideration of the draft ministerial order currently being finalized by the Ministry of Energy, Tourism and Digital Agenda.

Gross operating margin

Millions of euro

	2017	2016	Change	
Generation and Trading	783	812	(29)	-3.6%
Infrastructure and Networks	2,086	1,817	269	14.8%
Renewables	199	351	(152)	-43.3%
End-user markets	467	677	(210)	-31.0%
Services	38	(95)	133	-
Total	**3,573**	**3,562**	**11**	**0.3%**

The **gross operating margin** amounted to €3,573 million, up €11 million compared with 2016, reflecting:

- an increase of €269 million in the margin on **Infrastructure and Networks** operations, which reflects the abovementioned prices adjustments and the effect of the recognition in 2016 of a number of charges relating to the early-retirement plan. The second factor had a positive impact on personnel costs in 2017 owing to the reduction in the average size of the workforce;
- a decline of €210 million in the gross operating margin on **End-user markets**, essentially owing to the sharp increase in electricity and gas procurement costs, which was more than offset by efficiency gains, especially for personnel costs;
- a €29 million decline in the gross operating margin on **Generation and Trading** operations, reflecting the deterioration in the generation margin, primarily owing to higher taxes on generation as a result of greater volumes produced (€72 million), in addition to the combined effect (totaling €63 million) of the ruling of the unconstitutionality of the tax on nuclear power generation in Catalonia in 2016 and the subsequent introduction in 2017 by the regional government of a new tax on nuclear power waste. These factors were only partly offset by the ruling under which Endesa is entitled to reimbursement of amounts paid for the "*bono social*" in 2016, 2015 and 2014, which had a positive impact of €222 million:
- a decrease of €152 million in the margin from **Renewables** generation, which reflected the decline in revenue mentioned above and the reversal in 2016 (€28 million) in respect of the obligations for the construction and development of the Girabolhos hydroelectric plant in Portugal;
- an increase of €133 million in the margin on **Services**, mainly owing to the €94 million reduction in personnel costs as a result of the combined effect of the recognition in 2016 of a number of charges relating to the early-retirement plan and the consequent reduction in the workforce in 2017.

Operating income

Millions of euro

	2017	2016	Change	
Generation and Trading	191	187	4	2.1%
Infrastructure and Networks	1,367	1,047	320	30.6%
Renewables	12	89	(77)	-86.5%
End-user markets	286	537	(251)	-46.7%
Services	(14)	(94)	80	-85.1%
Total	**1,842**	**1,766**	**76**	**4.3%**

Operating income in 2017 totaled €1,842 million, including the effect of €1,731 million in depreciation, amortization and impairment losses (€1,796 million in 2016), an increase of €76 million compared with the previous year. The reduction in depreciation (€115 million), essentially due to the extension of the useful life of all the renewables generation plants, was partly offset by the greater impairment on trade receivables recognized in 2017 compared with 2016, primarily in the retail sector.

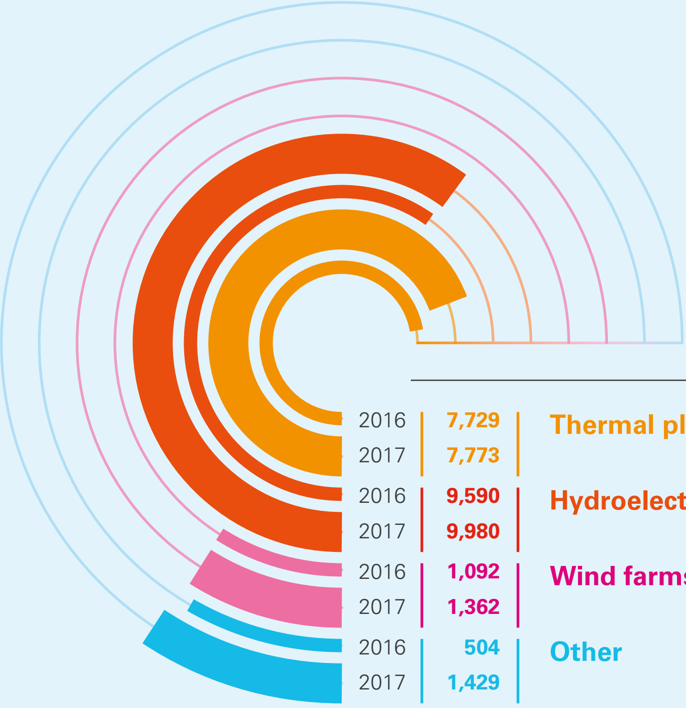
Capital expenditure

Millions of euro

	2017	2016	Change	
Generation and Trading	295	355	60	-16.9%
Infrastructure and Networks	657	644	13	2.0%
Renewables	65	78	(13)	-16.7%
End-user markets	55	53	2	3.8%
Services	33	17	16	94.1%
Total	**1,105**	**1,147**	**(42)**	**-3.7%**

Capital expenditure came to €1,105 million, down €42 million year on year. In particular, capital expenditure in 2017 primarily concerned work on the distribution network (€657 million). This work was primarily associated with improvements in the quality of the service and the replacement of old meters with new generation smart meters, as well as with generation plants, largely nuclear and thermoelectric plants, amounting to €295 million.

South America



Thermal plants	2016	7,729	
	2017	7,773	
Hydroelectric plants	2016	9,590	
	2017	9,980	
Wind farms	2016	1,092	
	2017	1,362	
Other	2016	504	
	2017	1,429	

Net efficient generation capacity (MW)

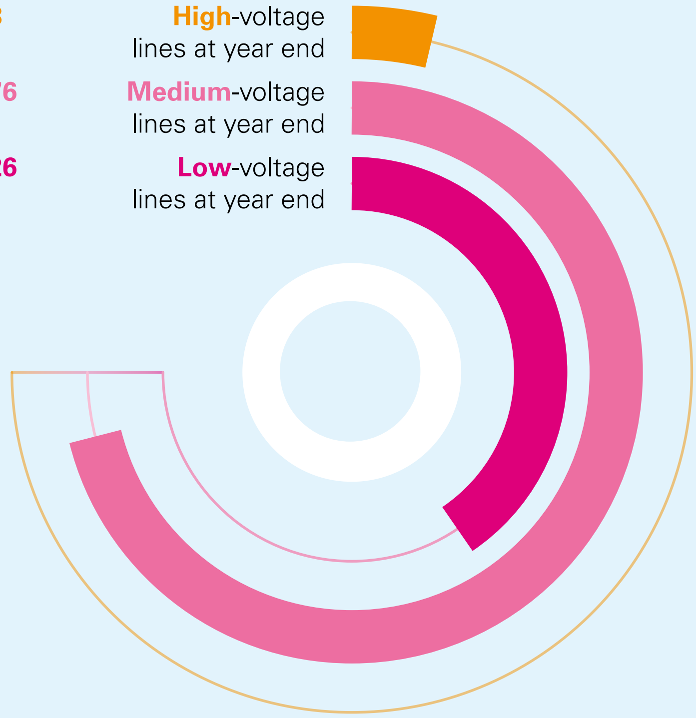
2016
18,915

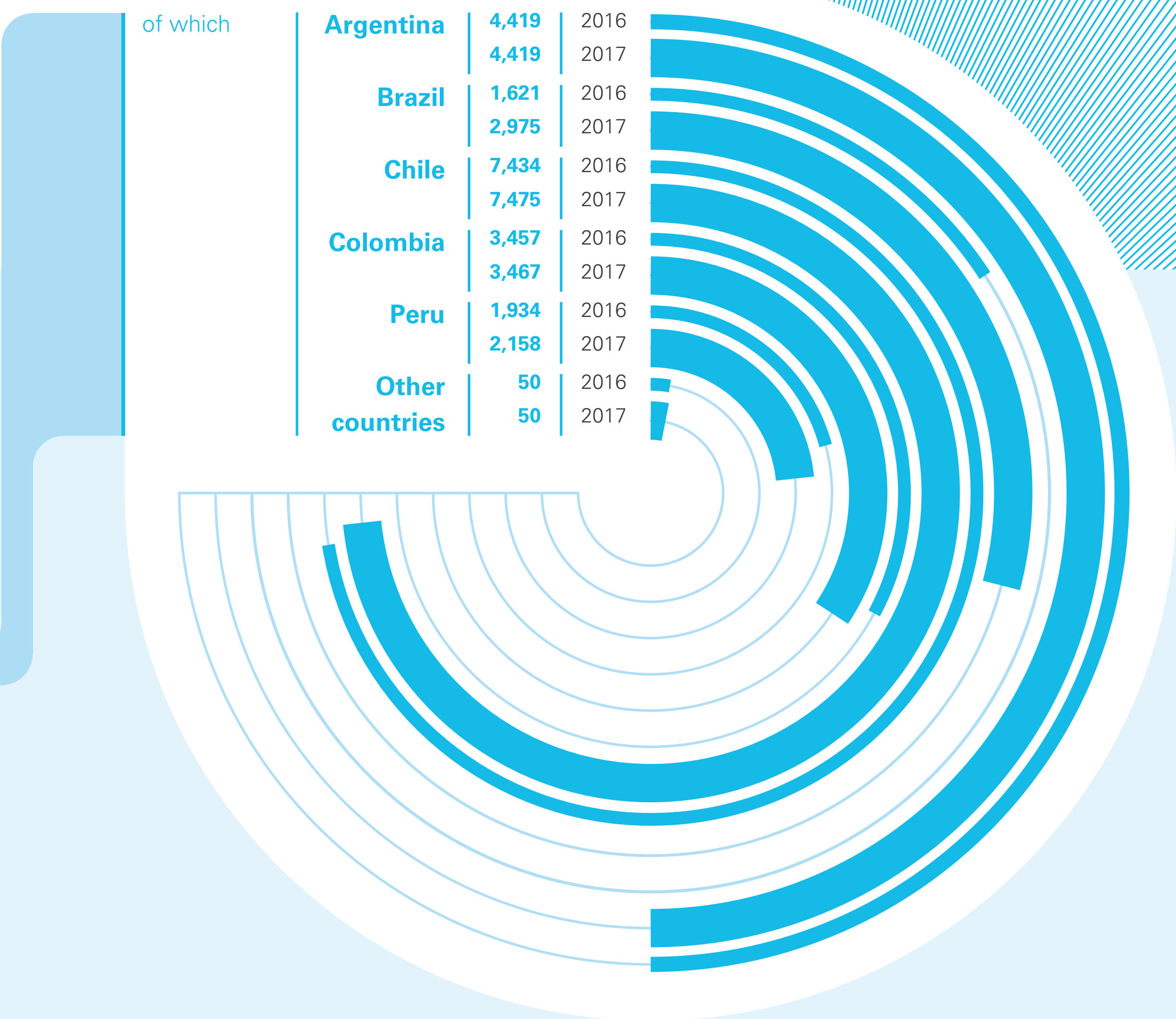
2017
20,544

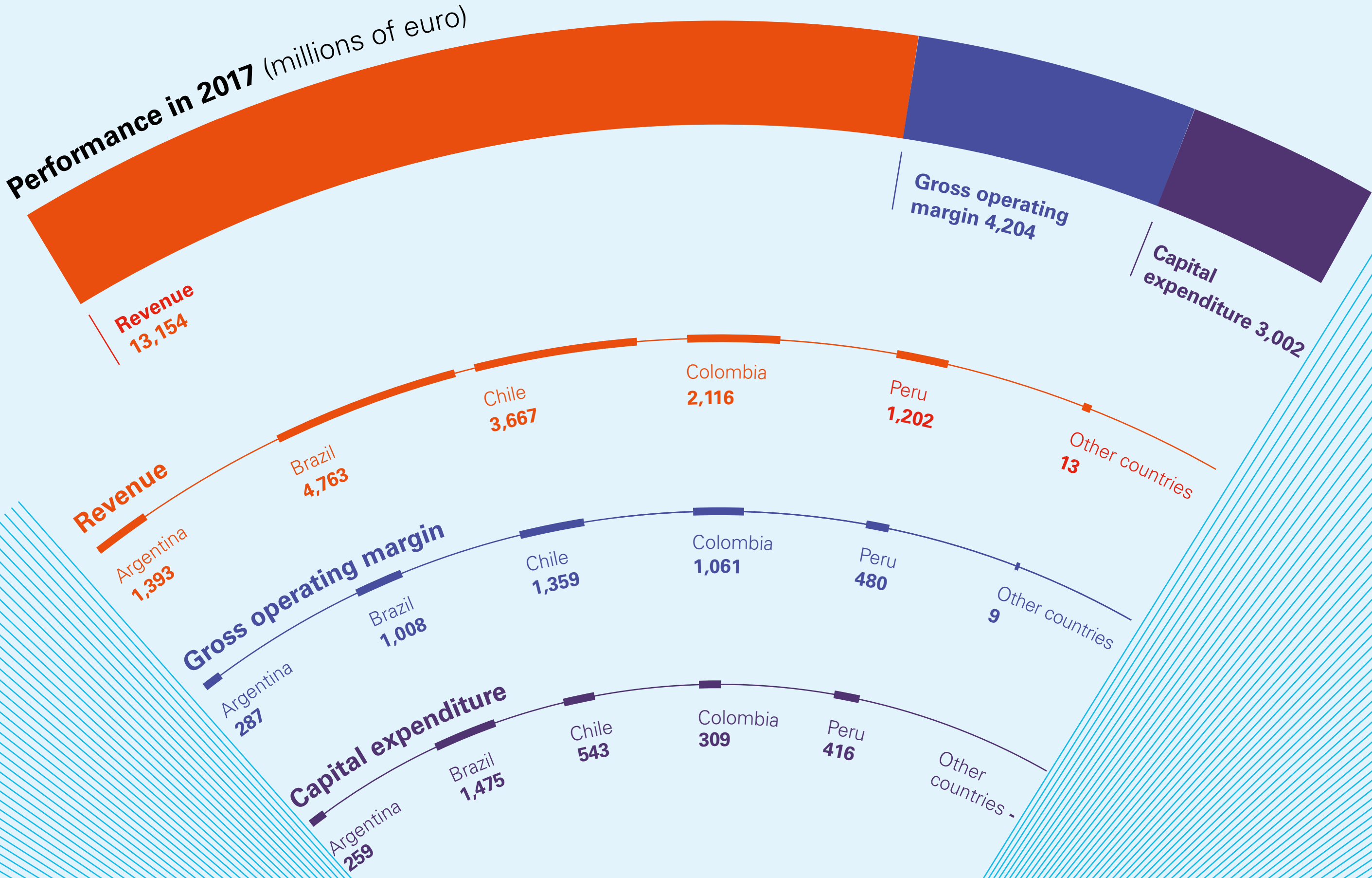
Electricity distribution and transport networks (km)

2017
566,010

18,308	**High**-voltage lines at year end
350,376	**Medium**-voltage lines at year end
197,326	**Low**-voltage lines at year end




of which
Argentina
4,419
2016
4,419
2017
Brazil
1,621
2016
2,975
2017
Chile
7,434
2016
7,475
2017
Colombia
3,457
2016
3,467
2017
Peru
1,934
2016
2,158
2017
Other countries
50
2016
50
2017


Performance in 2017 (millions of euro)
Revenue 13,154
Gross operating margin 4,204
Capital expenditure 3,002
Revenue
Argentina 1,393
Brazil 4,763
Chile 3,667
Colombia 2,116
Peru 1,202
Other countries 13
Gross operating margin
Argentina 287
Brazil 1,008
Chile 1,359
Colombia 1,061
Peru 480
Other countries 9
Capital expenditure
Argentina 259
Brazil 1,475
Chile 543
Colombia 309
Peru 416
Other countries -

Operations

Net electricity generation

Millions of kWh

	2017	2016	Change	
Thermal	25,727	26,268	(541)	-2.1%
Hydroelectric	33,597	32,619	978	3.0%
Wind	3,661	2,451	1,210	49.4%
Other sources	1,642	827	815	98.5%
Total net generation	**64,627**	**62,165**	**2,462**	**4.0%**
- of which Argentina	*14,825*	*13,124*	*1,701*	*13.0%*
- of which Brazil	*7,161*	*5,474*	*1,687*	*30.8%*
- of which Chile	*20,231*	*19,728*	*503*	*2.5%*
- of which Colombia	*14,766*	*14,952*	*(186)*	*-1.2%*
- of which Peru	*7,493*	*8,698*	*(1,205)*	*-13.9%*
- of which other countries	*151*	*189*	*(38)*	*-20.1%*

Net electricity generation in 2017 totaled 64,627 million kWh, an increase of 2,462 million kWh compared with 2016. This increase was mainly attributable to:

> the increase in wind power generation in Brazil and Chile, especially after the entry of new plants into service;
> the increase in hydroelectric generation, concentrated mainly in Chile, Brazil and Colombia;
> greater solar power generation in Brazil and Chile, which also reflected the increase in net efficient capacity.

These factors were partially offset by a reduction in thermal generation owing to adverse weather conditions in the area compared with the year-earlier period, especially in Peru, which in April 2017 suffered from flooding along the coast caused by El Niño, leading to the shutdown of a number of plants.

Contribution to gross thermal generation

Millions of kWh

	2017		2016		Change	
Heavy fuel oil (S>0.25%)	723	2.7%	1,723	6.3%	(1,000)	-58.0%
Natural gas	21,669	81.2%	18,933	69.5%	2,736	14.5%
Coal	3,134	11.8%	3,970	14.6%	(836)	-21.1%
Other fuels	1,144	4.3%	2,628	9.6%	(1,484)	-56.5%
Total	**26,670**	**100.0%**	**27,254**	**100.0%**	**(584)**	**-2.1%**

Gross thermal production in 2017 totaled 26,670 million kWh, a decrease of 584 million kWh compared with the previous year. This was essentially connected to the decreased use of traditional fuels as a result of plant stoppages caused by the flooding mentioned above, only partly offset by increased use of natural gas, especially in Brazil and Argentina.

Net efficient generation capacity

MW

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Thermal plants	7,773	7,729	44	0.6%
Hydroelectric plants	9,980	9,590	390	4.1%
Wind farms	1,362	1,092	270	24.7%
Other	1,429	504	925	-
Total net efficient capacity	**20,544**	**18,915**	**1,629**	**8.6%**
- of which Argentina	*4,419*	*4,419*	*-*	*-*
- of which Brazil	*2,975*	*1,621*	*1,354*	*83.5%*
- of which Chile	*7,475*	*7,434*	*41*	*0.6%*
- of which Colombia	*3,467*	*3,457*	*10*	*0.3%*
- of which Peru	*2,158*	*1,934*	*224*	*11.6%*
- of which other countries	*50*	*50*	*-*	*-*

Net efficient capacity amounted to 20,544 MW in 2017, an increase of 1,629 MW compared with the previous year, essentially due to the expansion of installed capacity thanks to Group investments.

More specifically, in addition to the increase in capacity associated with the acquisition of the concession for the Volta Grande hydroelectric plant in Brazil (380 MW), other plants entering service included the following: in Brazil, the Delfina (180 MW) and Cristalândia (90 MW) wind farms, the Ituverava (254 MW), Nova Olinda (292 MW), Bom Jesus da Lapa (80 MW) and Lapa (78 MW) photovoltaic plants and in Peru the Rubí photovoltaic plant (180 MW).

Electricity distribution and transport networks

	2017	2016	Change	
High-voltage lines at year end (km)	18,308	12,339	5,969	48.4%
Medium-voltage lines at year end (km)	350,376	159,961	190,415	-
Low-voltage lines at year end (km)	197,326	149,846	47,480	31.7%
Total electricity distribution network (km)	**566,010**	**322,146**	**243,864**	**75.7%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**90,655**	**78,525**	**12,130**	**15.4%**
- of which Argentina	*17,737*	*18,493*	*(756)*	*-4.1%*
- of which Brazil	*34,876*	*22,809*	*12,067*	*52.9%*
- of which Chile	*16,318*	*15,809*	*509*	*3.2%*
- of which Colombia	*13,790*	*13,632*	*158*	*1.2%*
- of which Peru	*7,934*	*7,782*	*152*	*2.0%*

(1) The figure for 2016 reflects a more accurate measurement of amounts transported.

Energy transported in 2017 came to 90,655 million kWh, an increase of 12,130 million kWh compared with 2016. The expansion in the network reflects the acquisition of Enel Distribuição Goiás, a transaction that has also affected volumes transported in Brazil.

Electricity sales

Millions of kWh

	2017	2016	Change	
Electricity sold by Enel	**74,672**	**63,090**	**11,582**	**18.4%**
- of which Argentina	*14,877*	*15,654*	*(777)*	*-5.0%*
- of which Brazil	*30,497*	*19,128*	*11,369*	*59.4%*
- of which Chile	*13,232*	*13,067*	*165*	*1.3%*
- of which Colombia	*9,389*	*8,505*	*884*	*10.4%*
- of which Peru	*6,677*	*6,736*	*(59)*	*-0.9%*

Electricity sales in 2017 totaled 74,672 million kWh, increasing by 11,582 million kWh compared with the previous year.

Performance

Millions of euro

	2017	2016	Change	
Revenue	13,154	10,768	2,386	22.2%
Gross operating margin	4,204	3,556	648	18.2%
Operating income	2,970	2,163	807	37.3%
Capital expenditure	3,002	3,069	(67)	-2.2%

The following tables show a breakdown of performance by country in 2017.

Revenue

Millions of euro

	2017	2016	Change	
Argentina	1,393	1,163	230	19.8%
Brazil	4,763	2,601	2,162	83.1%
Chile	3,667	3,703	(36)	-1.0%
Colombia	2,116	2,054	62	3.0%
Peru	1,202	1,236	(34)	-2.8%
Other countries	13	11	2	18.2%
Total	**13,154**	**10,768**	**2,386**	**22.2%**

Revenue for 2017 posted an increase of €2,386 million due mainly to:

- an increase of €2,162 million in revenue in Brazil, mainly due to the change in the scope of consolidation as a result of the acquisition of Enel Distribuição Goiás on February 14, 2017 (€1,359 million), the recognition of revenue arising from the sectoral assets and liabilities (CVA) of the distribution companies, higher revenue owing to greater volumes generated by the Cachoeira Dourada hydroelectric plants and the increase in revenue as a result of the strengthening of the Brazilian real against the euro (€307 million);
- an increase of €230 million in revenue in Argentina, essentially due to increased average sales prices as a result of the rate reform introduced by the government in early 2017, only partly offset by the highly negative exchange rate effects of the depreciation of the Argentine peso against the euro (€204 million);
- a €62 million increase in revenue in Colombia, owing mainly to the increase in average prices and volumes

sold and to the positive trend in exchange rates due to the appreciation of the Colombian peso against the euro (€25 million);

> a €36 million decrease in revenue in Chile, essentially owing to the gain on the sale of 20% of GNL Quintero in 2016 (€173 million) and to the reduction in average prices on distribution and generation. These effects were only partly offset by the gain of €143 million on the sale of Electrogas in the 1st Quarter of 2017 and the positive trend in exchange rates (€71 million);

> a €34 million decrease in revenue in Peru, due to the effect of the decline in average prices and volumes sold, partly reflecting the impact of the floods that hit the country in 2017, only partly offset by the impact of exchange rates (€17 million).

Gross operating margin

Millions of euro

	2017	2016	Change	
Argentina	287	276	11	4.0%
Brazil	1,008	669	339	50.7%
Chile	1,359	1,204	155	12.9%
Colombia	1,061	980	81	8.3%
Peru	480	419	61	14.6%
Other countries	9	8	1	12.5%
Total	**4,204**	**3,556**	**648**	**18.2%**

The **gross operating margin** amounted to €4,204 million, an increase of €648 million (+18.2%) compared with 2016, reflecting:

> an increase of €339 million in the gross operating margin in Brazil, which reflects the change in the scope of consolidation with the entry of Enel Distribuição Goiás (€128 million), the positive exchange rate effect (€65 million) and the greater margins posted by distribution companies;

> an increase of €155 million in the gross operating margin in Chile as a result of the loss of €166 million on a number of water use concessions recognized in 2016 following the abandonment of five hydroelectric projects (including Puelo and Futaleufú), positive exchange rate developments (€25 million) and a €27 million decrease in capital gains from the disposal of equity investments between the two periods compared, as discussed under revenue;

> an increase of €81 million in the margin in Colombia due essentially to the increase in prices and quantities sold and the positive trend in exchange rates;

> a €61 million increase in the gross operating margin in Peru, mainly associated with the recognition in 2016 of the loss from the abandonment of the Curibamba and Marañon hydroelectric projects (€30 million) and provisions for charges connected with not having respected the terms of the contract to supply of electricity for Electroperu (€37 million);

> an €11 million increase in gross operating margin in Argentina owing to differences in regulatory mechanisms compared with the previous year, only partly offset by the negative trend in exchange rates (€42 million).

Operating income

Millions of euro

	2017	2016	Change	
Argentina	231	208	23	11.1%
Brazil	483	250	233	93.2%
Chile	1,027	610	417	68.4%
Colombia	890	801	89	11.1%
Peru	333	290	43	14.8%
Other countries	6	4	2	50.0%
Total	**2,970**	**2,163**	**807**	**37.3%**

Operating income in 2017 came to €2,970 million, including €1,234 million in depreciation, amortization and impairment losses (€1,393 million in 2016), an increase of €807 million. This change reflects the €159 million decrease in depreciation, amortization and impairment losses, the change in the scope of consolidation with the acquisition of Enel Distribuição Goiás and the positive change in exchange rates in all the area countries, except Argentina.

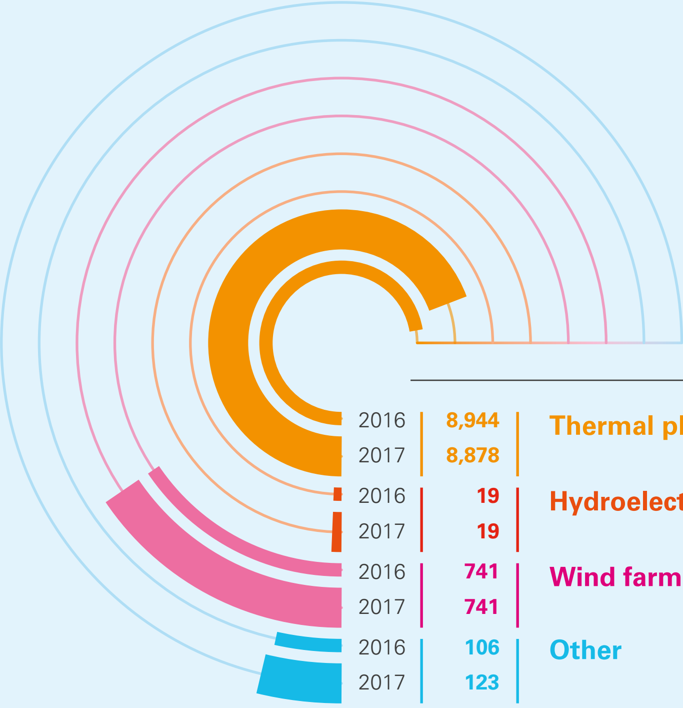
Capital expenditure

Millions of euro

	2017	2016	Change	
Argentina	259	232	27	11.6%
Brazil	1,475	1,434	41	2.9%
Chile	543	878	(335)	-38.2%
Colombia	309	266	43	16.2%
Peru	416	258	158	61.2%
Other countries	-	1	(1)	-
Total	**3,002**	**3,069**	**(67)**	**-2.2%**

Capital expenditure came to €3,002 million, down €67 million compared with the previous year. In particular, capital expenditure in 2017 concerned wind and solar plants in Peru and work on the distribution network in Brazil. There was a decline in capital expenditure in the renewable energy in Chile to complete and begin operation of plants in 2016.

Europe and North Africa



2016	8,944	Thermal plants
2017	8,878	
2016	19	Hydroelectric plants
2017	19	
2016	741	Wind farms
2017	741	
2016	106	Other
2017	123	

Net efficient generation capacity (MW)

2016
9,810

2017
9,761

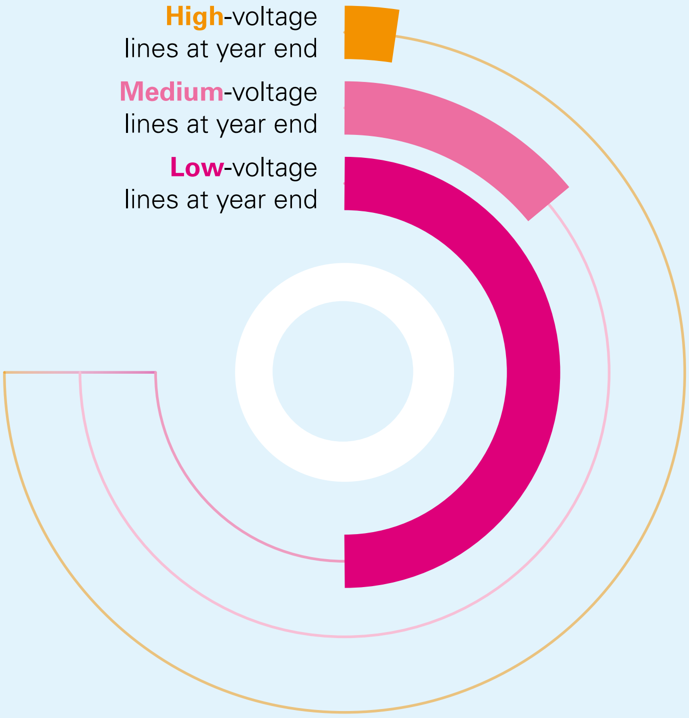
Electricity distribution and transport networks (km)

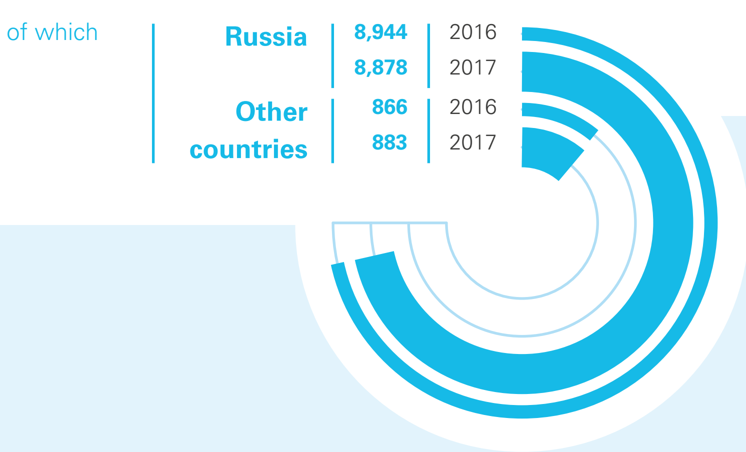
2017
127,548

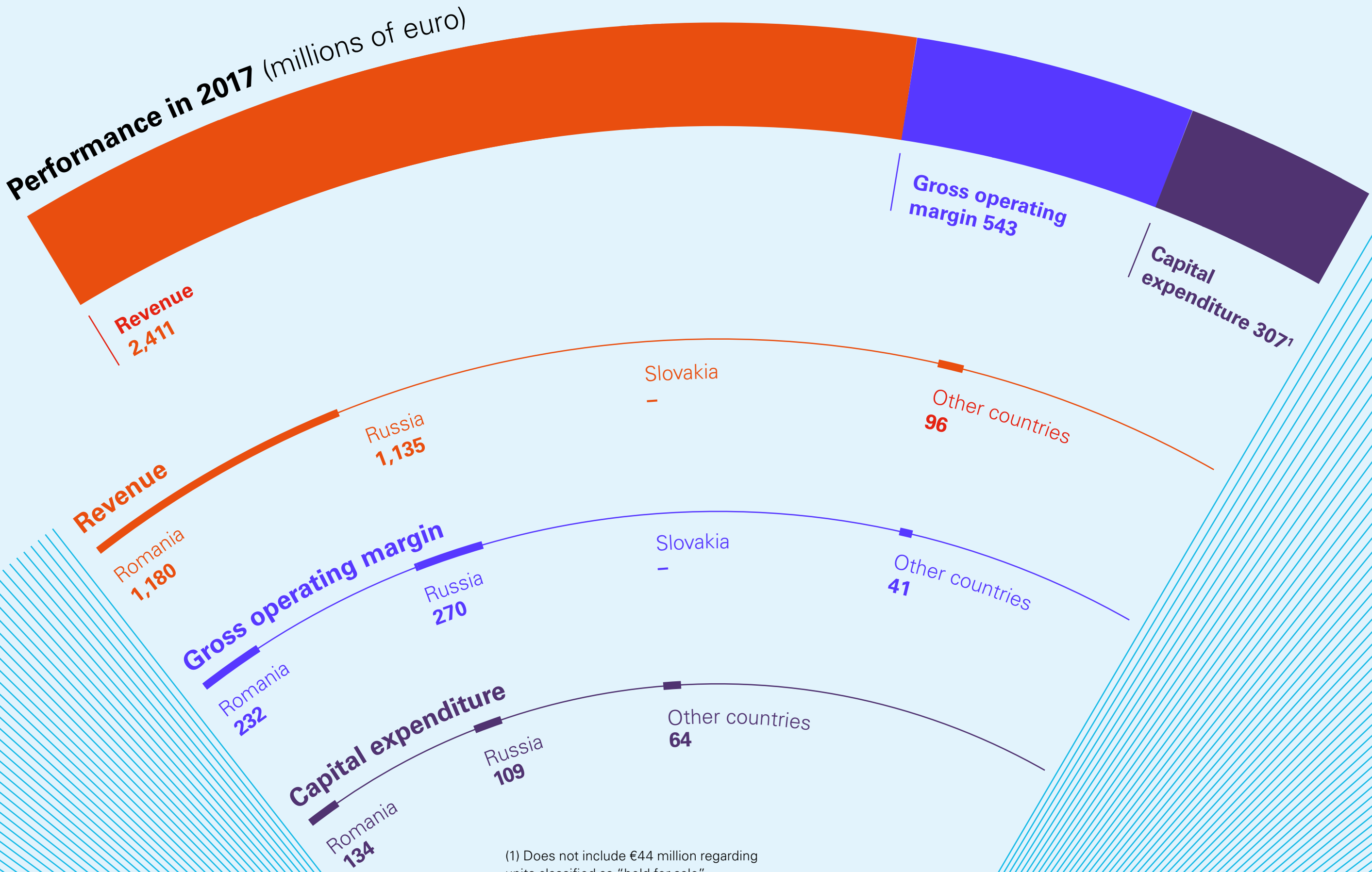
6,505 **High**-voltage lines at year end

35,016 **Medium**-voltage lines at year end

86,027 **Low**-voltage lines at year end







(1) Does not include €44 million regarding units classified as "held for sale".

Operations

Net electricity generation

Millions of kWh

	2017	2016	Change	
Thermal	39,830	42,993	(3,163)	-7.4%
Nuclear	-	7,523	(7,523)	-
Hydroelectric	22	1,235	(1,213)	-98.2%
Wind	1,814	1,715	99	5.8%
Other sources	173	147	26	17.7%
Total net generation	**41,839**	**53,613**	**(11,774)**	**-22.0%**
- of which Russia	*39,830*	*41,062*	*(1,232)*	*-3.0%*
- of which Slovakia	*-*	*9,684*	*(9,684)*	*-*
- of which Belgium	*-*	*977*	*(977)*	*-*
- of which other countries	*2,009*	*1,890*	*119*	*6.3%*

Net electricity generation in 2017 came to 41,839 million kWh, a decrease of 11,774 million kWh compared with 2016.
This result is mainly due to the change in the scope of consolidation owing to the sale of Slovenské elektrárne (in July 2016) and Marcinelle Energie (in November 2016). In addition, generation declined in Russia due to a slight decrease in plants' load factor.

Contribution to gross thermal generation

Millions of kWh

	2017		2016		Change	
Natural gas	22,384	53.3%	25,000	46.7%	(2,616)	-10.5%
Coal	19,647	46.7%	20,483	38.2%	(836)	-4.1%
Nuclear fuel	-	-	8,102	15.1%	(8,102)	-
Total	**42,031**	**100.0%**	**53,585**	**100.0%**	**(11,554)**	**-21.6%**

Gross thermal generation in 2017 posted a decrease of 11,554 million kWh to 42,031 million kWh. In addition to the aforementioned changes in the scope of consolidation, this decrease reflects an increased used of combined-cycle and coal-fired plants in Russia at the expense of gas-fired plants (which were also affected in the 1st Half of 2016 by a temporary shutdown at the Nevinnomisskaya plant).

Net efficient generation capacity

MW

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Thermal plants	8,878	8,944	(66)	-0.7%
Hydroelectric plants	19	19	-	-
Wind farms	741	741	-	-
Other	123	106	17	16.0%
Total net efficient capacity	**9,761**	**9,810**	**(49)**	**-0.5%**
- of which Russia	*8,878*	*8,944*	*(66)*	*-0.7%*
- of which other countries	*883*	*866*	*17*	*2.0%*

Net efficient capacity in 2017 totaled 9,761 MW, a decrease of 49 MW compared with the previous year. The change compared with December 31, 2016 is mainly attributable to the decommissioning of Block 2 of the Sredneuralskaya plant.

Electricity distribution and transport networks

	2017	2016	Change	
High-voltage lines at year end (km)	6,505	6,505	-	-
Medium-voltage lines at year end (km)	35,016	35,015	1	-
Low-voltage lines at year end (km)	86,027	86,043	(16)	-
Total electricity distribution network (km) (1)	**127,548**	**127,563**	**(15)**	**-**
Electricity transported in the Enel distribution network (millions of kWh)	**15,206**	**14,890**	**316**	**2.1%**

(1) The figure for 2016 reflects a more accurate calculation of the number of kilometres of distribution lines.

Electricity transported, which was concentrated entirely in Romania, posted an increase of 316 million kWh (+2.1%), going from 14,890 million kWh to 15,206 million kWh in 2017. This increase was mainly the result of demand in the Romanian market, especially in regions served by Enel.

Electricity sales

Millions of kWh

	2017	2016	Change	
Free market	**6,318**	**7,471**	**(1,153)**	**-15.4%**
Regulated market	**4,029**	**4,864**	**(835)**	**-17.2%**
Total	**10,347**	**12,335**	**(1,988)**	**-16.1%**
- of which Romania	*10,347*	*7,719*	*2,628*	*34.0%*
- of which France	*-*	*2,218*	*(2,218)*	*-*
- of which Slovakia	*-*	*2,398*	*(2,398)*	*-*

Electricity sales in 2017 decreased by 1,988 million kWh, going from 12,335 million kWh to 10,347 million kWh. This decrease, attributable to the changes in the scope of consolidation, was partly offset by the sharp increase in electricity sales in Romania as a result of the progressive liberalization of the market.

Performance

Millions of euro

	2017	2016	Change	
Revenue	2,411	3,798	(1,387)	-36.5%
Gross operating margin	543	762	(219)	-28.7%
Operating income	306	286	20	7.0%
Capital expenditure	307 (1)	265 (2)	42	15.8%

(1) Does not include €44 million regarding units classified as "held for sale".
(2) Does not include €283 million regarding units classified as "held for sale".

The following tables show a breakdown of performance by country in 2017.

Revenue

Millions of euro

	2017	2016	Change	
Romania	1,180	1,058	122	11.5%
Russia	1,135	986	149	15.1%
Slovakia	-	1,360	(1,360)	-
Other countries	96	394	(298)	-75.6%
Total	**2,411**	**3,798**	**(1,387)**	**-36.5%**

Revenue in 2017 totaled €2,411 million, a decrease of €1,387 million (-36.5%) compared with the previous year. This decline is related to:

> the decrease of €1,360 million in revenue in Slovakia due to the deconsolidation following the sale at the end of July 2016;
> the increase of €149 million in revenue in Russia, mainly related to the strengthening of the ruble against the euro (€126 million) and the increase in the unit sales prices, which more than offset the decrease in output;
> the increase of €122 million in revenue in Romania, essentially owing to the increase in volumes transported and sold, which more than offset the reduction in distribution rates;
> the €298 million decrease in revenue in other countries, of which €295 million relating to the deconsolidation of Marcinelle Energie and Enel France.

Gross operating margin

Millions of euro

	2017	2016	Change	
Romania	232	339	(107)	-31.6%
Russia	270	186	84	45.2%
Slovakia	-	191	(191)	-
Other countries	41	46	(5)	-10.9%
Total	**543**	**762**	**(219)**	**-28.7%**

The **gross operating margin** amounted to €543 million, a decrease of €219 million compared with 2016. This performance was mainly due to:

> the change in the scope of consolidation relating to Slovenské elektrárne (€191 million);
> the decrease of €107 million in the margin in Romania, due to the increase in the costs for the provisioning of electricity, owing to a crisis on the supply market, which was not reflected in the prices charged to customers;
> the increase of €84 million in the gross operating margin in Russia, due mainly to the strengthening of the ruble against the euro and the improvement in the generation margin.

Operating income

Millions of euro

	2017	2016	Change	
Romania	114	71	43	60.6%
Russia	210	136	74	54.4%
Slovakia	-	114	(114)	-
Other countries	(18)	(35)	17	-48.6%
Total	**306**	**286**	**20**	**7.0%**

Operating income in 2017 totaled €306 million, an increase of €20 million. Specifically, a €162 million decline in depreciation, amortization and impairment losses reflects not only the effects of the sale of Slovenské elektrárne (€77 million), but also the effect of the impairment recognized in 2016 on Enel Green Power Romania (€130 million) and the adjustment of the assets of Marcinelle Energie designated for disposal to their estimated realizable value (€54 million).

Capital expenditure

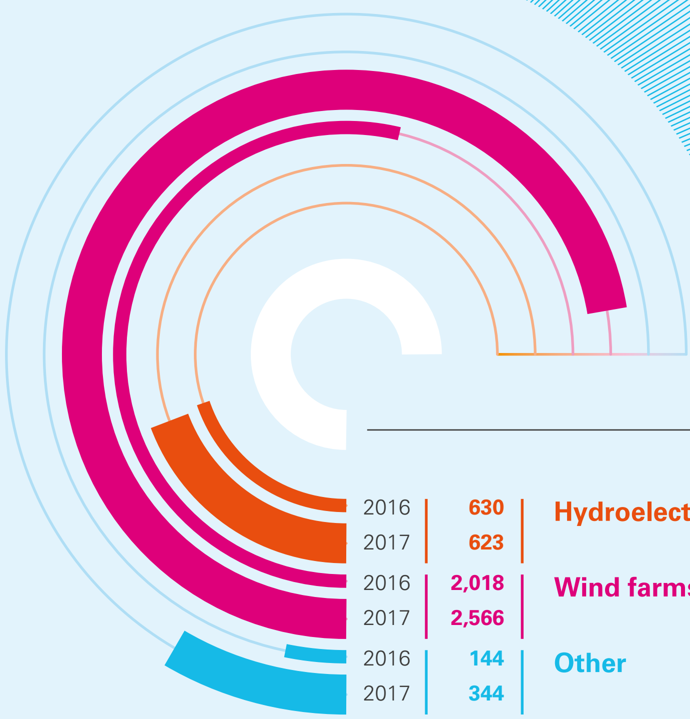
Millions of euro

	2017	2016	Change	
Romania	134	136	(2)	-1,5%
Russia	109	105	4	3,8%
Other countries	64	24	40	-
Total	**307** (1)	**265** (2)	**42**	**15,8%**

(1) Does not include €44 million regarding units classified as "held for sale".
(2) Does not include €283 million regarding units classified as "held for sale".

Capital expenditure came to €307 million, up €42 million year on year, mainly in respect of wind plants in Greece and geothermal plants in Germany.

North and Central America

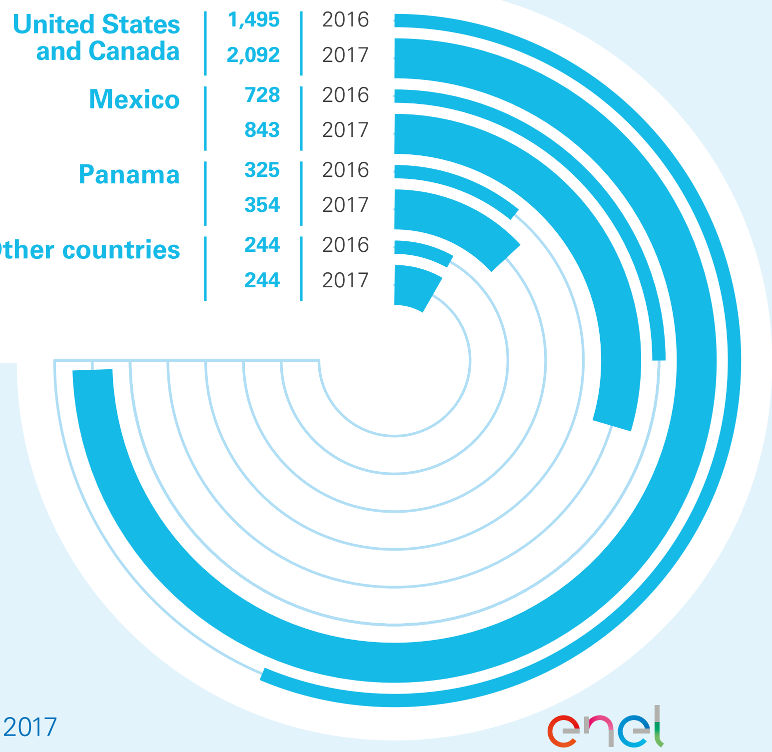


2016	630	Hydroelectric plants	
2017	623		
2016	2,018	Wind farms	
2017	2,566		
2016	144	Other	
2017	344		

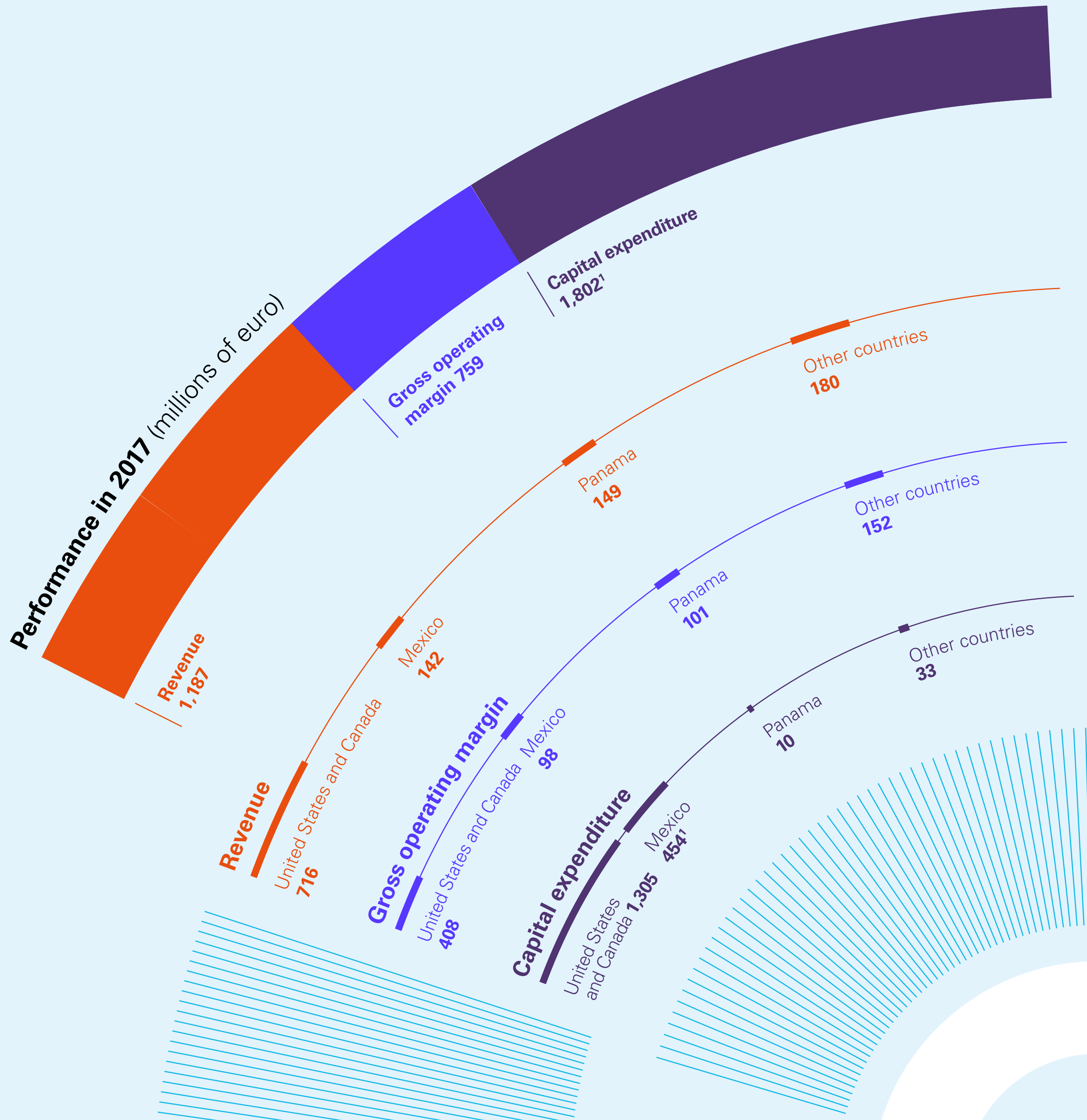
Net efficient generation capacity (MW)

2016
2,792

2017
3,533



of which			
United States and Canada	1,495	2016	
	2,092	2017	
Mexico	728	2016	
	843	2017	
Panama	325	2016	
	354	2017	
Other countries	244	2016	
	244	2017	



(1) Does not include €325 million regarding units classified as "held for sale".

Operations

Net electricity generation

Millions of kWh

	2017	2016	Change	
Hydroelectric	2,681	2,837	(156)	-5.5%
Geothermal	-	362	(362)	-
Wind	6,920	9,007	(2,087)	-23.2%
Other sources	192	62	130	-
Total net generation	**9,793**	**12,268**	**(2,475)**	**-20.2%**
- of which United States and Canada	*5,313*	*8,628*	*(3,315)*	*-38.4%*
- of which Mexico	*2,025*	*1,781*	*244*	*13.7%*
- of which Panama	*1,528*	*1,367*	*161*	*11.8%*
- of which other countries	*927*	*492*	*435*	*88.4%*

In 2017, net electricity generation totaled 9,793 million kWh, a decrease of 2,475 million kWh from 2016. This decrease can be attributed to the decline in output in the United States and Canada (-3,315 million kWh) as a result of a decrease in wind generation (-2,240 million kWh), largely owing to the deconsolidation of the EGPNA REP plants. This factor was partly offset by an increase in output in Mexico (+244 million kWh), thanks to the entry into service of the Vientos del Altiplano and Palo Alto wind plants, and greater generation from hydroelectric plants in Panama (+120 million kWh), Guatemala (+240 million kWh) and Costa Rica (+200 million kWh).

Net efficient generation capacity

MW

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Hydroelectric plants	623	630	(7)	-1.1%
Wind farms	2,566	2,018	548	27.2%
Other	344	144	200	-
Total net efficient capacity	**3,533**	**2,792**	**741**	**26.5%**
- of which United States and Canada	*2,092*	*1,495*	*597*	*39.9%*
- of which Mexico	*843*	*728*	*115*	*15.8%*
- of which Panama	*354*	*325*	*29*	*8.9%*
- of which other countries	*244*	*244*	*-*	*-*

Net efficient generation capacity in 2017 amounted to 3,533 MW, an increase of 741 MW on the previous year, essentially reflecting the increase in net installed capacity of wind plants in the United States and Canada (+600 MW) as a result of the increased net capacity at the new Rattlesnake Creek, Thunder Ranch and Red Dirt plants, partly offset by the disposal of the Caney River and Rocky Ridge facilities. A further increase in net efficient capacity was also registered in Mexico, mainly attributable to the Villanueva photovoltaic plant.

Performance

Millions of euro

	2017	2016	Change	
Revenue	1,187	1,125	62	5.5%
Gross operating margin	759	833	(74)	-8.9%
Operating income	553	565	(12)	-2.1%
Capital expenditure	1,802 (1)	1,832	(30)	-1.6%

(1) Does not include €325 million regarding units classified as "held for sale".

The tables below show financial performance by geographic area in 2017.

Revenue

Millions of euro

	2017	2016	Change	
United States and Canada	716	774	(58)	-7.5%
Mexico	142	125	17	13.6%
Panama	149	143	6	4.2%
Other countries	180	83	97	-
Total	**1,187**	**1,125**	**62**	**5.5%**

Revenue in 2017 amounted to €1,187 million, an increase of €62 million (+5.5%) on 2016. This reflected:

> a decrease of €58 million in revenue in the United States and Canada, essentially due to a decline in revenue from the sale of electricity (-€137 million) and lower revenue from the electric business (-€8 million) as a result of the decline in output (mainly reflecting the deconsolidation of the EGPNA REP plants), and the effect of the recognition in 2016 of the remeasurement at fair value (€95 million) of the interests held by the EGPNA REP group following the loss of control and the gains on the disposal of Cimarron and Lindahl (€35 million). These developments were partly offset by an increase in revenue from the change in the scope of consolidation following the acquisition of EnerNOC on August 7, 2017 (€146 million) and the increase in revenue from tax partnerships (€68 million);

> an increase of €17 million in revenue in Mexico, mainly reflecting the increase in wind output, as discussed in the section on operations (€37 million), partly offset by the effect of the recognition in 2016 of revenue from the successful outcome of VAT recovery procedures (€14 million);

> an increase of €6 million in revenue in Panama, mainly due to an increase in hydroelectric generation, as noted in the section on operations;

> an increase of €119 million in revenue in Costa Rica, largely reflecting the indemnities in respect of the Chucas wind farm (€100 million) paid to the Group by the Instituto Costarricense de Electricidad (ICE), partly offset by a decline in revenue in Guatemala (-€23 million).

Gross operating margin

Millions of euro

	2017	2016	Change	
United States and Canada	408	587	(179)	-30.5%
Mexico	98	95	3	3.2%
Panama	101	93	8	8.6%
Other countries	152	58	94	-
Total	**759**	**833**	**(74)**	**-8.9%**

The **gross operating margin** amounted to €759 million in 2017, down €74 million (-8.9%) on 2016. This reflected:

> a decrease of €179 million in the margin in the United States and Canada, attributable to the decline in revenue discussed earlier and an increase in personnel and operating costs associated with the acquisition of EnerNOC;

> an increase of €3 million in the margin in Mexico, reflecting the increase in output noted above;

> an increase of €8 million in the margin in Panama, attributable to the expansion of output;

> an increase in the margin in other countries, essentially attributable to the greater revenue registered by PH Chucas, as noted earlier.

Operating income

Millions of euro

	2017	2016	Change	
United States and Canada	293	398	(105)	-26.4%
Mexico	52	42	10	23.8%
Panama	87	80	7	8.8%
Other countries	121	45	76	-
Total	**553**	**565**	**(12)**	**-2.1%**

Operating income in 2017 amounted to €553 million, a decrease of €12 million, taking account of a decrease of €62 million in depreciation, amortization and impairment that was essentially associated with the deconsolidation of the EGPNA REP plants, partly offset by an increase in depreciation due to the entry into service of new plants.

Capital expenditure

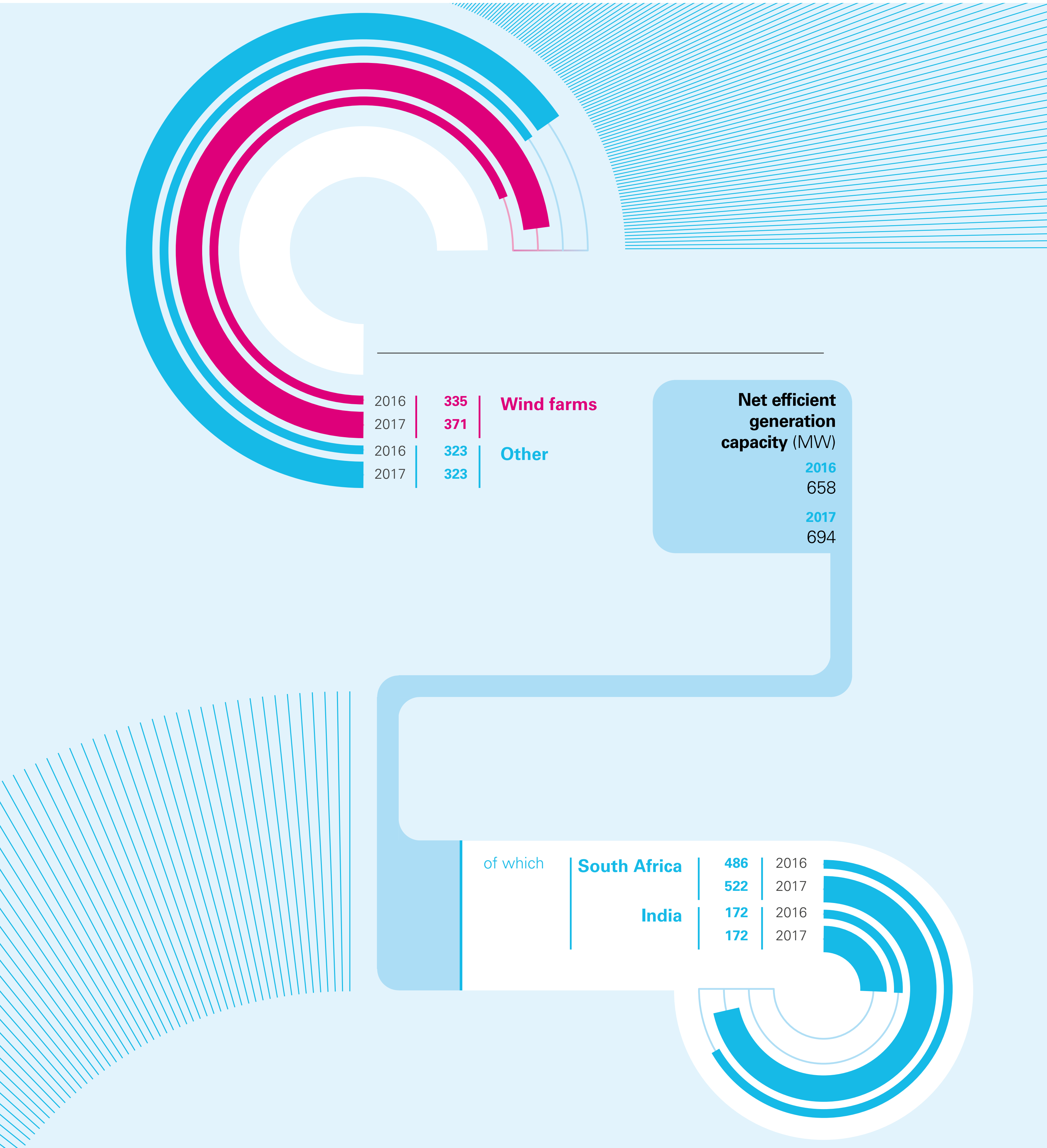
Millions of euro

	2017	2016	Change	
United States and Canada	1,305	1,467	(162)	-11.0%
Mexico	454 (1)	248	206	83.1%
Panama	10	42	(32)	-76.2%
Other countries	33	75	(42)	-56.0%
Total	**1,802**	**1,832**	**(30)**	**-1.6%**

(1) Does not include €325 million regarding units classified as "held for sale".

Capital expenditure in 2017 amounted to €1,802 million, a decrease of €30 million on the previous year. Investment mainly regarded the wind plants of Rock Creek (€364 million), Red Dirt (€325 million) and Thunder Ranch (€359 million) in the United States and the photovoltaic plants of Villanueva (€272 million) and Don José (€104 million) in Mexico.

Sub-Saharan Africa and Asia




Performance in 2017 (millions of euro)
Revenue
96
Gross operating margin
57
Capital expenditure
30
India
16
Other countries
(4)
India
8
India
3
Revenue
South Africa
80
Gross operating margin
South Africa
53
Capital expenditure
South Africa
27

Operations

Net electricity generation

Millions of kWh

	2017	2016	Change	
Wind	892	401	491	-
Other sources	589	129	460	-
Total net generation	**1,481**	**530**	**951**	**-**
- of which South Africa	*1,156*	*203*	*953*	*-*
- of which India	*325*	*327*	*(2)*	*-0.6%*

Net generation in 2017 amounted to 1,481 million kWh, an increase compared with 2016 of 951 million kWh. The increase is mainly attributable to the increase in wind generation (+491 million kWh) and solar generation (+589 million kWh) in South Africa following the entry of new plants into service, mainly in the 2nd Half of 2016. By contrast, output declined slightly in India.

Net efficient generation capacity

MW

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Wind farms	371	335	36	10.7%
Other	323	323	-	-
Total net efficient capacity	**694**	**658**	**36**	**5.5%**
- of which South Africa	*522*	*486*	*36*	*7.4%*
- of which India	*172*	*172*	*-*	*-*

Net efficient generation capacity in 2017 totaled 694 MW for an increase of 36 MW compared with the previous year. The change on December 31, 2016 mainly reflects the increase in installed generation capacity associated with the Gibson Bay plant.

Performance

Millions of euro

	2017	2016	Change	
Revenue	96	29	67	-
Gross operating margin	57	14	43	-
Operating income	15	(5)	20	-
Capital expenditure	30	304	(274)	-90.1%

The following tables show a breakdown of performance by geographic area in 2017.

Revenue

Millions of euro

	2017	2016	Change	
South Africa	80	12	68	-
India	16	17	(1)	-5.9%
Total	**96**	**29**	**67**	**-**

Revenue in 2017 amounted to €96 million, an increase of €67 million compared with the prior year. The increase is mainly due to the higher output and sale of electricity generated by the Pulida, Adam Solar and Gibson Bay plants.

Gross operating margin

Millions of euro

	2017	2016	Change	
South Africa	53	4	49	-
India	8	10	(2)	-20.0%
Other countries	(4)	-	(4)	-
Total	**57**	**14**	**43**	**-**

The **gross operating margin** in 2017 amounted to €57 million, an increase of €43 million compared with 2016. The change reflects the aforementioned increase in revenue, partly offset by the decreases reported in Australia and Kenya.

Operating income

Millions of euro

	2017	2016	Change	
South Africa	18	(10)	28	-
India	-	5	(5)	-
Other countries	(3)	-	(3)	-
Total	**15**	**(5)**	**20**	**-**

Operating income in 2017 came to €15 million, an increase of €20 million, which includes an increase of €23 million in depreciation, amortization and impairment, due mainly to the start of operations at plants in South Africa in 2016.

Capital expenditure

Millions of euro

	2017	2016	Change	
South Africa	27	301	(274)	-91.0%
India	3	3	-	-
Total	**30**	**304**	**(274)**	**-90.1%**

Capital expenditure came to €30 million in 2017, down €274 million compared with the prior year. The figure mainly refers to photovoltaic plants in South Africa on which construction work was completed, as noted earlier.

Other, eliminations and adjustments

Performance

Millions of euro

	2017	2016	Change	
Revenue (net of eliminations)	389	855	(466)	-54.5%
Gross operating margin	(346)	(69)	(277)	-
Operating income	(364)	(124)	(240)	-
Capital expenditure	72	41	31	75.6%

Revenue net of eliminations for 2017 amounted to €389 million, a decrease of €466 million compared with the prior year (-54.5%). The change can essentially be attributed to:

> a decrease of €162 million in engineering revenue following the incorporation of Enel Ingegneria e Ricerca into Enel Produzione, with the transfer of the related flows to the Italy segment;

> a decrease of €147 million in revenue for IT services following the transfer of the Information Technology unit from Enel Iberoamérica to Endesa, and the consequent inclusion of the figures in Iberia segment;

> a €49 million reduction in management fees on services provided to other Divisions of the Group;

> the capital gain of €19 million on the disposal of Compostilla Re in 2016.

The **gross operating margin** in 2017, a negative €346 million, showed a decrease of €277 million compared with the figure for 2016. This change reflected the elimination of the margins on the assets that were transferred, the effect of the capital gain on Compostilla Re and the reversal of the SAPE litigation provision, recognized in 2016 in the amount of €80 million.

The **operating loss** in 2017 amounted to €364 million, a deterioration of €240 million compared with the previous year, taking account of a decrease in depreciation, amortization and impairment of €37 million, reflecting writedowns recognized in 2016 on upstream gas exploration assets owing to a number of difficulties in executing the projects and changes in price conditions in the global fuel market.

Capital expenditure

Capital expenditure in 2017 amounted to €72 million, an increase of €31 million on 2016, mainly on information technology activities.

Performance and financial position of Enel SpA

Performance

The following table summarizes the performance of Enel SpA in 2017 and 2016.

Millions of euro

	2017	2016	Change
Revenue			
Revenue from services	120	197	(77)
Other revenue and income	13	10	3
Total	**133**	**207**	**(74)**
Costs			
Consumables	1	1	-
Services, leases and rentals	165	152	13
Personnel	174	166	8
Other operating expenses	20	17	3
Total	**360**	**336**	**24**
Gross operating margin	**(227)**	**(129)**	**(98)**
Depreciation, amortization and impairment losses	15	448	(433)
Operating income	**(242)**	**(577)**	**335**
Net financial income/(expense) and income from equity investments			
Income from equity investments	3,033	2,882	151
Financial income	3,093	3,343	(250)
Financial expense	3,774	4,106	(332)
Total	**2,352**	**2,119**	**233**
Income before taxes	**2,110**	**1,542**	**568**
Income taxes	(160)	(178)	18
NET INCOME FOR THE YEAR	**2,270**	**1,720**	**550**

Revenue from services amounted to €120 million (€197 million in 2016) and essentially regards services provided to subsidiaries as part of Enel SpA's management and coordination functions and the rebilling of costs incurred by Enel SpA but pertaining to the subsidiaries.
The overall decrease of €77 million is primarily attributable to the decline in revenue from management fees and technical fees, which reflects the negative adjustments for years 2015 and 2016, and the application of the new remuneration model adopted by the Parent Company during the year.

Other revenue and income amounted to €13 million, up €3 million compared with the previous year. In both years, the item is essentially composed of the rebilling of costs for the personnel of Enel SpA seconded to other Group companies.

Costs for **consumables** amounted to €1 million in 2017, unchanged on the previous year.

Costs for **services, leases and rentals** amounted to €165 million in 2017 (€152 million in 2016), of which charges from third parties in the amount of €82 million and from Group companies in the amount of €83 million. The former mainly regarded communication services, technical and professional services as well as strategic, management and corporate organization consulting and IT services. Those in respect of services provided by Group companies regard IT and administrative services and purchasing, as well as rentals and personnel training received from Enel Italia, and costs for the personnel of a number of Group companies seconded to Enel SpA.

Personnel costs totaled €174 million in 2017, an increase of €8 million compared with the previous year. The change is mainly attributable to higher costs connected with the Long-Term Incentive Plans (€5 million) and to post-employment benefits relating to defined benefit plans (€2 million).

Other operating expenses amounted to €20 million in 2017, up €3 million compared with 2016, mainly as a result of higher representation expenses.

In the light of the foregoing, the **gross operating margin** was a negative €227 million, a deterioration of €98 million compared with the previous year, mainly attributable to the combined effect of the reduction in management fees and technical fees, and the concomitant increase in labor costs and services and leases and rentals.

Depreciation, amortization and impairment losses amounted to €15 million in 2017, attributable solely to depreciation and amortization. In 2016, the item also included the writedown of the interest in Enel Produzione SpA (€474 million) and the writeback of the interest in Enel Trade SpA (€42 million), which were recognized following impairment testing of the investments.

Accordingly, the **operating result** showed a loss of €242 million, an improvement of €335 million compared with 2016.

Income from equity investments amounted to €3,033 million (2,882 million in 2016). The item regards dividends and interim dividends approved in 2017 by subsidiaries and associates in the amount of €3,032 million and by other companies in the amount of €1 million and shows an increase of €151 million on the previous year, partly reflecting dividends received from the subsidiaries Enel Américas and Enel Chile following the corporate restructuring of the Group's operations in South America.

Net financial expense amounted to €681 million and essentially reflects interest expense on financial debt (€860 million), partly offset by interest and other income on current and non-current financial assets (totaling €158 million). The decrease in net financial expense on the previous year, equal to €82 million, was essentially the result of lower interest expense on financial payables, which benefited from favorable interest rate developments and a decline in the average stock of net financial debt (€66 million), and the increase in other financial income on guarantees pledged in favor of Group companies (€30 million).

Income taxes showed a tax receivable of €160 million, mainly due to the reduction in taxable income for IRES purposes compared with statutory taxable income as a result of the exclusion of 95% of dividends received from subsidiaries and the deductibility of Enel SpA interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code). Compared with 2016 (a tax receivable of €178 million), the decrease of €18 million is attributable to the increase in estimated taxable income for IRES purposes.

Net income for the year totaled €2,270 million, compared with €1,720 million the previous year.

Analysis of the financial position

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	41	27	14
- equity investments	42,811	42,793	18
- net other non-current assets/(liabilities)	(667)	(440)	(227)
Total	**42,185**	**42,380**	**(195)**
Net current assets:			
- trade receivables	237	255	(18)
- net other current assets/(liabilities)	(1,612)	(1,500)	(112)
- trade payables	(137)	(150)	13
Total	**(1,512)**	**(1,395)**	**(117)**
Gross capital employed	**40,673**	**40,985**	**(312)**
Provisions:			
- employee benefits	(273)	(286)	13
- provisions for risks and charges and net deferred taxes	87	56	31
Total	**(186)**	**(230)**	**44**
Net capital employed	**40,487**	**40,755**	**(268)**
Shareholders' equity	**27,236**	**26,916**	**320**
NET FINANCIAL DEBT	**13,251**	**13,839**	**(588)**

Net non-current assets amounted to €42,185, a decrease of €195 million. This was attributable to:

> an increase of €227 million in "net other non-current assets/(liabilities)", which at December 31, 2017 showed a net liability of €667 million (net other non-current liabilities of €440 million at December 31, 2016). The change is essentially attributable to the decrease in the value of non-current derivative assets (€1,014 million) and the decrease in the value of non-current derivative liabilities (€812 million);

> an increase of €18 million in the value of equity investments in subsidiaries, which reflected the following operations: the acquisition of Tynemouth Energy Storage Limited (€5 million) and Enel M@p (€12 million), and the formation of Enel Global Thermal Generation Srl with the subscription and payment of its entire share capital (€1 million);

> a change of €14 million in property, plant and equipment and intangible assets as a result of investments (totaling €29 million) and depreciation and amortization (totaling €15 million) for the year.

Net current assets came to a negative €1,512 million, an increase of €117 million on December 31, 2016. The change is attributable to:

> an increase of €112 million in net other current liabilities, mainly reflecting the liability to shareholders for the interim dividend on 2017 earnings approved by the Board of Directors on November 8, 2017 and to be paid as from January 24, 2018 (equal to €1,068 million in 2017 and €915 million in 2016);

> a decrease of €18 million in trade receivables, mainly in respect of Group companies for management and coordination services from Enel SpA;

> a decrease of €13 million in trade payables.

Net capital employed at December 31, 2017 came to €40,487 million, funded by shareholders' equity of €27,236 million and net financial debt of €13,251 million.

Shareholders' equity came to €27,236 million at December 31, 2017, an increase of €320 million on the previous year. More specifically, the change is attributable to the recognition of net income for 2017 (€2,303 million), the distribution of the balance of the dividend for 2016 (totaling €915 million) and the interim dividend for 2017 (€1,068 million).

Net financial debt amounted to €13,251 million at the end of 2017, with a debt/equity ratio of 48.7% (51.4% at the end of 2016).

Analysis of the financial structure

Net financial debt and changes in the period are detailed in the table below.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Long-term debt:			
- bank borrowings	1,039	50	989
- bonds	8,541	12,414	(3,873)
- debt assumed and loans from subsidiaries	1,200	1,200	-
Long-term debt	*10,780*	*13,664*	*(2,884)*
- financial receivables from others	(6)	(5)	(1)
- debt assumed and loans to subsidiaries	-	(27)	27
Net long-term debt	**10,774**	**13,632**	**(2,858)**
Short-term debt/(liquidity):			
- short-term portion of long-term borrowings	3,654	973	2,681
- short-term bank borrowings	245	810	(565)
- cash collateral received	256	1,107	(851)
Short-term debt	*4,155*	*2,890*	*1,265*
- short-term portion of long-term financial receivables	(1)	(1)	-
- short-term portion of loans assumed/granted	(27)	(45)	18
- other short-term financial receivables	1	(6)	7
- cash collateral paid	(2,074)	(1,012)	(1,062)
- net short-term financial position with Group companies	2,912	1,419	1,493
- cash and cash equivalents and short-term securities	(2,489)	(3,038)	549
Net short-term debt/(liquidity)	**2,477**	**207**	**2,270**
NET FINANCIAL DEBT	**13,251**	**13,839**	**(588)**

Net financial debt at December 31, 2017 amounted to €13,251 million, a decrease of €588 million, the result of an improvement in the net long-term debtor position of €2,858 million, partly offset by an increase of €2,270 million in net short-term financial debt.

The main transactions in 2017 impacting debt can be summarized as follows:

- the repayment of the residual €909 million of a bond issued in 2007 in the amount of €1,500 million, which was partially redeemed in 2016;
- the redemption of four tranches of INA and ANIA bonds totaling €65 million;
- the repurchase of own unlisted floating-rate bonds from the "*Serie speciale riservata al personale* 1994-2019" in the amount of €19 million;
- an additional drawing of €450 million on the loan granted by UniCredit SpA the previous year (at December 31, 2016 the facility had been drawn in the amount of €50 million);
- the agreement of new loans from UniCredit SpA and UBI Banca SpA in the respective amounts of €200 million and €150 million;
- the agreement of a dollar-denominated loan from Bank of America in the amount of €199 million at the exchange rate prevailing at issue ($227 million).

Cash and cash equivalents amounted to €2,489 million, a decrease of €549 million on December 31, 2016, reflecting the effects of the above financial transactions, the payment of dividends for 2016 and the normal operation of the centralized treasury function performed by Enel SpA.

Cash flows

Millions of euro

	2017	2016	Change
Cash and cash equivalents at the start of the year	**3,038**	**5,925**	**(2,887)**
Cash flows from operating activities	2,465	2,511	(46)
Cash flows from investing/disinvesting activities	(48)	(409)	361
Cash flows from financing activities	(2,966)	(4,989)	2,023
Cash and cash equivalents at the end of the year	**2,489**	**3,038**	**(549)**

Cash flows from financing activities came to a negative €2,966 million (€4,989 million in 2016). They were largely generated by the repayment of bonds and the payment of dividends for 2016 totaling €1,830 million.

Cash flows from investing activities were a negative €48 million (€409 million in 2016), and were essentially generated by:

> €30 million in changes in property, plant and equipment and intangible assets as a result of capital expenditure;

> €18 million from the increase in the value of equity investments in subsidiaries, reflecting the following transactions: the acquisition of Tynemouth Energy Storage Limited (€5 million) and Enel M@p (€12 million), and the formation of Enel Global Thermal Generation Srl with the subscription and payment of its entire share capital (€1 million).

The cash requirements generated by financing and investing activities were funded by liquidity generated by operating activities (a positive €2,465 million, compared with €2,511 million in 2016), essentially reflecting dividends received from subsidiaries (€2,977 million) and the use of cash and cash equivalents, which at December 31, 2017 consequently amounted to €2,489 million (€3,038 million at the start of the year).

Significant events in 2017

Business

11 JANUARY

Acquisition of Demand Energy

On January 11, 2017, Enel Green Power North America acquired a 100% stake in Demand Energy Networks ("Demand Energy"), a US-based company specialized in intelligent software and energy storage systems. Enel will work with Demand Energy, which has established itself as a leader in the New York City storage market, delivering value to commercial and industrial customers, to expand deployment of the company's Distributed Energy Network Optimization System (DEN.OSTM), an intelligent software controls platform that enables real-time optimization of energy management and revolutionizes the way electricity is generated, stored and consumed.

10 FEBRUARY

Enel Green Power participates in construction of hospital in Uganda

On February 10, 2017, Enel Green Power participated in the project of Emergency and the architect Renzo Piano for the construction of a pediatric surgery hospital in Entebbe, Uganda, which will become the new center of pediatric excellence in Africa. The hospital will also be a training center for young doctors and nurses from Uganda and neighboring countries, making a significant contribution to improving health standards in the area.

Enel Green Power will provide 2,600 thin-film photovoltaic modules manufactured at the 3Sun factory in Catania, for a total of 289.24 kWp (kilowatt peak), giving the new facility energy autonomy and sustainability.

14 FEBRUARY

Acquisition of Brazilian distributor CELG-D finalized

On February 14, 2017, the Enel subsidiary Enel Brasil finalized the acquisition of about 94.8% of the share capital of CELG Distribuição ("CELG-D"), a power distribution company that operates in the Brazilian state of Goiás, for a total of R$2.187 billion. The original agreement provided for the remaining shares of CELG-D to be offered to the company's current and retired employees through a process that in May enabled Enel to purchase the shares not bought by those employees.

The acquisition of CELG-D expanded Enel's presence in the Brazilian distribution sector, increasing Enel's Brazilian customer base from 7 million to 10 million, making Enel Brasil the second largest power distributor in the country,

4 APRIL

Power purchase agreement in Zambia

On April 4, 2017, Enel Green Power signed a 25-year power purchase agreement with Zambia's state-owned utility ZESCO for the 34 MW Ngonye photovoltaic plant won in June following the first round tender of the Scaling Solar program, which was launched by state-owned investment holding company Industrial Development Corporation Limited ("IDC"). Ngonye is located in the Lusaka South Multi-Facility Economic Zone in southern Zambia, and the award of the capacity to Enel marked the Group's entry into Zambia's renewable energy market. Enel will be investing approximately $40 million in the construction of the new photovoltaic plant, which is expected to generate around 70 GWh per year. Ngonye will be owned by a special purpose vehicle in which Enel Green Power will hold 80% and IDC will have a 20% minority stake.

10 APRIL

Acquisition of a photovoltaic project in Australia

On April 10, 2017, Enel, acting through a joint venture between the subsidiary Enel Green Power and Dutch Infrastructure Fund, closed an agreement to acquire Bungala Solar One, the first 137.5 MW phase of the 275 MW Bungala Solar photovoltaic project, which is currently the largest ready-to-build solar PV project in Australia, from an Australian developer.

The acquisition of Bungala Solar Two, the second phase of the project, closed at the end of July. The Bungala Solar project is located near Port Augusta in South Australia. The joint venture's total investment in the 275 MW project is around $315 million, including project construction, with Enel contributing around $157 million. The total investment will be financed through a mix of equity and project finance with a consortium of local and international banks. The project already holds a long-term power purchase agreement with Origin Energy, a major Australian utility. Construction at Bungala Solar One began in July and will be completed in the 3rd Quarter of 2018, while Bungala Solar Two began construction in December and will be completed in the 1st Quarter of 2019.

10 APRIL

Acquisition of an additional stake in e-distribuţie Muntenia and Enel Energie Muntenia

On April 10, 2017, Enel Investment Holding ("EIH") finalized the acquisition from SAPE (the Romanian state-owned holding company that owns state shareholdings) of around 13.6% of the share capital of e-distribuţie Muntenia and Enel Energie Muntenia for a total of about €400 million. Following the transaction, EIH had increased its interest in the two companies to about 78% of their share capital, from the 64.4% held previously. The acquisition was a consequence of SAPE exercising a put option in November 2012. With the exercise of the put option, SAPE had asked for a price of about €520 million, an amount which was contested by EIH. After failing to reach an agreement on the price for the equity interests, in 2014 SAPE began an arbitration proceeding before the International Chamber of Commerce in Paris, in which it lodged a claim for the above price and about €60 million in interest. In its ruling of February 3, 2017, the Arbitral Tribunal set the purchase price for the equity interests involved in the put option at about €400 million, reducing the amount requested by SAPE by more than €100 million and dismissing the claim for interest.

16 MAY

Acquisition of Tynemouth Energy Storage

On May 16, 2017, Enel purchased the Tynemouth stand-alone battery energy storage system project located in Newcastle in the United Kingdom by acquiring 100% of Tynemouth Energy Storage Limited from the European energy project developer and operator Element Power. The ready-to-build project, which is expected to be completed by the 1st Half of 2018, will use lithium-ion batteries with a capacity of 25 MW (12.5 MWh). Enel's overall investment in the project, including construction, is expected to total about €20 million.

Tynemouth is supported by a four-year Enhanced Frequency Response (EFR) contract with National Grid awarded to the project in last year's EFR tender to provide grid balancing services. After four years, the project will participate in ancillary services and capacity market tenders.

17 MAY

Award of wind capacity in Spain

On May 17, 2017, Enel Green Power España was awarded 540 MW of wind power capacity in a tender for 3,000 MW of renewable energy launched by the Spanish government to help the country achieve its target of supplying 20% of energy consumption from renewables by 2020. The Enel Group will invest about €600 million in the construction of the wind capacity, which is part of the investment envisaged in its current Strategic Plan. The plants, which are expected to enter service by 2019, will sell their power in the Spanish wholesale market, while the Spanish government will provide incentives, in terms of yearly capacity payments, to guarantee a constant return over the 25-year lifetimes of the plants. The wind farms will be located in the regions of Aragona, Andalusia, Castile and León, and Galicia, areas which enjoy high levels of wind resources. Once up and running, the wind facilities will generate about 1,750 GWh per year.

29 MAY

Tax partnership agreement for Rock Creek wind farm in the United States

On May 29, 2017, Enel Green Power North America ("EGPNA"), the Enel Group renewable energy company operating in the United States, signed a tax equity agreement worth about $365 million with Bank of America Merrill Lynch and JP Morgan for the 300 MW Rock Creek wind farm located in Missouri. Under the agreement, the investors will contribute the agreed amount to the wind farm's owner in exchange for 100% of the "Class B" equity interest in the project. This interest will allow the two investors to obtain, under certain conditions set by US tax laws, a percentage of the tax benefits that will be attributed to the Rock Creek wind project. In turn, EGPNA, through Rock Creek Holding, will retain 100% ownership of the "Class A" interests and therefore management control of the project. The agreement secures the funding commitment by the two investors, and the closing of the funding is expected to occur upon completion of construction and start of commercial operation of the farm. The tax equity accord will be supported by a parent company guarantee from Enel SpA.

5 JUNE

Acquisition of Amec Foster Wheeler Power

On June 5, 2017, Enel Green Power has completed the acquisition of 100% of Amec Foster Wheeler Power from Amec Foster Wheeler Italiana, owner of two wind farms in Campania with a total installed capacity of 54.5 MW. The two plants, in operation since 2006 and 2008, are located in the municipalities of Vallesaccarda (22.5 MW) and Scampitella (32 MW), in the province of Avellino, and generate about 90 GWh per year.

With the transaction, Enel Green Power and Amec Foster Wheeler Italiana closed a preliminary sale agreement signed in December 2016. Enel Green Power paid about €21 million.

14 JUNE

Award of wind capacity in Russia

On June 14, 2017, Enel Russia was awarded two wind projects with a total capacity of 291 MW within the framework of the 2017 Russian government tender for the construction of 1.9 GW of wind capacity in the country. The two projects will be developed and built by Enel Green Power with an overall investment of about €405 million. The two plants will sell their energy in the Russian wholesale market and will be supported by capacity payment agreements with the Russian government. The Azov wind farm, which is expected to enter service by 2020, is located in the Rostov region, in southern Russia, and will have an installed capacity of 90 MW, generating around 300 GWh. The Murmansk wind farm, located in the northwestern Russian region of the same name, is expected to enter service by 2021 and will boast an installed capacity of 201 MW, generating around 730 GWh per year.

26 JUNE

Implementation of the smart meter

One of the most important challenges facing Enel is the implementation of the new-generation meter in the countries where the Group is present with distribution companies. On June 26, 2017, Enel kicked off Open Meter in Italy, the plan to replace 32 million first-generation meters installed beginning in 2001. In Spain, more than 11 million devices will have been installed by the end of 2017. In Romania, 290,000 will be installed on the three Enel networks by the end of the year. The new smart meter offers considerable benefits to customers and distributors alike, representing the first essential step towards a smart digital grid.

One of the largest challenges facing this innovative tool is the regulatory framework in the various countries, which will require ongoing dialogue to overcome.

26 JULY

Award of renewables capacity in Spain

On July 26, 2017, Enel Green Power España was awarded

339 MW of solar power capacity in Spain in a renewable energy tender. The plants, whose construction will require an investment of about €270 million, will sell their electricity on the Spanish pool market, with incentives from the Spanish government in the form of annual capacity payments to guarantee a steady return over the 25-year lives of the facilities. The photovoltaic plants are expected to enter service by 2019 and will be located in the regions of Murcia and Badajoz. Once up and running, the plants will generate approximately 640 GWh per year.

7 AUGUST

Acquisition of EnerNOC

On August 7, 2017, Enel Green Power North America ("EGPNA") completed a tender offer for all of the outstanding shares of EnerNOC for a total price of about $250 million.

EnerNOC has active demand response networks in North America, Europe and Asia-Pacific. Additionally, EnerNOC energy intelligence software enables businesses to boost facility efficiency, simplify utility bill management and ease reporting burdens. The company's energy procurement tools and services help customers buy energy more strategically, manage risk and optimize pricing.

The completion of the acquisition came as a result of EGPNA's successful tender offer to EnerNOC's shareholders for no less than a majority of its shares. A total of 22,447,759 shares were validly tendered into and not withdrawn from the offer, representing about 71.61% of EnerNOC's outstanding shares at a price of $7.67 per share in cash, representing a premium of about 42% to the company's closing stock price on June 21, 2017 and a 38% premium to the 30-day weighted average price. Following its acceptance of the tendered shares, EGPNA completed the acquisition by acquiring a 100% ownership interest in the company. EnerNOC will be delisted following the merger.

17 AUGUST

Tax partnership agreement for Red Dirt wind farm in the United States

On August 17, 2017, Enel Green Power North America ("EGPNA"), acting through its subsidiary Red Dirt Wind Holdings, signed a tax equity agreement worth approximately $340 million with MUFG and Allianz Renewable Energy Partners of America ("Allianz") for the Red Dirt wind project located in Oklahoma, which has a total installed capacity of around 300 MW.

Under the agreement, which is commonly used for the development of renewable energy projects in the United States, MUFG and Allianz will pay the above amount to the wind farm owner, Red Dirt Wind Holdings, purchasing 100% of the "Class B" equity interests in the project. This investment will enable the two investors to obtain, under certain conditions set under US tax law, a percentage of the tax benefits of the Red Dirt wind project. In turn, EGPNA, through Red Dirt Wind Holdings, will retain 100% ownership of the "Class A" interests and therefore management control of the project. The agreement secures the funding commitment by the two investors, with the closing of the funding expected to occur upon start of commercial operation of the Red Dirt wind farm. The tax equity partnership will be supported by a parent company guarantee from Enel SpA.

The Red Dirt wind project, construction of which started in April, began operations in December. The investment in Red Dirt amounts to about $420 million, which is part of the investment outlined in Enel's current Strategic Plan.

13 SEPTEMBER

Long-term power purchase agreements reached in the United States

On September 13, 2017, Anheuser-Busch and Enel Green Power ("EGP") signed a Power Purchase Agreement ("PPA"), whereby Anheuser-Busch will purchase the energy delivered to the grid and the associated renewable electricity credits from a portion of Enel Green Power's Thunder Ranch wind project, in the amount of 152.5 MW. The wind energy partnership between EGP and Anheuser-Busch is the beer company's first contracted utility-scale project to start operations in the world, with the Thunder Ranch wind farm becoming operational in December. More specifically, under a Virtual Power Purchase Agreement ("VPPA"), EGP will sell Anheuser-Busch the electricity output delivered to the grid by a 152.5 MW portion of the Thunder Ranch wind farm, substantially boosting the beer company's purchases of renewable energy.

28 SEPTEMBER

Enel wins renewable energy tender in Brazil

On September 28, 2017, Enel Brasil was awarded a 30-year concession for the operational 380 MW Volta Grande hydro power plant located in south-eastern Brazil following the "*Leilão de Concessões não Prorrogadas*" public auction organized by the Brazilian federal government via the Brazilian electricity regulatory agency - ANEEL. Enel invested a total of around R$1.4 billion, equal to about $445 million, for the hydro concession, in line with the investment outlined in the Group's current Strategic Plan. The hydro power plant is supported by the 30-year concession awarded with guaranteed annual generation revenue.

After the signing of the concession in November, Enel's hydro capacity in the country increased to 1,270 MW from the current 890 MW.

28 SEPTEMBER

Seizure of Brindisi plant

On September 28, 2017, Enel Produzione was notified of the decision issued by the investigating magistrate of Lecce ordering the seizure of the thermoelectric power plant of Brindisi-Cerano.

The measure is part of a criminal investigation initiated by the Public Prosecutor's Office of the Court of Lecce concerning the use of fly ash, i.e. that produced by the combustion of coal and captured by the smoke abatement systems of the plant, in the cement industry. The investigation also involves Cementir, a cement company to which the ash was sent for cement production, and ILVA, which provided Cementir with other residues for cement production.

Within the scope of the enquiry, a number of executives/employees of the company are being investigated for illegal waste disposal and unauthorized blending of waste. In order to enable plant operations to continue, the seizure order authorizes the Brindisi power station to continue generation for 60 days (subsequently extended until February 24, 2018), subject to certain technical requirements intended, according to the accusations, to remove the alleged ash management deficiencies. Enel Produzione has been charged under the provisions of Legislative Decree 231/2001 with the same offenses of which the company's executives/employees are accused. Following the charges, as provided for by law, the investigating magistrate of Lecce also ordered the seizure of approximately €523 million, equivalent to the profit that the Lecce Public Prosecutor conducting the investigation alleges was generated through the illegal handling of the ash.

The seizure order appointed two custodians in order to monitor compliance with the technical measures mentioned earlier.

Enel Produzione has informed the investigating magistrate that the plant is operated in accordance with industry regulations and the highest international technology standards, as well as with a cycle for the production and reuse of residues that is identical to that adopted in the most efficient power plants in Europe and the world, in compliance with the most modern environmental requirements intended to promote a circular economy. Analyses of the ash prior to seizure and those conducted afterwards have consistently confirmed the non-hazardous nature of the material and therefore the legitimacy of the manner in which they have been handled. Enel Produzione, although not agreeing with the allegations, has nevertheless expressed its full willingness, in agreement with the investigating magistrate and the custodians, to rapidly implement technical solutions for the execution of the requirements imposed with the seizure order that take account of the operational and logistical complexities associated with their implementation and the associated risks to the national electricity system.

In this regard, with the request for an extension of the use of the power station on November 15, 2017, Enel Produzione asked for authorization to test a management approach that would separate the ash by operational stage, thereby enabling the implementation of the provision of the order. Subsequently, following the testing, the company obtained an extension of another 90 days until February 24, 2018.

In the meantime, the Public Prosecutor, in view of the need to proceed with evidence gathering with a technical enquiry into the facts of the case, asked the investigating magistrate to move ahead with this stage. At the hearing of February 2, 2018, the magistrate assigned the engagement to the technical experts, giving them 150 days to file their report.

6 OCTOBER

Tax partnership agreement for Thunder Ranch wind farm in the United States

On October 6, 2017, Enel Green Power North America ("EGPNA"), acting through its subsidiary Thunder Ranch Wind Holdings ("Thunder Ranch Holdings"), signed a tax equity agreement worth approximately $330 million with the Alternative Energy Investing Group of Goldman Sachs and GE Energy Financial Services, a unit of General Electric, for the 298 MW Thunder Ranch wind project located in Oklahoma.

Under the agreement, which is a common transaction structure for the development of renewable energy projects in the United States, the two passive investors will purchase 100% of "Class B" and "Class C" equity interests in the project, respectively, in exchange for their payment of the above purchase price. This interest will allow the investors to obtain, under certain conditions set by US tax laws, a percentage of the tax benefits of the Thunder Ranch wind project. In turn, EGPNA, through Thunder Ranch Holdings, will retain 100% ownership of the "Class A" interests and therefore management control of the project. The agreement secures the funding commitment by the two investors, and the closing of the funding is expected to occur upon achievement of commercial operation of the 298 MW wind farm.

3RD QUARTER

Agreement for the disposal of renewables plants in Mexico

In the 3rd Quarter of 2017, Enel Green Power ("EGP") finalized agreements with the Canadian institutional investor CDPQ and the investment vehicle CKD IM for the sale of a total of 80% of the share capital of eight special purpose vehicles ("SPVs"). The SPVs, which are owned by EGP through a Mexican company, own three plants in operation and five under construction for a total capacity of 1.7 GW. The finalization of the disposal involved a corporate restructuring of Enel Green Power México, the sole shareholder of the eight SPVs being sold. The restructuring was completed with the demerger of 60.8% of the eight SPVs to a newly formed company – Tenedora de Energía Renovable Sol y Viento SAPI de Cv – and the remaining 39.2% to eight new companies (the mini-holding).

Under the agreements, EGP will continue to operate the plants owned by the SPVs after the disposal and will complete those still under construction, maintaining a significant influence. In addition, as from January 1, 2020, EGP may transfer additional projects to the Holding company. As a result of these possible transfers, it could therefore increase its interest in the Holding company until it becomes the majority shareholder.

The transaction is worth $2.6 billion, of which a price of about $340 million for the sale of 80% of the Holding company's share capital and about $2.2 billion for financing (in part through related-party loans and in part through project financing arrangements) granted to the SPVs.

The closing of the transaction was originally subject to a number of ordinary conditions and receipt of the necessary authorization from the Mexican antitrust authorities. The price will be paid at the closing, bearing in mind that the amount will be subject to a subsequent price adjustment normal for this type of transaction, based on variations in the net working capital of the Holding company.

10 OCTOBER

Disposal of Bayan Resources

On October 10, 2017, Enel closed a deal for the sale of its 10% stake in Indonesian coal producer PT Bayan Resources ("Bayan"), currently owned by Enel Investment Holding, to Bayan's controlling shareholder Mr. Dato' Low Tuck Kwong, for $85 million, fully paid in cash. Enel purchased the 10% stake in Bayan in August 2008 during the Initial Public Offering (IPO) that led to the listing of the Indonesian coal company on the Jakarta Stock Exchange.

23 OCTOBER

Award of renewables capacity in Ethiopia

On October 23, 2017, Enel, acting through a consortium led by the Enel Green Power ("EGP") renewables division and including leading Ethiopian infrastructure company Orchid Business Group, was selected as the preferred bidder for a 100 MW photovoltaic project following a solar tender launched by local utility Ethiopian Electric Power ("EEP") within the framework of the country's Growth and Transformation Plan ("GTP 2"), with which the Ethiopian government hopes to achieve about 12,000 MW of hydroelectric, wind, geothermal and solar capacity in partnership with the private sector in order to meet the country's demand for electrification while at the same time diversifying the generation mix in line with the 2020 national energy plan. The consortium has the right to develop, build and operate the 100 MW of photovoltaic capacity in Metehara, in the Oromia region, about 200 km east of Addis Ababa, an area with a high level of solar radiation.

The consortium headed by EGP will be investing about $120 million in the construction of the photovoltaic plant. The Metehara plant is expected to enter service in 2019. Once up and running, the facility will be able to generate approximately 280 GWh per year, while avoiding the emission of around 296,000 metric tons of CO_2 into the atmosphere. The project is supported by a 20-year power purchase agreement with EEP for all of the energy generated by the plant.

25 OCTOBER

Acquisition of eMotorWerks

On October 25, 2017, Enel, acting through its US subsidiary EnerNOC, announced the acquisition of the California-based eMotorWerks, a leading North American supplier of electric vehicle (EV) charging stations, called JuiceBox, and owner and operator of JuiceNet, an Internet of Things (IoT) platform for the smart management of EV charging and other distributed energy storage facilities. Through the JuiceNet platform, these facilities can be remotely controlled and aggregated for grid balancing purposes relying on unidirectional and bidirectional (Vehicle-to-Grid, V2G) electricity flows. The acquisition of eMotorWerks marks Enel's entrance into the US electric mobility market, one of the largest EV markets at global level.

The acquisition consolidates Enel's strategic commitment to provide the market with innovative customer-focused products and services, including smart recharging and integration between electric vehicles and distributed generation, grid balancing services and V2G.

Enel is planning to use JuiceNet platform's functions in all of its EV charging stations globally.

2 NOVEMBER

Award of renewables capacity in Chile

On November 2, 2017, Enel Generación Chile was awarded the supply of 1.180 TWh per year to a number of Chilean distribution companies through the tender launched by the country's National Energy Commission (*Comisión Nacional de Energía*) aimed at meeting the energy demand of regulated market customers over the 2024-2043 period.

Thanks to the synergies between Enel Generación Chile and Enel Green Power, the Group won 54% of the 2.2 TWh per year offered in the tender, more than any other participant. The energy awarded to Enel will be generated with a mix of new renewable projects comprising 116 MWp of solar, 93 MW of wind and 33 MW of geothermal for a total capacity of 242 MW in the Antofagasta region, in northern Chile, as well as a wind farm in the Araucanía region, in southern Chile. The facilities are expected to enter into service by 2024, generating around 1.180 TWh per year and avoiding the annual emission of around 500,000 metric tons of CO_2 into the atmosphere.

The tender was launched within the scope of Chile's General Power Service Law (*Ley General de Servicios Eléctricos*) 4/2006 shaping the regulatory framework for public tenders in order to provide distribution system operators with long-term power supply contracts with generators that would enable them to meet the power consumption needs of regulated market customers in their concession areas.

9 NOVEMBER

National e-mobility plan

On November 9, 2017, Enel presented the company's National Plan for the installation of electric vehicle charging infrastructure, which provides for the installation of around 7,000 charging stations by 2020 and a total of 14,000 by 2022. The program envisages the comprehensive coverage of all Italian regions and will contribute to increasing the number of electric and hybrid vehicles in circulation. Enel will invest between €100 million and €300 million to develop an extensive charging infrastructure network comprising Quick (22 kW) charging stations in urban areas and Fast (50 kW) and Ultra Fast (150 kW) charging stations in extra-urban areas. Approximately 80% of the charging points will be installed in urban areas, of which 21% in major metropolitan areas, 57% in other cities and the remaining 20% in other areas around the country to enable medium and long-range travel in extra-urban areas and on motorways. The latter category includes the charging stations of the EVA+ (Electric Vehicles Arteries) project, co-financed by the European Commission, which provides for the installation of 180 charging stations along Italian roads in extra-urban areas over three years. In

2018, more than 2,500 charging stations will be installed throughout the country.

The infrastructure developed by Enel, which currently boasts about 900 charging stations throughout Italy, has been designed to meet the various charging needs of customers. These features are possible thanks to the Electro Mobility Management System (EMM) cloud platform, which enables the remote monitoring and management of the entire network. The integration between Enel's charging stations and the EMM platform also enables smart charging services, which allow customers to manage their charging activities more effectively. Thanks to the recent acquisition of the California-based eMotorWerks, Enel will be able to offer solutions using Vehicle-to-Grid (V2G) technology that can generate economic benefits for customers who make their vehicle's batteries available to help stabilize the grid.

The National Plan will be developed in collaboration with the municipalities and regions involved, where Enel will invest directly in the charging infrastructure, and together with private-sector players that want to participate in the project, with a contribution from Enel of up to 65% of the investment. More specifically, this will involve the installation of charging stations on private property accessible to the public owned by small and medium-sized enterprises (SMEs), independent professionals and the self-employed (SOHOs) as well as commercial establishments and large retailers, such as gyms, supermarkets, shopping malls, holiday farms and hotels.

Moreover, Vallelunga will host Enel's first technology center for R&D in e-mobility solutions in Italy, which will aggregate research institutes and start-ups operating in the sector.

To date, more than 20 charging infrastructures using Enel technology have been installed and are operational, which will enable:

> the development and testing of charging infrastructure in a real-world environment, involving the various automotive companies active at the racetrack;
> the creation of a motor sport specialized center for the development and testing of new solutions for electric vehicles and charging stations;
> the testing of sustainable mobility services such as payment and access control systems for charging infrastructure and e-car sharing;
> the leveraging of ACI Vallelunga's competencies in road safety with safe driving courses specific for electric vehicle drivers.

23 NOVEMBER

Award of renewables capacity in Mexico

On November 23, 2017, Enel Rinnovabile was awarded the right to sign a number of contracts in Mexico to supply energy and green certificates from four wind projects with a total capacity of 593 MW in the country's third long-term public tender since its energy reform.

The Enel Group will be investing around $700 million in the construction of the new facilities, in line with the investments outlined in the company's current Strategic Plan. Each project will be supported by a contract providing for the sale to Mexico's *Cámara de Compensación* of specified volumes of energy over a 15-year period and of the related green certificates over a 20-year period.

The new plants are due to enter into operation in the 1st Half of 2020. Once fully operational, the facilities are expected to produce 2.09 TWh/year of renewable energy, therefore avoiding the annual emission of nearly 960,000 metric tons of CO_2 into the atmosphere.

Three plants, Amistad II and Amistad III with a total installed capacity of 100 MW each, and Amistad IV with an installed capacity of 149 MW, will be built in Acuña, in the northern state of Coahuila. Amistad II and III are expected to generate annually over 350 GWh each, while avoiding the emission into the atmosphere of around 170,000 metric tons of CO_2 each. Amistad IV is expected to generate more than 510 GWh per year, while avoiding the annual emission of around 234,000 metric tons of CO_2 into the atmosphere.

The 244 MW Dolores facility will be built in China, a municipality in the north-eastern state of Nuevo León. The plant is expected to generate nearly 850 GWh each year, while avoiding the annual emission of about 390,000 metric tons of CO_2 into the atmosphere.

30 NOVEMBER

Disposal of Caney River and Rocky Ridge wind farms in the United States

On November 30, 2017, Enel Green Power North America ("EGPNA") signed a cash equity agreement with investment fund Gulf Pacific Power, whereby EGPNA will sell to the fund 80% of the "Class A" shares in EGPNA's subsidiary Rocky Caney Wind LLC, the owner of the 200

MW Caney River wind farm in Kansas and the 150 MW Rocky Ridge wind farm in Oklahoma. The total price for the transaction is approximately $233 million, which was paid upon the closing of the deal in December 2017.

EGPNA will continue to manage, operate and perform maintenance activities at both wind farms while retaining 20% of the "Class A" interest in Rocky Caney Wind LLC. Furthermore, Enel was able to deconsolidate Caney River and Rocky Ridge's debt, amounting to approximately $140 million.

The Caney River wind farm, which is located in Elk County, Kansas, and began operations in 2011, is able to generate around 765 GWh each year, avoiding the annual emission of over 580,000 metric tons of CO_2. The Rocky Ridge facility, located in Kiowa and Washita Counties, Oklahoma, began operations in 2012. The plant is able to generate around 600 GWh each year, while avoiding the annual emission of over 450,000 metric tons of CO_2 into the atmosphere.

4 DECEMBER

Capacity Storage Agreements in California

On December 4, 2017, Enel Green Power North America signed three Capacity Storage Agreements ("CSA") with California utility Pacific Gas and Electric ("PG&E") for a total capacity of 85 MW/340 MWh. Under the agreements, Enel will build the Kingston, Cascade, and Sierra standalone lithium-ion energy storage projects, which will all be located in California. The energy storage systems will connect directly to PG&E's grid and will charge the lithium-ion batteries when there is an abundance of renewable energy. The energy stored in the batteries will then be delivered back to the grid during times of peak demand, increasing grid reliability, while also easing congestion. The projects have been developed with Sovereign Energy Storage, an independent developer of large-scale utility battery energy storage projects, and are expected to be operational by 2023, pending review and approval by the California Public Utility Commission as well as local and regulatory agencies.

14 DECEMBER

Award of renewables capacity in Canada

On December 14, 2017, Enel Green Power North America ("EGPNA") was awarded two 20-year Renewable Energy Support Agreements ("RESAs") for 146 MW of new wind capacity in Alberta, Canada, in a tender launched by the Alberta Electric System Operator ("AESO"). Under the two agreements, Enel will build two new wind facilities, the 115 MW Riverview Wind project and the 30.6 MW Phase 2 of Castle Rock Ridge wind farm, to supply their power output and renewable energy credits to AESO. The overall investment in the construction of the two wind farms amounts to approximately $170 million.

Riverview Wind and Phase 2 of Castle Rock Ridge, which is an expansion of EGPNA's existing 76.2 MW Castle Rock Ridge wind farm, are both located in Pincher Creek, Alberta, and are due to enter service by 2019. Once operational, the two facilities are expected to generate around 555 GWh per year.

18 DECEMBER

Award of renewables capacity in Brazil

On December 18, 2017, Enel Green Power Brasil Participações was awarded the right to sign 20-year power supply contracts in the country with a new solar PV project of 388 MW following the A-4 public tender organized by the Brazilian federal government via the country's energy regulator ANEEL. The Enel Group is expected to invest nearly $355 million in the construction of the plant, in line with the investment outlined in its current Strategic Plan. The award, equal to 49% of the 791 MW of PV capacity offered in the tender, was greater than any other awards to the other solar energy bidders. The São Gonçalo solar plant will be supported by 20-year power supply contracts, which provide for the sale of specified volumes of energy generated by the facility to a pool of distribution companies operating in the Brazilian regulated market. The plant will be built in the São Gonçalo do Gurguéia municipality, in the state of Piauí. The plant is expected to start operations in early 2021 and will generate more than 850 GWh of renewable energy each year once fully up and running.

Subsequently, on December 20, 2017, Enel Green Power

Brasil Participações was awarded the right to sign 20-year power supply contracts in the country with three wind projects for 618 MW of new capacity following the A-6 public tender organized by the Brazilian federal government via the country's energy regulator ANEEL. The Enel Group is expected to invest approximately $750 million in the construction of the three plants, in line with the investment set out in its current Strategic Plan.
Each wind farm is supported by 20-year power supply contracts, which provide for the sale of specified volumes of energy generated by the plant to a pool of distribution companies operating in the Brazilian regulated market. The wind farms, which will be built in the north-eastern Brazilian states of Piauí and Bahia, are expected to start operation in early 2023. The projects, once fully up and running, will be able to generate approximately 3 TWh of renewable energy each year.

20 DECEMBER

Award of renewables capacity in Argentina

On December 20, 2017, Enel Green Power Argentina was awarded the right to build the 100 MW Pampa wind farm in round 2 of the renewable energy tender launched within the framework of RenovAr, the clean energy development plan launched by Argentina's Energy Ministry, following the extension of the capacity awarded in the tender to over 1,800 MW from the initial 1,200 MW. Pampa, located in the wind resource-rich Chubut province, will be the Group's first wind project in the country.
Enel is investing nearly $130 million in the construction of the wind farm. The project, which is expected to enter into operation by the 1st Half of 2020, will be supported by a 20-year power purchase agreement (PPA) for the sale of all the renewable energy generated by the plant to Argentina's wholesale electric market management company CAMMESA. Once up and running, Pampa will be able to generate approximately 500 GWh per year.

Finance

4 JANUARY

Renewable energy loan in Brazil

On January 4, 2017, the Enel Group and the Brazilian Development Bank ("BNDES"), the main financing agency for development in Brazil, signed a 20-year loan agreement worth around R$373 million (about €109 million) that will cover part of the investment required to build the 102 MW Apiacás hydropower plant, located in the state of Mato Grosso in Brazil's central-west region. Under the provisions of the loan agreement, the first instalment of R$293 million (about €85 million) was disbursed at signing, and will be followed by a second instalment of R$80 million (about €24 million), subject to the fulfilment of conditions customary for this type of transaction. The loan bears an interest rate based on the TJLP (*Taxa de Juros de Longo Prazo*), the long-term interest rate reviewed quarterly by the Brazilian central bank. The TJLP currently stands at 7.5%, below the current interbank rate in Brazil of 13.63%. The TJLP is used as base rate for loans granted by BNDES to private companies whose projects are deemed eligible for federal funding.

9 JANUARY

Issue of first Green Bond

On January 9, 2017, Enel Finance International ("EFI") successfully placed on the European market its first Green Bond for institutional investors (with settlement on January 16), backed by a guarantee issued by Enel. The

issue totals €1,250 million and provides for repayment in one instalment at maturity on September 16, 2024, as well as the payment of a fixed-rate coupon of 1%, payable annually in arrears in September, as from September 2017. The issue price was set at 99.001% and the effective yield to maturity is equal to 1.137%. The Green Bond is listed on the regulated markets of the Irish and Luxembourg Stock Exchanges. The transaction received subscriptions of about €3 billion, with considerable interest from socially responsible investors ("SRI"), enabling Enel to further diversify its investor base. The net proceeds raised from the issue – carried out under the medium-term note program of Enel and EFI (the Euro Medium-Term Notes - EMTN) – will be used to finance the Enel Group's eligible green projects identified and/or to be identified in accordance with the Green Bond Principles 2016 published by the International Capital Market Association (ICMA). More specifically, the categories of projects that qualify as eligible green projects include, for example, the development, construction and repowering of renewable power plants, the development of transmission and distribution grids, and the implementation of smart grids and smart meters in the geographical areas in which the Group operates.
The operation was led by a syndicate of banks comprising Banca IMI, BofA Merrill Lynch, Crédit Agricole CIB, Citi, Deutsche Bank, HSBC, JP Morgan, Mizuho Securities, Natixis, SMBC Nikko and UniCredit as joint-bookrunners.

12 APRIL

Board approves bond issue

On April 12, 2017, the Board of Directors of Enel authorized the issue by December 31, 2018 of one or more bonds to be placed with institutional investors up to a maximum value of €7 billion as part of the strategy to refinance the Group's maturing consolidated debt. The issues may be carried out by the Dutch subsidiary Enel Finance International (backed by a parent company guarantee) or directly by Enel depending on the existing market opportunities. The Board also charged the Chief Executive Officer with establishing the amounts, currencies, timing and characteristics of the individual issues, taking account of developments in market conditions, with the power to apply for a listing of the issues on one or more regulated markets in the European Union or on multilateral trading facilities. With a view to increasing diversification, the issues may be offered to institutional investors within or outside the European Union, including through private placements.

23 MAY

Enel Finance International issues $5 billion bond

As part of the refinancing program approved by the Board in April, on May 23, 2017, Enel Finance International, an Enel Group finance subsidiary, launched a multi-tranche bond issue offered on the US and international markets for institutional investors for a total of $5 billion, the equivalent of about €4.5 billion. The issue was oversubscribed around 3.5 times, attracting orders exceeding $17 billion.

28 JULY

EIB loan for smart meters

On July 28,2017, the European Investment Bank (EIB) agreed the first tranche of €500 million of a loan to support e-distribuzione's plan for the replacement of smart meters in Italy. The EIB will finance part of the investment envisaged for 2017-2021 in the smart meter installation plan, which provides for the installation of around 41 million new generation smart meters (generation 2.0) over a 15 year-period. Of the total number of meters, about 32 million will replace the existing first generation meters, while the remainder will be used for new connections and customer requests. The replacement of existing meters with the next generation of devices has been prompted by the requirement for electricity distribution companies to deploy intelligent metering systems that meet the energy-efficiency standards set by the European Union (European Directive 2012/27/EU, transposed into Italian law with Legislative Decree 102/2014).
The energy scenario of recent years has underscored the importance of timely management of more comprehensive and detailed information to support the operations of electric companies and their customers. The Open Meter technology will make it possible to promote energy efficiency, increase awareness of consumption behavior, foster competition in post-meter services and develop the home automation market.
e-distribuzione's plan has been designated an EU project of common interest (PCI) and is part of the EIB's activities in the energy sector, fighting climate change and providing support for convergence regions (i.e. economically

underdeveloped regions), since 40% of meters are located in southern Italy, Sicily and Sardinia.

2 AUGUST

Repurchase of dollar-denominated bonds

On August 2, 2017, Enel Finance International ("EFI") purchased in cash the entire $1,750,000,000 bond issued by EFI and guaranteed by Enel. The operation was conducted on the basis of the "make whole call option" provided for in the original contract, under which it is possible to redeem the bond early at a price calculated on the basis of the present value of the payments of principal and interest, discounted at a rate increased by a spread of 30 basis points.

The repurchase was carried out as part of the strategy to optimize the structure of the Enel Group's liabilities through active management of maturities and of cost of debt.

3 OCTOBER

New issue of bonds denominated in US dollars

On October 3, 2017, Enel Finance International placed a multi-tranche bond for institutional investors on the US and international markets totaling $3 billion, the equivalent of approximately €2.5 billion. The issue, which is guaranteed by Enel, was oversubscribed by about three times, with total orders of approximately $9 billion.

The second offering on the US market of the Enel Group in 2017 is part of the Group's financing strategy, including the refinancing of its maturing consolidated debt.

The transaction is structured in the following tranches:

> $1,250 million at 2.75% fixed rate maturing in 2023;
> $1,250 million at 3.5% fixed rate maturing in 2028;
> an additional $500 million of EFI's existing 4.750% fixed-rate notes issued in May 2017 maturing in 2047.

8 DECEMBER

Subsidized financing in the United States

On December 8, 2017, Enel announced that two of its distributed energy projects had been selected to receive financing totaling $2.1 million under the Advancing Commonwealth Energy Storage (ACES) program run by the Massachusetts Clean Energy Centre ("MassCEC"). These will be Enel's first distributed energy projects in Massachusetts, the state that hosts the Group's headquarters in North America, and involve a "behind-the-meter" microgrid and a battery storage system. More specifically, the initiatives consist in:

> a project proposal for a "behind-the-meter" microgrid, which received funding of $850,000. The project, in a collaboration between Enel Green Power North America and the University of Massachusetts Boston ("UMass Boston"), involves a lithium-ion storage system of 0.5 MW/1.82 MWh integrated with a 0.5 MW photovoltaic system to be installed on the university campus in Boston;
> the development of a lithium-ion power storage system of 2 MW/4 MWh proposed by EnerNOC to the Acton Boxborough Regional School District (ABRSD), which was awarded $1.25 million, the largest financing granted under the ACES program.

Both projects are combining behind-the-meter demand charge management and in-front-of-the-meter, demand response applications, creating multiple revenue streams for all the parties involved and generating benefits for the grid in terms of balancing and reliability.

18 DECEMBER

New revolving credit line

On December 18, 2017, Enel and its Dutch subsidiary Enel Finance International agreed a new €10 billion revolving credit line replacing the previous €9.44 billion line renegotiated in February 2015. The new facility has a lower cost and matures in December 2022 rather than February 2020 as envisaged for the previous credit line. The cost of the new credit facility varies on the basis of the rating assigned to Enel. Based on the current rating, it has a spread which changes to 45 basis points above Euribor from the previous 72.5, while the commitment fees remain at 35% of the spread. Accordingly, following the decline in the spread, the latter decrease to 15.75 basis points from 25.38.

The new credit line, which can be used by Enel itself and/or Enel Finance International with a parent company guarantee, is not connected with the debt refinancing program and is intended to give the Group an extremely flexible and practical instrument for the management of working capital.

The transaction involved various Italian and international banks, including Mediobanca in the role of Documentation Agent.

Partnership

11 JANUARY

Collaboration agreement with Saudi Electricity Company

On January 11, 2017, Enel SpA and Saudi Arabian utility Saudi Electricity Company ("SEC") signed a framework agreement for cooperation in the power distribution sector which will involve the two companies in working together to develop long-term strategic knowledge sharing regarding the latest network technologies. Under the agreement, Enel and SEC will enhance the exchange of information, best practices and experiences in the distribution sector. More specifically, the two companies will share best practices and benchmarks to take distribution networks' performance in areas like operations, efficiency and security to best-in-class levels, while also introducing a technology roadmap aimed at digitizing distribution grids and improving energy efficiency at customer premises. Enel and SEC will also jointly evaluate further areas of collaboration in the power distribution sector.

14 JANUARY

Agreement with Dubai Electricity and Water Authority

On January 14, 2017, Enel SpA and Dubai Electricity and Water Authority ("DEWA"), Dubai's public service infrastructure company, signed a memorandum of understanding (MoU) for cooperation in smart grids and network digitization. The MoU, which has a duration of three years and could be extended by mutual agreement, seeks to build partnership relations between Enel and DEWA to facilitate the achievement of common strategic objectives and the exchange of information, experience and studies in the areas outlined by the MoU, including the analysis of key performance indicators in smart grid management as well as network digitization and security. Enel and DEWA will cooperate in research activities in the areas covered by the MoU and will share Enel's experience in distribution automation, renewable energy integration, smart meters and smart cities, with special reference to the role played by Enel in Expo Milano 2015, as well as DEWA's efforts in the field of smart grids. The parties will also evaluate cooperation opportunities in network technologies for Expo 2020 Dubai, given Enel's experience in building a fully-electric smart city for Expo Milano 2015 and DEWA's contribution to the development of network infrastructure and related technologies for Expo 2020.

7 FEBRUARY

Agreement with Aton Storage

On February 7, 2017, Enel SpA and Aton Storage, one of the leading Italian companies in the development and manufacture of innovative storage systems, signed an agreement to collaborate on initiatives in renewable electricity storage services. The aim of the accord is to enrich and strengthen the range of products offered to end users with innovative, high performance solutions that contribute to energy efficiency. Storage solutions play a key role in the development of renewable energy and electric mobility, sectors in which Enel is a world leader.

The battery developed by Aton was included among the new technologies that Enel presented during the Formula-E event held in Marrakech on November 12, 2016, and the Capital Markets Day in London on November 22, 2016.

28 FEBRUARY

Enel invests in green start-ups in Hawaii

On February 28, 2017, Enel, acting through its US renewable energy subsidiary Enel Green Power North America ("EGPNA"), became a global partner and strategic advisor of Energy Excelerator, a leading American incubator for clean energy start-ups based in Hawaii.

By joining Energy Excelerator, a non-profit organization whose mission is to solve the challenges of world energy systems through innovation, Enel will access its portfolio of start-ups advise in the selection of projects to be supported by the incubator.

Hawaii, which has a high penetration of renewable energy sources, will enable Enel to expand its network of innovators to open energy up to new uses, new technologies and new people.

1 JUNE

Memorandum of understanding with Rosseti for the development of smart grids

On June 1, 2017, Enel and Rosseti, the national operator of power grids in Russia, signed a memorandum of understanding for cooperation in innovative smart grid solutions. The two-year agreement seeks to build a partnership between Enel and Rosseti by promoting the exchange of information and the sharing of best practices and technological solutions in the areas of work outlined in the memorandum such as smart metering and grid digitization. Enel and Rosseti will exchange know-how in the construction, modernization, and maintenance of grid infrastructure to improve and enhance its efficiency, reliability and safety, including the possible implementation of a joint pilot project for the creation of a smart cluster using Enel's cutting-edge smart grid platform.

6 JULY

Electricity storage agreement with Amber Kinetics

On July 6, 2017, Enel signed a two-year agreement with Amber Kinetics, the US-based start-up born out of an initiative of professors and researchers from UC Berkeley, with the aim of assessing the start-up's innovative flywheel storage technology, which is an electro-mechanical system consisting of a large rotating mass able to store energy. Under the terms of the agreement, Enel will study and test the technology and identify mass business applications for the integration of the technology with the grid. Upon completion of a three-month test phase involving two synchronized flywheel units at one of Amber Kinetics' test sites in California, Enel will evaluate the possibility of utilizing the 40 kW/160 kWh model of the technology in a pilot project at one of its thermal power plants.

The 5,000 lb. (approximately 2,267 kg) steel flywheel system is charged by converting the electricity from the power plant to which is coupled or from a power grid into the kinetic energy of the spinning wheel, which can rotate for up to four hours on a single charge. At times of peak power demand, the flywheel turns a generator – automatically or through a control system – converting its kinetic energy back into electricity that is delivered to the grid.

10 JULY

Agreement to identify energy access start-ups in Africa

On July 10, 2017, Enel Green Power and the Swiss company Seedstars World signed a cooperation agreement establishing the Africa Energy Track challenge, a competition aimed at identifying innovative start-ups in the field of electricity access in Africa within the framework of the Seedstars World start-up competition. The project's goal is to promote technology and entrepreneurship in Sub-Saharan rural areas by bringing innovative energy solutions focused on electric mobility, storage, distributed generation and energy efficiency, thereby helping to tackle the UN Sustainable Development Goals (SDGs), especially SDG7 – ensuring affordable and clean energy for all.

12 JULY

Agreement with Cisco for digitization and innovative services

On July 12, 2017, Enel and Cisco signed a memorandum of understanding for developing innovative digital solutions in the energy sector. The aim is to fully leverage the potential of telecommunications technology, IT security and the Internet of Things to create new services and a smart grid that is even more secure, intelligent and reliable to serve Italy's needs. This goal can also be achieved thanks to a specialist training program enabling not only Enel employees but also numerous students and industry professionals to update their skills and acquire the necessary knowledge for managing, monitoring and protecting a grid in which digital technology and traditional electrical technology are ever more interconnected.

17 OCTOBER

Opening of Innovation Hub in Moscow

On October 17, 2017, at the Open Innovation Forum in Skolkovo, near Moscow, Enel launched its Innovation Hub in Russia.

Enel's Russian Innovation Hub was established within the Skolkovo technology ecosystem and is aimed at identifying and developing partnerships with Russian start-ups, SMEs and other companies on a wide range of projects in different fields such as energy efficiency solutions, smart grids, renewables, Internet of Things (IoT) and big data analytics.

7 NOVEMBER

Memorandum of understanding with Italian State Railways

On November 7, 2017 Enel and the Italian State Railways signed a three-year memorandum of understanding to jointly develop innovative projects in the transportation and energy fields. The areas of interest include 3D printing, the efficient use of electricity, the sharing of innovation spaces and co-working and joint participation in national and international project financed by the Italian government and the European Union. The skills held by the two companies are perfectly complementary in the capacity for analysis and application of innovative solutions in the transportation and energy sectors, in line with market developments and opening the way to the generation of considerable synergies, including in the infrastructure area.

7 DECEMBER

Agreement with Volkswagen Italy

On December 7, 2017, Enel and Volkswagen Group Italia, distributor of the Audi brand, signed a memorandum of understanding for the integration of charging services in the offer for the new Audi e-tron, the brand's first 100% electric car, and to promote and develop electric mobility in the country.

Thanks to this agreement, product offers will be designed to make life easier for individuals and companies who are considering the switch to electric. Individuals, professionals and small businesses will have the opportunity to combine one or more packages for the charging service, products and other services offered by Enel included in the purchase of the Audi e-tron directly from dealers and the sales network of Audi Italia.

28 DECEMBER

E-VIA FLEX-E mobility project

On December 28, 2017, the "E-VIA FLEX-E mobility in Italy, France and Spain" project was launched for the installation of 14 ultra-fast charging stations in Europe, coordinated by Enel and co-financed by the European Commission. The aim is to test a network that enables new electric vehicles with a range of more than 300 km to travel long distances and to contribute to the development and spread of e-cars in Europe.

The project, presented by Enel as coordinator, in collaboration with the utilities EDF, Enedis and Verbund, the car manufacturers Nissan and Groupe Renault as well as Ibil, a Spanish company specialized in charging services for electric vehicles, was selected by the European Commission in the Connecting Europe Facility Transport 2016 call, obtaining funding that will cover half of the investment required. The overall budget co-financed by the European Commission is about €6.9 million. Enel will invest €3.4 million in the project, which will also be co-financed by the Commission.

The installation of the ultra-fast charging stations (High Power Charging - HPC) will start by the end of 2018 at 14 sites: 8 in Italy, 4 in Spain and 2 in France. The charging stations will all be high power, ranging from 150 kW to 350 kW.

The network of ultra-fast charging stations of the E-VIA FLEX-E project will join that envisaged in the EVA+ (Electric Vehicles Arteries) project, also co-financed by the European Commission, which provides for the installation of 180 fast charging points (Fast Recharge Plus) in three years along Italian extra-urban corridors. The first 40 Fast stations have already been installed, making it possible to travel with an electric car along the Rome-Milan route, among others.

Organization

16 JUNE

Merger of Enel South America into Enel

On June 16, 2017, the plan for the merger of Enel South America into Enel was filed with the Company Register of Rome. The transaction, which was completed on November 16, 2017, is part of the Group's corporate structure simplification process, one of the main pillars of Enel's 2017-2019 Strategic Plan. In particular, the transaction will enable Enel to benefit from the direct management of the equity stakes in the two Latin-American sub-holdings Enel Américas and Enel Chile, thereby shortening the corporate chain of control.

As the merger is subject to a simplified procedure with no share swap, Enel will not increase its share capital nor assign shares to replace the equity interest held in Enel South America.

25 AUGUST

Corporate reorganization in Chile

On August 25, 2017, the Board of Directors of the subsidiary Enel Chile began analyzing a possible reorganization of the Enel Group's shareholdings in Chile based on a non-binding proposal formulated by Enel Chile and sent to Enel in July. The analysis began following examination by the Board of Directors of Enel Chile of a letter transmitted on the same date by Enel in which the latter expressed a favorable preliminary opinion on the possible reorganization. This favorable assessment was based on the conclusion reached by Enel that the operation was consistent with a number of Enel's strategic objectives, including the simplification of the ownership structure of the Group's listed Chilean companies.

Following the analysis, on December 20, 2017, the Shareholders' Meetings of the two companies approved, within the scope of their respective authority, the following phases of the operation, each of which is conditional on implementation of the other:

- the integration in Enel Chile of the Chilean renewables assets held by Enel Green Power Latin America SA ("EGP Latin America") through the merger by incorporation of the latter into Enel Chile, with the Extraordinary Shareholders' Meeting of Enel Chile having approved a capital increase to serve the merger. The shareholders of Enel Chile who expressed their disagreement with the merger will have the right to withdraw pursuant to applicable regulations. The merger is conditional on the withdrawal of shareholders holding no more than 5% of share capital of Enel Chile. The merger was also approved by the Extraordinary Shareholders' Meeting of EGP Latin America;
- the launch by Enel Chile of a public tender offer (the "Offer") for all of the shares of the subsidiary Enel Generación Chile held by minority shareholders, whose effectiveness is subject to the acquisition of a total number of shares that would enable Enel Chile to increase its holding in Enel Generación Chile to more than 75% of share capital from the current 60%. In accepting the Offer, Enel Generación Chile's minority shareholders will commit to reinvest in newly issued Enel Chile shares part of the consideration they receive, as a capital increase of Enel Chile has been approved to serve the Offer;
- the amendment of the bylaws of Enel Generación Chile with the aim to remove the limits on share ownership in the company, which currently do not allow any single shareholder to own more than 65% of the company's share capital.

Acknowledgements

On September 7, 2017, it was announced that Enel had been ranked 20th in **Fortune's "Change the World"** list, a ranking of the top 50 businesses in the world that had a positive social impact through activities that are part of their business strategy and operations. The Group is the only utility and the only Italian company to be included in the list. The list was created to promote the idea that capitalism should be celebrated for its power to do good. Fortune begins the process with an open call for nominations from business, academic, and non-profit organizations around the world in partnership with, among others, FSG, a non-profit social-impact consulting firm and the Shared Value Initiative, a global platform for organizations seeking business solutions to social challenges. A team of journalists from Fortune investigates each of the candidates independently.

On the same date, Enel was admitted to the Dow Jones Sustainability World Index (DJSI World) for the fourteenth year in a row. Enel's Spanish subsidiary Endesa was also included. Enel and Endesa are two of the eight utilities admitted to the index at the global level.

Enel stood out for its performance in the Environmental dimension, scoring 100/100 in the Climate Strategy, Water-related Risks, Biodiversity and Environmental Reporting criteria. The Group also obtained the maximum score in Policy Influence, which measures transparency and disclosure on advocacy activities, and Materiality, which refers to the company's ability to match its strategy with stakeholders' expectations.

On October 20, 2017, Enel was included in the **top 20 of Forbes World's Best Employers List 2017**, first among utilities at the global level and highest-rated among Italian companies. Every year Forbes compiles the list, which ranks the 500 best employers in the world, based on a survey of 36,000 global opinion leaders. During the ranking process of the World's Best Employers List 2017, employees from the companies involved were asked to assess their own employer, by answering questions about whether they would recommend applying for a job with them to a friend, among other things.

Enel provides employees access to a range of tools to help them establish a good work-life balance: flexible hours, "banking" of working hours, part-time options and smart working. The Group has also implemented numerous programs to leverage ideas.

On October 24, 2017, Enel was admitted for the second year in a row to the **Climate A List of the non-profit global environmental disclosure platform CDP (formerly the Carbon Disclosure Project)**, which comprises companies from around the world that have been identified as global leaders in the fight against climate change. CDP, an international non-profit organization for the promotion and dissemination of information on environmental issues, recognized Enel's actions to cut emissions, mitigate climate risks and develop the low-carbon economy. The 2017 Climate A List comprises 112 global companies, selected out of more than 2,000 companies that participate in CDP's climate change disclosure program. Inclusion in the Climate A List is based on a score which assesses a company's awareness of climate change issues, management methods and progress towards action taken on climate change.

On November 28, 2017, Enel was confirmed in the December 2017 edition of the **Euronext Vigeo - World 120 index**, following its 2nd Half 2017 review. Twice a year the index lists the 120 most sustainable companies with the largest free-float market capitalization in Europe, North America and the Asia Pacific region. The company has also maintained is place in the regional **Euronext Vigeo - Eurozone 120 and Europe 120 indices**, which respectively list the 120 most sustainable companies with the largest free-float in the euro area and Europe. Enel has been included in all three of these indices since their creation five years ago.

The Euronext Vigeo Eiris indices recognize the efforts of prominent companies that make sustainable development a focal point of their business strategy. Vigeo Eiris compiles the indices by analyzing approximately 330 indicators for each company based on 38 criteria, including respect for the environment; human rights engagement and recognition of companies' human capital; relations with stakeholders; corporate governance and business ethics; integrity in influencing policy and efforts to fight corruption; and the prevention of social and environmental dumping in the supply and subcontracting chain. Euronext Vigeo Eiris updates its criteria for the indices every six months, ensuring that the sustainability credentials of companies listed are in line with the most recent sector developments.

Reference scenario

Enel and the financial markets

	2017	2016
Gross operating margin per share (euro)	1.54	1.50
Operating income per share (euro)	0.96	0.88
Group net earnings per share (euro)	0.37	0.25
Group net ordinary earnings per share (euro)	0.29	0.29
Dividend per share (euro) (1)	0.237	0.18
Group shareholders' equity per share (euro)	3.42	3.42
Share price - 12-month high (euro)	5.58	4.19
Share price - 12-month low (euro)	3.84	3.40
Average share price in December (euro)	5.39	4.02
Market capitalization (millions of euro) (2)	54,761	40,910
No. of shares outstanding at December 31 (millions)	10,167	10,167

(1) Dividend proposed by the Board of Directors on March 22, 2018.
(2) Calculated on average share price in December.

		Current (1)	at Dec. 31, 2017	at Dec. 31, 2016	at Dec. 31, 2015
Enel stock weighting in:					
- FTSE MIB index		10.60%	11.68%	11.41%	9.05%
- Bloomberg World Electric index		3.96%	3.92%	3.26%	3.04%
Rating					
Standard & Poor's	Outlook	Stable	Stable	Stable	Positive
	Medium/long-term	BBB+	BBB+	BBB	BBB
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Stable	Stable	Stable	Stable
	Medium/long-term	Baa2	Baa2	Baa2	Baa2
	Short-term	P2	P2	P2	P2
Fitch	Outlook	Stable	Stable	Stable	Stable
	Medium/long-term	BBB+	BBB+	BBB+	BBB+
	Short-term	F2	F2	F2	F2

(1) Figures updated to January 31, 2018.

Economic activity in the world's major developed and emerging economies continued to expand in 2017. Growth was driven by cyclical and structural factors: the increase in world trade, the recovery in commodity prices and the expansive monetary policies of central banks were some of the key factors that enabled a stable and inclusive recov-

ery. Among the advanced economies, the United States is experiencing the mature phase of its expansionary cycle, while in the euro area the unexpected performance of 2017 prompted the main monetary and statistical institutions to review their growth forecasts for future years. For Italy in particular, 2017 was a positive year, with GDP expected to have grown at the fastest rate since 2010.
Although the macroeconomic environment has improved, risks remain for the global economy. The main factors include the economic and financial effects of a possible normalization of monetary policies and a possible intensification of geopolitical tensions. Furthermore, the spread of protectionist policies could slow global trade, while political instability in a number of countries risks delaying the implementation of the structural reforms necessary to increase their economic potential.

In this economic environment, the main European equity indices closed 2017 on a positive note. Spain's Ibex35 posted gains of 7%, while France's CAC40 rose 9% and Germany's DAX30 gained 13%. The FTSE Italia All Share registered a gain of 16%.

The euro-area utilities segment closed the year with an increase of 16%.

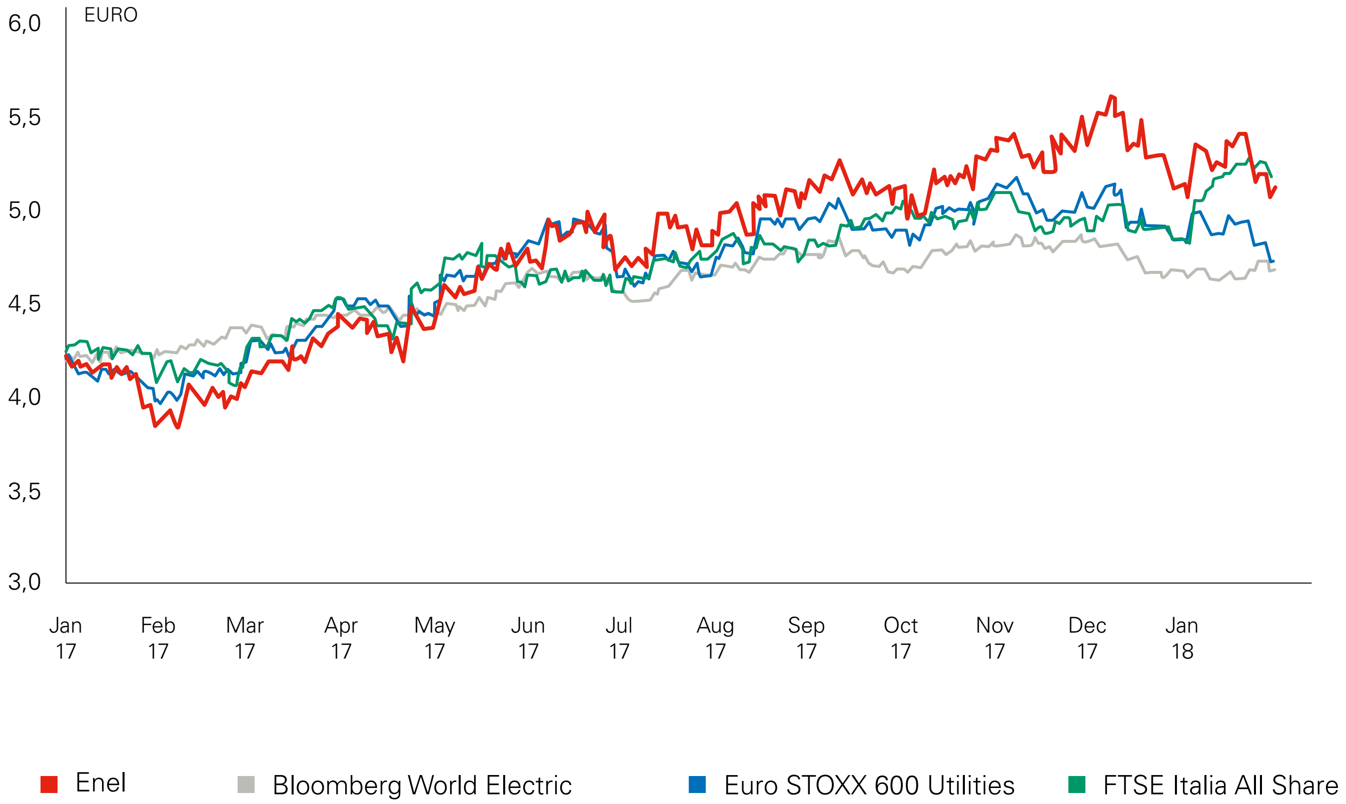
As regards Enel shares, 2017 ended with the stock price at €5.13, up 22.5% on the previous year. The Enel stock was one of the best performers among its European peers, significantly outperforming the sector index for the euro area.

On January 25, 2017 Enel paid an interim dividend of €0.09 per share from 2016 profits and, on July 26, 2017, it paid the balance of the dividend for that year in the amount of €0.09. Total dividends distributed in 2017 amounted to €0.18 per share, about 13% higher than the 16 eurocents per share distributed in 2016.
With regard to 2017, on January 24, 2018 an interim dividend of €0.105 was paid, while the balance of the dividend is scheduled for payment on July 25, 2018.

At December 31, 2017, the Ministry for the Economy and Finance held 23.6% of Enel, while institutional investors held 57.5% (compared with 54.0% at December 31, 2016) and individual investors held the remaining 18.9% (compared with 22.4% at December 31, 2016).
The number of Environmental, Social and Governance (ESG) investors is increasing steadily and at December 31, 2017 they represent over 8.6% of the share capital (against 8.0% at December 31, 2016).
In general, this increase reflects the greater attention being paid by the financial market to the non-financial elements that play a role in the creation of long-term sustainable value, an area in which Enel has taken the lead with a strategy based on leveraging the business opportunities associated with the trends of urbanization, the electrification of demand and the resulting deep decarbonization, in order to seize the opportunities deriving from the global energy transition now under way and to become a leader in this area.
A tangible example of this commitment was the signing of the letter of support for the implementation of the voluntary guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) proposed by the Bank of England and chaired by Michael Bloomberg. These guidelines are aimed at raising awareness among companies about the disclosure of the likely financial impacts deriving from non-financial factors related to climate change.
Enel's leadership in the ESG field also includes a focus on human capital, which, together with purely industrial strategic elements, contributes to the promotion of the economic and social growth of the local communities with whom Enel interacts and the strengthening of the roles and skills of its people.
For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enel.com/en/investors.html), which contains financial data, presentations, real-time updates of the share price, information on corporate bodies and the rules of Shareholders' Meetings, as well as periodic updates on corporate governance issues.

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683051; e-mail: investor.relations@enel.com).

Performance of Enel share price and the Bloomberg World Electric, Euro STOXX Utilities and FTSE Italia All Share indices from January 1, 2017 to January 31, 2018.



Source: Bloomberg.

Consumer price indices (CPI)

%

	2017	2016	Change
Italy	**1.2**	**-0.1**	**1.3**
Spain	2.0	-0.2	2.2
Russia	3.7	7.1	-3.4
Romania	1.3	-1.5	2.9
Slovakia	1.3	-0.5	1.8
India	3.3	5.0	-1.7
South Africa	5.3	6.3	-1.1
Argentina	25.6	37.3	-11.7
Brazil	3.5	8.8	-5.3
Chile	2.2	3.8	-1.6
Colombia	4.4	7.5	-3.2
Mexico	5.9	2.8	3.1
Peru	2.8	3.6	-0.8

Exchange rates

	2017	2016	Change
Euro/US dollar	1.13	1.11	2.0%
Euro/British pound	0.88	0.82	6.5%
Euro/Swiss franc	1.11	1.09	1.9%
US dollar/Japanese yen	112.15	108.81	3.0%
US dollar/Canadian dollar	1.30	1.33	-2.1%
US dollar/Australian dollar	1.30	1.35	-3.1%
US dollar/Russian ruble	58.32	67.01	-14.9%
US dollar/Argentine peso	16.56	14.76	10.8%
US dollar/Brazilian real	3.19	3.49	-9.2%
US dollar/Chilean peso	648.70	676.62	-4.3%
US dollar/Colombian peso	2,951.36	3,053.00	-3.4%
US dollar/Peruvian nuevo sol	3.26	3.37	-3.5%
US dollar/Mexican peso	18.92	18.68	1.2%
US dollar/Turkish lira	3.65	3.02	17.1%
US dollar/Indian rupee	65.11	67.18	-3.2%
US dollar/South African rand	13.31	14.70	-10.5%

Economic and energy conditions in 2017

Economic developments

The year 2017 was marked by the strengthening of the global recovery and international trade. The growth process is increasingly continuous and inclusive, affecting both the advanced and emerging economies, fostered by cyclical and structural factors. Global demand has increased, driven by Chinese and US growth. The liquidity in the economic system remains exceptional, a consequence of the accommodative monetary policies of the major central banks, leading players in the world economic scene. The banking system is more solid, confidence is gradually increasing and market volatility is subsiding. Although the global macroeconomic picture has improved, political risks persist, linked to separatist sentiments and international crises, as do economic risks, associated with the unresolved fragilities of the system.
The former include the tensions in Spain, the talks for the renegotiation of NAFTA and those related to Brexit and the deterioration in relations between the United States and North Korea. Conversely, the results of elections in various European countries have reduced political instability in Europe. Structural factors include the risk linked to the sustainability of the public finances in the face of the investments necessary to increase the productivity of economies. In this context, the economies of the countries in which the Group is present grew, displaying resilience to the adverse shocks that occurred during the year. These included natural disaster such as the flood that hit Peru, the hurricane season and the earthquake in Mexico.

The United States, now in the advanced phase of its economic cycle, continued to grow at the pace registered in recent years. A tax reform was approved in December, which will lend new impetus to the economy, but uncertainty remains concerning the protectionist orientation of the new administration and, more generally, frictions in international relations. In the United States the 4th Quarter saw an improvement in economic indicators, with GDP growing by 2.5% compared with 2.3% in the 3rd Quarter. The trend was mainly driven by consumption of goods and services, as well as by a good performance of investment and an increase in the trade balance. Despite a decline in the central months of 2017, prices rose by 2.1% on an annual basis, in line with the central bank's target. Inflation was sustained by extremely positive labor market conditions. As a result, the Federal Reserve (Fed) further reduced the supply of liquidity to the financial system with three increases in its policy rate, bringing it to 1.25%.

The euro area has grown faster than market expectations. Pending structural reforms that would help raise productivity, making growth sustainable, the expansion in 2017 was supported by the accommodative monetary policy of the European Central Bank (ECB) and the dissipation of anti-European tensions and sentiment (e.g. the Dutch, French and German elections), which had eroded the level of confidence in the economic system. Inflationary pressure still differs among euro-area countries and remains distant from the optimal level of 2%. However, upward pressures during 2017 prompted the ECB to announce the possible end of quantitative easing.

Among European countries, the Italian economy – if expectations are confirmed – is projected to have grown by 1.5%, close to the fastest pace since 2010. The expansion was fueled by the recovery in consumption, partially financed by a reduction in the precautionary saving of households. The labor market has shown signs of improvement: the unemployment rate, although very high, is decreasing and reached 10.8% in December, the lowest level since the end of 2012. Prices on an annual basis rose at a faster pace than in 2016, with inflation reaching a peak in April (1.9%), before gradually slowing to an annual low in December (0.9%).

Spain continues to expand at a rate of more than 3%, buoyed by favorable developments in consumption, which, as in Italy, has been sustained by reducing the savings rate. Inflationary pressure was strong in the 1st Half, at an average of 2.4% on an annual basis, before declining in the 2nd Half of the year, which brought the annual average to 2%. The peak of the crisis in Catalonia appears to have passed and the risks associated with the possible independence of the region now seem smaller than a few months ago.

On the political level, the elections in the Netherlands and especially in France had a positive influence on stability, which could have been further undermined by a strong rise in nationalist movements. In Great Britain the outcome of the elections heightened uncertainty. On March 29, 2017, British Prime Minister Theresa May officially invoked Article 50 of the Treaty on European Union, which establishes the procedure for Member States to withdraw from the European Union. However, the general election showed a Conservative party losing votes and strength, increasing the uncertainty about the EU exit process, which will not be defined before the last quarter of 2018.

Positive economic developments also prevailed in Russia, confirming the signs of improvement seen at the end of 2016 and in the first two quarters of 2017, with growth in the 3rd Quarter at 2.5% year-on-year. Consumption and investment also made positive contributions, growing by 2.8% and 4.8% respectively compared with the same period in 2016. Annual inflation was 2.5%, well below the target of the Russian central bank (4%), inducing the latter to implement a further cut in its policy rate, bringing it to 7.8%.

In South America the macroeconomic context was mixed, but characterized by a general improvement compared with the previous year. After the three quarters of recession in 2016, Argentina returned to growth, recording an expansion of 3.1% in the 2nd Quarter and 3.9% in the 3rd Quarter. The Argentine national elections saw the strengthening of the coalition led by President Macri, fostering political continuity and allowing the current coalition to pursue more forcefully the program of fiscal reforms needed to increase economic potential and reduce the strong inflationary pressures. After 12 quarters of recession, even Brazil began a gradual recovery, expanding by 2.2% in the 4th Quarter. The decline in inflationary pressures allowed the central bank to increase liquidity, thereby supporting the recovery, but political instability could weigh on the country's potential growth and delay the necessary reform process. The Chilean economy in 2017 grew more slowly than in recent years, penalized by major strikes in the mining sector. However, the growth rate in the 3rd Quarter, equal to 2.2% on an annual basis, represents an improvement compared with the previous quarters, as do the monthly data at the end of the year. Here too, as in Brazil, inflation continued to subside, enabling the central bank to stimulate the economic system by increasing liquidity. For Colombia, 2017 was a transition year. Growth, which was slower than in previous years, averaged 1.5% in the first three quarters. Diversification remains one of the major issues facing the Colombian economy, which is still highly dependent on the mining sector and therefore exposed to developments in cyclical rather than structural factors. In Peru, 2017 was marked by the flooding caused by El Niño, which penalized growth in the early quarters of the year. However, despite this adverse shock, the more recent quarters were characterized by a recovery in the rate of expansion (2.2% in the 4th Quarter) driven by household consumption, exports and public investment. Mexico continued to grow at a pace in line with previous years in the first two quarters, thanks to the good performance of consumption despite rising inflationary pressure (6.8% on an annual basis). However, the figures for the 3rd Quarter and 4th Quarter show GDP growth of 1.7% and 1.5% respectively, below 2% for the first time since the 1st Quarter of 2014. The deceleration reflected the slowdown in consumption and exports. The renegotiation of trade agreements with the United States and Canada (NAFTA), which began in 2017 and will continue in 2018, has been one of the greatest sources of currency volatility and potential risk to the Mexican economy.

The following table shows the growth rates of GDP in the main countries in which Enel operates.

Annual real GDP growth

%

	2017	2016
Italy	**1.5**	**1.1**
Spain	3.1	3.3
Portugal	2.6	1.5
Greece	1.4	-0.3
France	1.9	1.1
Romania	6.7	4.8
Russia	1.6	-0.4
Brazil	1.0	-3.5
Chile	1.5	1.5
Colombia	1.5	2.0
Mexico	2.2	2.7
Peru	2.7	4.1
Canada	3.0	1.4
United States	2.2	1.5

Source: National statistical institutes and Enel based on data from ISTAT, INE, EUROSTAT, IMF, OECD and Global Insight.

International commodity prices

Oil prices were characterized by two distinct phases in 2017: the first part of the year was marked by substantial price stability, culminating in lows of around $45 a barrel at the end of June, while the second phase began at the end of August and saw steady growth. From the point of view of the fundamentals, the oil market in 2017 experienced a reduction in the large supply surpluses recorded in 2014-2016 thanks to a reduction in the level of inventories, strong world demand and a general agreement among the OPEC and non-OPEC producer countries to comply with previously agreed production cuts. All this generated growing pressure on the price level, with oil prices rising well above $65 a barrel at the end of the year.

Despite the growing global attention paid to environmental issues, the price of coal rose sharply above the levels registered in 2016, due mainly to three factors: the strong growth in demand in China, excessive temperatures during the summer and numerous structural problems in Indonesia and Australia that limited their exports, reducing availability.

On the other hand, the gas market was characterized by the expanding role of liquefied natural gas (LNG) and strong European demand driven by both seasonal factors and the decline in the supply of French nuclear power in the first part of the year. All of this applied upwards pressure on prices compared with the previous year.

Electricity and natural gas markets

Electricity demand

Developments in electricity demand

GWh

	2017	2016	Change
Italy	**320,437**	**314,261**	**2.0%**
Spain	252,720	250,099	1.0%
Romania	64,016	62,707	2.1%
Russia (1)	795,690	781,110	1.9%
Slovakia	30,973	30,103	2.9%
Argentina	136,700	137,278	-0.4%
Brazil (2)	572,223	567,585	0.8%
Chile (2) (3)	73,682	72,958	1.0%
Colombia	66,861	66,150	1.1%

(1) Europe/Urals.
(2) Figure for the SIC - *Sistema Interconectado Central.*
(3) Gross of grid losses.
Source: Enel based on TSO figures.

The year 2017 was characterized by a substantial and uniform recovery in electricity demand in almost all the countries in which the Enel Group operates.
In Europe, thanks to particularly hot weather during the summer and cold temperatures in the final part of the year, electricity demand grew by 1% compared with the previous year. Economic recovery contributed to this positive result in some sectors, such as industry, which performed well during the 2nd Half of the year. In Italy and Spain demand grew by 2.0% and 1.0% respectively, mainly due to weather effects and a recovery in consumption in all sectors. Russia posted growth in 2017 (+1.9%) compared with 2016, a positive sign in consideration of the recessionary conditions affecting the country.
Demand growth in the South American countries continued, with the exception of Argentina, which registered a contraction (-0.4%) due to price increases, with slightly larger gains than those recorded the previous year: Brazil saw an increase of 0.8%, Colombia one of 1.1% and Chile one of 1.0%.

Italy

Electricity generation and demand in Italy

Millions of kWh

	2017	2016	Change	
Net electricity generation:				
- thermal	199,500	190,771	8,729	4.6%
- hydroelectric	37,530	43,785	(6,255)	-14.3%
- wind	17,492	17,523	(31)	-0.2%
- geothermal	5,785	5,867	(82)	-1.4%
- photovoltaic	24,811	21,757	3,054	14.0%
Total net electricity generation	**285,118**	**279,703**	**5,415**	**1.9%**
Net electricity imports	37,760	37,026	734	2.0%
Electricity delivered to the network	**322,878**	**316,729**	**6,149**	**1.9%**
Consumption for pumping	(2,441)	(2,468)	27	-1.1%
Electricity demand	**320,437**	**314,261**	**6,176**	**2.0%**

Source: Terna - Rete Elettrica Nazionale (monthly report - December 2017).

In 2017, *electricity demand in Italy* increased by 2.0% (to 320,437 million kWh) compared with 2016. Of total electricity demand, 88.2% was met by net domestic electricity generation for consumption (the same in 2016) with the remaining 11.8% being met by net electricity imports (unchanged on 2016).

In 2017, *net electricity imports* increased by 734 million kWh, essentially reflecting the increase in demand in the national market.

Net electricity generation increased by 1.9% or 5,415 million kWh in 2017, to 285,118 million kWh. More specifically, in an environment of increased electricity demand and less favorable water availability as a result of drought in Italy, thermal generation increased by 8,729 million kWh and photovoltaic generation jumped by 3,054 million kWh, posting its largest ever output in 2017 as the number of plants continued to increase.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

	2017	2016	Change	
Net electricity generation	248,404	248,502	(98)	-
Consumption for pumping	(3,676)	(4,819)	1,143	23.7%
Net electricity imports (1)	7,992	6,416	1,576	24.6%
Electricity demand	**252,720**	**250,099**	**2,621**	**1.0%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Estadística diaria del sistema eléctrico español peninsular* - December 2017 report). Volumes for 2016 are updated to February 3, 2018.

Electricity demand in the peninsular market in 2017 rose by 1.0% compared with 2016 reaching 252,720 million kWh. Demand was only partially met by net domestic generation.

Net electricity imports in 2017 increased compared with the previous year. This growth essentially reflected net developments in exports and imports, driven mainly the shutdown of a number of French nuclear plants in the early part of the year.

Net electricity generation in 2017 decreased by 98 million kWh to 248,404 million kWh.

Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2017	2016	Change	
Net electricity generation	14,220	13,778	442	3.2%
Net electricity imports	1,179	1,251	(72)	-5.8%
Electricity demand	**15,399**	**15,029**	**370**	**2.5%**

Source: Red Eléctrica de España (*Estadística diaria del sistema eléctrico español extrapeninsular* - December 2017 report). Volumes for 2016 are updated to January 29, 2018.

Electricity demand in the extra-peninsular market in 2017 increased by 2.5% compared with 2016, reaching 15,399 million kWh. Of total electricity demand, 92.3% was met by net electricity generation in the extra-peninsular area, with the remaining 7.7% being met by net electricity imports, all from the peninsular system. The latter totaled 1,179 million kWh in 2017.

Net electricity generation in 2017 rose by 3.2% or 442 million kWh as a result of higher demand for electricity in the extra-peninsular market.

Electricity prices

Electricity prices

	Average baseload price 2017 (€/MWh)	Change in baseload price	Average peakload price 2017 (€/MWh)	Change in peakload price
Italy	**53.9**	**26.2%**	**61.8**	**28.2%**
Spain	52.2	31.8%	57.1	26.9%
Russia	17.2	11.7%	20.0	12.4%
Slovakia	41.0	29.8%	56.1	39.9%
Brazil	84.3	-	151.4	-
Chile	52.4	-4.7%	126.2	-1.9%
Colombia	31.3	-63.9%	60.1	-75.5%

Price developments in the main markets

Eurocents/kWh

	2017	2016	Change
Final market (residential) (1)			
Italy	0.21	0.24	-9.9%
France	0.17	0.17	-0.5%
Portugal	0.23	0.23	-1.7%
Romania	0.12	0.12	-3.9%
Spain	0.23	0.22	2.7%
Slovakia	0.14	0.15	-3.0%
Final market (industrial) (2)			
Italy	0.10	0.10	-2.6%
France	0.06	0.06	-4.5%
Portugal	0.10	0.09	10.0%
Romania	0.07	0.07	1.4%
Spain	0.09	0.08	6.5%
Slovakia	0.11	0.10	5.6%

(1) Annual price net of taxes - annual consumption of between 2,500 kWh and 5,000 kWh.
(2) Annual price net of taxes - annual consumption of between 70,000 MWh and 150,000 MWh.
Source: Eurostat.

Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2017				2016			
Power Exchange - PUN IPEX (€/MWh)	57.4	44.9	51.6	61.8	39.6	34.5	40.9	56.0
Residential user with annual consumption of more than 1,800 kWh (€/kWh): price net of taxes (1)	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2

(1) The figures for 2016 refer to residential homes with subscribed power availability of up to 3 kW and annual consumption of more than 2,640 kWh.
Source: GME (Energy Markets Operator) and ARERA (Regulatory Authority for Energy, Networks and the Environment).

In 2017, electricity sales prices in Italy rose by 26.2%, mainly due to the contraction in renewables generation (hydroelectric), which characterized the entire year, the crisis in French nuclear generation and the gas emergency in December 2017.

The average annual price (net of taxes) for residential users with annual consumption of more than 1,800 kWh set by the Regulatory Authority for Energy, Networks and the Environment was €0.15/kWh, which is not comparable with the average price in 2016 as a result of a change in the definition of the consumption brackets by the Authority.

Natural gas markets

Natural gas demand

Millions of m³

	2017	2016	Change	
Italy	**70,015**	**66,249**	**3,766**	**5.7%**
Spain	30,180	27,651	2,529	9.1%

Demand for natural gas increased in 2017 in both Italy (+5.7%) and Spain (+9.1%).

Italy

Gas demand

Millions of m³

	2017	2016	Change	
Distribution networks	30,969	29,998	971	3.2%
Industry	13,563	12,693	870	6.8%
Thermal generation	24,078	22,156	1,922	8.7%
Other (1)	1,405	1,402	3	0.2%
Total	**70,015**	**66,249**	**3,766**	**5.7%**

(1) Includes other consumption and losses.
Source: Enel based on data from the Ministry for Economic Development and Snam Rete Gas.

Domestic demand for natural gas in 2017 totaled 70,015 million cubic meters, an increase of 5.7% on the previous year.
Consumption recovered in all segments, led by industry (+6.8%), thanks to the economic recovery in the sector, and thermal generation (+8.7%), due to the decline in the availability of renewables generation.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2017				2016			
Average residential user with annual consumption of between 481 and 1,560 m³ (€/Sm³): price net of taxes	0.45	0.44	0.42	0.44	0.47	0.41	0.42	0.43

Source: ARERA (Regulatory Authority for Energy, Networks and the Environment).

The annual average sales price of natural gas in Italy increased by 1.4% in 2017.

Regulatory and rate issues

The European regulatory framework

EMIR

On May 4, 2017 the European Commission published a proposed revision of the European Market Infrastructure Regulation (EMIR). Essentially the proposal endorses monitoring thresholds that, if exceeded, trigger the central clearing obligation for OTC derivatives on the part of non-financial counterparties, and specifies that the clearing obligation applies only for the asset classes for which the clearing thresholds are exceeded. At the same time, the Commission's proposal also confirms the hedging exemption and changes the method for calculating the position used in the annual comparison with the clearing threshold, basing it on the average month-end positions for March, April and May. Furthermore, the Commission proposes an overall simplification of the reporting requirements imposed on financial and non-financial counterparties.

On December 14, 2017 the EU Council published its general approach for the negotiations with the European Commission and the European Parliament during the trilogue process that will be conducted throughout 2018. The Council supported the general substance of the Commission's proposal, offering a few proposed amendments concerning the annual calculation of the position and simplification of the reporting requirements.

Entry into force of MIFID II/ MIFIR

On July 1, 2016 Regulation 2016/1033/EU and Directive 2016/1034/EU entered force, postponing the entry into force of the rules governing the provision of investment services in Europe (the MIFIR Regulation and the MIFID II Directive, respectively) from January 3, 2017 to January 3, 2018. Accordingly, the deadline for transposing the legislation by the Member States has been postponed from July 3, 2016 to July 3, 2017.

The "Clean Energy for all Europeans" package

On November 30, 2016, the European Commission issued the "Clean Energy for all Europeans" package of measures for proposed legislation on European climate and energy policy.

In particular, the package includes the following regulations and directives, some of which are revised versions, others newly issued: the Electricity Regulation, the ACER Regulation, a Risk Preparedness Regulation, the Energy Union Governance Regulation, the Electricity Directive, the Renewable Energy Directive, the Energy Efficiency Directive and the Energy Performance of Buildings Directive. They are expected to come into force as from 2019.

In line with the sustainability and climate change mitigation objectives, new binding targets at the EU level for 2030 will be introduced: 27% of gross final energy consumption from renewable sources, a 30% energy efficiency target and a 40% reduction in greenhouse gas emissions.

The Renewable Energy Directive introduces a stable regulatory framework for investors. Member States will have to adopt a market approach to support renewables. Incentive mechanisms should follow harmonized principles such as cross-border opening, the non-retroactivity of measures and long-term visibility for support mechanisms (at least three years). Administrative barriers for corporate long-term PPAs to finance renewables must be removed where appropriate and authorization procedures simplified. The Commission proposal also requires Member States to increase the share of renewable resources in heating and cooling and sets more stringent criteria for the sustainability of bioenergy.

The Electricity Regulation and Directive propose an integrated revision of the design of the electricity market to make the integration of renewable energy more efficient and the treatment of different generation technologies (conventional and renewable) more equitable, introduce greater granularity in trade, move market close closer to real time, open the balancing market to all generation sources and demand (through aggregation), set non-discriminatory and market-based dispatching rules (elimination of priority dispatch for new renewables plants above 500 kW).

It also introduces an opening to long-term contracting and remuneration of capacity mechanisms, subject to the results of a study of European capacity adequacy and to limitations in the atmospheric emissions of CO_2 to access the same. Conditions for the emergence of signs of scarcity are improved and price caps removed.

With regard to new technologies and new market players, the package envisages measures to support the integration of storage technologies, aggregators and customer participation (demand-side response). Other provisions concern compulsory installation of charging points for electric vehicles in new public buildings and the promotion of smart grids and buildings.

The Distribution System Operators (DSOs) are recognized as increasingly important actors in the electricity system and the proposals include the creation of a new European DSO entity, the introduction of harmonized principles at the European level for grid rates, the possibility of purchasing and providing flexibility services locally to solve congestion problems. There are no additional requirements on unbundling.

Finally, the package establishes the centrality of consumers in the electricity market through their active participation by way of demand aggregation and demand flexibility services (demand response), removal of price regulation, the introduction of mandatory dynamic pricing options, price comparison tools and basic information in electricity bills.

The Energy Efficiency Directive establishes that Member States should contribute to the achievement of the European target with indicative national contributions. In addition, proposals include extending beyond 2020 the energy efficiency obligations of Member States for final consumption to be met through energy efficiency obligation schemes or alternative measures.

The European Commission proposes the introduction of a decarbonization target for 2050 in the building sector and changes aimed at encouraging the use of smart tools like automation and control systems and performance indicators, promoting charging infrastructure for electric vehicles and the correlation between the financing of measures with the results achieved in energy terms.

The European Commission also proposes a new plan containing a list of energy products to be evaluated, reviewed and subjected anew to regulations containing minimum energy efficiency requirements (including new products: building automation and control systems, photovoltaic panels and ICT products).

Between its presentation in 2016 and the end of 2017, the European Parliament and European Council worked on a number of dossiers to arrive at a common position on the Commission's proposals. In 2018 trilogue meetings between the European Parliament, European Council and European Commission will be held to prepare the final text of the directives and regulations that comprise the Clean Energy package.

"Clean Mobility" package

In 2017 the European Commission unveiled its "Clean Mobility" package, containing a series of legislative proposals and other initiatives to make traffic safer, encourage smart road charging, reduce CO_2 emissions, air pollution and congestion. The package consists of two parts: a first part published in May 2017 and a second in November 2017. Additional proposals, including one on CO_2 emission standards for heavy-duty vehicles, will be published in the 1st Half of 2018.

The main initiatives in the first part of the package are designed to encourage the adoption of road charging systems based on distance traveled to reflect more realistic use, and emissions and pollution produced by vehicles. More specifically, the proposal envisages the inclusion of the external costs of noise and air pollution in road charges in addition to advantages for zero-emission vehicles.

The second part of the package contained three primary initiatives. The first initiative establishes CO_2 emission standards for new cars and light vehicles up until 2025 (a 15% reduction compared with the 2021 limits) and until 2030 (a 30% reduction). It also envisages a reward mechanism to accelerate the transition towards low and zero-emission vehicles. The second initiative, a proposed revision of the Clean Vehicles Directive (Directive 2009/33/EC), provides a clear definition of "clean vehicle" (based on combined CO_2 and air pollutant emissions thresholds) and aims to promote clean mobility solutions in public tenders through a system of procurement targets for Member States, thereby offering strong demand-side stimulus and further deployment of clean mobility solutions.

Finally, the third initiative involves an action plan and a series of investment solutions for trans-European deployment of alternative fuels infrastructure, with the aim of increasing the level of ambition of national plans presented within the framework of the directive on the deployment of an alternative fuels infrastructure (Directive 2014/94/EU), increasing investment and improving consumer acceptance.

The Italian regulatory framework

The current structure of the Italian electricity market is the result of the liberalization process begun in 1992 with Directive 1992/96/EC, transposed into Law with Legislative Decree 79/1999. This decree provided for: the liberalization of electricity generation and sale; reserving transmission and ancillary services to an independent network operator; the granting of concessions for distribution to Enel and other companies run by local governments; the unbundling of network services from other activities.
The introduction of Directives 2003/54/EC and 2009/72/EC (transposed with Law 125/2007 and Legislative Decree 93/2011, respectively) in Italy lent further impetus to the process, particularly through the complete opening of the retail market and the confirmation of the total independence of the national transmission network operator (already provided for in the decree of the Prime Minister of May 11, 2004) by separating its ownership from that of other electricity operators.
The process of liberalizing the natural gas market began with Directive 1998/30/EC, transposed in Italy through Legislative Decree 164/2000, calling for the liberalization of the import, production and sale of gas and the separation of network infrastructure management from other activities through the establishment of distinct companies. As regards the model for unbundling transport from other non-network activities, with Resolution 515/2013/R/gas, the Authority for Electricity, Gas and Water System (AEEGSI) mandated the transition to ownership unbundling pursuant to Directive 2009/73/EC.
With the decree of November 10, 2017 the Ministers of the Environment and of Economic Development adopted the 2017 National Energy Strategy. The document, in line with the European Energy Union Plan and the Energy Roadmap 2050, establishes the development targets for the energy sector by 2030 in terms of competitiveness, sustainability, the environment and procurement security.
Under the 2018 Budget Law (Law 205 of December 27, 2017), the Authority for Electricity, Gas and Water System has become the Italian Regulatory Authority for Energy, Networks and Environment ("ARERA") and is responsible for regulating the waste sector as well.

The following sections discuss the general regulatory framework and the main regulatory measures taken in 2017 for the industry as a whole and for specific segments.

Generation and the wholesale market

Electricity

Wholesale electricity generation and market

Electricity generation was completely liberalized in 1999 with Legislative Decree 79/1999 and can be performed by anyone possessing a specific permit.
The electricity generated can be sold wholesale on the organized spot market (IPEX), managed by the Energy Markets Operator (GME), and through organized and over-the-counter platforms for trading forward contracts. The organized platform includes the Forward Electricity Market (MTE), managed by the GME, in which forward electricity contracts with physical delivery are traded. Trading can also be conducted in derivatives with electricity as their underlying are traded. The organized market for such transactions is the forward market (IDEX), operated by Borsa Italiana, while financial derivatives can also be negotiated on OTC platforms.
Generators may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at retail, and to the Acquirente Unico (Single Buyer), whose duty is to ensure the supply of energy to enhanced-protection-service customers.
In addition, for the purposes of the provision of dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market (MSD), where Terna procures the required resources from generators.
The AEEGSI and the Ministry for Economic Development are responsible for regulating the electricity market.
More specifically, with regard to dispatching services, the AEEGSI has adopted a number of measures regulating plants essential to the security of the electrical system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical grid issues by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by the AEEGSI.
Resolutions 910/2017/R/eel, 928/2017/R/eel and 911/2017/R/eel admitted Enel Produzione's essential plants of Assemi-

ni, Brindisi Sud and Portoferraio to the cost reimbursement system for 2018. Enel Produzione's Porto Empedocle plant has instead been included in the multi-year cost reimbursement system until 2025. The remaining capacity is subject to alternative contracts.

Since the launch of the market in 2004, the regulations have provided for a form of administered compensation for generation capacity. In particular, plants that make their capacity available for certain periods of the year identified in advance by the grid operator to ensure the secure operation of the national electrical system receive a special fee.
In August 2011, the AEEGSI published Resolution ARG/elt 98/11, which establishes the criteria for introducing a market mechanism for compensating generation capacity that replaces the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years.
With a decree of the Minister for Economic Development of June 30, 2014, the capacity market operational mechanism previously issued for consultation by the AEEGSI was approved.
The mechanism is based on the allotment, by auction, of option contracts (reliability options) that provide for payment of a premium, established in the auction with the setting of a marginal price, against which a generator undertakes to return any positive difference between the price formed on the spot electricity and auxiliary services market and a benchmark price set ex-ante in the option contract.
The rules approved provide for a cap for the premium to be paid for existing capacity and for newly constructed capacity.
With Resolution 95/2015/I/eel, the Authority proposed to the Ministry for Economic Development that the opening of the capacity market be moved forward, with an initial phase of implementation beginning in 2018 and ending in 2021, with the launch of full operation of the mechanism. Under the AEEGSI's proposal, during the initial phase, there would be no direct resources permitted in the market, but their contribution would be measured for statistical purposes. During the initial implementation phase, Terna would assign annual products with an increasing planning horizon of less than four years (the period between the auction and the start of delivery of the assigned products). Once fully implemented, explicit participation would be open to foreign resources, the horizon would be four years, while the duration of the product would remain annual.
The rules governing the capacity market must be approved by the Ministry for Economic Development subject to notification and approval of the mechanism by the European Commission.
On February 7, 2018 the European Commission issued a favorable opinion on the Italian mechanism for the capacity market, providing a number of clarifications concerning certain features of the market design.
With Resolution 398/2017/R/eel, the AEEGSI, within the scope of the temporary system for the remuneration of generation capacity, defined the criteria for determining the "S" fee for the period from January 1, 2015 to December 31, 2015, allocating €60 million for payment of that fee.
The AEEGSI provided for Terna SpA to recognize payments for 2015 by June 30, 2017.
With Resolution 418/2017/R/eel, the AEEGSI, within the scope of the temporary system for the remuneration of generation capacity, defined the criteria for determining the CAP1 fee for the period between January 1, 2016 and December 31, 2016. Under the provisions of that resolution, the amount allocated to cover charges for payment of that fee was €130 million. The AEEGSI provided for Terna SpA to recognize payments for 2016 by June 30, 2017.
With Resolution 844/2017/R/eel, the AEEGSI also specified the criteria for determined the CAP1 fee for the period between January 1, 2017 and December 31, 2017. Under the provisions of that resolution, the amount allocated to cover charges for payment of that fee was €117.4 million. The AEEGSI provided for Terna SpA to recognize payments for 2017 by December 31, 2017.

On February 24, 2015, the market coupling model for the Italian, Austrian, French and Slovenian day-ahead trading markets was launched. Market coupling is a mechanism for integrating day-ahead markets that, in setting the electricity prices for the different segments of the European market involved, also allocates the transport capacity available between those segments, thereby optimizing the use of interconnections.

With Resolution 326/2016/R/eel, the AEEGSI charged Terna with conducting the competitive tender for assigning contracts for the supply of replacement tertiary reserves in Sardinia for the period from July 1, 2016 to December 31, 2018. The contracts awarded by Terna establish a requirement to supply the Ancillary Services Market (MSD) at the variable cost paid to the plant for a premium established in the competitive tender. Following the tender, all of the capacity was contracted with Enel's Sulcis plant.

With Resolution 342/2016/E/eel, the AEEGSI ordered the start of a proceeding to adopt measures (prescriptive measures or asymmetric regulations) to prevent certain conduct by users of dispatching services in the wholesale electricity market that could constitute market abuse pursuant to Regulation 2011/1227/EU (REMIT).

With the subsequent Resolution 477/2016/E/eel, the AEEGSI reported the conduct of a number of dispatching users delivering power operating on the Ancillary Services Market to the Competition Authority for an investigation of possible violations of competition rules. One of these users was Enel Produzione SpA with regard to the supply of power from the Brindisi Sud plant to the wholesale market. Following the report filed by the AEEGSI, on October 6, 2016 the Competition Authority began an enquiry involving Enel SpA and Enel Produzione SpA to determine the existence of a possible abuse of a dominant position in the Ancillary Services Market by the Brindisi Sud plant. The proceedings were concluded in May 2017 with the acceptance of the commitments proposed by Enel SpA and Enel Produzione without the imposition of sanctions. More specifically, the commitments consist of the introduction, for years 2017-2019, of a cap on total annual revenue that can be generated by the Brindisi Sud plant, net of variable costs paid under current regulations. The cap will also apply in the event the plant is included under the cost reimbursement system pursuant to Resolution 111/2006.

The proceedings initiated by the AEEGSI through Resolution 342/2016/E/eel were closed with the approval through Resolution 314/2017/R/eel of the application made by Enel Produzione for the admission of the Brindisi Sud plant to the cost reimbursement system for 2017. The approving resolution also provides, with regard to the commitments made by Enel Produzione as part of the proceedings before the Competition Authority, that any amounts exceeding the caps for the plant for the 2018-2019 period will be transferred to Terna.

AEEGSI Resolution 300/2017/R/eel established the criteria for permitting consumption units and production units not already authorized (including those using unscheduable renewable resources and distributed generation) to participate in the Ancillary Services Market (MSD) through pilot projects.

With Resolutions 444/2016/R/eel and 800/2016/R/eel, the AEEGSI reformed the rules governing imbalancing prices for calculating actual imbalances, providing for the application of a mixed single price/dual price system to consumption units and production units not authorized to participate in the Ancillary Services Market. The system provides for the application of the single price for imbalancing in a bracket equal to 15% of the binding withdrawal/delivery program. For unscheduable production units, the single price system will apply.

With Resolution 419/2017/R/eel, the AEEGSI activated as from September 1, 2017 the new method for calculating aggregate zonal imbalancing – given the difference between the programs of consumption units and those of generation units net of trade between zones in the Italian market and with foreign markets.

The resolution also provided for the restoration of the single pricing mechanism for calculating the actual imbalances for dispatching points of all unauthorized generation and consumption units as well as the publication by Terna SpA of the preliminary sign of the aggregate zonal imbalance more rapidly than provided for under EU regulations.

With the same resolution, the AEEGSI also introduced with effect from July 1, 2017 the macro-zonal non-arbitrage fee for unauthorized generation and consumption units.

Gas

Wholesale market

The extraction, import (from EU countries) and export of natural gas have been liberalized.

According to the provisions of Legislative Decree 130/2010, operators are permitted to hold market shares of up to 55% of domestic consumption.

The spot trading platform (the "Gas Exchange") began operation in 2010 and the AEEGSI established the balancing market in 2011. The forward market later completed the structure of the Italian wholesale market, joining the Gas Exchange. As for the balancing market, the AEEGSI, implementing Commission Regulation 2014/312/EU, redefined, starting 2016, the rules for its functioning, in order to boost the availability of flexible resources to balance the system and improve the set of information for users. In 2017 the Ministry for Economic Development (MED) indicated that, starting 2018, the figure of market maker would be introduced in markets organized by the Energy Markets Operator (GME).

Transport, storage and regasification

Transport, storage and regasification (of LNG) are subject to regulation by the AEEGSI, which sets the rate criteria for engaging in these activities at the start of each regulatory period.

Storage is carried out under a concession issued by the MED to applicants that satisfy the requirements of Legislative Decree 164/2000. Each year, the MED issues a decree establishing the criteria for allocating capacity through an auction mechanism.

LNG activities are subject to the grant of a special ministerial permit to ensure third-party access (TPA). The MED may grant an exemption from the TPA rules. As for regasification, in 2017 the AEEGSI envisaged replacing the current rate-based method for allocating capacity with a system of auctions starting in 2018.

Transport activities, defined by regulatory criteria for rate periods, continue to be subject to fees updated annually by the AEEGSI. In 2017 it extended, with a few corrective measures, the rate criteria for 2014-2017 to 2018-2019. These criteria were challenged by Enel Trade consistent with previous disputes; at this time, the dispute regarding the 2010-2013 period is pending before the Council of State and that for 2014-2017 before the Regional Administrative Court.

Distribution

Electricity

Distribution and metering

e-distribuzione provides distribution and metering services under a 30-year concession set to expire in 2030.

The distribution rates are set by the AEEGSI at the start of each regulatory period based on covering the total cost of providing the services, considering operating costs, depreciation and providing an appropriate return on capital.

The rate component covering operating costs is updated annually using a price-cap mechanism (i.e. based on the inflation rate and an annual rate of reduction of unit costs called the X-factor). The return-on-capital and depreciation components are revised each year to take account of new investments, depreciation and the revaluation of existing assets using the deflator for gross fixed capital formation.

With Resolution 654/2015/R/eel the AEEGSI specified the criteria for the new rate period for electricity distribution and metering, in force for the next eight years (2016-2023). The rate period has been divided into two sub-periods of four years each (NPR1 for 2016-2019 and NPR2 for 2020-2023), with an interim revision scheduled for 2020.

For the first sub-period (NPR1), while the AEEGSI essentially confirmed the general regulatory framework, it introduced substantial amendments concerning the timing and procedures for remunerating new investments in rates.

More specifically, the AEEGSI reduced the so-called "regulatory lag", shortening to a maximum one year (from the two years in the previous regulatory period) the period before new investments are recognized in rates while at the same time eliminating the increase of one percentage point of WACC. The latter had been introduced by the AEEGSI in 2012 to offset the financial burden imposed by the delayed recognition of new investments.

Operators are therefore required to notify the AEEGSI by the end of the year of their preliminary accounts of investments made during the year, enabling the AEEGSI to insert the data in the calculation of the mandatory rate published by the end of the year for the subsequent year. These investments are then inserted in the regulatory asset base as from January 1 of the year following their realization. Consequently, operators can match the revenue generated by the investments with their amortization.

The AEEGSI also increased by five years the useful lives of low and medium-voltage power lines that entered service after December 31, 2007.

Finally, the level of operating costs recognized and the procedures for returning any extra efficiency gains to customers were also specified. More specifically, the AEEGSI maintained the symmetric division of extra efficiency gains and the restitution until 2019 of gains achieved and temporarily maintained to firms in the third and fourth regulatory periods. The X-factor used in updating eligible operating costs was set at 1.9% for distribution operations and 1% for metering activities.

For the second sub-period (NPR2), the AEEGSI announced the transition to rate regulation based on total costs (the Totex method).

With Resolution 583/2015/R/com the AEEGSI revised the method used to determine the rate of return on capital and set a rate of 5.6% for distribution and metering activities for

2016-2018. In particular, the AEEGSI established a specific 6-year rate period for the WACC, with a mid-period update of the main parameters in the formula on the basis of macroeconomic conditions (interest and inflation rates) in 2018. With Resolutions 188/2017/R/eel and 199/2017/R/eel, the AEEGSI approved the definitive reference rates for 2016, which represent the level of revenue recognized for each operator on the basis of actual balance sheet data for 2015. With Resolutions 286/2017/R/eel and 287/2017/R/eel, the AEEGSI published the provisional reference rates for electricity distribution and metering for 2017 on the basis of preliminary balance sheet data for 2016.
According to the provisions of Resolution 654/2015/R/eel, the definitive reference rates for 2017, which represent the level of revenue recognized for each operator, must be published by February 28, 2018 on the basis of actual balance sheet data for 2016.

With regard to second-generation (2G) smart metering systems, in its Resolution 222/2017/R/eel the AEEGSI approved e-distribuzione SpA's plan for placing the meters in service during the 2017-2031 period, designating January 1, 2017 as the start date, and established the standard cost based on which the efficiency incentives will be calculated. Resolution 646/2016/R/eel guarantees that the metering service rates for end users will remain essentially unchanged.
Among the conditions for plan approval, the AEEGSI required field monitoring of the quality of the communication between the 2G meters and users' devices, along Chain 2, for a period of at least four months, subsequently extended to April 30, 2018.
With Resolution 229/2017/R/eel, the AEEGSI provided guidelines on the initial configuration of the 2G meters and established some of the obligations of disclosure to end users. The subsequent Resolution 248/2017/R/eel established the procedure and timetable to make 2G metering data available to the Integrated Information System (IIS) and to transport users. Finally, Resolution 700/2017/R/eel set out the rules for using hourly delivery and withdrawal points equipped with 26 smart metering systems for the purposes of settlement.
As regards service quality, the AEEGSI, with Resolution 646/2015/R/eel as amended, established output-based regulation for electricity distribution and metering services, including the principles for regulation for 2016-2023 (TIQE 2016-2023) and authorized the start of trials to test the advanced management functions for the distribution grid.
Specifically as to issues involving the improvement of the resilience of the electricity transmission and distribution networks, Resolution 127/2017/R/eel extended the automatic indemnities for protracted service interruptions payable to users by network operators and the methods for sharing this liability among the operators once the 72 hour limit is reached.

The subsequent Resolution 861/2017/R/eel modified the TIQE, clarifying certain aspect of distribution service quality regulation, such as access by network operators to the fund for exceptional events, the communication of voltage quality data, and the computation of the timing for commercial quality performance of the electricity service.

With Resolution 377/2015/R/eel, the AEEGSI completed the regulatory framework governing losses on the distribution grid, revising the conventional loss percentages as from January 1, 2016 and the equalization mechanism for losses to apply to distributors as from 2015. More specifically, the equalization mechanism takes account of the geographical diversification of losses on distribution grids.

With Resolution 268/2015/R/eel, the AEEGSI established the Model Grid Code for transport services, which governs the relationship between sellers and distributors concerning the guarantees given by sellers to distributors, the payment terms for the transport service and the terms of payment of the system costs and other components by distributors to the Energy and Environmental Services Fund and the Energy Services Operator (GSE). The resolution also provided for the elimination starting from 2016 of the uncollectible portion of turnover withheld by distributors as a result of the strengthening of the system of guarantees.
As regards the calculation of the transport service guarantees, a number of different administrative court decisions handed down between May 2016 and November 2017 voided in part the AEEGSI's provisions requiring the inclusion of guarantees to cover system charges in transport contracts between distributors and sellers. In accordance with these decisions, AEEGSI Resolution 109/2017/R/eel established a temporary regime involving a 4.9% reduction in the amount of system charge guarantees (equal to an average percentage of the amounts not collected by sellers) and initiated the revision of the Grid Code with consultation document 597/2017/R/eel.
As regards the procedures and financial terms for the connection of generation plants to distribution and transmis-

sion grids, the AEEGSI, with Resolution 581/2017/R/eel, updated the Integrated Grid Connection Code in order to implement the simplification measures provided for in the Ministerial Decree of March 16, 2017 for the connection and operation of micro-generation plants powered by renewables.

As for the regulatory framework for private grids (specifically, closed distribution systems and basic generation and consumption systems), Resolution 276/2017/R/eel updated the relative Codes, adopting the provisions of Article 6(9) of Decree Law 244/2016 concerning general system charges. The AEEGSI, with Resolution 582/2017/R/eel, postponed application of the regulatory provisions on internal user networks from October 1, 2017 to January 1, 2018. The subsequent Resolution 894/2017/R/eel updated the definition of consumption unit and postponed until June 30, 2018 the deadline for "hidden end users" to declare themselves.

Competition Authority Resolution 162/17/CIR established the fees for telecommunications operators to access e-distribuzione's electricity infrastructure to lay fiber-optic cables, pursuant to Legislative Decree 33 of February 15, 2016. As a result e-distribuzione published the General Conditions for accessing its infrastructure, Technical Rules and Technical Standards, which incorporate the Competition Authority's provisions.

Energy efficiency - White certificates

The interministerial Decree of January 11, 2017 set the new energy efficiency targets for 2017-2020 and the new guidelines for the functioning of the Energy Efficiency Certificate (EEC or white certificates) mechanism.

As to the distributor's performance of its obligation, it was provided that the quota exceeding the minimum obligation of 60% must be covered by the end of the following year (and not within the subsequent two years as previously allowed).

Furthermore, the distributor was given the option of satisfying the obligation over two sessions in the same year (May 31 and November 30) rather than just one, as was done previously. The decree required the AEEGSI to establish the criteria and method for covering the distributors' costs.

With Resolution 435/2017/R/efr the AEEGSI approved the revised rules for calculating the rate subsidy for electricity and gas distributors starting 2017.

More specifically, the methods for determining the "reference" rate subsidy (previously called "provisional"), set ex ante as the average of the definitive rate subsidy levels in the preceding two years, and the underlying parameters for calculating the "definitive" rate subsidy were revised.

The AEEGSI also envisaged an advance payment of the rate subsidy by the end of the November 30 session.

With respect to the criteria for distributing the rate subsidy, the AEEGSI provided that starting in 2017 the accruals principle would replace the cash principle so that the definitive rate subsidy for the reference obligation year is applied to residual quotas for the year that are discharged in the subsequent year.

Thereafter, with Resolution 634/2017/R/efr, the AEEGSI delayed by one year the introduction of the accruals principle, making its roll-out more gradual so that it should be fully in place in another four years.

AEEGSI Decision 10 of July 14, 2017 set the amount of the rate subsidy for 2016 at €191.40/EEC. The reference rate subsidy for 2017 was instead set at €170.29/EEC and will be revised based upon the final market price for the reference period.

Reform of electricity rates for residential customers

With Resolution 782/2016/R/eel the AEEGSI fully eliminated, with effect from January 1, 2017, the progressivity of the distribution rate.

The resolution provides for the first steps to be taken in 2017 to reduce the effect of progressivity on general system charges. The system charges reform is expected to be completed by January 1, 2018, with complete elimination of the progressive structure. In Report 733/2017/I/eel of November 2, 2017 to the Government and Parliament and with the Memorandum of November 30, 2017 (805/2017/I/eel) requested by the Chairman of the 10th Standing Committee of the Chamber of Deputies, the AEEGSI, however, reported on the effects, starting in 2018, on the annual spending on electricity by residential customers owing to the rate updates following the revision of the subsidies for energy-intensive companies and the final phase of the reform of the general system charges for residential customers. Based on the instructions of the Government and Parliament, the AEEGSI published Resolution 867/2017/R/eel, deferring implementation of the final phase of the reform of the general system charges for residential electricity customer and maintaining the current rate structures until December 31, 2018.

Reform of general system costs structure

The AEEGSI, with Resolution 922/2017/R/eel, implemented Resolution 481/2017/R/eel, providing that, as from January 1, 2018, the rates for general system costs and other components applying to all the types of contracts covered by Section 2.2 of the Integrated Transmission are divided into "General costs in support of renewable energy and CHP" (ASOS), "Remaining general costs" (ARIM), UC3 and UC6. The resolution implements the reform of the general system costs for non-residential customers provided by Law 21 of February 25, 2016.

Reform of concessions for energy-intensive companies

As part of the reform of the general system costs for non-residential customers, the AEEGSI, with Resolution 921/2017/R/eel, established the implementing provisions for the grant of concessions for energy-intensive companies, as provided by the MED decree of December 21, 2017, with effect as of January 1, 2018.
The resolution envisages ASOS component rates (based on the new grouping of general costs introduced by Resolution 481/2017/R/eel) differentiated between customers without concessions and those with, i.e. energy-intensive customers, based on concession category, as defined by the decree of December 21, 2017.
These provisions also had an impact on private-network configurations.

Sales

Electricity

As provided for by Directive 2003/54/EC, starting from July 1, 2007 all end users may freely choose their electricity supplier on the free market or participate in regulated markets. Law 125/2007 identified these regulated markets as the "enhanced-protection" market (for residential customers and small businesses with low-voltage connections) and the "safeguard services" market (for larger customers not eligible for enhanced-protection services).
Free-market operators are awarded contracts to provide safeguard services on a geographical basis through three-year auctions. For the 2017-2018 period, following the competitive procedure governed by Resolution 538/2016/R/eel, Enel Energia was awarded the areas corresponding to the regions of Liguria, Piedmont, Valle d'Aosta, Trentino-Alto Adige, Lombardy, Lazio, Puglia, Molise and Basilicata. The financial terms applied to end users were defined on the basis of the provision of the applicable primary and secondary legislation.

Enhanced-protection service is provided by sellers connected with distributors. Prices are set by the AEEGSI and are updated periodically based on criteria designed to ensure that the operators' costs are covered. More specifically, the AEEGSI updates the component for covering the operators' costs in the enhanced-protection market (RCV) annually so as in ensure that their costs are covered (operating costs, delinquency charges and amortization and depreciation) and that they receive a fair return on capital. Resolutions 816/2016/R/eel and 927/2017/R/eel established rates for 2017 and 2018.

In recent years, the AEEGSI has adopted measures aimed at containing operators' credit risk, which has risen due in particular to the economic crisis.
In 2016, the AEEGSI lent significant impetus to the development and implementation of the Integrated Information System (IIS). This system was established under Law 129/2010 and is designed to manage the flow of information between gas and electricity market operators, based upon a central database of withdrawal points.
With a number of measures, the AEEGSI has governed various services, some of which are already active with others at the implementation stage. For example, the AEEGSI has sought to gradually centralize the management of the commercial processes for contract transfer and switching and of metering data for both sectors (electricity and gas) and, for the electricity sector only, the aggregation of metering at hourly withdrawal points for the purposes of monthly settlement.
Thanks to the development work carried out, the IIS is increasingly operating as a central hub for the exchange of information among all system operators, thereby facilitating the management of certain processes. In view of these characteristics, Ministerial Decree 94 of May 13, 2016 designated the IIS as the mechanism for managing the process of billing TV license fees through electricity bills. To cover the costs of managing this process, AEEGSI Resolution 291/2017/R/eel established the distribution criteria to be used by the Italian Revenue Agency in calculating the lump-sum grant payable to sellers for years 2016 and 2017; it has paid the amount owed for 2016.
The annual competition law (Law 124/2017) was approved on August 4, 2017, providing that the price protection market (electricity and gas) would be eliminated as of July 1,

2019. The AEEGSI was given the task of regulating the safeguard service for customers previously falling under the enhanced-protection category through competitive procedures by geographical area and on conditions that encourage switching to the free market.
The law also provides for the creation within the MED of a list of electricity sellers that are authorized to sell electricity on the retail market having met certain technical, financial and reputational requirements proposed by the AEEGSI.
The AEEGSI, in accordance with the law above, issued Resolution 555/2017/R/com, requiring all sellers to include in their portfolios offers at free market prices with conditions equivalent those of the protected market (PLACET offers), targeted at households and small businesses starting in early 2018. This was done to make it easier for end users to understand and compare offers and participate in the free market.

On May 11, 2017, the Competition Authority, in response to reports by AIGET and Green Network SpA, initiated a proceeding against Enel SpA, Enel Energia SpA and Servizio Elettrico Nazionale SpA for alleged abuse of dominant position on the retail electricity market for residential and non-residential end users connected to the low voltage grid. Analogous proceedings were also begun against other operators. Unless extended, the proceeding is expected to conclude by June 30, 2018.

Gas

Legislative Decree 164/2000 established that, as from January 1, 2003, all customers may freely choose their natural gas supplier on the free market.
However, sales companies must also offer a safeguard service to their customers (only for residential customers pursuant to Decree Law 69 of June 21, 2013), together with their own commercial offers, at the regulated prices established by the AEEGSI.
If there is no company supplying this service, the continuity of supply for small customers not in arrears on bill payments (residential and other uses with an annual consumption of less than 50,000 standard cubic meters) and for users involved in providing public services shall be ensured by the supplier of last resort. If the customer is in arrears with bill payments or it is not possible for the supplier of last resort to provide service, supply continuity is ensured by the default distribution supplier selected, like the supplier of last resort, through voluntary tenders for geographically-based contracts.
With Resolution 465/2016/R/gas, the AEEGSI updated the rules governing public tenders for the award of last-resort services for October 1, 2016 - September 30, 2018. Following the auctions held in September 2016, Enel Energia was designated as supplier of last resort for 7 of the 8 areas involved in the auction (Valle d'Aosta, Piedmont and Liguria; Lombardy; Trentino-Alto Adige and Veneto; Tuscany, Umbria and Marche; Abruzzo, Molise, Basilicata and Puglia; Lazio and Campania; Sicily and Calabria) and as default supplier in 3 areas out of 8 (Abruzzo, Molise, Basilicata and Puglia; Lazio and Campania; Sicily and Calabria).

Starting from October 1, 2013, the reform of the financial terms and conditions applied to safeguard customers entered force. In this situation, the AEEGSI modified the procedures for determining the raw material component, indexing it fully to spot market prices, introduced components to ensure a gradual transition (including one specifically for the renegotiation of long-term contracts) and increased the component covering retail sales costs to enhance cost-reflectivity.
With regard to the raw material (gas) cost component, on January 24, 2014, the Regional Administrative Court of Lombardy, in the course of an action brought by Enel Energia and Enel Trade, voided the resolutions by which the AEEGSI changed the formula for determining (and thereby reducing) the QVD component for the 2010-2011 and 2011-2012 gas years. In 2014, the AEEGSI filed an appeal with the Council of State. In 2016, the Council of State denied the AEEGSI's appeal, granting the appeal of Enel Energia and Enel Trade, finding the measures were in conflict with the statutorily established principle of the necessary "correspondence between recognized costs and actual costs". Resolution 737/2017/r/gas, in accordance with the Council of State's decision, recalculated the value of the raw material for the October 2010 - September 2012 period. The manner of handling the amounts resulting from the recalculation will be addressed in a separate resolution expected for the 2nd Half of 2018.

With regard to the definition of the component covering natural gas supply rates, the AEEGSI also confirmed the current procedures, with full indexing to the spot prices reported on the Dutch Title Transfer Facility (TTF), pending the development of greater liquidity in the Italian wholesale markets until September 30, 2018 or in any event until the elimination of the enhanced-protection market as set by the legislature, if sooner.

With regard to gas settlement, specifically the mechanism for annually adjusting prior-period items, the AEEGSI published Resolutions 670/2017/R/gas and 782/2017/R/gas approving provisions for calculating the physical and financial items for the prior-period adjustment sessions starting 2013.

More specifically, a settlement mechanism was established for the 2013-2017 period through which operators can recover a share of the costs associated with grid loss previously allocated in proportion to their withdrawals.

The AEEGSI has provided that, from January 1, 2018 until the definitive settlement mechanism is in place, operators will be paid almost all of the costs connected with grid loss.

General industry-wide provisions

In 2015, with its Resolution 296/2015/R/com, the AEEGSI regulated the functional unbundling requirements for operators in the electricity and gas sector. More specifically, the Authority confirmed that companies must maintain a separation between the brand, other distinguishing marks (including the company name) and communication policies of distribution companies and those of the companies that sell power that operate within the same group. Separation must also be maintained between those companies that sell electricity on the free market and those that do so on the enhanced-protection market, while different physical premises, personnel and information channels must be used for distribution and sales and for sales on the enhanced-protection market and those on the free market.

Between April and July 2016 the Regional Administrative Court of Lombardy rejected the appeals lodged by Enel Distribuzione, Enel Servizio Elettrico and Enel Energia. In implementation of the court's ruling, Enel Distribuzione and Enel Servizio Elettrico modified their company name (and the associated brand) to "e-distribuzione SpA" and "Servizio Elettrico Nazionale SpA".

The companies e-distribuzione, Servizio Elettrico Nazionale and Enel Energia appealed the ruling of the Regional Administrative Court before the Council of State, which with decision 5519/2017 denied the appeals of the two sales companies, thereby affirming the legality of Resolution 296/2015/R/com. The appeal by e-distribuzione is pending before the Council of State.

Renewable energy

The regulatory framework for supporting renewable energy technologies in Italy envisages a range of remuneration systems. Incentives for technologies other than photovoltaic are awarded through competitive procedures established with Legislative Decree 28/2011, transposing Directive 2009/28/EC, and the associated implementing ministerial decrees of July 6, 2012 and June 23, 2016. The decrees envisage the use of Dutch auctions and feed-in tariffs, based on the installed capacity and technology. Specifically:

> Dutch auctions for plants with capacity of over 5 MW;
> registries for plants with capacity of less than 5 MW;
> direct access for wind plants with capacity of less than 60 kW, biomass plants of less than 200 kW and hydroelectric plants of less than 250 kW.

The above incentive mechanisms will terminate when the indicative cumulative annual cost of the incentives reaches €5.8 billion. At November 30, 2017, the indicative cumulative annual cost was €5.122 billion.

With regard to solar generation, the incentive system provided for the application of a number of Energy Accounts, of which Accounts I, II, III and IV (from September 19, 2005 to August 26, 2012) were based on a feed-in premium (a rate premium over the hourly zonal price), while Energy Account V (from August 27, 2012) was based on a feed-in tariff (comprehensive price) and was terminated once a cost of €6.7 billion was reached on July 6, 2013.

Ministerial Decree of February 14, 2017 on "Minor islands"

The February 14, 2017 decree of the MED gave instructions for gradually covering the electricity needs of the non-interconnected minor islands with renewable energy. The decree envisages remuneration for energy generated from renewable resources related to the cost of the fuel avoided and the launch of pilot projects to integrate renewable resources in the electricity systems of those islands.

National Energy Strategy

With the decree of November 10, 2017, the Ministers for Economic Development and for the Environment approved the National Energy Strategy (NES) which lays the groundwork for energy development in Italy based on the principles of competitiveness, energy security and environmental sustainability.

Specifically, the NES set a target of 55% for renewables as a share of electricity consumption by 2030, which should translate into a 75 TWh increase in renewable energy production.

The NES provides for keeping technology-neutral auctions until 2020 as a way of supporting the development of renewable energy. Thereafter, renewable capacity development will be tied to the signing of power purchase agreements, which are long-term contracts between producers and consumers, with the assistance of the State, at least during the initial phase, to enable it to get off the ground and develop.

Iberia

Spain

Remuneration of distribution

On March 31, 2016 the Ministry for Industry, Energy and Tourism initiated the procedure for the introduction of a new ministerial order that will establish the remuneration of distribution activities for 2016, in accordance with the provisions of Order IET/2735/2015. Temporarily, the remuneration for 2015 will be retained until the new order is approved.

That order (IET/980/2016) was published on June 16, establishing the remuneration for distribution activities for 2016. Endesa was allocated a remuneration of €2,014 million. In addition, the incentives for service quality and non-technical losses for Endesa were set at €7 million and €2 million respectively. That order also sets the base remuneration for the first regulatory period from January 1, 2016 to December 31, 2019.

Social Discount

On October 9, 2017, the Official State Gazette (BOE) published Royal Decree 897/2017 concerning regulations affecting vulnerable consumers, the Social Discount and the terms and conditions for suspending the Social Discount for consumers with 10 kW or less of capacity. Specifically the decree sets out three categories of customers based on income level (measured using the Multiplier for the Public Income Index - IPREM), with different percentage discounts for each category.

Energy Efficiency

Order IET/258/2017 of March 24, 2017 charged Endesa with a contribution to the National Energy Efficiency Fund of €29.3 million, corresponding to the energy savings obligations for 2017.

Sales margin incorporated in voluntary price for residential customers (PVPC)

On November 25, 2016, Royal Decree 469/2016 was published, establishing the method for setting the sales margin of the voluntary price for residential customers, thereby implementing a number of rulings issued by the Supreme Court voiding the margin set on the basis of the provisions of Royal Decree 216/2014.

On December 24, 2016 Ministerial Order ETU/1948/2016 was published, establishing, as from January 1, 2017, the value of the sales margin of the PVPC for 2014, 2015, 2016 and for the future.

Electricity rates for 2017

On December 29, 2016, Order ETU/1976/2016 was published, establishing electricity access rates for 2017. The existing rates were left unchanged.

Natural gas rates for 2017

On December 23, 2016, Order ETU/1977/2016 was published, establishing the natural gas access rates for 2017. In general, the existing rates were left unchanged, with the exception of the updating of the rate of last resort (TUR), which was reduced by an average of 9% as a result of the decline in the price of raw materials.

Fee for the use of continental water for the generation of electricity

On June 10, 2017, the Official State Gazette (BOE) published Royal Decree Law 10/2017 adopting urgent measures to mitigate the effects of the drought in certain catchment basins, amending the current Water Law. More specifically, the Royal Decree Law modifies the fee for the use of continental waters for the generation of electricity, which went from 22% to 25.5%, establishing a lower percentage for installations up to 50 MW to offset the increase in withdrawal.

Renewables

In February 2017, Ministerial Order ETU/130/2017 was published, containing the remuneration parameters for renewable energy plants for 2017-2019. They are revised every three years, as provided by Royal Decree 413/2014 regulating generation from renewable resources. This revision is undertaken mainly to bring investment remuneration in line with the differences in market income projected for the coming years, as well as with differences that occurred in the three preceding years between actual market revenue and that projected under the regulation.

In the 1st Half of 2017, the rules and procedures for a technology neutral auction for 3,000 MW of renewable energy were issued. The auction was held on May 17. Enel Green Power España was awarded a specific remuneration system to develop 540 MW of wind power with COD (Cash on Delivery) before the end of 2019. Enel Green Power was allocated the third-highest capacity amount through the auction.

The auction was open to the competition of all types of renewable technologies. However almost all the capacity awarded was wind capacity.

The auction result serves to protect the internal rate of return of projects in low market price scenarios. However, if the market prices are above the protection level, the projects are authorized to capture this income.

The results of the first auction, in which there were competitive bids left that had not been awarded capacity and which demonstrated the need for more renewable energy to meet the 2020 targets, prompted the Spanish government to organize a second auction, held on July 26, 2017. In the second auction, Enel Green Power received 338 MW in photovoltaic capacity. As in the first auction, the winners' internal rate of return is protected when market prices are low.

Between July and September 2017, the Spanish government arranged a public consultation marking the start of the process of drafting new network access and connection rules. Work on this new regulation will be carried out in 2018.

Europe and North Africa

Russia

Electricity market

On June 27, 2016, Government Decree 563 was published, amending the calculation method used to determine capacity payments (DPM) that will ensure accurate determination of those payments for 2017 and beyond.

On July 25, 2016, the terms of participation in capacity market auctions were revised to permit demand to access the mechanism through the reduction of consumption.

The most recent capacity auctions (results published on September 20, 2016) set the parameters (price and quality) for 2020.

Government Decree 1458 of December 23, 2016 retained the coefficients for penalties for the lack of availability at the minimum levels for 2017 as well.

By the decision of January 9, 2017 the governement also established the rates for 2017 for the Trading System Administrator (-2.5% compared with 2016) and the System Operator (confirming the previous year's rates).

On March 3, 2017, the Ministry of the Economy published the new methodology for setting the yield rate on long-term government bonds in order to calculate capacity payments (DPM), resulting in a rate of 10.21% (it had been 8.9%).

On June 16, 2017, the government issued a decree establishing the rules for the new capacity auctions in Crimea: award of a 15-year capacity contract at the price established during the tender process (with a monthly cap of about 2 million rubles).

On June 19, 2017, the government published its general plan for developing the electricity industry through 2035. It consists of non-binding guidelines that will be updated every three years. The plan includes numerous data, including the long-term demand and supply projections, expected capacity and necessary adjustments, grid infrastructure, and proposals for containing the environmental impact.

On September 2, 2017, the government signed Decree 1065 regarding the capacity market (KOM) auctions for 2021: it eliminated the price cap and the indexing of the price to the consumer price index (CPI) minus 0.1% (compared with the previous CPI -1%). On September 20, 2017, the system operator published the results of the auctions for 2021, with prices 16-18% higher than the 2020 auctions.

The government, with its decree of December 27, 2017, set out the rules for the new thermal capacity (465 MW) tender in the Tamam area (southern Russia), to be held by April 1, 2018. The winning bidder will receive a 15-year capacity payments contract.

Gas market

On June 20, 2017, Antitrust Authority Decision 776/2017 on the new floor and ceiling prices for industrial customers was published. Prices rose by 3.9% over the 2015-2016 period.

Renewables

With Government Decree 850 of May 10, 2016, the following changes were made to the regulations governing renewables:

> the incentive system for photovoltaic installations and small hydro systems was extended to 2024 (from 2020);
> the capacity volume targets for solar and small hydro, which were not selected for previous auctions (2013-2015), were achieved and reallocated until 2024 (85.8 MW for solar and 168 MW for small hydro);
> the total volume target was kept at the initial level (5,871 MW).

On June 14, 2016 the final results of the auctions for investment in renewable resources for 2016-2019 were announced, with the award of projects for wind plants only.

On September 29, the Government Decree on state compensation for the connection of renewable resource plants or peat-fired plants to the grid was published. The rules, which apply to plants with an installed capacity of up to 25 MW, establish that compensation may not exceed 70% of the grid connection cost or in any case 15 million rubles per plant.

Antitrust regulations

On July 5, 2016, the Federal Antimonopoly Service (FAS) issued an official warning for T Plus to cease its unfair practices against Enel Russia in the heat market. More specifically, the warning requires T Plus to enter into a heat supply contract with Enel Russia for the SuGRES plant in Yekaterinburg.

Heat market

With a decree of December 1, 2016, the government established more stringent rules for Unified Heat Supplier (UHS) in the event of non-compliance with deadlines for payment to other suppliers and for network services. More specifically, UHS will lose its supply license if it fails to pay suppliers for two consecutive billing periods as well as in the event of repeated violation of other contractual terms. Any violation must nevertheless be certified by a court or the FAS.

Romania

Recognition of distribution investments in rates

In March 2016, ANRE approved a new procedure for recognizing investments for rate purposes, which will enter force in 2017 and in 2016 will serve as a recommendation for distributors.

The procedure establishes: (i) no recognition of inefficient investments; (ii) no recognition of costs for the works that exceed 10% of budgeted costs; and (iii) the possibility of modifying the annual investment plan by a maximum of 10% once it has been submitted.

In July 2017, ANRE published a letter containing the basic principles for the calculation of the distribution rates for the fourth regulatory cycle, including substantial changes regarding WACC, operating expenses, regulatory asset base, other revenue, current assets, own use and annual adjustments. The methodology is expected to be approved in April 2018.

Rates of last resort

According to the calendar for the liberalization of regulated rates for residential customers, the percentage of electricity that suppliers of last resort must purchase on the free market will be 80% in the 1st Quarter of 2017 and 90% in the 2nd Quarter of 2017.

ANRE also approved the final rates. The regulated component for 2017 was reduced by 6.47% owing to the decrease in distribution rates. The competitive market component (CPC) fell by about 3%-4.8% during the 1st Half of the year compared with the 2nd Half of 2016 as a result of the decline in distribution rates. In the 3rd Quarter, the rate, however, increased by around 10.8% compared with the 1st Half of 2017 due to rate corrections for previous periods. Therefore Enel began legal proceedings against ANRE. During the 4th Quarter the rates rose by approximately 9% over the 3rd Quarter.

As of January 1, 2018, the unregulated percentage is 100%. The CPC rates for the 1st Half of 2018 were raised by 0.44% compared with the rates for the 4th Quarter of 2017.

Regulatory framework for suppliers of last resort

On June 8, 2017, ANRE approved the suspension of the market for the purchase of electricity for universal service customers (households and small businesses) called PCSU. The suspension was in effect until August 10, 2017 and was prompted by the limited volumes indicated in the bids for the 3rd Quarter 2017 auctions. As a result of this decision, the suppliers of last resort must buy electricity on other free markets, such as the day-ahead market and the centralized markets for bilateral contracts. In July, Enel officially appealed the decision.

In 2017, ANRE began revising the PCSU rules, the methodology for adjusting the criteria for suppliers of last resort and the rules for the suppliers of last resort. In September, Enel began legal action to dispute the legality of the methodology for determining the rates for suppliers of last resort.

Distribution rates for 2017

In December 2016, ANRE published distribution rates for 2017, equal to an average of 98.6 lei/MWh, down about 8% compared with distribution rates in 2016.

In 2017, Enel's distribution companies charged an average rate of 98.6 lei/MWh, about 8% lower than in 2016 (107.2 lei/MWh).

In December 2017, following the consultation on the calculation of rates, ANRE approved the rates applied as from January 1, 2018.The average rate of Enel's distribution companies are 101.53 lei/MWh, about 3% higher than in 2017 (98.6 lei/MWh).

2017 binomial tariff

With Decision 71 of January 26, 2017, ANRE approved the timetable for introducing the binomial tariff for transmission and distribution services. The project will be carried out in two phases:

> phase 1 (January 1, 2017 - October 31, 2017): simulation at the distribution service operator (DSO) level, without affecting customers. In 2017 the DSOs monitored the data according to the simulation calendar and transmitted to ANRE the analysis and impact on regulated costs and revenue for the 1st Half of 2017;

> phase 2 (starting January 1, 2018): simulation at the consumer level.

ANRE has designated 2019 as the deadline for implementation of the binomial tariffs.

Smart metering

As part of the smart metering pilot project, at the end of 2016 110,000 meters had been installed. The results of the pilot project were transmitted to ANRE, which is preparing a cost-benefit analysis for approval of the mass roll-out project for 2017-2020.

In December ANRE published a draft order on the smart meter roll-out, envisaging a 10% cap on investment in meters out of the distributors' entire investment plan for 2017 and 2018, and a ceiling of about €61 on the total unit cost for customers for 2018. In addition ANRE set June 30, 2018 as the final date for approval of the roll-out terms and conditions.

Rebranding of distribution companies

On August 16, ANRE sent electricity distribution companies a letter containing the minimum measures distributors must implement with regard to rebranding.

Between October and December 2016, Enel notified ANRE that it had adopted a new name and logo for its distribution companies in Romania and modified the corresponding licenses.

Renewables

The Romanian government adopted Order 24/2017, which took effect on April 1, 2017, modifying Law 220/2008 and introducing a number of changes:

> Green certificates (GCs):
  - the granting of 2 GCs for photovoltaic system generation is postponed to between January 1, 2025 and December 31, 2030;
  - the recovery of GCs from wind power generation, already postponed, is set for between January 1, 2018 and December 31, 2025;
  - the price of the CGs can fluctuate between €29.40 and €35, with no indexing to inflation;
  - the GCs granted do not expire, remain valid until the incentive period ends and can be sold only once.

> Market:

- bilateral contracts for the sale of GCs remain valid but cannot be extended beyond their current expiry date;
- creation of two anonymous trading platforms as from September 1, 2017 for: (i) spot or forward sales of GCs; (ii) the sale of renewable energy in combination with GCs (not yet in operation).

> Batteries:
  - GCs can be granted for green energy storage in batteries.

Polonia

Capacity market

On December 28, 2017, the president signed the Power Market Act introducing a capacity market in Poland. The first auction is to be held in 2018 for the 2021-2023 delivery period. Subsequent auctions will be held every five years to cover a 10-year delivery period. In addition it will be possible to hold quarterly auctions announced one year prior. Demand-side response will be able to participate in the 5-year auctions if adequate investment is demonstrated.
The Power Market Act must still be approved by the European Commission with respect to state aid rules.

Demand-side response

The transmission authority began to prepare the calls for tender for demand-side response in the balancing markets. Total demand for 2017-2018 was set at 500 MW (eight hours in the summer and four hours in the winter), of which 40% for summer capacity and 55% for winter capacity. The current call for tender provides for an additional 500 MW.

Green mobility

The green mobility law was approved on January 4, 2018, envisaging the installation of charging stations in 2018-2019. The goal is to install 6,400 charging stations for electric vehicles, of which 400 will be high-voltage stations, and 70 service stations offering natural gas. They will be located in 32 densely populated areas and their installation will be public-private finance initiatives. If the installation targets are not met by the end of 2019, the local authorities of those areas will be required to draw up development plans for the stations lacking. The distribution system operators will be responsible for building charging stations in the areas they cover.

United Kingdom

The British government and Ofgem published the Smart Systems and Flexibility Plan on July 24, 2017. The objective is to open all markets to demand-side response, introduce real-time ancillary services and simplify metering requirements.

New de-rating factors for storage for capacity market participants have been introduced starting with the 2018 auctions. On June 13, 2017, National Grid opened a consultation on "System Needs and Product Strategy", followed by a products roadmap, published on December 19, for frequency response and reserve balancing services.

In December 2017, the government published the draft statutory instrument that transposes the Medium Combustion Plant Directive, which introduces tighter controls on emissions by generators.

Republic of Ireland and Northern Ireland

Capacity market

On November 24, 2017 the European Commission approved the new joint capacity market for the two countries under state aid rules. The first auction was held on December 15, 2017, with the delivery period set for May 23 through September 30, 2019.
The market design enables the participation of demand-side response operators in a manner similar to that for generators. The EU authorization requires demand-side response operators to have equal access to the capacity market by October 2020.

Ancillary services

The ancillary services market was reformed with the goal of ensuring system stability, even in a situation of high renewables penetration. New ancillary services were also established, guaranteeing the same treatment for demand-side response and conventional generation. The first call for tenders was published on December 12, 2017, with a deadline of February 8, 2018 for products with a 5-year delivery period starting May 1, 2018.

Greece

Renewables

Greece's renewables incentive system ensures remuneration using feed-in tariffs for all projects submitted prior to December 31, 2015. Starting January 1, 2016 projects are guaranteed a feed-in premium that varies by resource. In order to raise more funds to support these incentives and eliminate the deficit accumulated thus far, the Greek government introduced a component specifically to be paid by electricity suppliers.

With Resolution 616/2017 the Greek regulator considerably reduced the forced disconnections of wind power plants operating on non-interconnected islands.

In October 2017, the system that allowed large industrial customers to obtain remuneration for agreed service interruptibility expired. The system was reactivated starting January 2018 through the end of 2019. The scheme is financed by renewables operators that do not operate in the islands through a percentage of their revenue, differentiated by technology: wind, 2%; photovoltaic, 3.6%; and small hydroelectric plants, 1%.

Bulgaria

Renewables

The current system of incentives is based on feed-in tariffs that vary by renewable resource. The mechanism is available to photovoltaic, wind and hydroelectric plants under 10 MW and biomass systems under 5 MW.

Since 2012 a number of measures have been introduced to reduce the system deficit caused by increasing incentives for renewables. These include a local tax of 20% (subsequently revoked), network access charges, increases in balancing costs, a 5% tax on revenue and limits on volumes eligible for incentives.

As of March 2015, once the European renewable generation targets are reached, plants above 30 kW will no longer be eligible for incentives.

Tunisia

Renewables

With the approval of Law 12/2015, Tunisia began to develop a regulatory system to support renewable energy with three different systems of incentives (concessions, authorizations and self-consumption). The country is committed to reaching ambitious development targets for renewables: 1 GW by 2020 and 4.7 GW by 2030.

In November 2017 the first tender for wind and photovoltaic projects was completed. Enel Green Power participated and is awaiting the results.

Germany

Renewables

The new RES law (EEG), which entered force in January 2017, introduces a system of auctions for most renewables technologies. Offers will specify an amount of installed capacity each year in order to foster new lines of growth, which are: a) for onshore wind plants, 2.8 GW per year for 2017-2019 and 2.9 GW per year after 2020 (repowering included); b) for offshore wind plants, 15 GW by 2030. Two offers are planned for 2017 and 2018 of 1.55 GW each; c) for photovoltaic plants, to 2.5 GW per year, of which 600 MW in auctions.

As demonstrated by the initials auctions conducted in 2017, current legislation is so favorable to local communities that participate with their projects that they were awarded most of the available capacity. For this reason the legislation was provisionally modified for the first two auctions in 2018 and should lead to results that are more balanced among the various kinds of participants.

The coalition agreement between CDU/CSU and SPD includes, among other things, further increases equal to around 4 GW of the capacity auctions in 2019-2020.

South America

The Group operates in South America in Argentina, Brazil, Chile, Colombia and Peru. Each country has its own regulatory framework, the main features of which are described below for the various business activities.

Under the regulations established by the competent authorities (regulatory authorities and ministries) in the various countries, operators are free to make their own decisions concerning investment in generation. Only in Argentina, following the change in energy policy in recent years, is there a regulatory framework that envisages greater public control of investments. In Brazil plans for new generation capacity are imposed by ministerial order, and this capacity is developed through auctions open to all.

All of the countries have a centralized dispatching system with a system marginal price. Usually, the merit order is created based on variable production costs that are measured periodically, with the exception of Colombia, where the merit order is based on the bids of market operators.
Currently in Argentina and Peru, regulatory measures are in place governing the formulation of the spot market price. In Argentina, regulators are working to ensure greater sustainability in the electricity market, increase the efficiency of that market and implement a sweeping rate revision to enable operators to meet their cash needs and resume maintenance of power stations and networks.
Long-term auction mechanisms are widely used for wholesale energy and/or capacity sales. These systems guarantee continuity of supply and offer greater stability to generation companies, with the expectation that this encourages new investments. Long-term sales contracts are used in Chile, Brazil, Peru and Colombia. In Brazil, the price at which electricity is sold is based on the average long-term auction prices for new and existing energy. In Colombia, the price is set by auction between the operators, which usually enter into medium-term contracts (up to four years). Finally, a regulatory framework recently introduced in Chile and Peru allows distribution companies to sign long-term contracts to sell electricity on regulated end-user markets. Chile, Peru and Brazil have also approved legislation to encourage the use of unconventional renewable resources, which sets out the objectives for the contribution of renewable resources to the energy mix and governs their generation.

Argentina

Rate revision and other regulatory developments in 2017

On February 2, 2017, Resolution 19/2017 was published by the Secretaría de Energía Eléctrica (SEE). It sets out the guidelines for defining the rate remuneration for existing generation plants. Resolution 19/2017 establishes remuneration based on capacity by technology and scale. In addition, for thermal units it also provides for the possibility of undertaking commitments to ensure plant availability for additional remuneration. The generation company can declare its availability for each period (summer and winter), the amount of capacity guaranteed by each generation unit for a period of three years, differentiating supply by season. The only exception for 2017 is that the declaration of guaranteed availability and the seasonal winter planning document (in force from 1 May to 31 October 2017) will be authorized jointly given the time taken to implement the new legislation. The generation company will sign a commitment contract for guaranteed availability with CAMMESA, which can then transfer it on the basis of a request of the SEE. The remuneration established for each generation unit will be proportionate to actual compliance with the contractual terms, with the value calculated at the minimum price. Conversely, thermal generators will be able to offer additional capacity availability for bimonthly periods that can be subcontracted at maximum prices.
The remuneration established by Resolution 19/2017 is denominated in US dollars and is converted at the exchange rate published by Argentina's central bank on the last day before the termination of each period set by CAMMESA.

In the renewables sector, the new legislation postpones achievement of the target of meeting 8% of national electricity demand with power generated from renewable resources to December 31, 2017, and establishes a series of phases for achieving 20% in 2025, setting intermediate targets of 12%, 16% and 18% for 2019, 2021 and 2023 respectively. Law 27191 creates a trust fund (FODER) to finance works, grant tax benefits to renewable energy projects and establish grants at the national, provincial and municipal levels until 2025. Large customers (with capacity requirements of more than 300 kW) will have to individually meet the above goals, stipulating in the associated contracts that the price shall not exceed $113/MWh, and establishing penalties for those who do not meet these targets.

In February 2017 the new rate rules and mechanisms were approved.
On February 1, 2017, ENRE published Resolution 64, which closed the RTI (*Revisión Tarifaria Integral*) process and established the annual remuneration paid to Edesur SA totaling 14,539,836,941 Argentine pesos (about €830 million).
Under the new rate system, the *Mercado Eléctrico Mayorista* limited increases in the *Valor Agregado de Distribución* (VAD) with specific instructions to ENRE. The new value for this rate component took effect on February 1, 2017, but invoicing of the amount is initially limited to a maximum of 42% of the total. Invoicing of the full amount will only be possible as from February 1, 2018, with an intermediate step in November 2017 where the 42% limit is raised in part.
The rules also establish that ENRE shall pay Edesur and Edenor the portion already accrued and not invoiced betwe-

en February 1, 2017 and February 1, 2018 in 48 installments as from February 1, 2018, which will be incorporated in the value of the VAD to be invoiced subsequently.
The new rules also provide for updating the rates of distribution companies on the basis of inflation and criteria for service quality and regulation of supply.

SEE Resolution 1085/2017 modifies, as of December 1, 2017, the way in which operators pay for electricity transport, although the remuneration has not been changed apart from what is already incorporated in the rate revision. It establishes that:

- the costs associated with the remuneration for transport are divided in proportion to demand;
- generation companies will only pay the direct connection costs;
- CAMMESA shall propose the needed changes to the processes covered by the measure within 90 days.

Brazil

Rate revision for Enel Distribución Rio SA (formerly Ampla)

On March 14, 2017, Enel Distribución Rio SA signed a new concession agreement (sixth revision) following public hearings 095 and 058. At the hearings, the parties involved discussed the regulation and application of the rate mechanism by the distribution companies, leading to the approval of the amendments discussed, which were to be incorporated in the concession agreement in accordance with Decree 2194/2016.

Rate revision for Enel Distribución Ceará SA (formerly Coelce)

On April 20, 2017, ANEEL endorsed the rate revision for Enel Distribución Ceará SA with Resolution 2.223.

Renewables

In April 2017, the Ministry of Energy, following up on the measures already taken to reduce market over-contracting, published a resolution defining the mechanism for the auction to void contracts signed in the past within the context of reserve auctions. The auction is scheduled to take place on August 31, 2017. A second auction for the reallocation of terminating hydroelectric plant concessions is expected to take place by the end of September and will involve the assignment of about 3 GW of existing capacity.
In April 2017, a resolution introduced an indemnity mechanism for costs incurred by hydroelectric plants as a result of foregone generation due to the forced entry of thermal generation plants that are theoretically outside the merit order curve.

Updated *Bandeiras Tarifárias*

As of November 2017, the generation cost classes (*Bandeiras Tarifárias*) are as follows:

- "Green": favorable hydroelectric generation conditions;
- "Yellow": $R1.00 per 100 kWh;
- "Red level-1": $R3.00 per 100 kWh;
- "Red level-2": $R5.00 per 100 kWh.

Conta de Desenvolvimento Energético (CDE)

Created with Law 10438/2002, the CDE is a government fund designed to foster the development of generation from alternative energy sources, promote the globalization of energy services and subsidize low-income residential customers. The fund is financed with a surcharge levied through rates for consumers and generators.
ANEEL's initial proposal was to reduce the rate surcharge for the CDE by 36%, taking account of the fact that the substantial reduction in the cost of fuels, which had already begun in 2015, had not been promptly reflected in reductions in the rate surcharges in 2016.
Resolution 1.576 authorized distribution companies to offset the reduction in amounts billed (following application of the court ruling upholding the demand of certain appellants to be charged a lower CDE rate surcharge) in monthly installments. The difference between the normal rate and that established in the court ruling will be recovered by the distribution companies through smaller monthly payments to the fund.

Enel Distribuição Goiás rate revision

On October 17, 2017, ANEEL approved the updated rate for Enel Distribuição Goiás through Resolution 2,317. The annual rate revisions for Enel Distribuição Goiás mean an average increase of 14.65% for consumers.
Specifically, this reflects the average of the increases of 12.03% and 15.89% respectively for low-voltage and high-voltage consumers.

White rate

On September 12, 2016, ANEEL approved regulation. 733/2016 establishing the conditions for applying the new hourly rates for low-voltage power, the so-called white rate. The white rate is a new hourly rate option that changes depending on the time of day and will differ on the basis of the consumption level of each customer as from 2018. Initially, the new rate will apply to consumers with low-voltage connections (127, 220, 380 or 440 V, group B) and new customers. As from January 2020, it will be an option for any consumer, with the exception of those who already benefit from certain preferential rates.

Chile

Electricity distribution

Enel is promoting a demonstration project to install 50,000 smart meters in 2016, with the ultimate goal of replacing all existing meters (about 1.6 million) by 2020.
This investment will be recognized by Chile's regulator (CNE) if it recognizes the legitimacy of including the cost of the operation in the *Valor Agregado de Distribución*.
In this regard, on September 5, Chilectra presented the CNE with a study prepared by Systeple to define the cost components of the VAD with a view to setting the rates that will enter force on November 4, 2016.
At the same time, Chile's parliament approved the "*Ley de equidad tarifaria*", which modifies the rate structure in areas were generation plants are located in order to equalize these areas with the urban areas where greater economies of scale can be achieved.
The "*Ley de transmisión eléctrica*" (Law 20.936) achieved the objective of unifying the various electricity dispatching centers in the country, as well as eliminating the payment of transmission charges by generators and passing them on to society as a whole through rates. In 2017 the regulations and implementing decrees were published, with the exception of the ancillary services regulation, which is expected to be published in 2018.
In addition, along with the "Ley de transmisión eléctrica", Resolution 650 was published, establishing the payment of taxes on thermal power plant emissions under the tax reform.

Distribution service quality technical regulations

On December 18, 2017 CNE Resolution 706 was published, setting higher distribution services quality standards.

Renewables

On March 30, 2017 Resolution 154 was published. It establishes the terms and conditions for the application of the Mechanism for Open Access to the system, legislating articles 79 and 80 of the General Electrical Service Act. The resolution, which anticipates the rules in the Transmission Act, includes, for the first time in Chilean law, a mechanism that permits the reservation of technical capacity for future projects in both private and public transmission systems.
In April 2017, the Ministry of Public Assets published a ministerial order modifying the conditions for concessions for use of public lands for the development of renewables projects. More specifically, the maximum period for the entry into service of the plant has been extended (from 3 to 10 years) and the cost of the concession has been reduced considerably (eliminating payment of a double tariff and lowering the values of the associated guarantees).

Peru

Emergency response to flooding in March 2017

Supreme Decree 007-2017-EM, issued in response to the heavy rains that fell in March 2017 in Peru and the damage produced by the consequent flooding, approved immediate measures to secure the supply of electricity to customers of the public power service at the national level. These included a suspension of service quality standards and the declaration of a 30-day state of emergency in the SEIN.
Supreme Decree 008-2017-EM also responded to the flooding emergency with an authorization protocol for electricity imports.

North and Central America

United States of America

Federal level

Following the November 2016 elections, in March 2017, President Trump signed an executive order asking the Environmental Protection Agency (EPA) to take steps to undo the Clean Power Plan, the 2015 proposal that regulates greenhouse gas emissions from power plants in order to stimulate demand for renewable energy projects in the years following regulatory compliance period that begins in 2022.

In December 2017, the United States undertook a complete overhaul of the federal tax code, cutting the corporate tax rate to 21% and changing the rules on depreciation to allow 100% of expenditure to be depreciated in years 2018 through 2022, and reducing this percentage from 2023 to 2026.

In April 2017, US photovoltaic solar cell manufacturer Suniva submitted a petition with the US International Trade Commission (USITC) to safeguard Section 201 of the Trade Act of 1974, asserting it has suffered harm as a result of the importation of low-priced photovoltaic cells and modules. In May, the USITC decided to move ahead with an investigation to determine whether the photovoltaic products were imported into the US in such quantities as to threaten the US photovoltaic manufacturing industry. In September, the USITC found that domestic PV production was injured by imports and in October it recommended three separate remedies to President Trump. These remedies included potential tariffs and import licenses. Solar market experts predicted that the prices of PV solar panel prices will increase by between $0.01 and $0.32 per watt depending on the remedy. Under the Trade Act of 1974, the President has the authority to accept or modify the recommendations of the USITC. The President is expected to make a decision in January 2018.

State level

In April 207 Oklahoma Governor Mary Fallin signed SB 593 and HB 2298 into law. Senate Bill 593 eliminates some of the requirements for wind energy facilities for private airports and also establishes a notification system for facilities that are to be built in areas where oil and gas are found. House Bill 2298 ends the eligibility for tax credit for all projects that had not become operational before July 1, 2017, including Enel Green Power North America projects under construction and in the pipeline.

Mexico

Renewables

The Energy Ministry published the requirements for the *Energía Limpia* certificates that companies must meet for the years 2018 through 2022, specifically: 5.0% for 2018; 5.8% for 2019; 7.4% for 2020; 10.9% for 2021; 13.9% for 2022.

The *Comisión Reguladora de Energía* (CRE) and *Comisión Federal de Electricidad* (CFE) published the methodology for calculating the regulated rate and the rates for 2018. They will be revised each year.

In 2017 the third long-term auction was held, with 7,451 MW being awarded at an average price of 20.57 MWh/$ + clean energy certificates (CELs). The first two auctions were held in 2015 and 2016.

Panama

Renewables

The Panamanian government is issuing a new law on electricity making changes to the national transmission company, introducing a new "market participants" designation and imposing a carbon tax on greenhouse gas emissions. The third electricity transmission line was inaugurated on October 26, 2017 and will be managed by the national dispatch center. The project is expected to improve the transport of electricity from the province of ChiriquÍ, where Enel Fortuna is located, to Panama City.

Sub-Saharan Africa and Asia

India

Renewables

India is a federal republic composed of 29 states, each of which has specific responsibilities in various sectors as well as shared responsibility with the federal government in the electricity sector.

The Ministry of New and Renewable Energy (MNRE) defines and implements policy for the development of renewable energy at the national level. In addition to the Ministry, the power market is supervised at the federal level by the Central Energy Regulatory Commission (CERC), which sets guidelines and standard rates, and by the State Energy Regulatory Commissions (SERC), which implement them at the state level.

In June 2015 the government headed by Prime Minister Narendra Modi approved a target of 175 GW of renewables capacity by 2022, including 100 GW from solar, 60 GW from wind and about 15 GW from other technologies. This ambition target was further strengthened in October 2016, when India ratified the Paris climate agreement in December 2015, committing itself to cut carbon emissions by 33-35% (Intended Nationally Determined Contribution - INDC) from their 2005 levels and to ensure that 40% of its installed capacity will be generated from non-fossil sources by 2030.

The renewables sector is highly fragmented since each state has its own regulatory scheme for developing new capacity. As a general rule, each state sets non-binding annual obligations, called Renewable Purchase Obligations (RPOs), for the share of electricity to be generated from renewable resources. The state distribution companies must meet the RPOs by buying or producing renewable energy or by purchasing Renewable Energy Certificates (RECs).

In general, the most often used way is to buy renewable energy through auctions. This instrument has been used since 2010 for solar power through the Jawaharlal Nehru National Solar Mission (JNNSM) program, whose implementation is overseen mainly by Solar Energy Corporation India (SECI), and through state auctions. Wind power, however, has only been formally subject to auctioning since January 2017, following the publication of the implementation directives by the MNRE in 2016; the auctions replace the earlier system based on preferred feed-in tariffs set by each state.

Usually the winners of the auctions are awarded 25-year power purchase agreements (PPAs) at fixed rates with SECI or Power Trading Company (PTC), which in turn sell the electricity through power sales agreements (PSAs) to state distribution companies (Discoms).

The federal Generation Based Incentive (GBI), which provided for premiums to be paid by Indian Renewable Energy Development Agency Limited (IREDA) in addition to the state preferred feed-in tariffs for wind plants, ceased as of April 1, 2017.

On May 18, 2017, the government announced the new tax rates for goods and services under the Goods & Services Tax Law reform, begun in the 3rd Quarter of 2016 to simplify the country's indirect tax system, and taking effect July 1, 2017. The rate for most of the components needed to build renewables plants is 5%, leading to a slight overall increase since previously such components fell into tax exempt categories.

South Africa

Renewables

In May 2011, South Africa approved a target of 17.8 GW of installed renewable capacity by 2030 based upon the long-term energy strategy set out in the 2010-2030 Integrated Resource Plan. The primary tool to be used in achieving this target is the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), an auction system launched in 2011 that seeks to install around 13 GW in new renewable capacity between 2014 and 2020 (hydroelectric <40 MW, concentrated solar and photovoltaic, wind, biomass, biogas and landfill gas power). Currently, five rounds (bid windows) are scheduled, four of which have already been held, with the award of more than 5,000 MW of capacity. In 2015 an additional round – called the Expedited Round, or Round 4.5 – was added and held for an additional 1,800 MW, which have not yet been assigned.

After a pre-qualification phase, which is concerned with technical and financial issues, qualified projects are chosen based upon two criteria: the bid price (weighted 70%) and the economic development content of the project (weighted 30%). The latter is based upon a series of parameters focusing on the economic development of the country, including local content and the creation of jobs for South Africans, especially non-whites.

The winners are awarded 20-year power purchase agreements (PPAs) with Eskom, the national power utility. Eskom's payments are guaranteed by the government.

The program has been suspended due to Eskom's delay in signing the PPAs for the winners of Rounds R3.5 and R4, while the winners of Round R4.5 have not been announced. Negotiations are under way between Eskom, the independent power producers and the Department of Energy to resolve the situation.

At the end of March 2017 the public consultation on the draft revision published in November 2016 by the South African Department of Energy (DOE) was concluded. This draft

was a revision of the Integrated Energy Plan (IEP) and the Integrated Resource Plan (IRP), the long-term plans incorporating the development strategy for the country's energy and electricity sectors through 2050. The final documents are expected to be published in the 1st Quarter of 2018.
NERSA, the national electricity regulator, is in the process of revising the rules on the use of the national grid by third parties (wheeling), on the granting of generation licenses and on distributed generation.

Australia

Renewables

Australia is a federal constitutional monarchy composed of six states and two territories. The electricity sector is regulated by a collection of federal and state policies, overseen by various actors. The primary regulators at the central level are: the Council of Australian Governments (COAG), made up of the federal and state energy ministers who guide the development of energy policies; the Australian Energy Regulator (AER), which is the economic regulator; the Australian Energy Market Commission (AEMC), which is the rule maker and is responsible for market development; and the Australian Energy Market Operator (AEMO), which is the system and market operator. Each state has its own regulatory bodies.

The electricity system is divided into two primary markets: the National Electricity Market (NEM), which covers the eastern part of the country where almost 90% of the population resides, and the Wholesale Electricity Market (WEM) in the west, which is much smaller. Both the NEM and the WEM, albeit in slightly different ways, operate as spot markets for electricity, facilitating exchange between generators and suppliers to end users (retailers) and to large industrial customers.

The country has a Renewable Energy Target (RET) scheme that is operated in two parts:

> the Large-scale Renewable Energy Target (LRET), set in 2015 at 33,000 GWh (around 23% of demand) of generation by 2020, to be maintained at this level until 2030. The LRET creates a financial incentive for renewable energy power plants, which can produce Large-scale Generation Certificates (LGSs) to be sold to retailers. These retailers are required buy them in an amount equal to a certain percentage of the electricity sold to end users, currently around 14%;
> the Small-scale Renewable Energy Scheme creates a financial incentive for households or small business customers to install small-scale renewable energy systems (usually rooftop solar panels), for which they can receive Small-scale Technology Certificates (STCs). Retailers are also required to buy these STCs in specified amounts.

The states have their own renewable energy policies and some – with more ambitious targets than the federal ones – have introduced in recent years programs in support of green energy. The state renewable energy targets are, for example:

> Victoria: 25% of electricity from renewable sources by 2020 and 40% by 2025 (about 3.3 GW). Auctions began at the end of 2017;
> Queensland: 50% by 2030. In August 2017 a tender was launched for 400 MW of electricity and storage;
> South Australia: 50% by 2025. At the end of 2017 auctions for technologically advanced renewable resources and storage were announced.

In the last few years the regulatory framework has been rapidly evolving to match the profound changes that have been occurring in the electricity sector, such as the integration of renewable power plants and the closing of obsolete coal-fueled plants.
In October 2017 the federal government introduced a new policy for the NEM, addressing primarily the security and reliability of the electricity system, consumer prices and reducing emissions. Under the new policy, called the National Energy Guarantee (NEG), retailers are required to buy an appropriate mix of resources to provide:

> a "reliability guarantee", to ensure the right amount of dispatchable energy;
> an "emissions guarantee", to help reduce emissions in line with Australia's international commitments (reduction of emissions by 26-28% by 2030 compared with 2005).

The new policy must be approved by the states and the operational details must still be defined. It will not be implemented before the end of 2019.

Main risks and uncertainties

Due to the nature of its business, the Group is exposed to a variety of risks, notably financial risks, industrial and environmental risks and regulatory risk. In order to mitigate its exposure to these risks, Enel conducts specific analysis, measurement, monitoring and management activities, as described in this section.

See also the "Reference scenario" section for an analysis of the factors that represent some of the underlying bases for these risks.

Strategic risks connected with developments in the market, competitive and regulatory environment

On November 21, 2017, the Enel Group presented its Strategic Plan for 2018-2020 to the financial community. It sets out the strategic guidelines and the performance and financial objectives of the Group. The document used for the presentation, "Capital Markets Day - Strategic Plan 2018-2020", is available to the public on the Enel Group website at www.enel.com in the Investor Relations section.
The Enel Group Strategic Plan is implemented through a process that involves all the Business Lines and the Countries/Regions of the Enel Group, which prepare their action plans on the foundation of the strategic guidelines specified by the Parent Company. These plans are finally consolidated in the Group's Strategic Plan.
The preparation of the Enel Strategic Plan is based, inter alia, on certain assumptions concerning future events that management expects will occur and actions that it intends to undertake at the time the Plan is prepared, as well as general assumptions about future events and management actions that may not necessarily occur, as they depend essentially on variables that are outside the control of management. More specifically, the Strategic Plan is based on assumptions about scenarios and the positioning of the business. The former include developments in electricity, gas, fuel and raw materials prices, the evolution of electricity and gas demand in the markets where the respective Groups operate, developments in macroeconomic variables, as well as the evolution of the regulatory framework.
The 2018-2020 Strategic Plan, drawn up on the basis of these assumptions, includes the following estimates and forecasts for the years 2018, 2019, 2020 and average growth in 2018-2020. The achievement of the objectives is based on a set of assumptions on the occurrence of future events and actions that the Enel Group plans to undertake, including assumptions of a general and hypothetical nature relating to future events and actions that will not necessarily occur. Accordingly, the forecasts, being based on hypotheses about future events and actions undertaken, or still to be undertaken, by management, are characterized by an inherent degree of subjectivity and uncertainty and, in particular, by the risk that forecast events and the actions that could follow from those events may not occur or may occur at different times and in different amounts from those originally planned, while events and actions that were unforeseeable at the time of preparation could instead occur. Therefore, divergences between final outcomes and forecast values could be significant.
In addition, the markets and businesses in which the Group operates are currently experiencing gradual and growing competition and change in their competitive, technological and regulatory contexts, with the timing and pace of these developments varying from country to country. As a result

of these processes, the Group is exposed to increasing competition.
The business risks generated by the natural participation of the Group in such markets have been addressed by integrating along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have increased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.
The Group often operates in regulated markets or regulated regimes, and changes in the rules governing operations in such markets and regimes, and the associated instructions and requirements with which the Group must comply, can impact our operations and performance.
In order to mitigate the risks that such factors can engender, Enel has forged closer relationships with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach in tackling and eliminating sources of instability in regulatory arrangements.

Risks connected with CO_2 emissions

In addition to being one of the factors with the largest potential impact on Group operations, emissions of carbon dioxide (CO_2) are also one of the greatest challenges facing the Group in safeguarding the environment.
EU legislation governing the emissions trading scheme imposes costs for the electricity industry. In order to mitigate the risk factors associated with CO_2 regulations, the Group monitors the development and implementation of EU and Italian legislation, diversifies its generation mix towards the use of low-carbon technologies and resources, with a focus on renewables and nuclear power, develops strategies to acquire allowances at competitive prices and, above all, enhances the environmental performance of its generation plants, increasing their energy efficiency.

Financial risks

As part of its operations, Enel is exposed to a variety of financial risks that, if not appropriately mitigated, can directly impact our performance. These include market risks, credit risk and liquidity risk.
The financial risk governance arrangements adopted by Enel establish specific internal committees, composed of top management and chaired by the Chief Executive Officers of the companies involved, which are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies at the Group and individual Region, Country and Global Business Line levels that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.
The financial risk governance system also defines a system of operating limits at the Group and individual Region, Country and Global Business Line levels for each risk, which are monitored periodically by risk management units. For the Group, the system of limits constitutes a decision-making tool to achieve its objectives.
For further information on the management of financial risks, please see note 42 "Risk management" of the consolidated financial statements.

Market risks

The market risks to which the Group is exposed are connected to the fluctuation of commodity prices, exchange rates and interest rates.
To maintain the exposure to market risk within operating limits, Enel also uses derivatives.

Risks connected with commodity prices and supply continuity

Enel operates in energy markets and for this reason is exposed to changes in the prices of fuel and electricity, which can have a significant impact on its results.
To mitigate this exposure, the Group has developed a strategy of stabilizing margins by contracting for supplies of fuel and the delivery of electricity to end users or wholesalers in advance.
Enel has also implemented a formal procedure that provides for the measurement of the residual commodity risk, the specification of a ceiling for maximum acceptable risk and the implementation of a hedging strategy using derivatives on regulated markets and over-the-counter (OTC) markets.
In order to mitigate the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas.

Exchange rate risk

In view of their geographical diversification, access to international markets for the issuance of debt instruments and transactions in commodities, Group companies are exposed to the risk that changes in exchange rates between the currency of account and other currencies could generate unexpected changes in the performance and financial aggregates in their respective financial statements.
Given the current structure of Enel, the exposure to exchange rate risk is mainly linked to the US dollar and is attributable to:

> cash flows in respect of the purchase or sale of fuel or electricity;
> cash flows in respect of investments, dividends from foreign subsidiaries or the purchase or sale of equity investments;
> cash flows connected with commercial relationships;
> financial assets and liabilities.

The Group's consolidated financial statements are also exposed to the exchange rate risk deriving from the conversion into euros of the items relating to investments in companies whose currency of account is not the euro (translation risk).
The exchange rate risk management policy is based on systematically hedging the exposures to which the Group companies are exposed, while translation risk is not hedged.
Appropriate operational processes ensure the definition and implementation of appropriate hedging strategies, which typically employ financial derivatives obtained on OTC markets.

Interest rate risk

The Group is exposed to the risk that changes in the level of interest rates could produce unexpected changes in net financial expense or the value of financial assets and liabilities measured at fair value.
The exposure to interest rate risk derives mainly from the variability of the terms of financing, in the case of new debt, and from the variability of the cash flows in respect of interest on floating-rate debt.
The policy for managing interest rate risk seeks to containing financial expense and its volatility by optimizing the Group's portfolio of financial liabilities and by obtaining financial derivatives on OTC markets.

Credit risk

Commercial, commodity and financial transactions expose the Group to credit risk, i.e. the possibility of a deterioration in the creditworthiness of our counterparties that could have an adverse impact on the expected value of the creditor position and, for trade receivables only, increase average collection times.
The exposure to credit risk is attributable to the following types of operations:

> the sale and distribution of electricity and gas in free and regulated markets and the supply of goods and services (trade receivables);
> trading activities that involve the physical exchange of assets or transactions in financial instruments (the commodity portfolio);
> trading in derivatives, bank deposits and, more generally, financial instruments (the financial portfolio).

The policy for managing credit risk associated with commercial activities provides for a preliminary assessment of the creditworthiness of counterparties and the adoption of mitigation instruments, such as obtaining collateral or unsecured guarantees.
In addition, the Group undertakes transactions to assign receivables without recourse, which results in the complete derecognition of the corresponding assets involved in the assignment.

Finally, with regard to financial and commodity transactions, risk mitigation is pursued through the diversification of the portfolio (preferring counterparties with a high credit standing) and the adoption of specific standardized contractual frameworks that contain risk mitigation clauses (e.g. netting arrangements) and possibly the exchange of cash collateral.

Liquidity risk

Liquidity risk is the risk that the Group, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to situations of tension or systemic crises (credit crunches, sovereign debt crises, etc.) or changes in the perception of Group riskiness by the market.

Among the factors that define the risk perceived by the market, the credit rating assigned to Enel by rating agencies plays a decisive role, since it influences its ability to access sources of financing and the related financial terms of that financing. A deterioration in the credit rating could therefore restrict access to the capital market and/or increase the cost of funding, with consequent negative effects on the performance and financial situation of the Group.

In 2017, Enel's ratings from the rating agencies Moody's and Fitch did not change, while Standard & Poor's upgraded its rating from "BBB" to "BBB+". Accordingly, at the end of the financial year, Enel's rating was: (i) "BBB+" with a stable outlook for Standard & Poor's; (ii) "BBB+" with a stable outlook for Fitch; and (iii) "Baa2" with a stable outlook for Moody's.

Enel's liquidity risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon without having recourse to additional sources of financing as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that the Group can discharge its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile.

Country risk

By now, more than 50% of the Enel Group's total revenue is generated abroad. The substantial internationalization of the Group – which among other regions operates in South America, North America, Africa and Russia – requires Enel to consider and assess country risk, which consists of the macroeconomic, financial, regulatory, market, social and geopolitical risks whose manifestation could have an adverse impact on income or threaten corporate assets. Enel has therefore adopted a model for assessing country risk in the countries in which it operates. In order to mitigate country risk, the model supports capital allocation and investment evaluation processes.

The year 2017 was marked by the strengthening of the global recovery and international trade. The signals of more buoyant activity that emerged at the end of 2016 were confirmed in 2017. Economies boosted by cyclical factors and stimulated by expansionary monetary policies grew at a rapid pace. Despite the improvement in the global environment and the increase in the level of confidence, political and economic risks remain.

The former include the tensions in Spain, the talks for the renegotiation of NAFTA and those relating to Brexit, and the deterioration in relations between the United States and North Korea. In particular, in assessing risk, Brazil, while remaining in an intermediate class, showed a slight increase in risk associated with socio-political factors. Political instability in the country has delayed the implementation of structural reforms capable of raising the country's potential. The results of elections in a number of European countries reduced political tensions, leaving the risk unchanged at a very low level.

The economic factors include the risks associated with the sustainability of fiscal balances in the face of the investments necessary to increase productivity, or the lack of diversification of the South American countries, which increases their exposure to cyclical fluctuations, or the spread of protectionist policies. From a financial point of view, the gradual normalization of central bank policies, which could increase the volatility of financial markets, should not be overlooked. The global banking system, helped by the positive economic situation and as a consequence of the increasing level of regulation of the sector, is on a more solid footing than the previous year.

Industrial and environmental risks

Extreme weather events and natural disasters in the current climate scenario

Within the current climate scenario, the Group is exposed to the risk of damage to assets and infrastructures caused by extreme weather events or natural disasters and to the risk of the consequent prolonged unavailability of these assets. In order to mitigate these risks, the Group uses the most advanced prevention and protection strategies, with the concomitant aim of reducing the possible impacts on the communities and the areas surrounding the assets: constant monitoring and weather forecasting in the areas where the most exposed assets are located. Furthermore, numerous actions have been taken to increase the resilience of the assets most exposed to extreme weather or natural disasters.

All of the areas of the Group undergo ISO 14001 certification and potential sources of risk are monitored with the implementation of internationally recognized Environmental Management Systems (EMS) so that any critical issues can be detected promptly.

Failure to mitigate and adapt to climate change

The fight against climate change is one of the major global challenges, which exposes the Group to a variety of medium/long-term risk factors. These include the risks related to legislative and regulatory changes associated with the fight against climate change. Work is also carried out to assess the risks connected with the impact of gradual climate changes (e.g. air and water temperatures) on the operation of our assets.

Furthermore, the socio-economic transformations related to climate change are analyzed to assess the impact they can have on the Group's business and activities.

In order to assess and quantify the main risks related to the failure of climate change mitigation efforts, an analysis of long-term climate scenarios was launched, in line with the indications of Bloomberg's Task Force for Climate-related Financial Disclosures. The focus of the exercise was to analyze the possible impacts of developments in the main climatic variables (both gradual and extreme) on Enel's businesses. These scenarios are used to assess the possible economic and financial impacts on the business and to evaluate the Group's strategy and the related risk management and governance arrangements. Constant effort goes into monitoring the development and implementation of Community and national regulations, maintaining transparent and constructive relationships with local and international regulatory authorities and bodies.

The Group is also involved in the continuous improvement of the environmental impact of its existing activities through its emission reduction targets, first and foremost the goal of "zero-emission generation" in 2050. Enel adopts a strategy aimed at growth through development of increasingly low-carbon technologies and services, in line with the COP21 objectives.

Risks related to cyber attacks

The era of digitization and technological innovation means that organizations are increasingly exposed to cybernetic attacks, which are becoming increasingly numerous and sophisticated, partly reflecting the changes in the context in which they occur. The organizational complexity of the Group and the numerous environments it encompasses (data, people and the industrial world) expose our assets to the risk of attacks. The Enel Group has adopted a model for managing these risks based on a "systemic" vision that integrates the traditional information technology sector, the operational technology field most closely linked to the industrial sector and the Internet of Things associated with the networking of smart "objects". In particular, Enel has adopted a "Cyber Security Framework" to guide and manage cyber security activities, which provides for the involvement of the business areas, the implementation of legislative, regulatory and legal requirements and recommendations, the use of the best available technologies, the preparation of ad hoc business processes and an informed workforce. The Framework bases strategic decisions and design activities on a "risk-based" approach and a design and development model that defines the appropriate security measures throughout the life cycle of applications, processes and services (cyber security by design). Enel has also created its own active Cyber Emergency Readiness Team (CERT), which is recognized and accredited by national and international communities, in order to direct an industrialized response to cyber threats and incidents.

Outlook

The Group's 2018-2020 Strategic Plan, presented in November 2017, confirms the key pillars of its strategy, with an additional evolution and acceleration of its implementation. Digitalization and customer focus remain major enabling factors for the strategy, with a view to offering shareholders attractive returns and create sustainable long-term value for all stakeholders. Specifically, the Group's 2018-2020 Strategic Plan focuses on the following issues.

> Digitalization: €5.3 billion in investment to digitalize Enel's asset base, operations and processes and enhance connectivity, with a target of €1.9 billion in cumulative incremental EBITDA between 2018 and 2020.
> Customer focus: a target of €3.3 billion of EBITDA in 2020, of which €2.9 billion from the retail power and gas sector and €400 million from Enel X, leveraging 67 million customers and almost 35 million power and gas customers in the unregulated market expected in 2020.
> Operational efficiency: a target of €1.2 billion of savings in real terms in 2020 vs. 2017, of which €500 million driven by increased investments in digitalization.
> Industrial growth: shifting capital allocation towards mature economies mainly in networks and renewables, with around 80% of growth capex invested in Italy, Iberia and North and Central America.
> Group simplification & active portfolio management: continuing the streamlining of the ownership structure of subsidiaries and rationalizing the operating companies in South America. Increased focus on minority buy-outs, increasing investment target to €2.3 billion in 2018-2020. Possibility of share buybacks of up to €2 billion.
> Creating sustainable long-term value: thanks to the excellent results obtained in 2017, the Group has strengthened its commitment towards: SDG 4 (quality education), doubling the previous target to 800,000 beneficiaries; SDG 7 (clean and accessible energy), confirming the target of 3 million beneficiaries; SDG 8 (decent work and economic growth), for which the previous target has been doubled to 3 million beneficiaries; and SDG 13 (climate action), for which the target of <350 gCO_2/kW_{eq} by 2020 has been confirmed.
> Shareholder remuneration: dividend pay-out confirmed at 70% on Group net ordinary income from 2018. Minimum dividend per share set at €0.28 in 2018.

2018 will see:

> the continuation of investments in digitalization, with an acceleration of the installation of second-generation smart meters in Italy and completion of their installation in Iberia. The roll-out of the optical fibre network by OpEn Fiber will also be accelerated;
> the contribution of the customer focus strategy on a global scale, with the launch of the new customer experience platform in Italy in particular and the acceleration of Enel X's activities in the flexibility and electric mobility businesses;
> substantial progress in operational efficiency, supported by digitalization, with a cash cost target of €10.3 billion in 2020;
> the contribution of industrial growth, focused on networks and renewables, with an EBITDA growth target of €1.1 billion;
> additional progress in the simplification of the Group and active portfolio management, with the completion of the restructuring of the assets in Chile and the associated reduction in minority shareholders, and completion of the BSO ("Build, Sell and Operate") transformation for renewables assets in Mexico.

The progress achieved for each of the enabling factors and the key pillars of the Strategic Plan permit us to confirm the performance/financial targets for 2018. In addition, on the basis of the key elements presented above, the performance and financial targets underpinning the Group's 2018-2020 Strategic Plan are as follows.

		2018	2019	2020	CAGR 18-20
Recurring EBITDA	billions of euro	~16.2	~17.2	~18.2	~+6%
Net ordinary income	billions of euro	~4.1	~4.8	~5.4	~+15%
Minimum dividend	euro per share	0.28	-	-	-
Pay-out	%	70	70	70	-
FFO/Net financial debt	%	27	29	31	~+4 p.p.

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2017 – March 22, 2018 – the Enel Group meets the "conditions for the listing of shares of companies with control of over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 15 of the Market Regulation (approved with Resolution 20249 of December 28, 2017).

Specifically, we report that:

> in application of the materiality criteria for the purposes of consolidation provided for in Article 15, paragraph 2, of the CONSOB Market Regulation, 23 non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2016.
  They are: 1) Enel Distribución Rio SA (a Brazilian company belonging to Enel Américas); 2) Cimarron Bend Assets LLC (formerly Cimarron Bend Wind Project LLC, a US company belonging to Enel Green Power); 3) Codensa SA ESP (a Colombian company belonging to Enel Américas); 4) Enel Distribución Ceará SA (a Brazilian company belonging to Enel Américas); 5) Dominica Energía Limpia S de RL de Cv (a Mexican company belonging to Enel Green Power); 6) Emgesa SA ESP (a Colombian company belonging to Enel Américas); 7) Empresa Distribuidora Sur - Edesur SA (an Argentine company belonging to Enel Américas); 8) Empresa Eléctrica Panguipulli SA (a Chilean company belonging to Enel Green Power); 9) Enel Américas SA (a Chilean company resulting from the demerger of Enersis SA); 10) Enel Brasil SA (a Brazilian company belonging to Enel Américas); 11) Enel Chile SA (a Chilean company resulting from the demerger of Enersis SA); 12) Enel Distribución Chile SA (formerly Chilectra SA, a Chilean company belonging to Enel Chile); 13) Enel Distribución Perú SAA (formerly Empresa de Distribución Eléctrica de Lima Norte SAA, a Peruvian company belonging to Enel Américas); 14) Enel Generación Chile SA (formerly Empresa Nacional de Electricidad SA, a Chilean company belonging to Enel Chile); 15) Enel Generación Perú SAA (formerly Edegel SA, a Peruvian company belonging to Enel Américas); 16) Enel Green Power Brasil Participações Ltda (a Brazilian company belonging to Enel Green Power); 17) Enel Green Power Chile Ltda (a Chilean company belonging to Enel Green Power); 18) Enel Green Power del Sur SpA (a Chilean company belonging to Enel Green Power); 19) Enel Green Power México S de RL de Cv (a Mexican company belonging to Enel Green Power); 20) Enel Green Power North America Inc. (a US company belonging to Enel Green Power); 21) Enel Kansas LLC (a US company belonging to Enel Green Power); 22) Enel Russia PJSC (a Russian company); 23) Gas Atacama Chile SA (a Chilean company belonging to Enel Chile);

> the balance sheet and income statement for the 2017 financial statements of the above companies included in the reporting package used for the purpose of preparing the consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 15, paragraph 1a) of the Market Regulation) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2017 financial statements of Enel SpA together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Regulation approved with Resolution 11971 of May 14, 1999);

> the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 15, paragraph 1b) of the Market Regulation);

> Enel SpA has verified that the above subsidiaries:

- provide the auditor of the Parent Company, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 15, paragraph 1 (letter c-i)) of the Market Regulation);
- use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent Company, Enel SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 15, paragraph 1 (letter c-ii)) of the Market Regulation).

Approval of the financial statements

The Shareholders' Meeting to approve the financial statements, as provided for by Article 9.2 of the bylaws of Enel SpA, shall be called within 180 days of the close of the financial year.
The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year, permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the company is required to prepare consolidated financial statements.

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Civil Code are reported in note 31 "Financial instruments", note 32 "Risk management", note 33 "Derivatives and hedge accounting" and note 34 "Fair value measurement" to the separate financial statements of Enel SpA.

Transactions with related parties

For more information on transactions with related parties, please see note 35 to the separate financial statements of Enel SpA.

Own shares

The company does not hold treasury shares nor did it engage in transactions involving own shares during the year.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2017.

Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 50 to the consolidated financial statements.

02

Sustainability

The sustainable business model

In an environment of constant and rapid change, exposing the energy industry to new risks and offering new opportunities, Enel's model of sustainable business leverages the synergies among the various business areas and the outside world in order to develop innovative solutions to reducing our environmental impact, to meeting the needs of local communities and to improving safety for both employees and suppliers. Understanding the context in which Enel operates and actively listening to everyone with whom we work enable us to create sustainable long-term value, blending economic and social growth. It is a strategic and operational approach founded on the "Open Power" concept of openness, where sustainability and innovation are an essential combination.
Framing this are the principles of ethics, transparency, anti-corruption, human rights and health and safety that have always been a distinctive feature of Enel's operations and which are a part of policies and standards of conduct that are applicable throughout the Group.
It is a model that promotes sustainable development and is fully in line with the indications of the United Nations Global Compact, of which Enel has been an active member since 2004, reiterating the importance of increasing the integration of sustainability within the company's strategic decision-making processes. Enel's CEO has been a member of the United Nations' Global Compact Board since June 1, 2015.
A key aspect of this approach is the adoption of environmental, social and governance (ESG) sustainability indicators throughout the value chain, not only for assessments of results achieved, but above all to drive decision-making and develop a proactive stance, in line with the Sustainable Development Goals (SDG) 2030 of the United Nations.

Enel's commitment to the United Nations' Sustainable Development Goals

On September 25, 2015, the United Nations formally adopted the new Sustainable Development Goals (SDGs) 2030 that were officially launched the next day at the Private Sector Forum held in New York City. Through the SDGs, the United Nations called on companies to be creative and innovative in addressing the challenges of sustainable development, such as poverty, gender equality, clean water, clean energy and climate change. The success in achieving the new goals will rely heavily on the policies that will be adopted by all actors involved.
The sustainability of Enel's strategy is also confirmed by the rapid progress achieved in contributing to attaining the 17 SDGs, with a focus on four in particular:

- ***SDG 7** - ensuring access to affordable, reliable, sustainable and modern energy, including the promotion of energy-efficiency services, the beneficiaries of which will include three million people primarily in Africa, Asia and South America by 2020. In the 2015-2017 period, 1.7 million beneficiaries had been reached.*
- ***SDG 4** - supporting projects to ensure inclusive and equitable quality education for 400,000 people by 2020. In the 2015-2017 period, about 600,000 beneficiaries had been reached, prompting us to double the goal to 800,000 beneficiaries by 2020.*
- ***SDG 8** - promoting sustained, inclusive and sustainable economic growth for 500,000 people by 2020. In the 2015-2017 period, around 1.5 million beneficiaries had been reached, so the target was doubled again to 3 million beneficiaries by 2020.*
- ***SDG 13** - taking targeted action to achieve decarbonization by 2050. As of December 2017, specific CO_2 emissions totaled 411 g/kWh_{eq} and the target has been confirmed at $<350\ gCO_2/kWh_{eq}$ by 2020.*

For the second time, Enel was included in the "Change the World" ranking produced by Fortune magazine, which classifies the world's 50 leading companies whose operations create a positive social impact. The commitment to decarbonization, the construction of the first geothermal plant in South America (Cerro Pabellón) and the Vehicle-to-Grid (V2G) hub in Denmark, which transfers unused power from electric vehicles to the grid, are just some of the activities taken into consideration. Enel is also ranked 19th in Forbes' classification of the "500 best employers" in the world.

Non-financial information is coming under increasing scrutiny by investors and the financial markets, who are now focusing on the ability of a company to make sustainable long-term business plans that translate into concrete, measurable actions and better financial performance.
Socially responsible investment funds continued growing in 2017. Enel has 160 socially responsible investors (up from 150 in 2016), which hold about 8.6% of all Enel shares in circulation (compared with 8% in 2016), equal to 11.3% of the float (10.5% in 2016). In absolute value, shares held by SRI investors increased by 8%.

Priority analysis and definition of sustainability goals

For several years now, Enel has conducted materiality analyses – based on the guidelines of the most widely adopted standards such as the Global Reporting Initiative (GRI) – in order to identify the Group's intervention priorities, the issues to consider for disclosure and which stakeholder-engagement activities to strengthen. The aim is to map and assess the priority of the issues of interest to stakeholders, integrating them into the Group's business strategy and priorities for action.
Through this analysis, the main stakeholders of the Group are identified and assessed according to their importance to the company and to their priorities on the various issues approached in the numerous engagement activities. This information is then crosschecked with the assessments of the issues on which Enel intends to focus its efforts, with the respective priority value.
By observing the two perspectives together, it is possible to identify the issues, which, due to their relevance and priority, are essential to Enel and our stakeholders. Consequently, it is possible to verify the degree of alignment or misalignment between external expectations and internal priorities.
The materiality analysis, which is conducted with increasingly greater detail in terms both of issues and geographical scope, makes it possible to identify the company and stakeholder priorities for the entire Group and for each country of operations. It is also possible to obtain results with a specific focus such as the matrix for the sole stakeholder category of "financial community", which is useful for identifying issues to be discussed in the Annual Report in order to provide integrated reporting on performance. In particular, this analysis has pointed to the following priorities: new technologies, services and digitization, decarbonization of the energy mix, efficiency in operations, the creation of economic and financial value, and health and safety in the workplace.
Based on the material analysis results, the issues to be included in the reports are defined and the specific targets and objectives of the 2018-2020 Strategic Plan are set. Operations and projects regarding various functions and Business Lines of the Group contribute towards achieving these targets and objectives as detailed in the 2018-2020 Sustainability Plan.
As part of its Strategic Plan, Enel has identified the most significant emerging risks:

> cyber attacks ("cyber risk"): the era of digitization and technological innovation means that organizations are increasingly exposed to cybernetic attacks, which are becoming increasingly numerous and sophisticated, partly reflecting the changes in the context in which they occur. The organizational complexity of the Group and the numerous environments it encompasses (data, people and the industrial world) expose our assets to the risk of attacks. The Enel Group has adopted a model for managing these risks based on a "systemic" vision that integrates the traditional information technology sector, the operational technology field most closely linked to the industrial sector and the Internet of Things associated with the networking of smart "objects";

> paradigm change in the world of energy and the transformation of the business model of utilities: new macroeconomic and energy trends, technologies and actors can potentially support and decrease the intermediation role of the traditional business model of utilities, especially through the combination of factors linked to digitization and decentralization and changes in customer needs. Enel's strategy and "Open Power" vision represent the

framework for responding to the challenges of the transition towards the utility of the future. The pillars of that strategy are the development of new businesses, industrial growth and agility in operations (operational efficiency, organizational simplification, short-term remuneration, active portfolio management), while the central focus on customers and the digital transformation represent the main enabling factors for the strategy.

Management and reporting of non-financial information

Enel undertakes to constantly manage and measure sustainability performance by using and developing mechanisms that allow for an integrated, standardized system of activities and information that are kept constantly up to date based on developments in the scope of operations and relevant standards, while promoting the sharing of best practices and experience.
The Group, in implementation of the new EU (Directive 2014/97/EU) and national legislation (Legislative Decree 254/2016) that has introduced mandatory of non-financial information as from the 2017 financial year for large public-interest entities, has drafted a "Consolidated non-financial statement" that covers the areas provided for in that decree, accompanying the Group's Sustainability Report.
The reporting process involves collecting and calculating specific key performance indicators of economic, environmental and social sustainability in accordance with the GRI international standards and the Electric Utilities Sector Disclosures, as well as with the principles of accountability of the United Nations Global Compact. More specifically, as from 2017 the new GRI sustainability reporting standards apply.
Projects, activities, performance and the other main results, including progress made towards the SDGs in line with the SDG Compass, are presented in Enel's Sustainability Report, the completeness and reliability of which are verified by an accredited external auditing firm, by the Control and Risk Committee and by the Corporate Governance and Sustainability Committee. The documents are approved by the Board of Directors of Enel SpA and presented in the Shareholders' Meeting.
Finally, the Group is included in the leading sustainability indexes, such as the Dow Jones Sustainability Index World, FTSE4Good, the Carbon Disclosure Project (CDP) Climate and the Carbon Disclosure Project (CDP) Water, the STOXX ESG Leaders, the Euronext Vigeo Eiris and the ECPI.

Values and pillars of corporate ethics

A robust system of ethics underlies all activities of the Enel Group. This system is embodied in a dynamic set of rules constantly oriented towards incorporating national and international best practices that everyone who works for and with Enel must respect and apply in their daily activities. The system is based on specific compliance instruments: the Code of Ethics, the Human Rights Policy, the Zero-Tolerance-of-Corruption Plan, the Enel Global Compliance Program, the Compliance Model under Legislative Decree 231/2001 and any other national compliance models adopted by Group companies in accordance with local laws and regulations.
In 2017, Enel SpA achieved certification of the conformity of its anti-bribery management system with the international certification standard ISO 37001:2016 concerning anti-bribery management systems. Also last year, analogous efforts to achieve ISO 37001 certification were begun at the Group's main Italian (Enel Italia, Enel Produzione, Enel Energia, Enel Sole, Enel Green Power, e-distribuzione, Enel Trade) and foreign subsidiaries. The anti-bribery certification process is expected to be completed for the main Enel Group companies in 2018-2019.

Code of Ethics

In 2002, Enel adopted a Code of Ethics, which expresses the company's ethical responsibilities and commitments in conducting business, governing and standardizing corporate conduct on the basis of standards aimed to ensure the maximum transparency and fairness with all stakeholders. The Code of Ethics is valid in Italy and abroad, taking due account of the cultural, social and economic diversity of the various countries in which the Group operates. Enel also requires that all associates and other investees and its main suppliers and partners adopt conduct that is in line

with the general principles set out in the Code.
Any violations or suspected violations of Enel Compliance Programs can be reported, including in anonymous form, through a single Group-level platform (the "Ethics Point").

Other indices

No.

	2017	2016	Change	
Confirmed violations of the Code of Ethics (1)	27	21	6	29.0%

(1) In 2017, an analysis was performed of violations reported in 2016. As a result, the number of verified violations reported for 2016 was changed from 18 to 21.

Compliance Model (Legislative Decree 231/2001)

Legislative Decree 231/2001 introduced into Italian law a system of administrative (and de facto criminal) liability for companies for certain types of offences committed by their directors, managers or employees on behalf of or to the benefit of the company. Enel was the first organization in Italy to adopt, back in 2002, this sort of compliance model that met the requirements of Legislative Decree 231/2001 (also known as "Model 231").

Enel Global Compliance Program

The Enel Global Compliance Program for the Group's foreign companies was approved by Enel in September 2016. It is a governance mechanism aimed at strengthening the Group's ethical and professional commitment to preventing the commission of crimes abroad that could result in criminal liability for the company and do harm to our reputation.
The types of crime covered by the Enel Global Compliance Program – which encompasses standards of conduct and areas to be monitored for preventive purposes – are based on illicit conduct that is generally considered such in most countries, such as corruption, crimes against the government, false accounting, money laundering, violations of regulations governing safety in the workplace, environmental crimes, etc.
In 2017, the process of adopting the program by the Group's main foreign companies was completed.

Zero-Tolerance-of-Corruption Plan

In compliance with the tenth principle of the Global Compact, according to which "businesses should work against corruption in all its forms, including extortion and bribery", Enel is committed to combatting corruption. For this reason, in 2006 we adopted the Zero-Tolerance-of-Corruption (ZTC) Plan as confirmation of the Group's commitment, as described in both the Code of Ethics and the Model 231, to ensure propriety and transparency in conducting company business and operations and to safeguard our image and positioning, the work of our employees, the expectations of shareholders and all of the Group's stakeholders.

Human Rights Policy

In order to give effect to the United Nations Guiding Principles on Business and Human Rights, in 2013 the Enel SpA Board of Directors approved the Human Rights Policy, which was subsequently approved by all the subsidiaries of the Group. This policy sets out the commitments and responsibilities in respect of human rights on the part of the employees of Enel SpA and its subsidiaries, whether they be directors or employees in any manner of those companies. Similarly, with this formal commitment, Enel explicitly becomes a promoter of the observance of such rights on the part of contractors, suppliers and business partners as part of its business relationships. In 2017 the due diligence process continued in line with international best practice in this field.

Creating value for stakeholders

Enel's stakeholders are individuals, groups or institutions whose contribution is needed to achieve our mission or who have a stake in its pursuit.
The economic value created and shared by Enel gives a good indication of how the Group has created wealth for the following stakeholders: shareholders, lenders, employees and government.

Millions of euro

	2017	2016
Revenue	74,639	70,592
Income/(Expense) from commodity risk	578	(133)
External costs	53,680	49,257
Gross global value added from continuing operations	**21,537**	**21,202**
Gross value added from discontinued operations	**-**	**-**
Gross global value added	**21,537**	**21,202**
distributed to:		
Shareholders	1,068	2,542
Lenders	2,495	2,698
Employees	4,504	4,637
Government	3,273	3,244
Enterprises	10,197	8,081

Innovation, digitization and operating efficiency

To promote new uses of energy and new ways of managing it and making it accessible to more people in a sustainable manner, Enel has made innovation and digitization key aspects of our business strategy. It is a strategy that touches both our traditional business and the development of new technologies and new business models in a manner that levers the creativity, passion, ideas and technologies both within the organization and from the outside.
In line with our vision of Open Power, the Group promotes an open model of innovation in facing the challenges of the industry throughout the various areas of the organization. It is an approach based on sharing that enables us to face the challenges in all areas of the organization with start-ups, industrial partners, small and medium-sized enterprises, research centers, universities, and crowdsourcing platforms. Collaborations arise within the Open Innovation ecosystem, with was renamed "Open Innovability" in 2017 as an expression of our firm belief at Enel that innovation and sustainability are always inextricably linked. It is an ecosystem that, in 2017, enabled us to launch the online platform openinnovability.enel.com for individuals and businesses looking to contribute to sustainable business practices and to transform ideas into actual projects. In terms of these collaborations, Enel's focus is not only on partnerships with major corporations, but also on virtuous collaborations with start-ups and small and medium-sized enterprises that are doing excellent work.
Enel's commitment to digital progress and open innovation was recognized in 2017 with the Business Model Transformation Award for the fourth edition of the World Open Innovation Conference, one of the most important events worldwide in the field organized by the Garwood Center for Corporate Innovation and the University of California, Berkeley, Haas School of Business and held in San Francisco.
Enel is currently involved in some 200 innovation projects and 14 Global Innovation Partnerships, bringing the total number of local and global innovation partnerships to 124. In 2017, we also launched three more innovation hubs (in California, Russia and Spain) to further strengthen Enel's presence in some of the world's most cutting-edge ecosystems. These innovation hubs make a new model of collaboration possible in that the Group provides the infrastructures and

a global network of businesses along with their knowledge and experience as global industry players. We also inaugurated the first Innovation Lab in Catania (Italy) to stimulate research and innovation in the energy industry by creating a technology campus and a business accelerator for young people designed to host local, national and international start-ups and research centers.
Out of these intellectual collaborations and cross-contaminations came innovative solutions that have also led to the filing of specific patents. One such example in the workplace health and safety area is the fabric for gloves to be used when working with low voltage, which was the result of a collaboration between the Innovation unit of Global Thermal Generation and Istituto Italiano di Tecnologia (IIT), which led to the joint filing of a patent and an innovative agreement for the joint management of the related rights.
The process of change must necessarily involve the development of specific projects to promote a culture of innovation and entrepreneurship globally, and this includes the promotional campaign co-created by employees around the world known as "#nomoreexcuses". The goal of this campaign was to identify the causes – the "excuses" of the hashtag – of the cultural obstacles to change, and for each of these a response was given in order to stimulate a reaction to overcome them and to promote an attitude of openness to innovation.
The main innovation efforts in 2017 in the field of thermal generation concerned improvements to plant flexibility and efficiency and minimization of emissions and environmental impact, as well as the application of advanced monitoring and diagnostics system and Internet of Things (IoT) applications and the development of storage systems and new business models. One such example is the installation of a drone system at the Torrevaldaliga Nord plant to provide environmental monitoring and security services. The drone is able to fly autonomously with the aid of video-analysis algorithms and the definition of three-dimensional flight paths via software. An anti-drone system has also been installed to protect the plant from intrusions by hostile drones.
The digital revolution of grids involved improvements to efficiency and service quality for customers in the various countries in which Enel operates. One major example is the microgrid in Paratebueno (Colombia), which made it possible to bring sustainable electricity to a number of villages and which will serve to test new technologies to be replicated in other areas. In Spain, within the scope of the project "la Graciosa", Enel has worked to demonstrate the efficacy of storage systems in order to maximize the penetration of renewable energy while maintaining maximum service quality in the distribution networks. Work also continued for the European project RESCCUE (Resilience to cope with Climate Change in Urban Areas), in which Enel is involved through our Spanish subsidiary, Endesa. The project was launched in order to develop innovative tools and models to improve the ability of urban areas to face current and future challenges related to climate change.
Finally, the Group is also focusing on the fields of access to energy, the integration of renewables into the electrical system, and the use of new technologies in order to improve energy access in local communities by electrifying remote areas by combining diverse generation technologies and using storage systems, while also seeking solutions to enhance the efficiency and flexibility of renewable resources in urban settings, as well, and developing the use of new renewable resources that are not currently being exploited, with a particular emphasis on marine energy.

Renewable energy and decarbonization of the energy mix

Combatting climate change and protecting the environment are among the responsibilities of a global energy organization like Enel as we seek to achieve full decarbonization of electricity production by 2050, thereby contributing to the United Nations Sustainable Development Goal 13 (SDG 13). Our strategy is based on a long-term vision with concrete targets. In addition to actions that leverage the generation mix, Enel is active in innovation, digitization, electric mobility, energy efficiency and a range of other efforts. In this scenario, Enel's commitment to the circular economy, which melds innovation, competitiveness and environmental sustainability, involves all of the Group's operations in achieving these objectives. In 2017, Enel had about 85 GW in installed capacity, an increase of about 2 GW over 2016 due mainly to the start of operations of new renewable plants in Brazil, Peru, and the United States.

Production in 2017 totaled about 250 TWh, a reduction of about 12 TWh compared with 2016, mainly due to the deconsolidation of the Slovakian plants, and a number of plants in Belgium and North America, only partly offset by the acquisition of new plants. Approximately 43% of Enel's power generation currently comes from zero-emission sources. In terms of environmental impact, the Group has confirmed its medium-term target for 2020 of reducing specific emissions of CO_2 by 25% compared with 2017 (<350 g/kWh$_{eq}$). In absolute terms, CO_2 emissions have decreased slightly from 2016; however, given the reduction in total net generation for the Group, specific CO_2 emissions increased by 4% compared with the previous year (411 g/kWh$_{eq}$).

Other specific emissions, i.e. SO_2 and NO_x, also increased slightly in relation to total power generation. Particulates, however, have increased compared with 2016 due to an increase in coal-fired thermal generation in Russia.

With managed capacity[1] of about 2.6 GW and managed output of about 7 TWh, the totals came to 87.6 GW of capacity and about 257 TWh of output, respectively. As a result, total zero-emission production is approximately 45% of the total mix, and specific CO_2 emissions come to 400 g/kWh$_{eq}$.

Enel has implemented specific policies aimed at protecting the environment and natural resources, at combatting climate change, and at contributing to sustainable economic development. A key element of these policies are our internationally recognized Environment Management Systems (EMS). Within the scope of our nuclear technology activities, Enel is publicly committed to ensuring that our plants adopt a clear nuclear safety policy and that those facilities are operated based on standards that ensure absolute priority is given to safety and the protection of employees, the general public, and the environment. The policy in respect of nuclear safety is to encourage excellence in all plant activities based on a strategy that seeks to go beyond mere compliance with applicable laws and regulations and to ensure the adoption of management approaches that embody the principles of continuous improvement and managing risk.

Water resource management

Water is an essential part of electricity generation, and Enel is fully aware that the availability of this resource is seen as being a critical part of future energy scenarios. Enel has long sought to enhance the efficiency of its management of the water we use, and we conduct ongoing monitoring of all power plants located in areas threatened by water scarcity at the following levels of analysis:

> periodic mapping of all production sites in order to identify potential risks in terms of water availability;
> assessment of the consumption of freshwater;
> measures to optimize the use of sea water and waste water;
> monitoring of climate and vegetation data for the various sites.

Globally, Enel returns about 99% of the water used, and only 8% of the Enel Group's total production uses and/or consumes fresh water in water-stressed areas.

In 2017, overall water consumption totaled 126 million cubic meters, a reduction of 15% from 2016 due to the elimination of thermoelectric and nuclear power plants.

Within the scope of total consumption, more than 5% of water is reused, an increase compared with the previous year. Specific demand in 2017 came to 0.49 l/kWh$_{eq}$, a reduction of about 11% from 2016, which is in line with Enel's commitment to reducing water consumption by 30% compared with 2010 levels by 2020.

Preserving biodiversity

Preserving biodiversity is one of the strategic objectives of Enel's environmental policy. The Group promotes specific projects in the various areas in which we operate in order to help protect local species, their natural habitats, and the local ecosystems in general. These projects cover a vast range of areas, including: inventory and monitoring; programs to protect specific species; methodological research and other studies; repopulation and reforestation; and the construction of infrastructure supports to promote the presence and activities of various species (e.g. artificial nests along power distribution lines or fish ladders at hydroelectric plants).

In 2017, Enel entered into a collaboration with the International Union for the Conservation of Nature (IUCN), a global authority on the preservation of biodiversity, to enhance the Group's biodiversity action plans. The IUCN will be helping Enel to assess the biodiversity risks and opportunities associated with our thermal and renewable-energy plants,

1 Capacity operated through joint ventures in the renewables sector in Italy, the United States and Canada.

to analyze best practices in order to prevent and minimize the impact of biodiversity at our various sites, and to develop an organizational reporting framework aligned with the United Nations Sustainable Development Goals (SDG).

Human resource management, development and motivation

As at December 31, 2017, the total workforce of the Enel Group numbered 62,900 employees, 49.5% of which within companies in Italy. This is a net increase of 800 employees during the year due, mainly, to the acquisition of Enel Distribuição Goiás in Brazil and of EnerNOC and eMotorWerks in North America. Of the total of 2,301 new hires, 18% were in Italy while the remaining 82% were distributed across the various countries abroad.

In 2017, Enel's organizational model, which features a matrix of business lines and geographical areas, was enriched with a new, global "Enel X" Division in order to manage all products and services other than the commodities and to support Enel's new business plan, one of the pillars of which is the central importance of the customer and the development of low-carbon technologies and services.

Enel is going through a period of transition that involves not only the introduction of innovative technologies, but also an actual cultural change that concerns everyone. In order to speed up the digital transformation of the entire organization, we launched a program of change management which began with three events (in Rome, Madrid, and Bogota) in order to promote the leading drivers of digitization. In September 2017, a specific survey was also conducted with all Enel personnel, with the participation of more than 25 thousand people, who offered some 40 thousand suggestions, comments and proposals. The three priorities that emerged ("My integration in the company", "Knowing my colleagues, the organization and company procedures" and "My training program") were addressed with specific actions including the interdisciplinary organization of work, real-time communication and constant interaction with the various corporate functions. This new and agile organizational culture is focused on people, involving them and holding them accountable with a view to rapidly creating value in a collaborative and effective effort.

In line with this context, the recruiting process focused on finding specialist profiles with high-level digital skills able to support the Group in the transformation process. Hiring mainly concerned the ICT, market, communication, infrastructures, and networks areas.

The Open Power model of values and conduct, applied to the various aspects of operations so as to increase the engagement and participation of all those who work at Enel, represents a point of reference for all processes of human resources and development.

The qualitative and quantitative performance-evaluation process in 2017 involved the Group's workforce at various levels. More specifically, for the qualitative evaluation, 90% of the workforce participated in the self-assessment stage in 2017 and 99% in the evaluation stage, while 94% took part in the feedback interview with their supervisors.
Quantitative appraisals, in turn, were conducted for employees with variable salary components, which involved the assignment of targets and the assessment of those targets.

In order to ensure merit is properly promoted and managerial continuity is effective, the Enel Group also managed development plans in a manner aimed at promoting the identification and differentiation of succession profiles for management positions.
The process is aimed at ensuring adequate organizational controls while identifying the most strategic positions and providing each with a list of potential successors and the necessary development actions to support managerial growth, while also taking account of the Enel Group's commitments in terms of diversity and inclusion.
In order to ensure the efficacy of this process, all of the Group's management positions are analyzed based on the main variables of analysis according to an approach aligned with international best practices, identifying for each the

successors that are ready now, ready over the short term, or in the pipeline, i.e. ready over the medium term, with a particular emphasis on young people, on women, and on taking advantage of international and cross-functional experience.
Talent management also supports this process, aimed at identifying development projects suited to the various individual, professional profiles and to the positions for which successors have been identified.

Following the most recent corporate-climate survey in 2016, which involved the Group's entire workforce (with an 84% participation rate) and which pointed to a significant level of overall consensus within the organization concerning the various profiles analyzed, a detailed action plan to respond to the various needs that emerged was defined. In support of these outcomes, the group-wide action plan for 2017 called for the implementation of some 1,500 actions targeting the priorities identified in a range of areas: Work-Life Balance, Lifestyle Diversity and Work Environment, Open Power Culture, Working Relationships and Organization, Health and Safety, and Meritocracy.

Diversity and inclusion

Enel's commitment to promoting diversity in all its forms – in terms of gender, age, culture and ability – continued in 2017.
Our global "Diversity and Inclusion" policies, which were approved in 2015, promote and ensure equal treatment on the sole basis of professional capabilities and skill in all decisions that concern the employment relationship, the ability to participate in the organization without hindrance, the importance of work-life balance, and support in the daily needs of our employees in all situations that may be encountered in the workplace. Application of these policies has enabled us to develop local and global projects to promote diversity and a common language and has increased awareness, throughout the organization, of the importance of diversity and inclusion for individuals and for our business. More specifically, Enel promoted solutions to improve the balance between private and working life and to support the real everyday needs of our people. The years 2017 was marked by significant progress in consolidating the culture of work flexibility and expanding smart working, which today involves nearly 9 thousand people in the various countries in which the Group operates.
The impact of these policies is being monitored based on a detailed set of indicators associated with the various actions and contexts. More specifically, Enel has set the public objective of ensuring equal representation of the sexes in the initial stages of the selection and recruiting process (approx. 50% by 2020). In 2017, in line with the established trajectory, we reached the level of 35% women in the selection process.

Labor relations

Enel complies with the labor laws of the various countries in which we operate and with the International Labor Organization (ILO) conventions on labor rights (i.e. freedom of association and of collective bargaining, consultation, the right to strike, etc.), while systematically promoting dialog between the parties and seeking an adequate level of agreement on and participation in company strategies by employees.
Labor relations efforts at the Group level continue to be conducted in accordance with the model established under Enel's Global Framework Agreement (GFA) signed in Rome in 2013 with the Italian federations and with the global federations IndustriAll and Public Services International. This agreement is based on the principles of human rights, of labor rights, and of the best, most advanced systems of transnational labor relations for multinational corporations and international organizations, including the ILO. It has also been recognized and appreciated as an example of best practice among European and non-European multinationals. We have presented proposals for the renewal of this agreement, updated in line with the Group's new Open Power philosophy and the values underlying that philosophy, including in relations with the employee-representative entities of every nation.

Responsible relations with our communities

Working in a constantly changing world in which global phenomena interact with highly diverse socio-economic environments is one of the main challenges that multinational groups must face. Enel is committed to respecting

the rights of communities and to contributing to their economic and social development, interacting every day with a multitude of stakeholders. A distinctive element of this effort is the definition of an approach that is both global and local in order to take account of the specific needs of each country through listening, cooperation and understanding of the local context.
This constant dialogue with the communities and the inclusive engagement of small and medium enterprise and of the various organizations operating within the communities enable us, together, to build projects and solutions targeting shared priorities and which promote local development and the creation of shared value over the long term.
In 2017, with over 1,200 projects and more than nine million beneficiaries in the various countries in which we operate, Enel made a concrete contribution to the social and economic growth of our communities, from expanding infrastructures and providing education and training programs to initiatives of social inclusion and projects to support culture and the economy, all in accordance with the SDGs. A crucial lever in carrying out these projects has been our partnerships with local non-profit organizations that promote local development through innovative, custom-designed initiatives. In 2017 in particular, we had more than 600 partnerships throughout the world with local organizations, social enterprises, universities, and international associations and non-governmental organizations.

Customer management

Digitization and our focus on the customer are important enabling factors of Enel's strategy. Our constant commitment to ensuring the provision of energy, to providing high-quality products and services, and to caring for our customers is the distinguishing characteristic of Enel's relationship with our customers in the various countries in which the Group operates. In 2017, the average number of power and gas customers came to about 64 million, an increase over 2016.

It is Enel's precise responsibility to ensure the constant, safe provision of energy to the electrical systems of the nations in which we operate as a distributor. Provision quality is closely linked to the reliability and efficiency of the transmission and distribution infrastructures, which must be able to deal with the levels of demand. In coordination with the other entities that operate in various roles on the grid infrastructures, Enel carries out constant development and efficiency efforts aimed mainly at reducing the number and duration of service interruptions.

Through products designed for both the residential and business markets, the company has confirmed proposals made in recent years by providing dedicated offerings that come with a lower environmental impact and a focus on the more vulnerable segments of the population. For example, in Italy in 2017, we launched a product for the provision of electricity to support the recovery of businesses in the zootechnical and agricultural industries in areas affected by earthquake or heavy snowfall. Known as *Energia Impresa Abruzzo*, the offering is provided solely via direct channels (i.e. physical points of sale and key account managers) and was also presented to the industry associations.

Our attention to the customer in providing quality services concerns more than just the provision of electricity and/or natural gas, extending, above all, to intangible aspects of our service that relate to the perception and satisfaction of our customers.
There are numerous processes aimed at ensuring customers receive high-quality service. In Italy, the commercial quality of all our channels of contact is ensured through systematic monitoring of the sales and management processes in order to ensure compliance with applicable laws and regulations and that we respect the privacy, freedom and dignity of our customers. To this end, there is the "New Quality Control" model, which introduces contractual KPIs, associated with minimum thresholds for the assignment of bonuses and penalties, for partners that manage sales and customer-care activities. In Iberia, the *Plan de Excelencia en la Atención Comercial* (Plan of Excellence in Customer Focus) continues to work towards improving customer-satisfaction indicators through call centers, physical offices, and online presence, while customers in Romania are now able to provide feedback through various channels,

including contact centers, the website and, since 2017, the "live agent" online through which customers now have a new channel of communication in order to manage their utilities.

Enel also launched the new "Enel-X" Division in 2017 in order to create new services and provide innovative solutions for customers. Four global product lines have been created:

> e-Industries, which concerns solutions aimed at large-scale customers and with a particular emphasis on flexible services;
> e-Mobility, which is devoted to promoting electric mobility;
> e-Home, dedicated to residential customers with services such as the installation, maintenance and repair of advanced home technologies;
> e-City, which provides integrated services to local and central governments, as well as connectivity solutions such as the wholesale offering of fiber-optic services.

There are also two global functions: the product lab, which designs, develops and tests – with the help of customers – new products and services; and platform development, in order to develop Internet of Things platforms, i.e. platforms for the management of complex processes within the scope of various functions with the goal of meeting new customer needs through innovative technologies.

Customers by geographical area

Average no.

	2017	2016	Change	
Electricity:				
- Italy	26,420,058	26,776,635	(356,577)	-1.3%
- South America [1]	18,044,215	15,478,255	2,565,960	16.6%
- Iberia	10,941,644	11,047,937	(106,293)	-1.0%
- Romania	2,782,014	2,736,908	45,106	1.6%
Total electricity customers	**58,187,931**	**56,039,735**	**2,148,196**	**3.8%**
Natural gas:				
- Italy	4,003,484	3,876,191	127,293	3.3%
- Spain	1,550,424	1,513,379	37,045	2.4%
Total natural gas customers	**5,553,908**	**5,389,570**	**164,338**	**3.0%**

(1) The increase in customers is attributable to Brazil as a result of the acquisition of Enel Distribuição Goiás in February 2017.

Sustainable supply chain

At Enel, we base our procurement processes on pre-contractual and contractual conduct centered around mutual fidelity, transparency and collaboration. In addition to meeting certain quality standards, the services of our vendors must also go hand in hand with the adoption of best practices in terms of human rights, health and safety in the workplace and environmental and ethical responsibility.

Our procurement procedures are designed to guarantee service quality in full respect of the principles of economy, effectiveness, timeliness, fairness and transparency.

In 2017, we signed new agreements with a total of about 31 thousand suppliers.

Vendor management involves three essential stages, which integrate social, environmental and governance issues in the evaluation process. These are:

1) Qualification system;
2) General terms and conditions;
3) Vendor ratings.

Enel's global vendor-qualification system (with more than 6,700 active qualifications as at December 31, 2017) enables us to accurately assess businesses that intend to participate in tender processes and acts as a guarantee for the company, while the vendor-rating system seeks to monitor vendor services in terms of the quality, timeliness and sustainability of contract execution.

In 2017, we continued working on the Sustainable Procurement project, with close collaboration between Procurement and the Sustainability units (at both the global and local levels), with the goal of increasing the integration of environmental, social and governance issues in the supply chain strategy, creating shared value with suppliers in a vision of a circular economy. A key element is the standardization across the Group of supplier selection, assessment and monitoring criteria from an ethical point of view and in particular the impact on the company.

Workplace health and safety

Enel considers employee health, safety and general well-being to be the most valuable asset, one to be protected both at work and at home, and we are committed to developing and promoting a strong culture of safety throughout the world in order to ensure a healthy work environment. Quality and safety must go hand in hand. All of us are responsible for our own health and safety and that of the people with whom we interact and, as provided for in the Enel Stop Work Policy, they are required to promptly report and halt any situation of risk or unsafe behavior. The constant commitment of us all, the integration of safety both in our processes and in our training, the reporting and analysis of near misses, rigor in the selection and management of contractors, controls over quality, the sharing of experience throughout the Group and benchmarking against the leading international players are all cornerstones to Enel's culture of safety.

Safety indicators

No.

	2017	2016	Change	
Injury frequency rate - Enel (1)	**1.20**	**1.25**	**(0.05)**	**-4.0%**
Injury severity rate - Enel (2)	**0.058**	**0.050**	**0.008**	**-16.0%**
Serious and fatal injuries at Enel				
Serious injuries (3)	4	5	(1)	-20.0%
Fatal injuries	2	-	2	-
Total	**6**	**5**	**1**	**20.0%**
Serious and fatal injuries at contractors				
Serious injuries (3)	9	7	2	28.6%
Fatal injuries	11	5	6	-
Total	**20**	**12**	**8**	**66.7%**

(1) This indicator is calculated as the ratio between the total number of injuries and hours worked in millions, while the Lost Time Injury Frequency Rate (LTIFR) is calculated by as the ratio between the same number of injuries and the number of hours worked/200,000.

(2) This indicator is calculated as the ratio between the total number of days of absence and hours worked in thousands, while the Lost Day Rate (LDR) is calculated by as the ratio between the same number of days of absence and the number of hours worked/200,000.

(3) Injuries with an initial prognosis, as reported on the medical certificate issued, of greater than 30 days, or with a confidential prognosis until the actual prognosis is released, or with an unknown prognosis that, based on an initial assessment by the company/Division concerned, is expected to exceed 30 days. Once the official prognosis is released, the related injury is considered serious only if said prognosis exceeds 30 days. Should a confidential prognosis never be released or an unknown prognosis remain unknown, within 30 days of the event, the injury is to be deemed serious.

Workplace accident statistics

In 2017, the Lost Time Injury Frequency Rate (LTIFR) and Lost Day Rate (LDR) for Enel Group employees were 0.24 and 11.65, respectively. However, while the number of injuries and, consequently, the LTIFR decreased, there was a slight rise in the number of days lost and, as a result, an increase in the LDR.

With regard to the employees of contractors, the LTIFR was 0.19 (down about 6% compared with 2016) and the LDR was 9.86 (up 16% compared with 2016).

In 2017, there were two fatal injuries involving employees of the Enel Group and 11 fatal injuries involving Enel Group contractors.

Policy 106 "Classification, communication, analysis and reporting of incidents" establishes the roles and procedures that ensure the timely reporting of accidents, analysis of their root causes, and definition and monitoring of improvement plans. The policies also detail the procedures for disclosing and analyzing near misses that could have resulted in serious harm. In accordance with these policies, all serious and fatal injuries to Enel personnel and the personnel of Enel contractors and other significant, non-serious events have been investigated by a team of experts. Actions for improvement emerging from this analysis are constantly monitored until their completion, and steps have been taken in relation to contractors found to be in breach of contract (e.g. contract termination, suspension of certification, etc.).

Safety in tender processes

Safety is tightly integrated into Enel's tender process, and we closely monitor our contractors' performance both upstream by way of our qualification system and ongoing as the contracts progress through numerous control processes.

Within the vendor selection and qualification process, there are specific, strict rules for the selection of companies based on health and safety (H&S) performance, and there is also a pre-qualification audit for high-risk activities.

Our vendor rating system is a consolidated process used to monitor activities as a contract progresses. H&S performance is measured using a specific indicator and, since 2015, application of a global model for vendor ratings enables us to also consider the impact of any injuries to contractor employees as a part of the evaluation process.

All companies that work with the Enel Group must share in the various health and safety standards. The general contract conditions that are valid for the entire Enel Group include clauses dedicated to health and safety, which establish penalties in the event of violations of safety standards, and these may include termination of the contract and suspension of qualifications.

For this reason, contractors are involved in many initiatives aimed at promoting a culture of safety.

Infrastructure safety and technological innovation

Innovations in technology are able to improve all H&S processes, beginning with employee training and the implementation of prevention and protection measures and on through the execution and analysis of corrective actions.

In 2017, new projects of safety innovation were introduced and a number of projects continued from 2016.

Intrinsic Safety: a project that began in 2016, centered around the design, analysis and alteration of new and existing machinery aimed at reducing exposure to hazardous situations and workplaces.

Safety Jacket: the project envisages the development of a safety jacket with integrated airbag to supplement existing protections against falls with a new technology that has never been used in an industrial setting.

Drones: the company has begun the use of inspection drones in flues, furnaces and canals in order to prevent risks related to workers accessing these areas directly.

Virtual Reality: ongoing development work on the virtual-reality 3D simulator, a project that began in 2015. More specifically, new virtual reality environments were developed for operational training concerning both maintenance and safety.

Virtual Safety Assistant (VSA): an electronic device that uses real-time mapping of the surrounding environment and stored data related to specific activities to help workers implement the prevention and protection measures needed to carry out their jobs safely.

Health

The Enel Group has created a structured health management system based on preventive measures in order to develop a corporate culture centered on the promotion of the physical, emotional and organizational wellbeing and on establishing work-life balance. To this end, the Group carries out local and global awareness campaigns to promote healthy lifestyles, sponsors screening programs aimed at preventing illness, and ensures the provision of medical services. Global programs and initiatives are developed in accordance with the calendar of the World Health Organization and with local needs.

The Enel Group implements a systematic, ongoing process of identifying and assessing work-related stress in accordance with our policies for stress-at-work prevention and wellbeing-at-work promotion. This enables us to identify, prevent and manage stress in the workplace that could afflict either individuals or broader segments of the organization, while also providing a series of indications aimed at promoting a general culture of wellbeing.

Development of the Culture of Safety: communication and training

There were several communication campaigns concerning health and safety during the year, focusing on areas of particular importance to the organization. In particular this year, global communication efforts focused on issues related to personal health and on the most common disorders, such as: hypertension, hepatitis, smoking, risk factors in cardiovascular diseases, skin cancer, etc. These communication campaigns were based both on the publication of news on the company's intranet and on specific segments on Enel TV and Enel Radio. In 2017, we provided more than 430 thousand hours of training, in addition to awareness-raising and training activities in order to increase the specific skills and knowledge of workers throughout the Group. The topics covered included online car and motorcycle safety training and safety leadership training for management.

Net efficient capacity by primary energy source

MW

	2017	2016	Change	
Net efficient thermal capacity:				
- coal	15,965	16,103	(138)	-0.9%
- CCGT	15,028	15,100	(72)	-0.5%
- fuel oil/gas	12,301	12,251	50	0.4%
Total	**43,294**	**43,454**	**(160)**	**-0.4%**
Net efficient nuclear capacity	**3,318**	**3,318**	**-**	**-**
Net efficient renewable capacity:				
- hydroelectric	27,799	27,425	374	1.4%
- wind	7,431	6,532	899	13.8%
- geothermal	802	761	41	5.4%
- biomass and co-generation	57	57	-	-
- other	2,216	1,132	1,084	95.8%
Total	**38,305**	**35,907**	**2,398**	**6.7%**
Total net efficient capacity	**84,917**	**82,679**	**2,238**	**2.7%**

Net efficient capacity by geographical area

MW

	2017	2016	Change	
Italy	**27,652**	**27,760**	**(108)**	**-0.4%**
Iberia	22,732	22,744	(12)	-0.1%
South America	20,544	18,915	1,629	8.6%
Russia	8,879	8,944	(65)	-0.7%
North and Central America	3,533	2,792	741	26.5%
Romania	534	534	-	-
Greece	307	290	17	5.9%
Bulgaria	42	42	-	-
India	172	172	-	-
South Africa	522	486	36	7.4%
Total net efficient capacity	**84,917**	**82,679**	**2,238**	**2.7%**

Net electricity generation by primary energy source

GWh

	2017	2016	Change	
Net thermal electricity generation:				
- coal	70,497	72,342	(1,845)	-2.6%
- CCGT	44,381	40,303	4,078	10.1%
- fuel oil/gas	26,855	29,749	(2,894)	-9.7%
Total	**141,733**	**142,394**	**(661)**	**-0.5%**
Net nuclear electricity generation	**26,448**	**33,444**	**(6,996)**	**-20.9%**
Net renewable generation:				
- hydroelectric	55,363	60,031	(4,668)	-7.8%
- wind	17,827	18,294	(467)	-2.6%
- geothermal	5,820	6,194	(374)	-6.0%
- biomass and co-generation	108	226	(118)	-52.2%
- other	2,577	1,229	1,348	-
Total	**81,695**	**85,974**	**(4,279)**	**-5.0%**
Total net electricity generation	**249,876**	**261,812**	**(11,936)**	**-4.6%**

Net electricity generation by geographical area

GWh

	2017	2016	Change	
Italy	**53,518**	**60,912**	**(7,395)**	**-12.1%**
Iberia	78,618	72,323	6,295	8.7%
South America	64,627	62,165	2,462	4.0%
Russia	39,830	41,062	(1,232)	-3.0%
Slovakia	-	9,684	(9,684)	-
North and Central America	9,793	12,268	(2,475)	-20.2%
Romania	1,358	1,235	123	10.0%
Belgium	-	977	(977)	-
Greece	548	559	(11)	-2.0%
Bulgaria	103	96	7	7.3%
South Africa	1,156	203	953	-
India	325	328	(3)	-0.9%
Total net electricity generation	**249,876**	**261,812**	**(11,936)**	**-4.6%**

Other generation ratios

	2017	2016	Change	
Generation from renewable resources (% of total)	32.7	32.8	(0.1)	-0.3%
Zero-emission generation (% of total)	43.3	45.6	(2.3)	-5.0%
ISO 14001-certified net efficient capacity (% of total)	99.0	97.9	1.1	1.1%
Average efficiency of thermal plants (%) (1)	40.7	40.0	0.7	1.8%
Specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (2)	411	395	16	4.1%
Specific consumption of water for total generation (l/kWh_{eq}) (3)	0.49	0.55	(0.06)	-10.9%

(1) Percentages calculated using new method that does not include oil and gas plants in Italy that are in the process of decommissioning or are marginal among thermal plants. The figures also do not consider consumption and generation for co-generation at Russian thermal plants. The average efficiency is calculated on the basis of the number of plants and weighted by output.

(2) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).

(3) Specific consumption for generation is calculated by taking account of total consumption of water for simple thermal generation and combined electrical and heat and nuclear generation, as a ratio of total simple thermal generation and combined thermal electrical and heat generation (including the thermal contribution in MWh), renewables and nuclear generation.

Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Acquirente Unico - Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced-protection market
Cassa Depositi e Prestiti Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market (Terna) Sale of electricity transport services (Eni Group) Purchase of transport, dispatching and metering services (Terna) Purchase of postal services (Poste Italiane) Purchase of fuels for generation plants and natural gas storage and distribution services (Eni Group)
GSE - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives
GME - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange (GME) Purchase of electricity on the Power Exchange for pumping and plant planning (GME)
Leonardo Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods

In addition, the Group conducts essentially commercial transactions with associated companies or companies in which it holds minority interests.

Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Regulatory Authority for Energy, Networks and the Environment.

For more details on transactions with related parties, please see the discussion in note 47 to the consolidated financial statements.

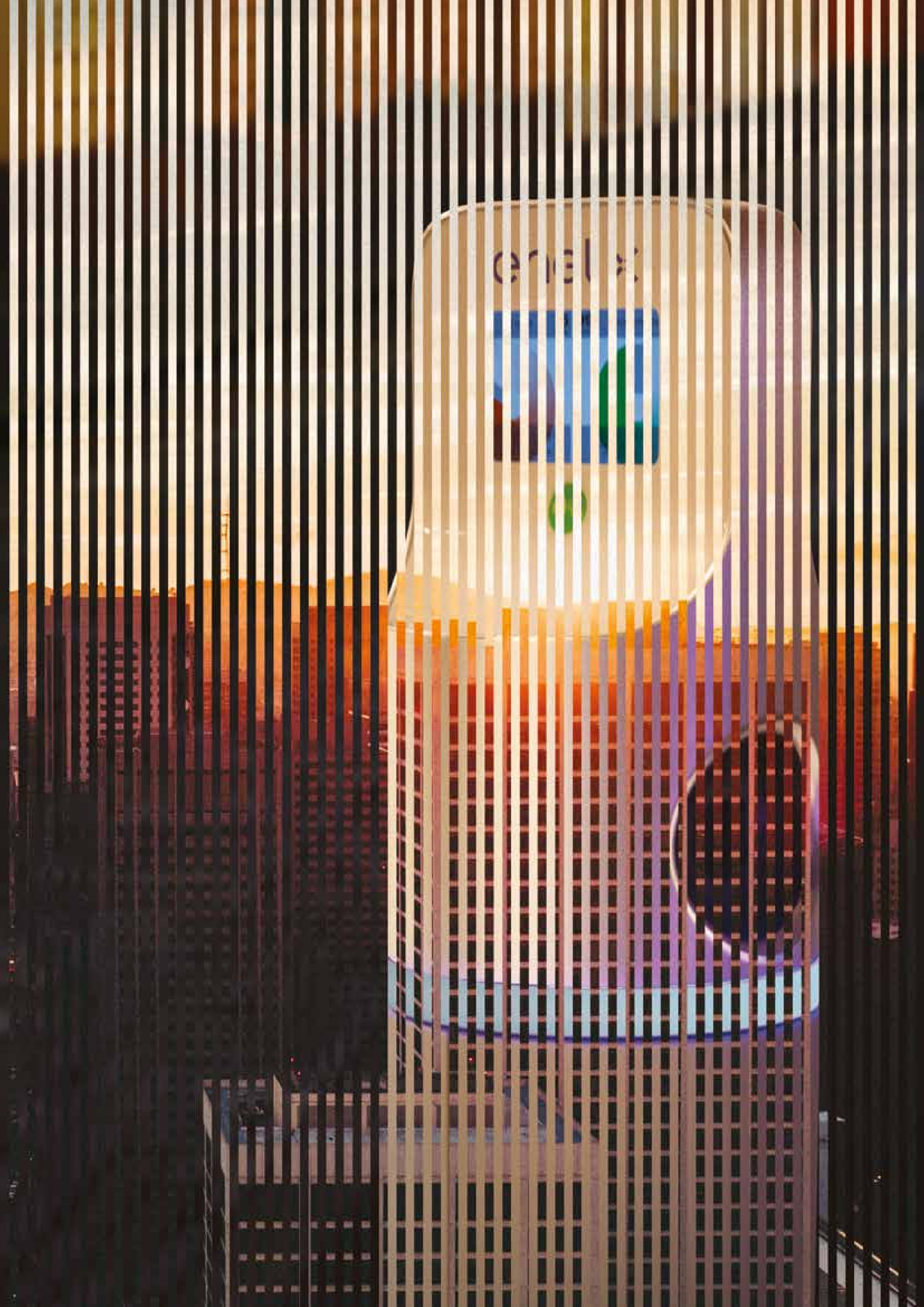
Reconciliation of shareholders' equity and net income of Enel SpA and the corresponding consolidated figures

Pursuant to CONSOB Notice DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders' equity	Income statement	Shareholders' equity
	at Dec. 31, 2017		at Dec. 31, 2016 (1)	
Financial statements - Enel SpA	**2,270**	**27,236**	**1,720**	**26,916**
Carrying amount and impairment adjustments of consolidated equity investments	53	(76,076)	836	(77,868)
Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	5,875	73,608	4,593	74,469
Translation reserve	-	(2,614)	-	(1,005)
Goodwill	-	13,745	(31)	13,556
Intercompany dividends	(4,471)	-	(4,138)	-
Elimination of unrealized intercompany profits, net of tax effects and other minor adjustments	52	(1,104)	(410)	(1,265)
TOTAL SHAREHOLDERS OF THE PARENT COMPANY	**3,779**	**34,795**	**2,570**	**34,803**
NON-CONTROLLING INTERESTS	**1,550**	**17,366**	**1,217**	**17,772**
CONSOLIDATED FINANCIAL STATEMENTS	**5,329**	**52,161**	**3,787**	**52,575**

(1) The figures for 2016 have been reclassified to improve the representation.

03
Consolidated financial statements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Financial statements

Consolidated income statement

Millions of euro	Notes	2017		2016	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	7.a	72,664	*5,124*	68,604	*4,550*
Other revenue and income	7.b	1,975	*22*	1,988	*20*
	[Subtotal]	**74,639**		**70,592**	
Costs					
Electricity, gas and fuel purchases	8.a	36,039	*7,761*	32,039	*6,603*
Services and other materials	8.b	17,982	*2,664*	17,393	*2,577*
Personnel	8.c	4,504		4,637	
Depreciation, amortization and impairment losses	8.d	5,861		6,355	
Other operating expenses	8.e	2,886	*531*	2,783	*312*
Capitalized costs	8.f	(1,847)		(1,669)	
	[Subtotal]	**65,425**		**61,538**	
Net income/(expense) from commodity contracts measured at fair value	9	**578**	***27***	**(133)**	***29***
Operating income		**9,792**		**8,921**	
Financial income from derivatives	10	1,611		1,884	
Other financial income	11	2,371	*18*	2,289	*21*
Financial expense from derivatives	10	2,766		2,821	
Other financial expense	11	3,908	*25*	4,339	*39*
Share of income/(losses) of equity investments accounted for using the equity method	12	111		(154)	
Income before taxes		**7,211**		**5,780**	
Income taxes	13	1,882		1,993	
Net income from continuing operations		**5,329**		**3,787**	
Net income from discontinued operations		**-**		**-**	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**5,329**		**3,787**	
Attributable to shareholders of the Parent Company		3,779		2,570	
Attributable to non-controlling interests		1,550		1,217	
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.37*		*0.26*	
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.37*		*0.26*	
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)	14	*0.37*		*0.26*	
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)	14	*0.37*		*0.26*	

Statement of consolidated comprehensive income

Millions of euro	Notes	2017	2016
Net income for the year		**5,329**	**3,787**
Other comprehensive income recyclable to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		(72)	(34)
Share of the other comprehensive income of equity investments accounted for using the equity method		10	(18)
Change in the fair value of financial assets available for sale		(129)	(24)
Change in translation reserve		(2,519)	1,952
Other comprehensive income not recyclable to profit or loss (net of taxes)			
Remeasurement of net employee benefit liabilities/(assets)		74	(239)
Total other comprehensive income/(loss) for the year	32	**(2,636)**	**1,637**
Total comprehensive income/(loss) for the year		**2,693**	**5,424**
Attributable to:			
- shareholders of the Parent Company		1,968	3,237
- non-controlling interests		725	2,187

Consolidated balance sheet

Millions of euro	Notes				
ASSETS		**at Dec. 31, 2017**		at Dec. 31, 2016	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	15	74,937		76,265	
Investment property	18	77		124	
Intangible assets	19	16,724		15,929	
Goodwill	20	13,746		13,556	
Deferred tax assets	21	6,354		6,665	
Equity investments accounted for using the equity method	22	1,598		1,558	
Derivatives	23	702		1,609	
Other non-current financial assets	24	4,002		3,892	
Other non-current assets	25	1,064		706	
	[Total]	**119,204**		**120,304**	
Current assets					
Inventories	26	2,722		2,564	
Trade receivables	27	14,529	*832*	13,506	*958*
Income tax receivables		577		879	
Derivatives	23	2,309	*11*	3,945	*18*
Other current financial assets	28	4,614	*3*	3,053	*135*
Other current assets	29	2,695	*162*	3,044	*109*
Cash and cash equivalents	30	7,021		8,290	
	[Total]	**34,467**		**35,281**	
Assets classified as held for sale	31	**1,970**		**11**	
TOTAL ASSETS		**155,641**		**155,596**	

Millions of euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2017**		at Dec. 31, 2016	
			of which with related parties		*of which with related parties*
Equity attributable to shareholders of the Parent Company					
Share capital		10,167		10,167	
Other reserves		3,348		5,152	
Retained earnings/(Loss carried forward)		21,280		19,484	
[Total]		**34,795**		**34,803**	
Non-controlling interests		**17,366**		**17,772**	
Total shareholders' equity	32	**52,161**		**52,575**	
Non-current liabilities					
Long-term borrowings	33	42,439	*893*	41,336	*1,072*
Employee benefits	34	2,407		2,585	
Provisions for risks and charges - non-current	35	4,821		4,981	
Deferred tax liabilities	21	8,348		8,768	
Derivatives	23	2,998		2,532	
Other non-current liabilities	36	2,003	*36*	1,856	*23*
[Total]		**63,016**		**62,058**	
Current liabilities					
Short-term borrowings	33	1,894		5,372	
Current portion of long-term borrowings	33	7,000	*89*	4,384	*89*
Provisions for risks and charges - current	35	1,210		1,433	
Trade payables	37	12,671	*2,365*	12,688	*2,921*
Income tax payable		284		359	
Derivatives	23	2,260	*9*	3,322	*11*
Other current financial liabilities	38	954		1,264	
Other current liabilities	40	12,462	*37*	12,141	*28*
[Total]		**38,735**		**40,963**	
Liabilities included in disposal groups classified as held for sale	31	**1,729**		-	
Total liabilities		**103,480**		**103,021**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**155,641**		**155,596**	

Statement of changes in consolidated shareholders' equity (note 32)

	Share capital and reserves attributable to shareholders of the Parent Company						
Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of cash flow hedge financial instruments	Reserve from measurement of financial instruments AFS
At January 1, 2016	**9,403**	**5,292**	**1,881**	**2,262**	**(1,956)**	**(1,341)**	**130**
Distributions of dividends and interim dividends	-	-	-	-	-	-	-
Allocation of net income for the previous year	-	-	153	-	-	-	-
Capital increase for non-proportional demerger of Enel Green Power	764	2,197	-	-	119	(31)	-
Transactions in non-controlling interests	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	(136)	21	-
Comprehensive income for the period	-	-	-	-	968	(97)	(24)
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	*968*	*(97)*	*(24)*
- net income/(loss) for the period	-	-	-	-	-	-	-
At December 31, 2016	**10,167**	**7,489**	**2,034**	**2,262**	**(1,005)**	**(1,448)**	**106**
Distributions of dividends	-	-	-	-	-	-	-
Allocation of net income for the previous year	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	(1,609)	(140)	(129)
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	*(1,609)*	*(140)*	*(129)*
- net income/(loss) for the period	-	-	-	-	-	-	-
At December 31, 2017	**10,167**	**7,489**	**2,034**	**2,262**	**(2,614)**	**(1,588)**	**(23)**

Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net liabilities/ (assets) of defined benefit plans	Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Retained earnings/(Loss carried forward)	**Equity attributable to shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
(54)	**(551)**	**(2,115)**	**(196)**	**19,621**	**32,376**	**19,375**	**51,751**
-	-	-	-	(2,542)	**(2,542)**	**(1,032)**	**(3,574)**
-	-	-	-	(153)	**-**	**-**	**-**
-	1	-	(974)	(12)	**2,064**	**(2,106)**	**(42)**
-	-	(283)	-	-	**(283)**	**(266)**	**(549)**
49	17	-	-	-	**(49)**	**(386)**	**(435)**
(7)	(173)	-	-	2,570	**3,237**	**2,187**	**5,424**
(7)	*(173)*	-	-	-	***667***	***970***	***1,637***
-	-	-	-	*2,570*	***2,570***	***1,217***	***3,787***
(12)	**(706)**	**(2,398)**	**(1,170)**	**19,484**	**34,803**	**17,772**	**52,575**
-	-	-	-	(1,983)	**(1,983)**	**(1,052)**	**(3,035)**
-	-	-	-	-	**-**	**-**	**-**
-	-	-	7	-	**7**	**(6)**	**1**
-	-	-	-	-	**-**	**(73)**	**(73)**
7	60	-	-	3,779	**1,968**	**725**	**2,693**
7	*60*	-	-	-	***(1,811)***	***(825)***	***(2,636)***
-	-	-	-	*3,779*	***3,779***	***1,550***	***5,329***
(5)	**(646)**	**(2,398)**	**(1,163)**	**21,280**	**34,795**	**17,366**	**52,161**

Consolidated statement of cash flows

Millions of euro	Notes	2017		2016	
			of which with related parties		*of which with related parties*
Income before taxes for the year		**7,211**		**5,780**	
Adjustments for:					
Depreciation, amortization and impairment losses	8.d	5,861		6,355	
Financial (income)/expense	10-11	2,692		2,987	
Net income of equity investments accounted for using the equity method	12	(111)		154	
Changes in net working capital:		(1,265)		662	
- inventories	26	(112)		413	
- trade receivables	27	(1,530)	*126*	(959)	*(21)*
- trade payables	37	65	*(556)*	1,149	*10*
- other assets/liabilities		312	*106*	59	*(81)*
Accruals to provisions		353		772	
Utilization of provisions		(1,149)		(1,553)	
Interest income and other financial income collected	10-11	2,898	*21*	1,544	*21*
Interest expense and other financial expense paid	10-11	(4,747)	*(39)*	(4,343)	*(39)*
(Income)/Expense from measurement of commodities		59		(278)	
Income taxes paid	13	(1,579)		(1,959)	
(Gains)/Losses on disposals		(98)		(274)	
Cash flows from operating activities (A)		**10,125**		**9,847**	
Investments in property, plant and equipment	15	(7,226)		(7,927)	
Investments in intangible assets	19	(1,273)		(915)	
Investments in entities (or business units) less cash and cash equivalents acquired	5	(900)		(382)	
Disposals of entities (or business units) less cash and cash equivalents sold	5	216		1,032	
(Increase)/Decrease in other investing activities		(111)		105	
Cash flows from investing/disinvesting activities (B)		**(9,294)**		**(8,087)**	
Financial debt (new long-term borrowing)	33	12,284		2,339	
Financial debt (repayments and other net changes)	33	(10,579)	*(179)*	(4,049)	*(89)*
Transactions in non-controlling interests	32	(478)		(257)	
Dividends and interim dividends paid	32	(2,873)		(2,507)	
Cash flows from financing activities (C)		**(1,646)**		**(4,474)**	
Impact of exchange rate fluctuations on cash and cash equivalents (D)		**(390)**		**250**	
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)		**(1,205)**		**(2,464)**	
Cash and cash equivalents at beginning of the year (1)		8,326		10,790	
Cash and cash equivalents at the end of the year (2)		7,121		8,326	

(1) Of which cash and cash equivalents equal to €8,290 million at January 1, 2017 (€10,639 million at January 1, 2016), short-term securities equal to €36 million at January 1, 2017 (€1 million at January 1, 2016) and cash and cash equivalents pertaining to assets held for sale equal to €150 million at January 1, 2016.

(2) Of which cash and cash equivalents equal to €7,021 million at December 31, 2017 (€8,290 million at December 31, 2016), short-term securities equal to €69 million at December 31, 2017 (€36 million at December 31, 2016) and cash and cash equivalents pertaining to assets held for sale equal to €31 million at December 31, 2016.

Notes to the consolidated financial statements

1

Form and content of the financial statements

Enel SpA has its registered office in Viale Regina Margherita 137, Rome, Italy, and since 1999 has been listed on the Milan stock exchange. Enel is an energy multinational and is one of the world's leading integrated operators in the electricity and gas industries, with a special focus on Europe and South America.

The consolidated financial statements for the period ended December 31, 2017 comprise the financial statements of Enel SpA, its subsidiaries and Group holdings in associates and joint ventures, as well as the Group's share of the assets, liabilities, costs and revenue of joint operations ("the Group"). A list of the subsidiaries, associates, joint operations and joint ventures included in the scope of consolidation is attached.

The consolidated financial statements were approved for publication by the Board on March 22, 2018.

These financial statements have been audited by EY SpA.

Basis of presentation

The consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 2002/1606/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

The consolidated financial statements consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders' equity and the consolidated statement of cash flows and the related notes.

The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current" basis, with separate reporting of assets held for sale and liabilities included in disposal groups held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Group or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Group or within the 12 months following the close of the financial year.

The consolidated income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from discontinued operations attributable to shareholders of the Parent Company and to non-controlling interests.

The indirect method is used for the consolidated cash flow statement, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations.

In particular, although the Group does not diverge from the provisions of IAS 7 in the classification of items:

- cash flows from operating activities report cash flows from core operations, interest on loans granted and obtained and dividends received from joint ventures or associates;
- investing/disinvesting activities comprise investments in property, plant and equipment and intangible assets and disposals of such assets, including the effects of business combinations in which the Group acquires or loses control of companies, as well as other minor investments;
- cash flows from financing activities include cash flows generated by liability management transactions, dividends paid to non-controlling interests by the Parent Com-

pany or other consolidated companies and the effects of transactions in non-controlling interests that do not change the status of control of the companies involved;
- a separate item is used to report the impact of exchange rates on cash and cash equivalents and their impact on profit or loss is eliminated in full in order to neutralize the effect on cash flows from operating activities.

For more information on cash flows as reported in the statement of cash flows, please see the note on "cash flows" in the Report on operations.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the next section below.

The consolidated financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS-EU, as explained in the measurement bases applied to each individual item, and of non-current assets and disposal groups classified as held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise.

The consolidated financial statements provide comparative information in respect of the previous period.

2

Accounting policies and measurement criteria

Use of estimates and management judgment

Preparing the consolidated financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the value of revenue, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.

In order to enhance understanding of the financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by managers in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

Use of estimates

Revenue recognition

Revenue from sales to customers is measured on an accrual basis and on the basis of the fair value of the consideration received or receivable.

Revenue from sales of electricity and gas to retail customers is recognized at the time the electricity or gas is supplied and includes, in addition to amounts invoiced on the basis of periodic meter readings or volumes notified by distributors and transporters (pertaining to the year), an estimate of the value of electricity and gas delivered during the period but not yet invoiced, which is equal to the difference between the amount of electricity and gas delivered to the distribution network and that invoiced in the period, taking account of any network losses. The sales prices charged to end users are applied to the volumes so determined. Revenue between the date of the last meter reading and the end of the year is based on estimates of the daily consumption of individual customers calculated on the basis of their consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption.

Pension plans and other post-employment benefits

Some of the Group's employees participate in pension plans offering benefits based on their wage history and years of service.

Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs.

Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in the cost of medical care.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-current assets

The carrying amount of non-current assets is reviewed periodically and wherever circumstances or events suggest that a review is necessary. Goodwill is reviewed at least annually. Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 20 below. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the given circumstances.

In particular, the recoverable amount of non-current assets and goodwill is based on estimates and assumptions used in order to determine the amount of cash flow and the discount rates applied.

The expected cash flows are prepared on the basis of the most recently approved company plans and the information available at the time of the estimation. Accordingly, the assumptions used in estimating cash flows are based on management judgments with regard, in particular, to future developments in, for example:

- expected developments in electricity and gas demand;
- expected availability of renewable resources;
- the generation mix of traditional generation plants, taking account of the expected prices and availability of commodities (gas, coal, fuel oil, etc.);
- expected sales prices of electricity and gas;
- macroeconomic variables such as inflation, exchange rates and discount rates.

The discount rate gross of taxes reflects current market assessments of the cost of money in relation to the period of investment and the specific risks of discounting.

Nevertheless, possible changes in the estimation of the factors on which the calculation of such values is performed could generate different recoverable values.

Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012

Law 134 of August 7, 2012 containing "urgent measures for growth" (published in the Gazzetta Ufficiale of August 11, 2012) introduced a sweeping overhaul of the rules governing hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no prevailing public interest for a different use of the water, incompatible with its use for hydroelectric generation, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.

In order to ensure operational continuity, the law also governs the methods of transfer ownership of the business unit necessary to operate the concession, including all legal relationships relating to the concession, from the outgoing concession holder to the new concession holder, in exchange for payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

- for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775 of December 11, 1933), the revalued cost less government capital grants, also revalued, received by the concession holder for the construction of such works, depreciated for ordinary wear and tear;
- for other property, plant and equipment, the market value, meaning replacement value, reduced by estimated depreciation for ordinary wear and tear.

While acknowledging that the new regulations introduce important changes as to the transfer of ownership of the business unit with regard to the operation of the hydroelectric concession, the practical application of these principles faces difficulties, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).

Accordingly, management has decided it could not produce a reasonable and reliable estimate of residual value.

The fact that the legislation requires the new concession holder to make a payment to the departing concession holder prompted management to review the depreciation schedules for assets classified as to be relinquished free of charge prior to Law 134/2012 (until the year ended on December 31, 2011, given that the assets were to be relinquished free of charge, the depreciation period was equal to the closest date between the term of the concession and the end of the useful life of the individual asset), calculating depreciation no longer over the term of the concession but, if longer, over the economic and technical life of the individual assets. If additional information becomes available to enable the calculation of residual value, the carrying amounts of the assets involved will be adjusted prospectively.

Determining the fair value of financial instruments

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances were this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.

In accordance with IFRS 13, the Group includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk, using the method discussed in note 45. Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments.

Recovery of deferred tax assets

At December 31, 2017, the consolidated financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the tax rates applicable at the date of reversal. However, where the Group should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation

The Enel Group is involved in various civil, administrative and tax disputes connected with the normal pursuit of its activities that could give rise to significant liabilities. It is not always objectively possible to predict the outcome of these disputes. The assessment of the risks associated with this litigation is based on complex factors whose very nature requires recourse to management judgments, even when taking account of the contribution of external advisors assisting the Group, about whether to classify them as contingent liabilities or liabilities.

Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made. Note 49 provides information on the most significant contingent liabilities of the Group.

Management judgments

Identification of cash generating units (CGUs)

In application of "IAS 36 - Impairment of assets", the goodwill recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.

In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely independent and largely autonomous of those associated with other assets (or groups of assets).

The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted. For a more extensive discussion, please see notes 4 and 5 below and the discussion in the section on "Results by business area" in the Report on operations.

The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on intangible assets, to which the reader is invited to refer.

The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group, and to take account of external factors that could impact the ability of groups of assets to generate independent cash flows.

Determination of the existence of control

Under the provisions of IFRS 10, control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.

The existence of control does not depend solely on ownership of a majority shareholding, but rather it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Group the power to direct the relevant activities of the investee in order to affect its returns.

For the purpose of assessing control, management analyses all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and potential voting rights (call options, warrants, put options granted to non-controlling shareholders, etc.). These other facts and circumstances could be especially significant in such assessment when the Group holds less than a majority of voting rights, or similar rights, in the investee.

Following such analysis of the existence of control, which had already been done in previous years under the provisions of the then-applicable IAS 27, the Group consolidated certain companies (Emgesa and Codensa) on a line-by-line basis even though it did not hold more than half of the voting rights. That approach was maintained in the assessment carried out in application of IFRS 10 on the basis of the requirements discussed above, as detailed in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2017" to these financial statements.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.

Finally, the assessment of the existence of control did not find any situations of de facto control.

Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of IFRS 11, a joint arrangement is an agreement where two or more parties have joint control.

Joint control exists when the decisions over the relevant activities require the unanimous consent of at least two parties of a joint arrangement.

A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Following that analysis, the Group has considered its interest in Asociación Nuclear Ascó-Vandellós II as a joint operation.

The Group re-assesses whether or not it has joint control if facts and circumstances indicate that changes have occurred in one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

Determination of the existence of significant influence over an associate

Associated companies are those in which the Group exercises significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Group has a significant influence when it has an ownership interest of 20% or more.

In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.

The Group re-assesses whether or not it has significant influence if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of significant influence.

Application of "IFRIC 12 - Service concession arrangements" to concessions

"IFRIC 12 - Service concession arrangements" applies to "public-to-private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to the main public facilities for a specified period of time in return for managing the infrastructure used to deliver those public services.
More specifically, IFRIC 12 applies to public-to-private service concession arrangements if the grantor:

> controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
> controls – through ownership or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

In assessing the applicability of these provisions for the Group, management carefully analyzed existing concessions.
On the basis of that analysis, the provisions of IFRIC 12 are applicable to some of the infrastructure of a number of companies in the South America Region that operate in Brazil (essentially Enel Distribución Rio and Enel Distribución Ceará SA).

Related parties

Related parties are mainly parties that have the same controlling entity as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include entities that operate post-employment benefit plans for employees of Enel SpA or its associates (specifically, the FOPEN and FONDENEL pension funds), as well as the members of the boards of auditors, and their immediate family, and the key management personnel, and their immediate family, of Enel SpA and its subsidiaries. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include directors.

Subsidiaries

The Group controls an entity when it is exposed/has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as when the investor has existing rights that give it the current ability to direct the relevant activities.
The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2017 in accordance with the accounting policies adopted by the Parent Company.
If a subsidiary uses different accounting policies from those adopted in preparing the consolidated financial statements for similar transactions and facts in similar circumstances, appropriate adjustments are made to ensure conformity with Group accounting policies.
Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in or excluded from the consolidated financial statements, respectively, from the date the Group gains control or until the date the Group ceases to control the subsidiary.
Profit or loss and the other components of other comprehensive income are attributed to the shareholders of the Parent and non-controlling interests, even if this results in a loss for non-controlling interests.
All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full.
Changes in ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions, with the carrying amounts of the controlling and non-controlling interests adjusted to reflect changes in their interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the corresponding fraction of equity acquired or sold is recognized in consolidated equity.
When the Group ceases to have control over a subsidiary, any interest retained in the entity is remeasured to its fair value, recognized through profit or loss, at the date when control is lost. In addition, any amounts previously recognized in other comprehensive income in respect of the

former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities.

Investments in joint arrangements and associates

A joint venture is an entity over which the Group exercises joint control and has rights to the net assets of the arrangement. Joint control is the sharing of control of an arrangement, whereby decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over the investee.

The Group's investments in its joint ventures and associates are accounted for using the equity method.

Under the equity method, these investments are initially recognized at cost and any goodwill arising from the difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities at the acquisition date is included in the carrying amount of the investment. Goodwill is not individually tested for impairment.

After the acquisition date, their carrying amount is adjusted to recognize changes in the Group's share of profit or loss of the associate or joint venture. The OCI of such investees is presented as specific items of the Group's OCI.

Distributions received from joint venture and associates reduce the carrying amount of the investments.

Profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate or joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount.

In the case of the Slovak Power Holding BV joint venture, any impairment losses are assessed by determining the recoverable value using the price formula specified in the agreement to sell the 66% stake in Slovenské elektrárne by Enel Produzione to EP Slovakia, which is based on various parameters, including the evolution of the net financial position of SE, developments in energy prices in the Slovakian market, the operating efficiency of SE as measured on the basis of benchmarks defined in the contract and the enterprise value of Mochovce units 3 and 4. This value is compared against the carrying amount of the investment, which is measured on the basis of the results of that formula at the closing date for the transaction of July 28, 2017.

If the investment ceases to be an associate or a joint venture, the Group recognizes any retained investment at its fair value, through profit or loss. Any amounts previously recognized in other comprehensive income in respect of the former associate or joint venture are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to exercise a significant influence or joint control, the Group continues to apply the equity method and the share of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction is accounted for as if the Group had directly disposed of the related assets or liabilities.

When a portion of an investment in an associate or joint venture meets the criteria to be classified as held for sale, any retained portion of an investment in the associate or joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion classified as held for sale takes place.

Joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. For each joint operation, the Group recognized assets, liabilities, costs and revenue on the basis of the provisions of the arrangement rather than the participating interest held.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate. Non-monetary assets and liabilities in foreign currency stated at cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date that value was determined. Any exchange rate differences are recognized through profit or loss.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the presentation currency used in the consolidated financial statements are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized proportionately in the income statement on the disposal (partial or total) of the subsidiary.

Business combinations

Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004).

Such business combinations were recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired pertaining to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. The value of non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition any adjustment to the fair value of the net assets acquired previously was recognized in equity; the amount of goodwill was determined for each transaction separately based on the fair values of the acquiree's net assets at the date of each exchange transaction.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008), which is referred to as IFRS 3 (Revised) hereafter.

More specifically, business combinations are recognized using the acquisition method, where the purchase cost (the consideration transferred) is equal to the fair value at the purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs directly attributable to the acquisition are recognized through profit or loss.

The consideration transferred is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.

The value of non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

In the case of business combinations achieved in stages, at the date of acquisition of control the previously held equity interest in the acquiree is remeasured to fair value and any positive or negative difference is recognized in profit or loss.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration classified as an asset or a liability, or as a financial instrument within the scope of IAS 39, is recognized in profit or loss. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS-EU. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition, restating comparative figures.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by international accounting standards, the Group applies IFRS 13.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Group has access, i.e. the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.

When measuring fair value, the Group takes into account the characteristics of the asset or liability, in particular:

> for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;

> for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e. the risk that an entity will not fulfill an obligation;

> in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.

The cost is also increased by the present value of the estimate of the costs of decommissioning and restoring the site on which the asset is located where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".

Property, plant and equipment transferred from customers to connect them to the electricity distribution network and/or to provide them with ongoing access to a supply of electricity is initially recognized at its fair value at the time of the transfer.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.

Where individual items of major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.

The cost of replacing part or all of an asset is recognized as an increase in the carrying amount of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is derecognized through profit or loss.

Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

Civil buildings	20-70 years
Buildings and civil works incorporated in plants	20-85 years
Hydroelectric power plants:	
- penstock	20-75 years
- mechanical and electrical machinery	24-40 years
- other fixed hydraulic works	25-100 years
Thermal power plants:	
- boilers and auxiliary components	19-46 years
- gas turbine components	10-40 years
- mechanical and electrical machinery	10-45 years
- other fixed hydraulic works	10-66 years
Nuclear power plants	60 years
Geothermal power plants:	
- cooling towers	10-20 years
- turbines and generators	20-30 years
- turbine parts in contact with fluid	10-25 years
- mechanical and electrical machinery	20-22 years
Wind power plants:	
- towers	20-25 years
- turbines and generators	20-25 years
- mechanical and electrical machinery	15-25 years
Solar power plants:	
- mechanical and electrical machinery	15-40 years
Public and artistic lighting:	
- public lighting installations	18-25 years
- artistic lighting installations	20-25 years
Transmission lines	20-50 years
Transformer stations	10-60 years
Distribution plant:	
- high-voltage lines	30-50 years
- primary transformer stations	10-60 years
- low- and medium-voltage lines	23-50 years
Meters:	
- electromechanical meters	2-27 years
- electricity balance measurement equipment	2-35 years
- electronic meters	10-20 years

The useful life of leasehold improvements is determined on the basis of the term of the lease or, if shorter, on the duration of the benefits produced by the improvements themselves.

Land is not depreciated as it has an undetermined useful life.

Assets recognized under property, plant and equipment are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net carrying amount of the derecognized assets.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concessions. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants. For Italy, the concessions terminate between 2020 and 2040.

Within the Italian regulatory framework in force until 2011, if the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands were to be relinquished free of charge to the State in good operating condition. Accordingly, depreciation on assets to be relinquished was calculated over the shorter of the term of the concession and the remaining useful life of the assets.

In the wake of the legislative changes introduced with Law 134 of August 7, 2012, the assets previously classified as assets "to be relinquished free of charge" connected with the hydroelectric water diversion concessions are now considered in the same manner as other categories of "property, plant and equipment" and are therefore depreciated over the economic and technical life of the asset (where this exceeds the term of the concession), as discussed in the section above on the "Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012", which you are invited to consult for more details.

In accordance with Spanish laws 29/1985 and 46/1999, hydroelectric power stations in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The terms of the concessions extend up to 2067.

A number of generation companies that operate in Argentina, Brazil and Mexico hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire in the period between 2017 and 2088.

Infrastructure used in the service concession arrangement

As regards the distribution of electricity, the Group is a concession holder in Italy for this service. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance sheet value of the assets themselves and their profitability.

In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "Property, plant and equipment" and is depreciated over the useful lives of the assets.

Enel also operates under administrative concessions for the distribution of electricity in other countries (including Spain and Romania). These concessions give the right to build and operate distribution networks for an indefinite period of time.

Infrastructure within the scope of "IFRIC 12 - Service concession arrangements"

Under a "public-to-private" service concession arrangement within the scope of "IFRIC 12 - Service concession arrangements" the operator acts as a service provider and, in accordance with the terms specified in the contract, it constructs/upgrades infrastructure used to provide a public service and operates and maintains that infrastructure for the period of the concession.

The Group, as operator, does not recognize the infrastructure within the scope of IFRIC 12 as property, plant and equipment and it accounts for revenue and costs relating to construction/upgrade services as discussed in the section "Construction contracts". In particular, the Group measures the consideration received or receivable for the construction/upgrading of infrastructure at its fair value and, depending on the characteristics of the service concession arrangement, it recognizes:

> a financial asset, if the operator has an unconditional contractual right to receive cash or another financial asset from the grantor (or from a third party at the direction of the grantor) and the grantor has little discretion to avoid payment. In this case, the grantor contractually guarantees to pay to the operator specified or determinable amounts or the shortfall between the amounts received from the users of the public service and specified or determinable amounts (defined by the contract), and such payments are not dependent on the usage of the infrastructure; and/or

> an intangible asset, if the operator receives the right (a license) to charge users of the public service provided. In such a case, the operator does not have an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

If the Group (as operator) has a contractual right to receive an intangible asset (the right to charge users of the public service), borrowing costs are capitalized using the criteria specified in the section "Property, plant and equipment".

During the operating phase of concession arrangements, the Group accounts for operating service payments in accordance with criteria specified in the section "Revenue".

Leases

The Group holds property, plant and equipment and intangible assets for its various activities under lease contracts. These contracts are analyzed on the basis of the circumstances and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease that transfers substantially all the risks and rewards incidental to ownership of the related asset to the lessee. All leases that do not meet the definition of a finance lease are classified as operating leases.

On initial recognition assets held under finance leases are recognized as property, plant and equipment and the related liability is recognized under long-term borrowings. At inception date finance leases are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments due, including the payment required to exercise any purchase option.

The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.

Payment made under operating lease are recognized as a

cost on a straight-line basis over the lease term.
Although not formally designated as lease agreements, certain types of contract can be considered as such if the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and if the arrangement conveys a right to use such assets.

Investment property

Investment property consists of the Group's real estate held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods and services.
Investment property is measured at acquisition cost less any accumulated depreciation and any accumulated impairment losses.
Investment property, excluding land, is depreciated on a straight-line basis over the useful lives of the assets.
Impairment losses are determined on the basis of criteria discussed below.
The breakdown of the fair value of investment property is detailed in note 45 "Assets measured at fair value". Investment property is derecognized either at the time of its disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits. They are measured at purchase or internal development cost when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable expenses necessary to make the assets ready for their intended use.
Internal development costs are recognized as an intangible asset when both the Group is reasonably assured of the technical feasibility of completing the intangible asset and that the asset will generate future economic benefits and it has intention and ability to complete the asset and use or sell it.
Research costs are recognized as expenses.
Intangible assets with a finite useful life are reported net of accumulated amortization and any impairment losses.

Amortization is calculated on a straight-line basis over the item's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use. Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.
The Group's intangible assets have a definite useful life, with the exception of a number of concessions and goodwill.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.
The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is accounted for as a change in accounting estimate.
Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.
The estimated useful life of the main intangible assets, distinguishing between internally generated and acquired assets, is as follows:

Development costs:	
- internally generated	3-5 years
- acquired	3-5 years
Industrial patents and intellectual property rights:	
- internally generated	5 years
- acquired	3-25 years
Concessions, licenses, trademarks and similar rights:	
- internally generated	-
- acquired	2-60 years
Other:	
- internally generated	2-5 years
- acquired	3-40 years

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, as measured at fair value at the acquisition date, and the value of any non-controlling interests over the net fair value of the acquiree's identifiable assets and liabilities. After initial recognition, goodwill is not amortized, but is tested for re-

coverability at least annually using the criteria discussed in the section "Impairment of non-financial assets". For the purpose of impairment testing, goodwill is allocated, from the acquisition date, to each of the identified cash generating units.
Goodwill relating to equity investments in associates and joint ventures is included in their carrying amount.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any involved asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.
In order to determine the recoverable amount of property, plant and equipment, investment property, intangible assets and goodwill, the Group generally adopts the value-in-use criterion.
The value in use is represented by the present value of the estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.
The future cash flows used to determine value in use are based on the most recent business plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments.
These projections cover the next five years. Consequently, cash flows related to subsequent periods are determined on the basis of a long-term growth rate that does not exceed the average long-term growth rate for the particular sector and country.
The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.
If the carrying amount of an asset or of a cash-generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".
Impairment losses of cash generating units are firstly charged against the carrying amount of any goodwill attributed to it and then against the other assets, in proportion to their carrying amount.
If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the net carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer obtain.
The recoverable amount of goodwill and intangible assets with an indefinite useful life and intangible assets not yet available for use is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired.
If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they can be isolated from the rest of the assets of the CGU, undergo separate analysis of their recoverability and are impaired where necessary.

Inventories

Inventories are measured at the lower of cost and net realizable value except for inventories involved in trading activities, which are measured at fair value with recognition through profit or loss. Cost is determined on the basis of average weighted cost, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated costs to sell or, where applicable, replacement cost.
For the portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.
Inventories include environmental certificates (green certificates, energy efficiency certificates and CO_2 emissions allowances) that were not utilized for compliance in the reporting period. As regards CO_2 emissions allowances, inventories are allocated between the trading portfolio and the compliance portfolio, i.e. those used for compliance with greenhouse gas emissions requirements. Within the latter, CO_2 emissions allowances are allocated to sub-portfolios on the basis of the compliance year to which they have been assigned.
Inventories also include nuclear fuel stocks, use of which is determined on the basis of the electricity generated.
Materials and other consumables (including energy commodities) held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.

Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and contract costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period. Under this criteria, revenue, expenses and profit are attributed in proportion to the work completed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss on the construction contract is recognized as an expense immediately, regardless of the stage of completion of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

The stage of completion of the contract in progress is determined, using the cost-to-cost method, as a ratio between costs incurred for work performed to the reporting date and the estimated total contract costs. In addition to initial amount of revenue agreed in the contract, contract revenue includes any payments in respect of variations, claims and incentives, to the extent that it is probable that they will result in revenue and can be reliably measured.

The amount due from customers for construction contract is presented as an asset; the amount due to customers for construction contract is presented as a liability.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

A financial asset or liability is recognized in the consolidated financial statements when, and only when, the Group becomes party to the contractual provisions of the instrument (the trade date).

Financial instruments are classified as follows under IAS 39:

> financial assets and liabilities at fair value through profit or loss (FVTPL);
> held-to-maturity financial assets (HTM);
> loans and receivables;
> available-for-sale financial assets (AFS);
> financial liabilities measured at amortized cost.

Financial assets and liabilities at fair value through profit or loss

This category includes: securities, equity investments in entities other than subsidiaries, associates and joint ventures and investment funds held for trading or designated as at fair value through profit or loss at the time of initial recognition.

Financial instruments at fair value through profit or loss are financial assets and liabilities:

> classified as held for trading because acquired or incurred principally for the purpose of selling or repurchasing at short term;
> designated as such upon initial recognition, under the option allowed by IAS 39 (the fair value option).

Such financial assets and liabilities are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.

Held-to-maturity financial assets

This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, quoted on an active market and not representing equity investments, for which the Group has the positive intention and ability to hold until maturity. They are initially recognized at fair value, including any transaction costs, and subsequently measured at amortized cost using the effective interest method.

Loans and receivables

This category mainly includes trade receivables and other financial receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted on an active market, other than those the Group intends to sell immediately or in the short term (which are classified as held for trading) and those that the Group, on initial recognition, designates as either at fair value through profit or loss or available for sale. Such assets are initially recognized at fair value, adjusted for any transaction costs, and are subsequently measured at amortized cost using the effective interest method, without discounting unless material.

Available-for-sale financial assets

This category mainly includes listed debt securities not classified as held to maturity and equity investments in other entities (unless classified as "designated as at fair value through profit or loss"). Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

These financial instruments are measured at fair value with changes in fair value recognized in other comprehensive income.

At the time of sale, or when a financial asset available for sale becomes an investment in a subsidiary as a result of successive purchases, the cumulative gains and losses previously recognized in equity are reversed to the income statement.

When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Impairment of financial assets

At each reporting date, all financial assets classified as loans and receivables (including trade receivables), held to maturity or available for sale, are assessed in order to determine if there is objective evidence that an asset or a group of financial assets is impaired.

An impairment loss is recognized if and only if such evidence exists as a result of one or more events that occurred after initial recognition and that have an impact on the future cash flows of the asset and which can be estimated reliably.

Objective evidence of an impairment loss includes observable data about, for example:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- evidence that the borrower will enter bankruptcy or other form of financial reorganization;
- a measurable decrease in estimated future cash flows.

Losses that are expected to arise as a result of future events are not recognized.

For financial assets classified as loans and receivables or held to maturity, once an impairment loss has been identified, its amount is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate. This amount is recognized in profit or loss.

The carrying amount of trade receivable is reduced through use of an allowance account.

If the amount of a past impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the impairment is reversed through profit or loss.

Further factors are considered in case of impairment of available-for-sale equity investments, such as significant adverse changes in the technological, market, economic or legal environment.

A significant or prolonged decline in fair value constitutes objective evidence of impairment and, therefore, the fair value loss previously recognized in other comprehensive income is reclassified from equity to income.

The amount of the cumulative loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss. An impairment loss on an available-for-sale equity investment cannot be reversed.

If there is objective evidence of impairment for unquoted equity instruments measured at cost because fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current rate of interest for a similar financial asset. Reversal of impairment are not permitted in these cases either.

The amount of the impairment loss on a debt instrument classified as available for sale, to be reclassified from equity, is the cumulative fair value loss recognized in other comprehensive income. Such impairment loss is reversed through profit or loss if the fair value of the debt instrument objectively increases as a result of an event that occurred after the impairment loss was recognized.

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly liquid short-term financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

Financial liabilities measured at amortized cost

This category mainly includes borrowings, trade payables, finance lease obligations and debt instruments.

Financial liabilities other than derivatives are recognized when the Group becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

A derivative is a financial instrument or another contract:

> whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a credit rating or other variable;

> that requires no initial net investment, or an initial net investment that is smaller than would be required for a contract with a similar response to changes in market factors;

> that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on whether their fair value is positive or negative and they are classified as "held for trading" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.

For more details about hedge accounting, please see note 44 "Derivatives and hedge accounting".

All derivatives held for trading are classified as current assets or liabilities.

Derivatives not held for trading purposes but measured at fair value through profit or loss since they do not qualify for hedge accounting and derivatives designated as effective hedging instruments are classified as current or non-current on the basis of their maturity date and the Group's intention to hold the financial instrument until maturity or not.

Embedded derivatives

An embedded derivative is a derivative included in a "combined" contract (the so-called "hybrid instrument") that contains another non-derivative contract (the so-called "host contract") and gives rise to some or all of the combined contract's cash flows.

The main Group contracts that may contain embedded derivatives are contracts to buy or sell non-financial items with clauses or options that affect the contract price, volume or maturity.

Such contracts, which do not represent financial instruments to be measured at fair value, are analyzed in order to identify any embedded derivative, which are to be separated and measured at fair value. This analysis is performed when the Group becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows. Embedded derivatives are separated from the host contract and accounted for as derivatives when:

> host contract is not a financial instrument measured at fair value through profit or loss;

> the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;

> a separate contract with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are separated from the host contract are recognized in the consolidated financial statements at fair value with changes recognized through profit or loss (except when the embedded derivative is part of a designated hedging relationship).

Contracts to buy or sell non-financial items

In general, contracts to buy or sell non-financial items that are entered into and continue to be held for receipt or delivery, in accordance with the Group's normal expected purchase, sale or usage requirements, do not fall within the scope of IAS 39 and are then recognized in accordance with the accounting treatment of such transactions (the "own use exemption").

Such contracts are recognized as derivatives and, as a consequence, at fair value through profit or loss only if:

> they can be settled net in cash; and

> they are not entered into in accordance with the Group's expected purchase, sale or usage requirements.

A contract to buy or sell non-financial items is classified as a "normal purchase or sale" if it is entered into:

> for the purpose of physical delivery;

> in accordance with the Group's expected purchase, sale or usage requirements.

The Group analyses all contracts to buy or sell non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they should be classified and treated in accordance with IAS 39 or if they have been entered into for "own use".

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

> the contractual right to receive the cash flows associated with the asset expires;

> the Group has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the require-

ments established by IAS 39 (the "pass through test");
> the Group has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired.

Offsetting financial assets and liabilities

The Group offsets financial assets and liabilities when:
> there is a legally enforceable right to set off the recognized amounts; and
> it has the intention of either settling on a net basis, or realizing the asset and settling the liability simultaneously.

Employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date (the projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds. If there is no deep market for high-quality corporate bonds in the currency in which the bond is denominated, the corresponding yield of government securities is used.

The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

If the value of plan assets exceeds the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.

As regards the liabilities (assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest income) are recognized in other comprehensive income when they occur. For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

Employees are also enrolled in defined contribution plans under which the Group pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in income statement on the basis of the amount of contributions paid in the period.

Termination benefits

Liabilities for benefits due to employees for the early termination of the employment relationship, both as a result of a decision by the Group or an employee's decision to accept voluntary redundancy in exchange for these benefits, are recognized at the earlier of the following dates:
> when the Group can no longer withdraw its offer of benefits; and
> when the Group recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefit. Otherwise, if the termination benefits due to employees are expected to be settled wholly before 12 months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly before 12 months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for other long-term employee benefits.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is material, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability. If the provision is discounted, the

periodic adjustment of the present value for the time factor is recognized as a financial expense.
When the Group expects some or all of the expenditure required to extinguish a liability will be reimbursed by a third party, the reimbursement is recognized as a separate asset if such reimbursement is virtually certain.
Where the liability relates to plant decommissioning and/or site restoration, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.
Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.
In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Group recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.
Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in respect of the costs of decommissioning, dismantling and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement.
Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.
For more information on the estimation criteria adopted in determining liabilities for plant dismantling and site restoration, especially those associated with nuclear power plants or the storage of waste fuel and other radioactive materials, please see the section on the use of estimates.

Government grants

Government grants, including non-monetary grants at fair value, are recognized where there is reasonable assurance that they will be received and that the Group will comply with all conditions attaching to them as set by the government, government agencies and similar bodies whether local, national or international.
When loans are provided by governments at a below-market rate of interest, the benefit is regarded as a government grant. The loan is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying amount of the loan and the funds received. The loan is subsequently measured in accordance with the requirements for financial liabilities.
Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the costs that the grants are intended to compensate.
Where the Group receives government grants in the form of a transfer of a non-monetary asset for the use of the Group, it accounts for both the grant and the asset at the fair value of the non-monetary asset received at the date of the transfer.
Grants related to long-lived assets, including non-monetary grants at fair value, i.e. those received to purchase, build or otherwise acquire non-current assets (for example, an item of property, plant and equipment or an intangible asset), are recognized on a deferred basis under other liabilities and are credited to profit or loss on a straight-line basis over the useful life of the asset.

Environmental certificates

Some Group companies are affected by national regulations governing green certificates and energy efficiency certificates (so-called white certificates), as well as the European "Emissions Trading System".
Green certificates, which now only exist outside of Italy, accrued in proportion to electricity generated by renewable energy plants and energy efficiency certificates accrued in proportion to energy savings achieved that have been certified by the competent authority are treated as non-monetary government operating grants and are recognized at fair value, under other revenue and income, with recognition of an asset under other non-financial assets, if the certificates are not yet credited to the ownership account, or under inventories, if the certificates have already been credited to that account. At the time the certificates are credited to the ownership account, they are reclassified from other assets to inventories.
Revenue from the sale of such certificates are recognized under revenue from sales and services, with a corresponding decrease in inventories.

For the purposes of accounting for charges arising from regulatory requirements concerning green certificates, energy efficiency certificates and CO_2 emissions allowances, the Group uses the "net liability approach".

Under this accounting policy, environmental certificates received free of charge and those self-produced as a result of Group's operations that will be used for compliance purposes are recognized at nominal value (nil). In addition, charges incurred for obtaining (in the market or in some other transaction for consideration) any missing certificates to fulfil compliance requirements for the reporting period are recognized through profit or loss on an accruals basis under other operating expenses, as they represent "system charges" consequent upon compliance with a regulatory requirement.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.

This classification criteria is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable.

If the Group is committed to a sale plan involving loss of control of a subsidiary and the requirements provided for under IFRS 5 are met, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

The Group applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the balance sheet.

The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.

Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying amounts of such assets (or disposal groups) are measured in accordance with the IFRS-EU applicable to the specific assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for any initial or subsequent writedown of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are included in profit or loss from continuing operations.

Non-current assets are not depreciated (or amortized) while they are classified as held for sale or while they are part of a disposal group classified as held for sale.

If the classification criteria are no longer met, the Group ceases to classify non-current assets (or disposal group) as held for sale. In that case they are measured at the lower of:

> the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
> the recoverable amount, which is equal to the greater of its fair value net of costs of disposal and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

> represents a separate major line of business or geographical area of operations;
> is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
> is a subsidiary acquired exclusively with a view to resale.

The Group presents, in a separate line item of the income statement, a single amount comprising the total of:

> the post-tax profit or loss of discontinued operations; and
> the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is re-presented in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period.

If the Group ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in income from continuing operations for all periods presented.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Revenue includes only the gross inflows of economic benefits received and receivable by the Group on its own account. Therefore, in an agency relationship, the amount collected on behalf of the principal are excluded from revenue.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed by the Group.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

In arrangements under which the Group will perform multiple revenue-generating activities (a multiple-element arrangement), the recognition criteria are applied to the separately identifiable components of the transaction in order to reflect the substance of the transaction or to two or more transactions together when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole.

More specifically, the following criteria are used depending on the type of transaction:

> revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and their amount can be reliably determined;
> revenue from the sale of electricity and gas is recognized when these commodities are supplied to the customer and regard the quantities provided during the period, even if these have not yet been invoiced. It is determined using estimates as well as periodic meter readings. Where applicable, this revenue is based on the rates and related restrictions established by law or the Regulatory Authority for Energy, Networks and the Environment and analogous foreign authorities during the applicable period;
> revenue from the transport of electricity and gas is recognized when the services are rendered to distribution customers even if they have not yet been invoiced. That revenue is determined on the basis of the amounts that have actually transited along the distribution network, net of estimated losses. Where provided for in the specific local regulations, such revenue is adjusted to take account of the restrictions and mandatory rates established by the Regulatory Authority for Energy, Networks and the Environment in Italy or the equivalent national organizations in other countries. In particular, in setting restrictions and mandatory rates, each authority covers the costs incurred for investments in the network, the associated remuneration based on an appropriate rate of return on capital and the timing with which those amounts are incorporated in rates;
> revenue from the rendering of services is recognized by reference to the stage of completion of services at the end of the reporting periods in which the services are rendered. The stage of completion of the transaction is determined based on an assessment of the service rendered as a percentage of the total services to be rendered or as costs incurred as a proportion of the estimated total costs of the transaction. When it is not possible to reliably determine the value of the revenue, it is recognized only to the extent of the expenses recognized that are recoverable;
> revenue associated with construction contracts is recognized as specified in the section "Construction contracts";
> revenue from monetary and in-kind fees for connection to the electricity distribution network is recognized in full upon completion of connection activities if the service supplied is identified. If more than one separately identifiable service is identified, the fair value of the total consideration received or receivable is allocated to each service and the revenue related to the service performed in the period is recognized; in particular, if any ongoing services (electricity distribution services) are identified, the related revenue is generally determined by the terms of the agreement with the customer or, when such an agreement does not specify a period, over a period no longer than the useful life of the transferred asset;
> revenue from rentals and operating leases is accrued on a straight-line basis in accordance with the substance of the relevant agreement.

Financial income and expense from derivatives

Financial income and expense from derivatives includes:

> income and expense from derivatives measured at fair value through profit or loss on interest rate and exchange risks;

- income and expense from fair value hedge derivatives on interest rate risk;
- income and expense from cash flow hedge derivatives on interest rate and exchange risks.

Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income and expense is recorded using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.
Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured.
Other financial income and expense also includes changes in the fair value of financial instruments other than derivatives.

Income taxes

Current income taxes

Current income taxes for the period, which are recognized under "Income tax payable" net of payments on account, or under "Tax receivables" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
In particular, such payables and receivables are determined using the tax rates and tax laws that are enacted or substantively enacted as at the end of the reporting period.
Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

Deferred tax items

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are enacted or substantively enacted as at end of the reporting period.
Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.
The recoverability of deferred tax assets is reviewed at each period-end.
Unrecognized deferred tax assets are re-assessed at each reporting date and they are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred taxes are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity.
Deferred tax assets and deferred tax liabilities are offset against current tax liabilities related to income taxes levied by the same taxation authority that arise at the time of reversal if a legally enforceable right to set-off exists.

Dividends

Dividends are recognized when the unconditional right to receive payment is established.
Dividends and interim dividends payable to a company's shareholders are recognized as changes in equity in the period in which they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

3

Recently issued accounting standards

New accounting standards applied in 2017

The Group adopted the following amendments to existing standards with effect as from January 1, 2017.
- "Amendments to IAS 7 - Disclosure initiative", issued in

January 2016. The amendments apply to liabilities and assets arising from financing activities, which are defined as liabilities and assets for which cash flows were, or will be, classified in the statement of cash flows as "cash flows from financing activities". The amendments require disclosure of changes in such liabilities/assets, distinguishing between cash flow changes and non-cash variations (i.e. variations arising from the effect of changes in foreign exchange rates and changes in fair values).

The application of amendments did not entail substantial changes in the disclosures provided in these consolidated financial statements.

> "Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses", issued in January 2016. The amendments clarify the recognition of deferred tax assets in respect of debt instruments measured at fair value. More specifically, the amendments clarify the requirements for recognizing deferred tax assets for unrealized losses in order to eliminate differences in accounting treatment. The application of amendments did not have an impact on these consolidated financial statements.
> "Annual improvements to IFRSs 2014-2016 cycle", issued in December 2016, limited to the amendments to "IFRS 12 - Disclosure of interests in other entities". The amendments clarify that the provisions governing disclosure under IFRS 12, with the exception of summarized financial information, also apply to interests in entities classified as held for sale. Prior to the amendments, it was not clear whether the provisions of IFRS 12 were applicable to such interests. The application of amendments did not have an impact on these consolidated financial statements.

Accounting standards taking effect at a future date

The following new standards, amendments and interpretations take effect after December 31, 2017.

> "IFRS 9 - Financial instruments", the final version was issued on July 24, 2014, replacing the existing "IAS 39 - Financial instruments: recognition and measurement" and supersedes all previous versions of the new standard. The standard will take effect as from January 1, 2018 and early application will be permitted.

The final version of IFRS 9 incorporates the results of the three phases of the project to replace IAS 39 concerning classification and measurement, impairment and hedge accounting.

As regards the classification of financial instruments, IFRS 9 provides for a single approach for all types of financial asset, including those containing embedded derivatives, under which financial assets are classified in their entirety, without the application of complex subdivision methods.

In order to determine how financial assets should be classified and measured, consideration must be given to the business model used to manage its financial assets and the characteristics of the contractual cash flows. In this regard, a business model is the manner in which an entity manages its financial assets in order to generate cash flows, i.e. collecting contractual cash flows, selling the financial assets or both.

Financial assets are measured at amortized cost if they are held in a business model whose objective is to collect contractual cash flows and are measured at fair value through other comprehensive income (FVTOCI) if they are held with the objective of both collecting contractual cash flows and selling the assets. This category enables the recognition of interest calculated using the amortized cost method through profit or loss and the fair value of the financial asset through OCI.

Financial assets at fair value through profit or loss (FVTPL) is now a residual category that comprises financial instruments that are not held under one of the two business models indicated above, including those held for trading and those managed on the basis of their fair value.

As regards the classification and measurement of financial liabilities, IFRS 9 maintains the accounting treatment envisaged in IAS 39, making limited amendments, for which most of such liabilities are measured at amortized cost. It is still permitted to designate a financial liability as at fair value through profit or loss if certain requirements are met.

The standard introduces new provisions for financial liabilities designated at fair value through profit or loss, under which in certain circumstances the portion of changes in fair value due to own credit risk shall be recognized through OCI rather than profit or loss. This part of the standard may be applied early, without having to apply the entire standard.

Since during the financial crisis the impairment approach based on "incurred credit losses" had displayed clear limitations connected with the deferral of the recognition of credit losses until the occurrence of a trigger event, the standard proposes a new model that gives users of financial statements more information on "expected credit losses".

In essence the model provides for:

a) the application of a single framework for all financial assets;

b) the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, with a view to reflecting changes in the credit risk of the financial instrument;

c) the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions;

d) an improvement of disclosures on expected losses and credit risk.

IFRS 9 also introduces a new approach to hedge accounting, with the aim of aligning hedge accounting more closely with risk management, establishing a more principle-based approach.

The new hedge accounting approach will enable entities to reflect their risk management activities in the financial statements, extending the criteria for eligibility as hedged items to the risk components of non-financial elements, to net positions, to layer components and to aggregate exposures (i.e., a combination of a non-derivative exposure and a derivative). The most significant changes regarding hedging instruments compared with the hedge accounting approach used in IAS 39 involve the possibility of deferring the time value of an option, the forward element of forward contracts and currency basis spreads (i.e. "hedging costs") in OCI up until the time in which the hedged element impacts profit or loss. IFRS 9 also eliminates the requirement for testing effectiveness under which the results of the retrospective test needed to fall with a range of 80%-125%, allowing entities to rebalance the hedging relationship if risk management objectives have not changed.

Finally, IFRS 9 does not replace the provisions of IAS 39 concerning portfolio fair value hedge accounting for interest rate risk ("macro hedge accounting") as that phase of the IAS 39 replacement project has been separated and is still under discussion.

In 2017 a transition project involving the three areas of application of the new standard was completed. The individual project areas address the following aspects:

a) "Classification and Measurement": an assessment was conducted of the procedures for classifying financial instruments under IAS 39 compared with the new policies provided for under IFRS 9 (i.e. SPPI test and business model);

b) "Impairment": an analysis was conducted of impaired financial assets, with a focus on trade receivables, which represent the majority of the Group's credit exposure. More specifically, in application of the simplified approach envisaged by the standard, those receivables were sub-divided into specific clusters, taking due account of the applicable legislative and regulatory framework, and the impairment model based on expected losses developed by the Group for collective assessment was applied. An analytical approach was applied to trade receivables that management considers significant on an individual basis and for which more detailed information on the increase in credit risk is available within the simplified model;

c) "Hedge Accounting": specific activities were performed to implement the new hedge accounting model, including effectiveness testing and rebalancing hedge relationships and analysis of the new strategies that can be applied under IFRS 9.

Upon first-time application, the effects of adoption of IFRS 9 for "Classification and Measurement" and "Impairment" will be recognized in Group equity at January 1, 2018, while for "Hedge Accounting", the adoption of the new provisions is prospective, with the exception of the available option of separating currency basis spreads from the hedge relations, which the Group elected to apply retrospectively.

On the basis of available information, the adoption of IFRS 9 as from January 1, 2018 will produce an immaterial decrease in Group equity, net of the tax effect, mainly due to the adoption of the expected loss model.

> "IFRS 15 - Revenue from contracts with customers", issued in May 2014, including "Amendments of IFRS 15: effective date of IFRS 15", issued in September 2015. The new standard will replace "IAS 11 - Construction contracts", "IAS 18 - Revenue", "IFRIC 13 - Customer loyalty programmes", "IFRIC 15 - Agreements for the construction of real estate", "IFRIC 18 - Transfers of assets from customers" and "SIC 31 - Revenue - Barter transactions involving advertising services" and will apply to all contracts with customers, with a number of exceptions (for example, lease and insurance contracts, financial instruments, etc.). The new standard establishes a general framework for the recognition and measurement of revenue based on the following fundamental principle: the recognition of revenue in a manner that faithfully depicts the transfer of goods and services to customers in an amount that reflects the consideration to which the enti-

ty expects to be entitled in exchange for those goods or services. The fundamental principle will be applied on the basis of five key phases (steps): the entity must identify the contract with the customer (step 1); the entity must identify the performance obligations in the contract, recognizing separable goods or services as separate obligations (step 2); the entity must then determine the transaction price, which is represented by the consideration that it expects to obtain (step 3); the entity must then allocate the transaction price to the individual obligations identified in the contract on the basis of the individual price of each separable good or service (step 4); revenue is recognized when (or if) each individual performance obligation is satisfied through the transfer of the good or service to the customer, i.e. when the customer obtains control of the good or service (step 5).

IFRS 15 also provides for a series of notes that ensure complete disclosure concerning the nature, amount, timing and degree of uncertainty of the revenue and cash flows associated with contracts with customers.

The standard will take effect retrospectively for periods beginning on or after January 1, 2018, with the option of recognizing the effect in equity at January 1, 2018.

In 2017, a project begun in 2016 was completed to identify the possible impact of the standard on the Group's consolidated financial statements. More specifically, the most significant aspects for the consolidated financial statements that will be affected by the new provisions of IFRS 15 regard: (i) revenue in respect of certain grid connection contracts, which was previously recognized in profit or loss at the time of the connection, but under IFRS 15 will be deferred on the basis of the nature of the obligation arising from the contract with the customer; and ii) the capitalization of contract acquisition costs, limited to sales commission paid to agents.

With regard to presentation, the application of IFRS 15 will also entail a limited number of reclassifications in the income statement.

On the occasion of first-time application of the new standard, the Enel Group will elect to recognize the effect of the retrospective recalculation of values in equity at January 1, 2018, for circumstances existing at that date, without restating the figures for previous years presented for comparative purposes. In particular, on the basis of available information, considering the circumstances indicated previously, the adoption of the new IFRS 15 as from January 1, 2018 will decrease Group equity, net of the associated tax effect, by €3.7 billion.

This decrease mainly reflects the redetermination of fees for contracts to connect customers to the grid, partly offset by an increase connected with the capitalization of contract acquisition costs net of the associated amortization.

> "Clarification to IFRS 15 - Revenue from contracts with customers", issued in April 2016, introduces amendments of the standard in order to clarify a number of practical expedients and topics addressed by the Joint Transition Resource Group established by the IASB and the FASB. The aim of these amendments is to clarify a number of provisions of IFRS 15 without modifying the basic principles of the standard. The amendments, which will take effect for periods beginning on or after January 1, 2018, do not affect the estimated potential impacts of the adoption of IFRS 15.

> "IFRS 16 - Leases", issued in January 2016, replaces the previous standard governing leases, IAS 17, and the associated interpretations. It establishes the criteria for the recognition, measurement and presentation of leases for both the lessor and the lessee and the associated disclosures. Although IFRS 16 does not modify the definition of a lease contract set out in IAS 17, the main change is represented by the introduction of the concept of control within that definition. More specifically, in order to determine whether a contract represents a lease, IFRS 16 requires the lessee to determine whether it has the right to control the use of a given assets for a specified period of time. IFRS 16 eliminates the distinction between operating and finance leases, as required under IAS 17, introducing a single method for recognizing all leases. Under the new approach, the lessee must recognize:

a) in the balance sheet, the assets and liabilities in respect of all leases with a term of more than 12 months, unless the underlying asset is of low value; and
b) in the income statement, the depreciation of the assets involved in the lease contract separately from the interest connected with the associated liabilities.

For lessors, IFRS 16 essentially retains the recognition requirements provided for under IAS 17. Accordingly, the lessor shall continue to classify and recognize leases as operating or finance leases. The standard will apply for periods beginning on or after January 1, 2019. The Group is assessing the potential impact of the future application of the standard.

> "IFRS 17 - Insurance contracts", issued in May 2017, essentially defines the principles for the recognition, measurement, presentation and disclosure of insurance and

reinsurance contracts issued by the company, as well as reinsurance contracts held by the company. IFRS 17 replaces IFRS 4, which did not establish a single method for recognizing insurance contracts, with the result that those contracts could be recognized differently in different jurisdictions and, potentially, within the same company.

The new standard:

- requires the disclosure of updated information on the obligations, risks and performance of insurance contracts;
- increases the transparency of financial information provided by insurance companies, giving the users of financial statements greater confidence in their understanding of the insurance industry; and
- introduces a consistent accounting method for all insurance contracts based on a single valuation model.

The standard will take effect, subject to endorsement, for periods beginning on or after January 1, 2021. The Group is assessing the potential impact of the future application of the new standard.

> "Amendments to IFRS 2 - Share-based payment", issued in June 2016. The amendments:

- clarify that the fair value of a share-based transaction settled in cash at the measurement date (i.e. at the grant date, at the close of each accounting period and at the settlement date) shall be calculated by taking account of market conditions (e.g. a target price for the shares) and non-vesting conditions, ignoring service conditions and performance conditions other than market conditions;
- clarify that share-based payments with net settlement for withholding tax obligations should be classified in their entirety as equity-settled transactions (if they would be so classified in the absence of the net settlement feature);
- establish provisions for the accounting treatment of changes in terms and conditions that result in a change in the classification of the transaction from cash-settled to equity-settled.

The amendments will take effect for periods beginning on or after January 1, 2018. The Group does not expect the future application of the amendments to have an impact.

> "Amendments to IFRS 4: Applying IFRS 9 - Financial instruments with IFRS 4 - Insurance contracts, issued in September 2016. The amendments:

- permit insurers whose activities are predominantly connected with insurance to postpone the application of IFRS 9 until 2021 ("temporary exemption"); and
- permits insurers, until the future issue of the new accounting standard for insurance contracts, to recognize the volatility that should be caused by the application of IFRS 9 in other comprehensive income rather than through profit or loss (the "overlay approach").

The amendments will take effect for periods beginning on or after January 1, 2018. The Enel Group has decided not to exercise the option for the temporary exemption for the application of IFRS 9 to the insurance sector.

> "Amendments to IFRS 9: Prepayment features with negative compensation", issued in October 2017. The amendments introduce a narrow-scope exception to the provisions of IFRS 9 for certain financial assets that would otherwise have contractual cash flows represented solely by payments of principal and interest but do not meet that condition only because the contract contains a prepayment option. More specifically, the amendments establish that financial assets with a contractual clause that permits (or requires) the issuer to prepay a debt instrument or that permits (or requires) the holder to put a debt instrument back to the issuer before maturity can be measured at amortized cost or at fair value through other comprehensive income, subject to assessment of the business model under which the assets are held, if the following conditions are satisfied:

- the entity acquires or originates the financial asset at a premium or discount to the contractual par amount;
- the prepayment amount substantially represents the contractual par amount and accrued (but unpaid) contractual interest, which may include reasonable additional compensation for the early termination of the contract; and
- when the entity initially recognizes the financial asset, the fair value of the prepayment feature is insignificant.

In 2017 the IASB discussed the issue of the modification or exchange of a financial liability that does not result in derecognition of the liability. The discussion resulted in the addition of a section to the Basis for Conclusions of "IFRS 9 - Another issue: Modification or exchange of a financial liability that does not result in derecognition".

The IASB concluded that the requirements under IFRS 9 for adjusting the amortized cost of a financial liability when a modification (or exchange) does not result in the derecognition of the financial liability are consistent with the requirements for adjusting a financial asset when a modification does not result in the derecognition of the financial asset.

The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2019. Early application is permitted.

> "Amendments to IAS 28 - Long-term interests in associates and joint ventures", issued in October 2017. The amendments clarify that an entity shall apply the provisions of "IFRS 9 - Financial instruments" to long-term interests in associates and joint ventures for which the equity method is not used. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2019. The Group is assessing the potential impact of the future application of the amended standard.

> "Amendments to IAS 40 - Transfers of investment property", issued in December 2016. The amendments clarify that transfers of property to or from investment property shall be permitted only when there is a change in use supported by evidence of that change. A change in management's intentions does not in itself provide evidence of a change in use sufficient to support the transfer. The amendments broadened the examples of changes of use to include property under construction or development and not just the transfer of completed properties. The amendments will take effect for periods beginning on or after January 1, 2018. The Group does not expect the future application of the amendments to have an impact.

> "IFRIC 22 - Foreign currency transactions and advance consideration", issued in December 2016; the interpretation clarifies that, for the purpose of determining the exchange rate to be used in the initial recognition of an asset, expense or income (or part of it) the date of the transaction is that on which the entity recognizes any non-monetary asset (liability) in respect of advance consideration paid (received). If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2018. The Group is assessing the potential impact of the future application of the amended standard.

> "IFRIC 23 - Uncertainty over income tax treatments", issued in June 2017. The interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 in the case of uncertainty over income tax treatments. The uncertainty may regard current or deferred taxation. The interpretation states that the entity shall recognize a tax liability or asset in conditions of uncertainty if it is probable that a taxation authority will accept an uncertain tax treatment, assuming that the authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. The interpretation also requires an entity to reassess a judgement or estimate in the presence of facts and circumstances that might change an entity's conclusions about the acceptability of a tax treatment or the entity's estimate of the effect of uncertainty, or both. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2019. The Group is assessing the potential impact of the future application of the provisions.

> "Annual improvements to IFRSs 2014-2016 cycle", issued in December 2016, limited to the amendments of the following standards:
  - "IFRS 1 - First-time adoption of International Financial Reporting Standards"; the amendments eliminated the "short-term exemptions from IFRSs" regarding the transition to IFRS 7, IAS 19 and IFRS 10. These transition provisions were only available for past reporting periods and are therefore now no longer applicable. The amendments will take effect for periods beginning on or after January 1, 2018;
  - "IAS 28 - Investments in associates and joint ventures"; the amendments clarify that the option available to a venture capital organization (or a mutual fund, unit trust and similar entities, including investment-linked insurance funds) to measure an investment in an associate or joint venture at fair value through profit or loss, those entities shall make this election at initial recognition separately for each associate or joint venture. Similar clarifications were made for entities that are not investment entities and that, when they apply the equity method, elect to retain the fair value measurement applied by the investment entities that represent their interests in associates or joint ventures. The amendments will apply retrospectively for periods beginning on or after January 1, 2018.

  The new provisions contain formal modifications and clarifications of existing standards that are not expected to have a significant impact for the Group.

> "Annual improvements to IFRSs 2015-2017 cycle", issued in December 2017; the document contains formal modifications and clarifications of existing standards. Each of the amendments will apply, subject to endorsement, for periods beginning on or after January 1, 2019. Early

application is permitted. More specifically, the following standards were amended:

- "IFRS 3 - Business combinations"; the amendments clarify that when a joint operator obtains control of a business that is a joint operation, it shall remeasure its previously held interest in the joint operation at fair value at the acquisition date;
- "IFRS 11 - Joint arrangements"; the amendments clarify that a party that participates in, but does not have joint control of, a joint operation and obtains joint control of the joint operation that constitutes a business as defined in IFRS 3 is not required to remeasure previously held interests in the joint operation;
- "IAS 12 - Income taxes"; the amendments clarify that an entity shall recognize the income tax consequences of dividends (as defined in IFRS 9) when it recognizes a liability to pay a dividend in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated distributable profits;
- "IAS 23 - Borrowing costs"; the amendments clarify that an entity shall include borrowings made specifically for the purpose of obtaining a qualifying asset outstanding when the asset is ready for its intended use or sale in the generic borrowings of the entity.

The Group is assessing the potential impact of the future application of the provisions.

4

Restatement of comparative disclosures

The figures presented in the comments and tables of the notes to the financial statements are consistent and comparable between 2016 and 2017. No restatements of the comparative disclosures were required.

5

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of a number of transaction.

2016

> Disposal, completed in early March 2016, of **Compostilla Re**, which at December 31, 2015 had been classified as "held for sale". The sale price was €101 million (the company also held liquid assets of about €111 million) and generated a gain of about €19 million;

> disposal, on May 1, 2016, of 65% of **Drift Sand Wind Project**, a company operating in the wind generation sector in the United States. The sale price was €72 million and generated a gain of about €2 million and a remeasurement at fair value of the remaining 35% of about €4 million;

> disposal, completed on July 13, 2016, of **Enel Longanesi**, which held the Italian assets (composed of 21 applications for onshore and offshore exploration permits and exploration permits) in the upstream gas sector. The maximum sales price is €30 million, of which about €7 million were collected immediately, while the right to receive the remainder (in multiple tranches) is subject to a number of conditions, such as the start of production at the Longanesi gas field in Emilia-Romagna, scheduled for 2019. No capital losses were recognized through profit or loss given that its value had already been adjusted to estimated realizable value;

> disposal, on July 28, 2016, of 50% of **Slovak Power Holding ("SPH")**, which in turn holds 66% of **Slovenské elektrárne ("SE")**. More specifically, Enel Produzione finalized the disposal to EP Slovakia, a subsidiary of Energetický a průmyslový holding ("EPH"), of 50% of SPH in execution of the contract agreed on December 18, 2015 between Enel Produzione and EP Slovakia. The total price for the two phases, equal to €750 million (of which €150 million paid immediately in cash), is subject to a price adjustment mechanism, which will be calculated by independent experts and applied at the closing of the second phase on the basis of a number of parameters, including the evolution of the net financial position of SE,

developments in energy prices in the Slovakian market, the operating efficiency of SE measured on the basis of benchmarks defined in the contract and the enterprise value of Mochovce units 3 and 4. Accordingly, the financial receivable generated by the disposal is measured at fair value through profit or loss. The same parameters described above were used in determining the recoverable value of the interest in the SPH joint venture;

> acquisition of control, on October 1, 2016, of **Distribuidora Eléctrica de Cundinamarca ("DEC")**, previously accounted for using the equity method, through the merger of DEC into Codensa (which had already held 49%);
> loss of control, on November 21, 2016, following changes in governance arrangements and the disposal of an interest of 1%, for €12 million, of **EGPNA Renewable Energy Partners ("EGPNA REP")**, a developer of renewables generation projects in the United States. As from that date it has been accounted for using the equity method. The transaction involved the recognition of a gain of €2 million and the recognition of income from remeasurement at fair value of the 50% still held by EGPNA of €95 million;
> disposal, on November 30, 2016, of 100% of **Enel France**, a thermal generation company in France at a price of about zero, generating a loss of €4 million;
> loss of control, on December 20, 2016, of **Enel OpEn Fiber** (now OpEn Fiber - OF) following a capital increase by Enel and CDP Equity ("CDPE"), after which Enel and CDPE hold an equal stake in OF, which is therefore accounted for using the equity method;
> disposal, on December 28, 2016, of the **Cimarron** and **Lindahl** wind farms to the EGPNA REP joint venture, the starting point of a new industrial growth strategy founded on a less capital-intensive "Build, Sell and Operate" approach intended to accelerate the development of project pipelines at the global level. The loss of control generated a gain of €37 million;
> disposal, on December 30, 2016, of 100% of **Marcinelle Energie**, a thermal generation company in Belgium, for a total of about €36,5 million, all of which has been paid. During 2016, the net asset value of Marcinelle was adjusted to its estimated realizable value with the recognition of an impairment loss of about €51 million. The sales price is subject to customer price adjustments that include an earn-out clause.

2017

> Acquisition, on January 10, 2017, of 100% of **Demand Energy Networks**, a company headquartered in the United States specialized in software solutions and smart electricity storage systems;
> acquisition, on February 10, 2017, of 100% of **Más Energía**, a Mexican company operating in the renewable energy sector;
> acquisition, on February 14, 2017, and May 4, 2017, of 94.84% and 5.04% respectively (for a total of 99.88%) of **Enel Distribuição Goiás (formerly CELG-D)**, an electricity distribution company operating in the Brazilian state of Goiás. For more details, see note 5.1 below;
> acquisition, on May 16, 2017, of 100% of **Tynemouth Energy Storage**, a British company operating in the electricity storage sector;
> acquisition, on June 4, 2017, of 100% of **Amec Foster Wheeler Power (now Enel Green Power Sannio)**, a company that owns two wind plants in the province of Avellino;
> acquisition, on August 7, 2017, of 100% of the **EnerNOC Group** following the acceptance of the EGPNA offer to the previous shareholders. For more details, see note 5.2;
> acquisition, on October 25, 2017, of 100% of **eMotorWerks**, a US company operating in electric mobility management systems. For more details, see note 5.3;
> disposal, in December 2017, by Enel Green Power North America using a cash equity agreement, of 80% of the Class A securities of the **EGPNA subsidiary Rocky Caney Wind**. The total price in the transaction was $233 million, generating a capital gain of €4 million.

In addition to the above changes in the scope of consolidation, the period also saw the following transactions, which although they do not represent transactions involving the acquisition or loss of control gave rise to a change in the interest held by the Group in the investees:

> disposal, on February 29, 2016, of the remaining interest in **Hydro Dolomiti Enel**, a company operating in the hydroelectric generation sector in Italy. The sales price was initially estimated at €335 million. Subsequently, following specification of a price adjustment (a negative €22 million) in application of the contractual price formula updated on the basis of the final disposal accounts, a capital gain of €124 million was recognized;
> on March 31, 2016, the non-proportional demerger of **Enel Green Power** took effect, following which – with

a capital increase by Enel SpA as part of the demerger – the Group increased its stake in the company from 68.29% to 100%, with the consequent reduction of non-controlling interests;

> on May 3, 2016, Enel Green Power acquired the remaining 40% of **Maicor Wind**, a company operating in the wind generation sector in Italy, thus becoming its sole shareholder;

> on July 27, 2016, Enel Green Power International, a wholly-owned subsidiary of Enel, sold 60% of **Enel Green Power España ("EGPE")** to Endesa Generación, a wholly-owned subsidiary of Endesa, which as it already held the other 40% of EGPE became its sole shareholder. In the consolidated financial statements, the transaction produced a decrease in the interest pertaining to the Group (from 88.04% to 70.10%) in the results of EGPE as from the time the operation took effect;

> merger, on December 1, 2016, into **Enel Américas** of Endesa Américas and Chilectra Américas, companies created with the demerger of Enersis, Endesa Chile and Chilectra. As the combined effect of exchange ratios between shares and the exercise of the right of withdrawal by some shareholders of the companies involved in the transaction, the percentage interest in the companies held directly or indirectly by Enel Américas changed;

> acquisition, on October 5, 2017, of 7.7% of **Enel Distribución Perú** in a stock market transaction for a price of $80 million.

5.1 Acquisition of Enel Distribuição Goiás (formerly CELG-D)

On February 14, 2017, Enel Brasil finalized the acquisition of 94.84% of Enel Distribuição Goiás (formerly CELG-D), an electricity distribution company operating in the Brazilian state of Goiás under a concession valid until 2045. The remaining interest in Enel Distribuição Goiás was offered to current and retired employees using a procedure under which Enel Brasil guaranteed the acquisition of any shares not purchased by those employees and retirees. The procedure closed on May 4, 2017 and enabled the Group to acquire an additional 5.04% of Enel Distribuição Goiás, giving it a total holding of 99.88%. The price was paid entirely in cash. During the year, the company completed the allocation of the purchase price, determining the definitive fair value of the assets and liabilities acquired.

The main adjustments of the carrying amount essentially regarded the recognition of intangible assets (in particular, those in respect of concession rights) and the associated tax effects, taking account of the impact of the reverse merger of Enel Distribuição Goiás into Enel Investimentos. In view of the characteristics of the concession arrangements under which it operates, the distribution activity performed by the company falls within the scope of application of IFRIC 12.

Determination of goodwill

Millions of euro

Net assets acquired before allocation (1)	**(278)**
Adjustments to allocate purchase price:	
- intangible assets	1,234
- deferred tax liabilities	(161)
- employee benefit obligations	(40)
- other adjustments	(64)
- non-controlling interests	(1)
Net assets acquired after allocation	**690**
Purchase price for 94.84%	665
Purchase price for additional 5.04%	25
Cost of the acquisition	**690**
Goodwill	-

(1) Net assets in proportion to Enel's stake of 99.88%.

Accordingly, the accounts at the acquisition date were as follows:

Accounts of Enel Distribuição Goiás as at the acquisition date

Millions of euro	Carrying amount before February 14, 2017	Adjustments for purchase price allocation	Carrying amount as at February 14, 2017
Property, plant and equipment	13	-	13
Intangible assets	572	1,234	1,806
Other non-current assets	318	(34)	284
Trade receivables	238	-	238
Inventories	7	-	7
Other current assets	132	(64)	68
Cash and cash equivalents	9	-	9
Borrowings	(326)	81	(245)
Employee benefits	(43)	(40)	(83)
Deferred tax liabilities	-	(161)	(161)
Other non-current liabilities	(161)	(17)	(178)
Provisions for risks and charges	(216)	(11)	(227)
Trade payables	(446)	(4)	(450)
Other current liabilities	(375)	(15)	(390)
Non-controlling interests	-	(1)	(1)
Net assets acquired	**(278)**	**968**	**690**

Enel Distribuição Goiás contributed €1,359 million in revenue and €37 million in operating income to 2017 results. Enel Distribuição Goiás is part of the Brazil CGU.

5.2 Acquisition of EnerNOC

On August 7, 2017, Enel Green Power North America ("EGPNA") completed the acquisition of 100% of the EnerNOC Group. The transaction took place in two stages: in the first stage, EGPNA acquired 71.61% of EnerNOC's outstanding shares at a price of $7.67 per share in cash following an offer to shareholders for at least a majority interest in EnerNOC. Following the successful offer, EGPNA completed the acquisition by acquiring the shares of the other shareholders at the same per share price and obtaining a 100% ownership interest in the company. The price was paid entirely in cash. Here too the company completed the purchase price allocation process during the year, determining the definitive fair value of the assets and liabilities acquired: with an acquisition cost of €212 million, the net assets acquired were determined as follows.

Determination of goodwill

Millions of euro	
Net assets acquired before allocation	**(29)**
Adjustments to allocate purchase price:	
- intangible assets	142
- existing goodwill	(27)
- deferred tax liabilities	(68)
- other adjustments	(2)
Net assets acquired after allocation	**16**
Cost of the acquisition	**212**
(of which paid in cash)	*212*
Goodwill	196

The goodwill was mainly recognized in respect of the synergies that are expected to be generated by the combination:

Accounts of the EnerNOC Group as at the acquisition date

Millions of euro	Carrying amount before August 7, 2017	Adjustments for purchase price allocation	Carrying amount as at August 7, 2017
Property, plant and equipment	19	-	19
Intangible assets	26	142	168
Goodwill	27	169	196
Other non-current assets	2	-	2
Trade receivables	65	-	65
Cash and cash equivalents	68	-	68
Other current assets	17	-	17
Borrowings	(90)	-	(90)
Deferred tax liabilities	-	(68)	(68)
Other non-current liabilities	(7)	-	(7)
Trade payables	(67)	-	(67)
Other current liabilities	(89)	(2)	(91)
Net assets acquired	**(29)**	**241**	**212**

EnerNOC contributed €146 million in revenue and €8 million in operating income to 2017 results. EnerNOC is part of the North America - Enel X CGU.

5.3 Acquisition of eMotorWerks

On October 25, 2017, EnerNOC acquired the California-based eMotorWerks, a leading supplier of electric vehicle charging stations, called JuiceBox, and the owner of JuiceNet, an Internet of Things (IoT) platform for the smart management of EV charging and other distributed energy storage facilities.

The price for the acquisition was €130 million, of which €31 million paid in cash at the time of the acquisition, while the remainder of €99 million was estimated on the basis of the price adjustment agreements between the parties. In the final months of the year, the company completed the purchase price allocation process, determining the definitive fair value of the assets and liabilities acquired: with an acquisition cost of €130 million, the net assets acquired were determined as follows.

Determination of goodwill

Millions of euro	
Net assets acquired before allocation	**-**
Adjustments to allocate purchase price:	
- intangible assets	49
- deferred tax liabilities	(12)
Net assets acquired after allocation	**37**
Cost of the acquisition	**130**
(of which paid in cash)	*31*
Goodwill	93

The goodwill was mainly recognized in respect of the synergies that are expected to be generated by the combination.

Accounts of the eMotorWerks Group as at the acquisition date

Millions of euro	Carrying amount before October 25, 2017	Adjustments for purchase price allocation	Carrying amount as at October 25, 2017
Intangible assets	-	49	49
Goodwill	-	93	93
Other non-current assets	1	-	1
Inventories	1	-	1
Deferred tax liabilities	-	(12)	(12)
Other non-current liabilities	(1)	-	(1)
Trade payables	(1)	-	(1)
Net assets acquired	**-**	**130**	**130**

eMotorWerks contributed €2 million in revenue and a €1 million operating loss to 2017 results. eMotorWerks is part of the North America - Enel X CGU.

5.4 Other minor acquisitions

Determination of goodwill

Millions of euro	Demand Energy Networks	Más Energía	Tynemouth Energy Storage	Amec Foster Wheeler Power (now Enel Green Power Sannio)	Azovskaya WPS and Windlife Kola Vetro
Property, plant and equipment	-	-	2	46	-
Intangible assets	30	-	-	-	-
Deferred tax assets	6	-	-	-	-
Cash and cash equivalents	2	-	-	10	2
Trade receivables	-	-	-	1	-
Other current assets	1	-	-	7	-
Medium/long-term borrowings	-	-	-	(29)	-
Deferred tax liabilities	(10)	-	-	-	-
Trade payables	(2)	(3)	-	(1)	-
Other current liabilities	(2)	-	-	(19)	(2)
Net assets acquired	**25**	**(3)**	**2**	**15**	**-**
Cost of the acquisition	**38**	**8**	**5**	**10**	**2**
(of which paid in cash)	*30*	*8*	*4*	*10*	*2*
Goodwill/(Badwill)	13	11	3	(5)	-

The provisional allocation of the purchase price was completed for all of these acquisitions during the year.

6

Segment information

The representation of performance and financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods being compared.

For more information on performance and financial developments during the year, please see the dedicated section in the Report on operations.

Segment information for 2017 and 2016

Results for 2017 [1]

Millions of euro	Italy	Iberia	South America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Revenue from third parties	37,900	19,940	13,126	2,374	1,185	96	18	74,639
Revenue from transactions with other segments	881	54	28	37	2	-	(1,002)	-
Total revenue	**38,781**	**19,994**	**13,154**	**2,411**	**1,187**	**96**	**(984)**	**74,639**
Total costs	32,455	16,434	8,976	1,868	430	39	(638)	59,564
Net income/(expense) from commodity contracts measured at fair value	537	13	26	-	2	-	-	578
Depreciation and amortization	1,769	1,562	1,149	189	202	40	20	4,931
Impairment losses	626	461	134	83	4	2	1	1,311
Reversals of impairment losses	(2)	(292)	(49)	(35)	-	-	(3)	(381)
Operating income	**4,470**	**1,842**	**2,970**	**306**	**553**	**15**	**(364)**	**9,792**
Capital expenditure	**1,812**	**1,105**	**3,002**	**307** [2]	**1,802** [3]	**30**	**72**	**8,130**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €44 million regarding units classified as “held for sale”.
(3) Does not include €325 million regarding units classified as “held for sale”.

Results for 2016 (1)

Millions of euro	Italy	Iberia	South America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	Total
Revenue from third parties	36,091	18,831	10,739	3,618	1,122	29	162	70,592
Revenue from transactions with other segments	954	122	29	180	3	-	(1,288)	-
Total revenue	**37,045**	**18,953**	**10,768**	**3,798**	**1,125**	**29**	**(1,126)**	**70,592**
Total costs	30,161	15,522	7,221	3,030	291	15	(1,057)	55,183
Net income/(expense) from commodity contracts measured at fair value	(266)	131	9	(6)	(1)	-	-	(133)
Depreciation and amortization	1,698	1,677	952	246	249	12	56	4,890
Impairment losses	650	359	442	248	19	7	1	1,726
Reversals of impairment losses	-	(240)	(1)	(18)	-	-	(2)	(261)
Operating income	**4,270**	**1,766**	**2,163**	**286**	**565**	**(5)**	**(124)**	**8,921**
Capital expenditure	**1,894** (2)	**1,147**	**3,069**	**265** (3)	**1,832**	**304**	**41**	**8,552**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €7 million regarding units classified as "held for sale".
(3) Does not include €283 million regarding units classified as "held for sale".

Financial position by segment

At December 31, 2017

Millions of euro	Italy	Iberia	South America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	Total
Property, plant and equipment	25,935 (1)	23,783	17,064	3,052	5,800	749	54	76,437
Intangible assets	1,358	15,662	11,857	731	838	115	34	30,595
Trade receivables	10,073	2,340	2,432	337	193	29	(856)	14,548
Other	3,033	1,697	954	194	377	10	(308)	5,957
Operating assets	**40,399** (1)	**43,482**	**32,307**	**4,314** (2)	**7,208** (3)	**903**	**(1,076)**	**127,537**
Trade payables	6,847	2,738	2,790	426	782	60	(837)	12,806
Sundry provisions	2,843	3,592	1,325	101	29	20	527	8,437
Other	7,170	3,225	2,451	297	254	74	(244)	13,227
Operating liabilities	**16,860**	**9,555**	**6,566**	**824** (4)	**1,065** (5)	**154**	**(554)**	**34,470**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €141 million regarding units classified as "held for sale".
(3) Of which €1,675 million regarding units classified as "held for sale".
(4) Of which €74 million regarding units classified as "held for sale".
(5) Of which €145 million regarding units classified as "held for sale".

At December 31, 2016

Millions of euro	Italy	Iberia	South America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Property, plant and equipment	25,963	24,158	17,411	3,048	4,831	780	80	76,271
Intangible assets	1,314	15,653	11,045	743	633	113	(16)	29,485
Trade receivables	9,437	2,243	1,833	317	111	18	(453)	13,506
Other	3,373	1,461	515	179	41	2	(98)	5,473
Operating assets	**40,087** (1)	**43,515**	**30,804**	**4,287**	**5,616** (2)	**913**	**(487)**	**124,735**
Trade payables	7,605	2,155	2,445	374	490	58	(439)	12,688
Sundry provisions	3,122	4,096	1,039	127	25	18	572	8,999
Other	7,126	3,042	1,980	305	210	54	209	12,926
Operating liabilities	**17,853**	**9,293**	**5,464**	**806**	**725**	**130**	**342**	**34,613**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €2 million regarding units classified as "held for sale".

The following table reconciles segment assets and liabilities and the consolidated figures.

Millions of euro	**at Dec. 31, 2017**	at Dec. 31, 2016
Total assets	**155,641**	**155,596**
Equity investments accounted for using the equity method	1,598	1,558
Non-current financial assets	4,002	3,892
Long-term tax receivables included in other non-current assets	260	301
Current financial assets	4,614	3,053
Derivatives	3,011	5,554
Cash and cash equivalents	7,021	8,290
Deferred tax assets	6,354	6,665
Income tax receivables	577	879
Long-term tax receivables included in other current assets	517	664
Financial and tax assets of assets held for sale	150	5
Segment assets	**127,537**	**124,735**
Total liabilities	**103,480**	**103,021**
Long-term borrowings	42,439	41,336
Short-term borrowings	1,894	5,372
Current portion of long-term borrowings	7,000	4,384
Other current financial liabilities	954	1,264
Derivatives	5,258	5,854
Deferred tax liabilities	8,348	8,768
Income tax payable	284	359
Other tax payables	1,323	1,071
Financial and tax liabilities included in disposal groups classified as "held for sale"	1,510	-
Segment liabilities	**34,470**	**34,613**

Revenue

7.a Revenues from sales and services - *€72,664 million*

Millions of euro

	2017	2016	Change	
Revenue from the sale of electricity	43,433	42,337	1,096	2.6%
Revenue from the transport of electricity	9,973	9,587	386	4.0%
Fees from network operators	900	557	343	61.6%
Transfers from institutional market operators	1,635	1,462	173	11.8%
Revenue from the sale of natural gas	3,964	3,876	88	2.3%
Revenue from the transport of natural gas	570	563	7	1.2%
Revenues from fuel sales	8,340	7,028	1,312	18.7%
Connection fees to electricity and gas networks	800	814	(14)	-1.7%
Revenue from the sale of environmental certificates	566	560	6	1.1%
Revenue from other sales and services	2,483	1,820	663	36.4%
Total	**72,664**	**68,604**	**4,060**	**5.9%**

In 2017, "Revenue from the sale of electricity" came to €43,433 million (€42,337 million for 2016), including €31,418 million in revenue from electricity sales to end users (€29,101 million for 2016), €8,820 million in revenue from wholesale electricity sales (€11,009 million for 2016), and €3,195 million in revenue from the trading of electricity (€2,227 million for 2016). The increase in revenue from electricity sales to end users and for the trading of electricity, which was partially offset by wholesale electricity sales, was due mainly to the increase in volumes handled within a landscape of recovering average sales prices as well as to the change in exchange rates. The overall change in revenue from the sale of electricity was also negatively impacted by the change in consolidated companies, as the increase in revenue related to the acquisition of Enel Distribuição Goiás in the amount of €1,042 million was more than offset by the reduction in revenue due to the deconsolidation of Slovenské elektrárne (€1,225 million), EGPNA REP (€152 million), Marcinelle Energie (€102 million), and Enel France (€97 million).

"Revenue from the transport of electricity" came to €9,973 million in 2017, an increase of €386 million, which was mainly concentrated in Spain, South America and Italy. In Spain, the increase in transport revenue was related to the use of new parameters for calculating transport rates as defined by the ministerial Decree proposed by the Ministry for Tourism and Commerce.

In South America, the increase in transport revenue was due mainly to the increase in average rates, greater quantities transported, and the Enel Distribuição Goiás acquisition. In Italy, the increase in transport revenue was due to the greater volumes transported on the free market. However, this effect was largely offset by the reduction in distribution rates and in balancing mechanisms (ARERA Resolution 654/2015, as amended, regarding regulation of electricity transmission, distribution and metering rates for the 2016-2023 regulatory period) and the reduction in revenue related to system charges.

In 2017, revenue related to "Transfers from institutional market operators" came to €1,635 million, up €173 million compared with the previous year. This increase is essentially attributable to the Spanish companies, in the amount of €200 million, and due to the increase in generation from liquid fuels and the associated prices, for which the Group has the right to reimbursements. This effect was partially offset by the reduction in revenue from contributions received for the generation of renewable energy, by Enel Green Power in the amount of €35 million, due to the expiration of incentives related to certain geothermal and hydroelectric plants.

"Revenue from the sale of natural gas" for 2017, which totaled €3,964 million (€3,876 million in 2016), increased by €88 million over the previous year. This increase was essentially due to the increase in revenue in Iberia, in the amount of €131 million, as a result, in particular, of the increase in quantities sold and of a slight increase in average per-unit prices compared with 2016, which was partially offset by a reduction in revenue due to the deconsolidation of Marcinelle Energie in the amount of €39 million.

"Revenue from the transport of natural gas" totaled €570 million, increasing by €7 million (+1.2%) due above all to the greater quantities transported in Italy.

Revenue from the sale of fuels, in the amount of €8,340 million, increased by €1,312 million related mainly to the sale of natural gas. In 2017, this included the sale of natural gas, in the amount of €8,291 million (€6,953 million in 2016) and €49 million for the sale of other fuels (€75 million in 2016).

Finally, "Revenue from the sale of environmental certificates" increased by €6 million due to the increase in sales of CO_2 emission rights, in the amount of €22 million, and of energy efficiency certificates, in the amount of €8 million, which was partially offset by a decrease of €24 million in sales of green certificates.

The table below gives a breakdown of revenue from sales and services by geographical area.

Millions of euro

	2017	2016
Italy	27,935	27,516
Europe		
Iberia	19,032	17,953
France	1,333	1,001
Switzerland	135	367
Germany	2,244	1,880
Austria	290	10
Slovenia	39	29
Slovakia	54	660
Romania	1,067	996
Greece	58	60
Bulgaria	9	9
Belgium	46	416
Czech Republic	-	382
Hungary	472	335
Russia	1,128	961
Netherlands	4,063	3,554
United Kingdom	648	1,008
Other European countries	82	144
Americas		
United States	693	367
Canada	-	-
Mexico	359	144
Brazil	4,687	2,536
Chile	3,473	3,510
Peru	1,167	1,215
Colombia	2,103	2,028
Argentina	1,364	1,051
Other South American countries	14	156
Other		
Africa	79	28
Asia	90	288
Total	**72,664**	**68,604**

7.b Other revenue and income - *€1,975 million*

Millions of euro

	2017	2016	Change	
Operating grants	40	22	18	81.8%
Grants for environmental certificates	878	536	342	63.8%
Capital grants (electricity and gas business)	21	19	2	10.5%
Sundry reimbursements	361	241	120	49.8%
Gains on disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	159	399	(240)	-60.2%
Gains on remeasurement at fair value after changes in control	-	99	(99)	-
Gains on the disposal of property, plant and equipment, and intangible assets	43	65	(22)	-33.8%
Service continuity bonuses	66	51	15	29.4%
Other revenue	407	556	(149)	-26.8%
Total	**1,975**	**1,988**	**(13)**	**-0.7%**

"Grants for environmental certificates" increased by €342 million compared with the previous year due essentially to the increase in grants for energy efficiency certificates, in the amount of €351 million, which was partially offset by a reduction in grants for green certificates in the amount of €9 million.

"Sundry reimbursements" concern reimbursements from customers and suppliers totaling €165 million (€184 million in 2016) and insurance indemnities in the amount of €196 million (€57 million in 2016). The increase in revenue from compensation for damages essentially refers to the arbitration initiated by the Group related to the Chucas wind farm, for which the Group was awarded €100 million from the Instituto Costarricense de Electricidad (ICE) and the Enel Américas Group was awarded €41 million.

Gains on disposals, in the amount of €159 million in 2017, decreased by €240 million from 2016 and mainly includes the gain of €143 million on the sale of the equity investment in the Chilean firm Electrogas.

In 2016, this aggregate mainly concerned the following transactions:

> the gain on the sale of GNL Quintero (an associated company in which the Group held a 20% interest) in the amount of €173 million;

> the gain of €124 million on the sale of Hydro Dolomiti Enel;

> the gain of €35 million recognized by Enel Green Power Kansas on the sale of its subsidiaries Cimarron and Lindhal;

> the recognition of a price adjustment related to the sale of the Portuguese assets in 2015 in the amount of €30 million.

In 2017, there were no "Gains on remeasurement at fair value after changes in control", whereas this aggregate came to €99 million for the prior year.

In 2016, these gains included €95 million for the adjustment to the present value of the assets and liabilities of the Group following the loss in control that took place with the change in governance and the consequent loss of control over EGPNA REP.

Other revenue in the amount of €407 million (€556 million in 2016) decreased by €149 million from the previous year. This decrease is mainly attributable to:

> the reduction of €94 million in lease payments related essentially to Enel Américas;

> the decrease of €50 million in other gains and revenue, €35 million of which related to Renovables de Guatemala;

> the reduction of €34 million in other revenue related to the electricity business, €23 million of which was related to the Enel Américas Group and €11 million to the deconsolidation of Slovenské elektrárne.

Costs

8.a Electricity, gas and fuel purchases - *€36,039 million*

Millions of euro

	2017	2016	Change	
Electricity	20,011	18,514	1,497	8.1%
Gas	12,654	10,514	2,140	20.4%
Nuclear fuel	137	165	(28)	-17.0%
Other fuels	3,237	2,846	391	13.7%
Total	**36,039**	**32,039**	**4,000**	**12.5%**

Purchases of "Electricity" totaled €20,011 million in 2017, increasing by €1,497 million over 2016 (8.1%). These costs include purchases made by way of bilateral agreements on national and international markets in the amount of €7,494 million (€6,801 million in 2016), energy purchases negotiated on the power exchange in the amount of €6,444 million (€4,418 million in 2016), and other purchases made on local and international markets and within the scope of ancillary and balancing services totaling €6,073 million (€7,295 million on 2016).

As such, the increase in costs was mainly due to the increase in purchases on the power exchange (particularly in Italy, Iberia and South America, the latter of which mainly due to the consolidation of Enel Distribuição Goiás beginning in February 2017). These effects were partially offset by a reduction of €1,222 million in purchases of other types, essentially related to the reduction in volumes and in prices of Country Italy and to the effect of the change in consolidated companies with the deconsolidation of Slovenské elektrárne.

Purchases of "Gas" increased by €2,140 million due essentially to the increase in the price of gas purchased from third parties. This change reflects the increase in average costs in terms of both price and quantity, in addition to the fact that, in 2016, this aggregate benefitted from the greater reductive effects of price-review agreements for a number of provision contracts than in 2017.

Purchases of "Other fuels" increased by €391 million, to €3,237 million in 2017, mainly due to the increase in consumption within a context of rising prices.

8.b Services and other materials - *€17,982 million*

Millions of euro

	2017	2016	Change	
Transmission and transport	9,840	9,448	392	4.1%
Maintenance and repairs	1,128	1,169	(41)	-3.5%
Telephone and postal costs	199	190	9	4.7%
Communication services	127	113	14	12.4%
IT services	627	442	185	41.9%
Leases and rentals	525	541	(16)	-3.0%
Other services	3,656	3,782	(126)	-3.3%
Other materials	1,880	1,708	172	10.1%
Total	**17,982**	**17,393**	**589**	**3.4%**

Costs for services and other materials, in the amount of €17,982 million in 2017, increased by €589 million compared with 2016 due essentially to the increase of €392 million in costs for transmission and transport, which was concentrated in Italy and in the Americas, as well as greater costs for IT services in the amount of €185 million, mainly within Italy, and an increase of €105 million in costs incurred due to the increase in purchases of material and equipment for infrastructure and grid work contracted in Brazil, primarily as a result of the consolidation of Enel Distribuição Goiás.

These effects were partially offset by a reduction of €219 million in charges for access to the transmission network, particularly in Spain related to power generation, and of €78 million due to the deconsolidation of Slovenské elektrárne.

8.c Personnel - *€4,504 million*

Millions of euro

	2017	2016	Change	
Wages and salaries	3,152	3,127	25	0.8%
Social security contributions	895	901	(6)	-0.7%
Deferred compensation benefits	104	105	(1)	-1.0%
Other post-employment and long-term benefits	139	129	10	7.8%
Early retirement incentives	76	228	(152)	-66.7%
Other costs	138	147	(9)	-6.1%
Total	**4,504**	**4,637**	**(133)**	**-2.9%**

Personnel costs amounted to €4,504 million in 2017, a decrease of €133 million.

The Group's workforce increased by 820 employees, the net effect of new hires and terminations (-2,111 employees) due to early retirement incentives and, above all, of changes in consolidated companies (+2,931 employees) due essentially to the acquisitions made in 2017, and specifically:

> the acquisition of Demand Energy in North America in January;
> the acquisition of Enel Distribuição Goiás in Brazil in February;
> the acquisition of Enel Green Power Sannio in Italy in June;
> the acquisition of EnerNOC in North America in August;
> the acquisition of eMotorWerks in North America in October;
> the consolidation of Endesa Comercialização in Portugal in November.

The increase in wages and salaries essentially reflects the increase in the average workforce in 2017.

Early retirement incentives amounted to €76 million in 2017, a decrease of €152 million, mainly attributable to the lower costs (€205 million) incurred for early-retirement plans in Spain ("*Plan de Salida*"). The reduction was only partly offset by the introduction of a similar mechanism in the newly acquired Enel Distribuição Goiás in order to enhance the efficiency of the structure (€45 million).

The table below shows the average number of employees by category, along with a comparison with the previous year, as well as the actual numbers as of December 31, 2017.

	Average number (1)			Headcount (1)
	2017	2016	Change	**at Dec. 31, 2017**
Managers	1,308	1,329	(21)	1,281
Middle managers	10,073	10,185	(111)	10,416
White collar	32,558	34,373	(1,815)	32,653
Blue collar	18,956	19,401	(446)	18,550
Total	**62,895**	**65,288**	**(2,393)**	**62,900**

(1) For companies representing joint operations, the headcount corresponds to Enel percentage share of the total.

8.d Depreciation, amortization and impairment losses - *€5,861 million*

Millions of euro

	2017	2016	Change	
Property, plant and equipment	4,119	4,171	(52)	-1.2%
Investment property	7	8	(1)	-12.5%
Intangible assets	805	711	94	13.2%
Impairment losses	1,311	1,726	(415)	-24.0%
Reversals of impairment losses	(381)	(261)	(120)	-46.0%
Total	**5,861**	**6,355**	**(494)**	**-7.8%**

Depreciation, amortization and impairment losses for 2017 decreased by €494 million, due mainly to a reduction in impairment losses recognized in 2017 as compared with the previous year. In 2017, the Group, with the support of technical advisors, completed a study to assess the operating performance of its solar and wind farms, analyzing historical data on the duration and frequency of maintenance interventions prompted by technical issues, and to examine the environmental and climatic conditions to which the Group's plants are exposed. The results of the study provided sufficient evidence to consider it reasonable to lengthen the economic-technical lives of some components of solar and wind generation plants from the estimates made in previous years.

Therefore, starting from January 1, 2017, the Group revised the useful lives of these components based on the findings of the study, taking due account of any legal constraints that may exist in certain jurisdictions in which the Group operates and that could effectively influence the right to exploit those assets until their economic-technical life terminates.

Specifically, these changes concerned the extension of the useful life of turbines and generators and other mechanical and electrical machinery for wind generation plants to 30 years, as well as the extension of the useful life of the mechanical and electrical machinery of solar generation plants, although this remained within the useful life interval already adopted by the Group.

Moreover, as a result of a number of specific technical studies conducted internally for hydroelectric generation plants in Spain and Chile, the Group also found that the conditions existed for the extension of the economic-technical lives of certain components of schedulable hydroelectric plants. Here too, while the new useful lives remain within the interval already used by the Group, the average increase in those lives within each category led to a reduction in depreciation charges for the year.

The estimated overall impact of these changes in the depreciation rates on these financial statements is a reduction of €128 million in depreciation charges.

Millions of euro

	2017	2016	Change	
Impairment losses:				
- property, plant and equipment	65	280	(215)	-76.8%
- investment property	10	6	4	66.7%
- intangible assets	7	241	(234)	-97.1%
- goodwill	-	31	(31)	-
- trade receivables	1,204	973	231	23.7%
- assets classified as held for sale	-	74	(74)	-
- other assets	25	121	(96)	-79.3%
Total impairment losses	**1,311**	**1,726**	**(415)**	**-24.0%**
Reversals of impairment losses:				
- property, plant and equipment	(53)	(2)	(51)	-
- investment property	-	-	-	-
- intangible assets	(9)	(5)	(4)	-80.0%
- trade receivables	(310)	(250)	(60)	-24.0%
- assets classified as held for sale	-	-	-	-
- other assets	(9)	(4)	(5)	-
Total reversals of impairment losses	**(381)**	**(261)**	**(120)**	**-46.0%**

"Impairment losses" decreased by €415 million on the previous year.

More specifically, 2016 included an adjustment to the value of rights for the use of water resources in the Chilean rivers of Neltume and Choshuenco (€273 million, of which €33 million related to property, plant and equipment and €240 million related to intangible assets), as well as the impairment losses on the CGUs of Enel Green Power Romania (€130 million) and Nuove Energie (totaling €92 million, of which €66 million for property, plant and equipment and €26 million for goodwill) and the impairment losses of €51 million on the assets of Marcinelle Energie, a subsidiary that was then sold in November 2016, of €55 million on the upstream-gas exploration assets, on the land owned by the Spanish subsidiary operating in the distribution segment (€22 million) and finally other minor items related mainly to the renewable-energy companies.

In 2017, the aggregate included impairment losses on the geothermal assets of the German investee Erdwärme Oberland GmbH (€42 million), which were recognized following unsuccessful exploration work.

The impairment of trade receivables and other assets came to €1,229 million, which, net of reversals, increased by €70 million in 2017, particularly in Argentina and Brazil as a result of worsening economic conditions and in Italy due to the risk of default of a number of traders.

8.e Other operating expenses - *€2,886 million*

Millions of euro

	2017	2016	Change	
System charges - emissions allowances	392	557	(165)	-29.6%
Charges for energy efficiency certificates	776	426	350	82.2%
Charges for purchases of green certificates	35	(19)	54	-
Losses on disposal of property, plant and equipment, and intangible assets	105	266	(161)	-60.5%
Taxes and duties	1,197	1,060	137	12.9%
Other	381	493	(112)	-22.7%
Total	**2,886**	**2,783**	**103**	**3.7%**

Other operating expenses, totaling €2,886 million, increased by €103 million.

This was due essentially to the following:

> an increase of €239 million in charges for environmental compliance, particularly in Italy and Romania;
> an increase of €137 million in taxes and duties, essentially related to taxes on thermal generation in Spain and on nuclear generation in Catalonia following the introduction of the new law 5/2017 taxing nuclear waste. This effect was amplified by the fact that, in 2016, the Group benefitted from the reversal of nuclear tax set aside previously for which the law previously in effect had been deemed to be unconstitutional;
> an increase in costs incurred for fines in Argentina for failure to reach the established quality standards in electricity provision (€44 million) and for the change in the scope of consolidation in Brazil with Enel Distribuição Goiás in the amount of €18 million;
> a decrease of €161 million in capital losses, which particularly reflects the impairment losses in South America in 2016 due to the abandonment of water usage rights for various development projects following an analysis of their profitability and socio-economic impact;
> the release of the provision for disputes allocated in 2016 in relation to the SAPE dispute in the amount of €80 million following the arbitration award;
> the recognition of a decrease in charges related to the ruling that granted Endesa a refund of amounts paid to finance the "*bono social*" in 2014, 2015 and 2016, the impact of which was €222 million.

8.f Capitalized costs - *€(1,847) million*

Millions of euro

	2017	2016	Change	
Personnel	(780)	(730)	(50)	6.8%
Materials	(618)	(544)	(74)	-13.6%
Other	(449)	(395)	(54)	-13.7%
Total	**(1,847)**	**(1,669)**	**(178)**	**-10.7%**

Capitalized costs consist of €780 million in personnel costs, €618 million in materials costs, and €449 million in service costs (compared with €730 million, €544 million, and €395 million, respectively, for 2016). Capitalized costs mainly regard the development and implementation of major investments, mainly in the renewables and distribution sectors.

9. Net income/(expense) from commodity contracts measured at fair value - *€578 million*

Net income from the management of commodity risk amounted to €578 million for 2017 (as compared with a net expense of €133 million in 2016), which may be broken down as follows:

> net income on cash flow hedge derivatives in the amount of €246 million (compared with net expense of €610 million in 2016);
> net income on derivatives at fair value through profit or loss in the amount of €332 million (compared with net income of €477 million in 2016).

For more information on derivatives, see note 44, "Derivatives and hedge accounting".

Millions of euro

	2017	2016	Change	
Income:				
- income from cash flow hedge derivatives	284	14	270	-
- income from derivatives at fair value through profit or loss	1,288	974	314	32.2%
Total income	**1,572**	**988**	**584**	**59.1%**
Expense:				
- expense on cash flow hedge derivatives	(38)	(624)	586	-93.9%
- expense on derivatives at fair value through profit or loss	(956)	(497)	(459)	-92.4%
Total expenses	**(994)**	**(1,121)**	**127**	**-11.3%**
NET INCOME/(EXPENSE) FROM COMMODITY CONTRACTS MEASURED AT FAIR VALUE	**578**	**(133)**	**711**	**-**

10. Net financial income/(expense) from derivatives - *€(1,155) million*

Millions of euro

	2017	2016	Change	
Income:				
- income from cash flow hedge derivatives	728	475	253	53.3%
- income from derivatives at fair value through profit or loss	847	1,369	(522)	-38.1%
- income from fair value hedge derivatives	36	40	(4)	-10.0%
Total income	**1,611**	**1,884**	**(273)**	**-14.5%**
Expense:				
- expense on cash flow hedge derivatives	(2,171)	(1,141)	(1,030)	-90.3%
- expense on derivatives at fair value through profit or loss	(552)	(1,620)	1,068	-65.9%
- expense on fair value hedge derivatives	(43)	(60)	17	-28.3%
Total expenses	**(2,766)**	**(2,821)**	**55**	**-1.9%**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**(1,155)**	**(937)**	**(218)**	**-23.3%**

Net expense from derivatives on interest and exchange rates amounted to €1,155 million for 2017 (as compared with a net expense of €937 million in 2016), which may be broken down as follows:

> net expense on cash flow hedge derivatives in the amount of €1,443 million (compared with a net expense of €666 million in 2016);
> net income on derivatives at fair value through profit or loss in the amount of €295 million (compared with a net expense of €251 million in 2016);
> net expense on fair value hedge derivatives in the amount of €7 million (compared with net expense of €20 million in 2016).

For more information on derivatives, see note 44, "Derivatives and hedge accounting".

11. Other net financial income/(expense) - *€(1,537) million*

Other financial income

Millions of euro

	2017	2016	Change	
Interest income from financial assets (current and non-current):				
- interest income at effective rate on non-current securities and receivables	52	45	7	15.6%
- interest income at effective rate on short-term financial investments	132	179	(47)	-26.3%
Total interest income at the effective interest rate	**184**	**224**	**(40)**	**-17.9%**
Financial income on non-current securities at fair value through profit or loss	**-**	**-**	**-**	**-**
Exchange gains	**1,852**	**1,776**	**76**	**4.3%**
Income on equity investments	**54**	**9**	**45**	**-**
Other income	**281**	**280**	**1**	**0.4%**
TOTAL FINANCIAL INCOME	**2,371**	**2,289**	**82**	**3.6%**

Other financial income, in the amount of €2,371 million, increased by €82 million compared with the previous year due to:

> an increase in exchange gains in the amount of €76 million, reflecting the impact, above all, of trends in exchange rates on net financial debt denominated in currencies other than the euro;

> a €40 million decrease in interest income at the effective tax rate related, primarily, to the deconsolidation of Slovenské elektrárne;

> an increase of €45 million in income on equity investments in other companies, which totaled €54 million in 2017 due essentially to the gain on the sale of the investment in the Indonesian firm Bayan Resources (€52 million).

Other financial expense

Millions of euro

	2017	2016	Change	
Interest expense on financial debt (current and non-current):				
- interest on bank borrowings	357	405	(48)	-11.9%
- interest expense on bonds	1,987	2,135	(148)	-6.9%
- interest expense on other borrowings	95	138	(43)	-31.2%
Total interest expense	**2,439**	**2,678**	**(239)**	**-8.9%**
Exchange losses	**820**	**947**	**(127)**	**-13.4%**
Accretion of post-employment and other employee benefits	**72**	**79**	**(7)**	**-8.9%**
Accretion of other provisions	**190**	**286**	**(96)**	**-33.6%**
Charges on equity investments	**-**	**-**	**-**	**-**
Other expenses	**387**	**349**	**38**	**10.9%**
TOTAL FINANCIAL EXPENSE	**3,908**	**4,339**	**(431)**	**-9.9%**

Other financial expense amounted to €3,908 million, a total decrease of €431 million on 2016. The change reflects the following factors in particular:

> a decrease of €148 million in interest expense on bon-

ds, attributable mainly to Enel SpA (€106 million) and to the Enersis Américas Group (€54 million). These effects were partially offset by an increase in interest expense for Enel Finance International (€24 million);
> a €48 million reduction in interest expense on bank borrowings related, above all, to long-term financing (€53 million);
> a decrease of €43 million in interest expense on other borrowing related mainly to interest expense on medium and long-term tax-partnership payables (€33 million);
> a decrease of €127 million in exchange losses;
> a decrease of €96 million in charges for the accretion of other provisions, mainly related to the reduction of interest expense on the early-retirement provision in the amount of €58 million, which was concentrated in Spain (€47 million), and to the reduction in charges for the decommissioning fund in the amount of €48 million following the deconsolidation of Slovenské elektrárne;
> a €38 million increase in other financial expenses (€387 million in 2017 compared with €349 million in 2016), due essentially to:
- an increase in charges recognized by Enel Finance International (€109 million) following the early redemption of bonds based on the "make whole call option" allowed for under the original financing agreement;
- a reduction in capitalized interest (€75 million);
- an increase in other financial expenses related to the acquisition of Enel Distribuição Goiás (€55 million) and in charges on revolving lines of credit (€37 million) attributable essentially to Enel Finance International (€22 million) and Enel SpA (€18 million);
- a decrease of €255 million in impairment losses on financial receivables related mainly to the fair value adjustment to the financial receivable arising as a result of the sale of the 50% stake in Slovak Power Holding following an update to the pricing formula included in the agreements with EPH, which resulted in the recognition of €220 million in charges in 2016 and in 2017 in an upward adjustment of €34 million.

12. Share of income/(losses) of equity investments accounted for using the equity method - *€111 million*

Millions of euro

	2017	2016	Change	
Share of income of associates	225	115	110	95.7%
Share of losses of associates	(114)	(269)	155	-57.6%
Total	**111**	**(154)**	**265**	**-**

The share of income on equity investments accounted for using the equity method increased by €265 million compared with the previous year. This change was mainly due to the adjustment in the value of the 50% interest in Slovak Power Holding (€246 million), which was written down by €219 million in 2016 following changes in the parameters used to determine the pricing formula as defined in the agreements with EPH, but was then increased by €27 million to take account of earnings for the year.

13. Income taxes - *€1,882 million*

Millions of euro

	2017	2016	Change	
Current taxes	1,926	1,695	231	13.6%
Adjustments for income taxes relating to prior years	(59)	1	(60)	-
Total current taxes	**1,867**	**1,696**	**171**	**10.1%**
Deferred tax liabilities	(169)	(312)	143	-45.8%
Deferred tax assets	184	609	(425)	-70%
TOTAL	**1,882**	**1,993**	**(111)**	**-5.6%**

Income taxes for 2017 amounted to €1,882 million, compared with a balance of €1,993 million in 2016.

The €111 million reduction in income taxes for 2017 as compared with the previous year was mainly due to the following factors:

> a reduction in current taxes in Italy due to the corporate tax rate being reduced from 27.5% to 24%;
> an adjustment to deferred taxes for US companies (€173 million) following tax reform in December 2017, which reduced the corporate tax rate from 35% to 21%;
> the recognition of deferred tax assets in Argentina due to improved earnings forecasts for the companies in that country.

These reductions in taxation were partially offset by greater pre-tax income in 2017 compared with the previous year and to the different weight of transactions subject to tax rates different from the theoretical rates (in 2016, the gains on Hydro Dolomiti Enel and GNL Quintero, in addition to the adjustments in the value of the assets of Slovak Power Holding; in 2017, the gain on the sale of Electrogas in particular).

For more on developments in deferred tax liabilities, see note 21.

The following table provides a reconciliation of the theoretical tax rate and the effective tax rate:

Millions of euro

	2017		2016	
Income before taxes	7,211		5,780	
Theoretical taxes	1,731	24.0%	1,590	27.5%
Change in tax effect on impairment losses, capital gains and negative goodwill	(6)		118	
Additional taxes for change in tax rate on temporary fiscal differences during the year	-		44	
Recognition of deferred tax assets in Argentina	(60)		-	
Impact on deferred taxation of changes in tax rates	(182)		55	
IRAP	231		208	
Other differences, effect of different tax rates abroad compared with the theoretical rate in Italy, and other minor items	168		(22)	
Total	**1,882**		**1,993**	

14. Basic and diluted earnings per share

Both metrics are calculated on the basis of the average number of ordinary shares in the period, equal to 10,166,679,946 shares, adjusted for the diluting effect of outstanding stock options (none in both periods).

	2017	2016	Change	
Net income from continuing operations attributable to shareholders of the Parent Company (millions of euro)	3,780	2,570	1,210	47.1%
Net income from discontinued operations attributable to shareholders of the Parent Company (millions of euro)	-	-	-	-
Net income attributable to shareholders of the Parent Company (millions of euro)	3,779	2,570	1,210	47.1%
Number of ordinary shares	10,166,679,946	9,975,849,408	190,830,538	1.9%
Dilutive effect of stock options	-	-	-	-
Basic and diluted earnings per share (euro)	0.37	0.26	0.11	42.3%
Basic and diluted earnings from continuing operations per share (euro)	0.37	0.26	0.11	42.3%
Basic and diluted earnings from discontinued operations per share (euro)	-	-	-	-

15. Property, plant and equipment - *€74,937 million*

The breakdown of and changes in property, plant and equipment for 2017 are shown below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment
Cost	660	9,224	152,781	414
Accumulated depreciation and impairment	-	5,098	89,790	335
Balance at Dec. 31, 2016	**660**	**4,126**	**62,991**	**79**
Capital expenditure	1	29	1,003	26
Assets entering service	20	485	4,860	21
Exchange rate differences	(23)	(167)	(1,887)	(3)
Change in consolidated companies	-	(18)	(222)	-
Disposals	(3)	(11)	(38)	(2)
Depreciation	-	(148)	(3,782)	(27)
Impairment losses	(1)	(6)	(32)	(1)
Reversals of impairment losses	-	-	53	-
Other changes	(5)	(19)	28	58
Reclassifications to/from assets held for sale	-	(28)	(632)	-
Total changes	**(11)**	**117**	**(649)**	**72**
Cost	649	9,425	154,013	491
Accumulated depreciation and impairment	-	5,182	91,671	340
Balance at Dec. 31, 2017	**649**	**4,243**	**62,342**	**151**

Plant and machinery includes assets to be relinquished free of charge with a net carrying amount of €8,702 million (€9,459 million at December 31, 2016), largely regarding power plants in Iberia and South America amounting to €4,624 million (€5,280 million at December 31, 2016) and the electricity distribution network in South America totaling €3,453 million (€3,630 million at December 31, 2016).

For more information on leased assets, see note 17 below.

	Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	**Total**
	1,336	1,015	402	7,260	173,092
	1,066	285	253	-	96,827
	270	**730**	**149**	**7,260**	**76,265**
	46	1	9	5,742	6,857
	67	55	22	(5,530)	-
	(20)	(14)	(1)	(559)	(2,674)
	9	-	-	3	(228)
	(6)	-	(1)	(45)	(106)
	(79)	(46)	(31)	-	(4,113)
	-	-	-	(25)	(65)
	-	-	-	-	53
	12	17	-	67	158
	-	-	-	(550)	(1,210)
	29	**13**	**(2)**	**(897)**	**(1,328)**
	1,321	1,054	429	6,363	173,745
	1,022	311	282	-	98,808
	299	**743**	**147**	**6,363**	**74,937**

The types of capital expenditure made during 2017 are summarized below. These expenditures, totaling €6,857 million, decreased by €411 million from 2016, a decrease that was particularly concentrated in wind and solar power plants.

Millions of euro

	2017	2016
Power plants:		
- thermal	577	694
- hydroelectric	450	551
- geothermal	224	265
- nuclear	127	115
- alternative energy sources	2,819	3,407
Total power plants	**4,197**	**5,032**
Electricity distribution networks	2,627	2,558
Land, buildings, and other assets and equipment	33	47
TOTAL	**6,857**	**7,637**

Capital expenditure on power plants amounted to €4,197 million, a decrease of €853 million on the previous year, essentially reflecting decreased investment in alternative energy plants in Chile and South Africa following the completion and start of operations of power plants in 2016. Capital expenditure on power plants mainly concerned wind farms, in the amount of €1,823 million, and photovoltaic plants, in the amount of €991 million.
Capital expenditure on the electricity distribution grid came to €2,627 million, an increase of €69 million over the previous year, and mainly concerned improvements to service quality and the installation of next-generation meters in Iberia, as well as work on the distribution grid in Brazil.

The change in consolidated companies for 2017 mainly concerned the deconsolidation of EGPNA Rocky Caney Wind (€305 million) following its sale in December 2017, the effects of which were only partially offset by the increase resulting from the acquisitions of Enel Green Power Sannio (€46 million), EnerNOC (€19 million), and Enel Distribuição Goiás (€13 million).

Impairment losses on property, plant and equipment amounted to €65 million. For a more detailed analysis, see note 8.d.
As at December 31, 2017, tests for the reversal of impairment losses were conducted for the assets of a number of CGUs (Enel Russia, Enel Green Power Hellas, and Enel Produzione) that had previously been written down.

In order to verify the robustness of the value in use identified for those CGUs, sensitivity analyses were conducted for the main value drivers, and in particular WACC, the long-term growth rate and EBITDA, assuming individual changes in each assumption of up to 5% of the value used in the tests. Within that range of variation, it was found that:

> for the Enel Produzione CGU, the main value drivers were essentially in line with the breakeven levels;
> for the Enel Russia CGU, achieving the breakeven levels for the main value drivers is expected upon reaching a pre-tax WACC of 15.34%, a growth rate of -0.8% and EBITDA of 7.6%.

Reclassifications to/from assets held for sale include – in accordance with IFRS 5 – €1,169 million for the carrying amount of three operating plants and five plants under construction in Mexico for which Enel Green Power has signed agreements for the sale of an 80% stake in share capital ("Kino Project"), as well as €41 million for the Kafireas wind farm, for which Enel Green Power Hellas has signed an agreement for its sale.

Other changes include, among other items, the effect of the capitalization of interest on specific loans for capital expenditure in the amount of €167 million (€201 million in 2016), as detailed in the following table.

Millions of euro

	2017	Rate (%)	2016	Rate (%)	Change	
Enel Green Power SpA	14	4.8%	21	5.2%	(7)	-33.3%
PH Chucas SA	1	6.1%	7	6.1%	(6)	-85.7%
Enel Green Power Brasil	84	6.8%	49	9.5%	35	71.4%
Enel Green Power North America	10	1.3%	11	1.6%	(1)	-9.1%
Enel Green Power México	12	4.6%	12	5.0%	-	-
Enel Green Power South Africa	7	7.8%	17	5.9%	(10)	-58.8%
Enel Green Power Chile	13	4.3%	29	4.1%	(16)	-55.2%
Enel Américas Group	7	9.0%	28	18.1%	(21)	-75.0%
Enel Chile Group	6	7.1%	4	9.0%	2	50.0%
Endesa Group	8	2.1%	8	2.6%	-	-
Enel Produzione	5	4.8%	13	4.8%	(8)	-61.5%
Enel Trade	-	-	2	0.4%	(2)	-
Total	**167**		**201** (1)		**(34)**	**-16.9%**

(1) Figure does not include €41 million for the period in which Slovenské elektrárne was reclassified as held for sale.

At December 31, 2017, contractual commitments to purchase property, plant and equipment amounted to €551 million.

16. Infrastructure within the scope of "IFRIC 12 - Service concession arrangements"

Service concession arrangements, which are recognized in accordance with IFRIC 12, regard certain infrastructure serving concessions for electricity distribution in Brazil.

The following table summarizes the salient details of those concessions:

Millions of euro

	Grantor	Activity	Country	Concession period	Concession period remaining	Renewal option	**Amount recognized among financial assets at Dec. 31, 2017**	**Amount recognized among intangible assets at Dec. 31, 2017**
Enel Distribución Rio	Brazilian government	Electricity distribution	Brazil	1997-2026	9 years	Yes	721	913
Enel Distribución Ceará	Brazilian government	Electricity distribution	Brazil	1998-2028	10 years	Yes	348	771
Enel Green Power Mourão	Brazilian government	Power generation	Brazil	2016-2046	28 years	No	7	-
Enel Green Power Paranapanema	Brazilian government	Power generation	Brazil	2016-2046	28 years	No	34	-
Enel Distribuição Goiás	Brazilian government	Electricity distribution	Brazil	2015-2045	28 years	No	25	531
Enel Green Power Projetos I	Brazilian government	Power generation	Brazil	2017-2047	30 years	No	357	-
Total							**1,492**	**2,215**

The value of the assets at the end of the concessions classified under financial assets has been measured at fair value. For more information, see note 45 "Assets measured at fair value".

17. Leases

The Group, in the role of lessee, has entered into finance lease agreements. They include certain assets which the Group is using in Spain, Peru, Italy and Greece. In Spain, the assets relate to a 25-year tolling agreement (18 years remaining) for which an analysis pursuant to IFRIC 4 identified an embedded finance lease, under which Endesa has access to the generation capacity of a combined-cycle plant for which the toller, Elecgas, has undertaken to transform gas into electricity in exchange for a toll at a rate of 9.62%.

In Peru, leases concern agreements related to financing for the Ventanilla combined-cycle plant (with a duration of eight years remunerated at an annual rate of Libor + 1.75%), as well as an agreement that financed construction of a new open-cycle system at the Santa Rosa plant (with a duration of nine years and annual interest of Libor + 1.75%).

The other lease agreements regard wind plants that the Group uses in Italy (expiring in 2030-2031 and with a discount rate of between 4.95% and 5.5%).

The carrying amount of assets held under finance leases is reported in the following table:

Millions of euro

	2017	2016	Change	
Property, plant and equipment	743	730	13	1.8%
Intangible assets	-	-	-	-
Total	**743**	**730**	**13**	**1.8%**

The following table reconciles total future minimum lease payments and the present value, broken down by maturity.

Millions of euro	Future minimum payments	Present value of future minimum payments	Future minimum payments	Present value of future minimum payments
	at Dec. 31, 2017		at Dec. 31, 2016	
Periods				
Within 1 year	88	58	108	75
Between 1 and 5 years	326	210	338	217
Beyond 5 years	573	426	625	453
Total	**987**	**694**	**1,071**	**745**
Finance cost	(293)		(326)	
Present value of minimum lease payments	**694**		**745**	

The Group, in the role of lessee, has entered also into operating lease agreements regarding the use of certain assets for industrial purposes. The associated lease payments are expensed under "Services and other materials".

Costs for operating leases are broken down in the following table into minimum payments, contingent rents and sublease payments.

Millions of euro

	2017
Minimum lease payments	958
Contingent rents	-
Sublease payments	-
Total	**958**

The future minimum lease payments due by the Group under such leases break down by maturity as follows:

Millions of euro

	2017
Periods	
Within 1 year	163
Beyond 1 year and within 5 years	539
Beyond 5 years	256
Total	**958**

18. Investment property - *€77 million*

Investment property at December 31, 2017 amounted to €77 million, a decrease of €47 million compared with 2016.

Millions of euro

	2017
Cost	167
Accumulated depreciation and impairment	43
Balance at Dec. 31, 2016	**124**
Assets entering service	-
Exchange rate differences	(1)
Change in consolidated companies	(39)
Depreciation	(7)
Impairment losses	(10)
Other changes	10
Total changes	**(47)**
Cost	121
Accumulated depreciation and impairment	44
Balance at Dec. 31, 2017	**77**

The Group's investment property consists of properties in Italy, Spain and Chile, which are free of restrictions on the realizability of the investment property or the remittance of income and proceeds of disposal. In addition, the Group has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The change for the year is mainly attributable to the sale of the company Nueva Marina in Spain.

For more details on the valuation of investment property, see notes 45, "Assets measured at fair value", and 45.1, "Fair value of other assets".

19. Intangible assets - *€16,724 million*

A breakdown of and changes in intangible assets for 2017 are shown below.

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	**Total**
Cost	19	3,213	13,910	3,946	1,632	711	23,431
Accumulated amortization and impairment	19	2,586	1,647	1,991	1,259	-	7,502
Balance at Dec. 31, 2016	**-**	**627**	**12,263**	**1,955**	**373**	**711**	**15,929**
Investments	3	103	10	731	23	403	1,273
Assets entering service	7	61	10	-	119	(197)	-
Exchange rate differences	(1)	(6)	(726)	(371)	(32)	(13)	(1,149)
Change in consolidated companies	-	(1)	1,234	572	220	-	2,025
Disposals	(9)	2	-	(6)	(8)	(1)	(22)
Amortization	(4)	(193)	(200)	(235)	(187)	-	(819)
Impairment losses	(1)	(1)	-	-	-	(5)	(7)
Reversals of impairment losses	-	-	9	-	-	-	9
Other changes	14	(284)	(24)	(432)	333	(32)	(425)
Reclassifications from/to assets held for sale	-	-	(38)	-	-	(52)	(90)
Total changes	**9**	**(319)**	**275**	**259**	**468**	**103**	**795**
Cost	31	2,148	14,171	4,840	3,060	814	25,064
Accumulated amortization and impairment	22	1,840	1,633	2,626	2,219	-	8,340
Balance at Dec. 31, 2017	**9**	**308**	**12,538**	**2,214**	**841**	**814**	**16,724**

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" include the costs incurred for the acquisition of customers by the foreign electricity distribution and gas sales companies. Amortization is calculated on a straight-line basis over the term of the average period of the relationship with customers or of the concessions.

The following table reports service concession arrangements that do not fall within the scope of IFRIC 12 and had a balance as at December 31, 2017.

Millions of euro

	Grantor	Activity	Country	Concession period	Concession period remaining	Renewal option	**at Dec. 31, 2017**	Initial fair value
Endesa Distribución Eléctrica	-	Electricity distribution	Spain	Indefinite	Indefinite	-	5,678	5,673
Codensa	Republic of Colombia	Electricity distribution	Colombia	Indefinite	Indefinite	-	1,514	1,839
Enel Distribución Chile (formerly Chilectra)	Republic of Chile	Electricity distribution	Chile	Indefinite	Indefinite	-	1,641	1,667
Enel Distribución Perú (formerly Empresa de Distribución Eléctrica de Lima Norte)	Republic of Peru	Electricity distribution	Peru	Indefinite	Indefinite	-	612	548
e-distribuţie Muntenia	Romanian Ministry for the Economy	Electricity distribution	Romania	2005-2054	36 years	Yes	142	191

The item includes assets with an indefinite useful life in the amount of €9,445 million (€9,776 million at December 31, 2016), essentially accounted for by concessions for distribution activities in Spain (€5,678 million), Colombia (€1,514 million), Chile (€1,641 million), and Peru (€612 million), for which there is no statutory or currently predictable expiration date. On the basis of the forecasts developed, cash flows for each CGU, with which the various concessions are associated, are sufficient to recover the carrying amount. The change during the year is essentially attributable to changes in exchange rates. For more information on service concession arrangements, see note 24.

Changes in consolidated companies in 2017 mainly concerned the acquisition of Enel Distribuição Goiás in Brazil, in the amount of €1,806 million, as well as of Enel X group in North America (EnerNOC, €168 million; eMotorWerks, €49 million; and Demand Energy Networks, €30 million). These effects were only partially offset by the sale of EGPNA Rocky Caney Wind (€28 million).

"Impairment losses" amounted to €7 million in 2017. For more information, see note 8.d.

"Reclassifications to/from assets held for sale" include – in accordance with IFRS 5 – €52 million for intangible assets related to the Greek wind farm Kafireas and €38 million for the Mexican plants in the "Kino Project".

20. Goodwill - *€13,746 million*

Goodwill amounted to €13,746 million, an increase of €190 million over the previous year.

Millions of euro			at Dec. 31, 2016	Change in scope of consol.	Exchange rate diff.
	Cost	Cumulative impairment	**Net carrying amount**		
Iberia [1]	11,156	(2,392)	8,764	-	-
South America [2]	3,645	-	3,645	10	(45)
Chile	-	-	-	-	-
Argentina	-	-	-	-	-
Peru	-	-	-	-	-
Colombia	-	-	-	-	-
Brazil	-	-	-	-	-
Central America	-	-	-	-	-
Enel Green Power North America	132	(11)	121	-	(15)
North America - Enel X	-	-	-	302	(10)
Market Italy [3]	579	-	579	-	-
Enel Green Power	23	-	23	-	-
Romania [4]	437	(13)	424	-	(11)
Tynemouth Energy	-	-	-	3	-
Total	**15,972**	**(2,416)**	**13,556**	**315**	**(81)**

(1) Includes Endesa and Enel Green Power España.
(2) Includes South America and Enel Green Power Latin America.
(3) Includes Enel Energia.
(4) Includes e-distribuţie Muntenia, Enel Energie Muntenia and Enel Green Power Romania.

Changes in consolidated companies mainly concern the acquisitions in North America within the Enel X business (EnerNOC, €196 million; eMotorWerks, €93 million; and Demand Energy Networks, €13 million).

Reclassification from/to assets held for sale, which amounted to €38 million, regards the goodwill associated with the Central America CGU allocated to the "Kino" wind farms in Mexico which during the year qualified for such classification under IFRS 5.

The criteria used to identify the cash generating units (CGUs) were essentially based – in line with management's strategic and operational vision – on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, as well as on the level of reporting monitored by management.
In 2017, we conducted a reassessment of CGUs, which led to the reallocation of the goodwill previously assigned to them, under the provisions of IAS 36.87. The analysis became necessary in order to take account of the Group's reorganization, especially with regard to business conducted outside Italy. More specifically, in addition to the integration of the renewables and traditional sectors in the various countries and recent reorganization of the Group, the criterion underlying this reallocation can be seen in the following changes:

> as concerns Italy, a separation by legal entity: i) as a result of the corporate separation of the former monopoly (Enel SpA) over the years in response to legislative and regulatory measures; ii) based on the materiality of businesses conducted by the Group within Italy that did not permit the recognition of a single CGU;
> a separation by Country outside Italy: i) as a result of the acquisitions of companies or other business combinations since 2005 as a part of the gradual process of internationalization of the Group; ii) taking account of

Impairment losses	CGU reclassification	Reclassifications from/to assets held for sale	Other changes	at Dec. 31, 2017		
				Cost	Cumulative impairment	**Net carrying amount**
-	-	-	-	11,156	(2,392)	**8,764**
-	(3,615)	-	5	-	-	**-**
-	1,209	-	-	1,209	-	**1,209**
-	276	-	-	276	-	**276**
-	561	-	-	561	-	**561**
-	530	-	-	530	-	**530**
-	945	-	-	945	-	**945**
-	94	(38)	-	56	-	**56**
-	-	-	(11)	106	(11)	**95**
-	-	-	-	292	-	**292**
-	-	-	-	579	-	**579**
-	-	-	-	23	-	**23**
-	-	-	-	426	(13)	**413**
-	-	-	-	3	-	**3**
-	**-**	**(38)**	**(6)**	**16,162**	**(2,416)**	**13,746**

the current Country model, in which we are seeing an increasing interdependency in cash flows between the various businesses in a given geographical area under the responsibility of the Country Manager and in the organization models implemented.

Therefore, compared with the previous year:

> in Spain, the Endesa and EGP España CGUs have been merged;
> in Romania, the Romania and EGP Romania CGUs have been merged;
> in South America, the previous CGUs based on shareholding structure, i.e. "South America (formerly Endesa)" and "EGP Latin America", have been reallocated geographically. The reallocation was carried out on the basis of the associated fair values. The Group also carried out impairment tests prior to the reallocation of goodwill, which found no evidence of impairment.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market-risk premiums.

Cash flows were determined on the basis of the best information available at the time of the estimate, taking account of the specific risks of each CGU, and drawn:

> for the explicit period, from the 5-year business plan approved by the Board of Directors of the Parent Company on November 20, 2017, containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing differs in accordance with the specific features and business cycles of the various CGUs being tested. These differences are generally associated with

the different average times needed to build and bring into service the plant and other works that characterize the investments of the specific businesses that make up the CGU (conventional thermal generation, nuclear power, renewables, distribution, etc.);

> for subsequent years, from assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet.

In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC, the long-term growth rate and margins, the outcomes of which fully supported that value.

Millions of euro	Amount	Growth rate (1)	Pre-tax WACC discount rate (2)	Explicit period of cash flows	Terminal value (3)
	at Dec. 31, 2017				
Iberia (4)	8,764	1.65%	6.87%	5 years	Perpetuity/19 years
Enel Green Power España	-	-	-	-	-
Endesa - South America (5)	-	-	-	-	-
Chile	1,209	2.94%	7.43%	5 years	Perpetuity/23 years
Argentina	276	8.58%	18.67%	5 years	Perpetuity/29 years
Peru	561	3.38%	6.90%	5 years	Perpetuity/27 years
Colombia	530	2.92%	9.31%	5 years	Perpetuity/29 years
Brazil	945	3.99%	10.01%	5 years	Perpetuity/26 years
Central America	56	1.42%	8.24%	5 years	26 years
Enel Green Power Latin America (6)	-	-	-	-	-
North America	95	2.31%	6.44%	5 years	25 years
North America - Enel X	292	2.31%	10.35%	5 years	15 years
Enel Energia (7)	-	-	-	-	-
Market Italy	579	0.73%	10.83%	5 years	15 years
Enel Green Power	23	1.89%	7.28%	5 years	Perpetuity/22 years
Romania (8)	413	2.40%	6.66%	5 years	Perpetuity/19 years
Tynemouth Energy	3	-	-	-	-

(1) Perpetual growth rate for cash flows after the explicit forecast period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.
(4) Includes Endesa and Enel Green Power España.
(5) Goodwill allocated to the Chile, Argentina, Peru, Colombia and Brazil CGUs.
(6) Goodwill allocated to the Chile, Argentina, Peru, Colombia, Brazil and Central America CGUs.
(7) Goodwill allocated to the Market Italy CGU.
(8) Includes e-distribuţie Muntenia, Enel Energie Muntenia and Enel Green Power Romania.

The table below reports the composition of the main goodwill values according to the company to which the cash-generating unit (CGU) belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Amount	Growth rate (1)	Pre-tax WACC discount rate (2)	Explicit period of cash flows	Terminal value (3)
at Dec. 31, 2016				
8,607	1.40%	7.78%	5 years	Perpetuity
157	1.60%	7.99%	5 years	13 years
3,285	2.71%	8.83%	5 years	Perpetuity
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
360	3.27%	8.72%	5 years	21 years
121	2.20%	6.03%	5 years	21 years
-	-	-	-	-
579	0.23%	12.16%	5 years	15 years
-	-	-	-	-
23	1.50%	8.49%	5 years	Perpetuity/16 years
424	2.00%	7.24%	5 years	Perpetuity
-	-	-	-	-

At December 31, 2017, the impairment tests of the CGUs to which goodwill had been allocated found no evidence of impairment, while in 2016 they had found impairment of €26 million in the Nuove Energie CGU and €5 million in the Enel Green Power Bulgaria CGU.

21. Deferred tax assets and liabilities - *€6,354 million and €8,348 million*

The following table details changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro	at Dec. 31, 2016	Increase/(Decrease) taken to income statement	Increase/(Decrease) taken to equity
Deferred tax assets:			
- differences in the value of intangible assets, property, plant and equipment	1,796	(157)	-
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	1,521	(56)	-
- tax loss carried forward	81	95	-
- measurement of financial instruments	722	6	(36)
- employee benefits	637	1	(23)
- other items	1,908	57	(2)
Total	**6,665**	**(54)**	**(61)**
Deferred tax liabilities:			
- differences on non-current and financial assets	6,451	(212)	-
- measurement of financial instruments	385	(4)	(143)
- other items	1,932	192	3
Total	**8,768**	**(24)**	**(140)**
Non-offsettable deferred tax assets			
Non-offsettable deferred tax liabilities			
Excess net deferred tax liabilities after any offsetting			

At December 31, 2017, deferred tax assets, recognized when there is a reasonable certainty of their recoverability, totaled €6,354 million (€6,665 million at December 31, 2016).

Deferred tax assets decreased by €311 million during the year due mainly to the tax effect related to components of income not recognized for fiscal purposes, particularly concerning derivative instruments and provisions for risks, reversals for the period, and reclassifications of the assets held for sale of the Mexican companies.

This decrease was only partially offset by the increase in deferred tax assets on past losses in Argentina in light of the improved earnings forecasts for the companies in that country.

It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €2,286 million because, on the basis of current estimates of future taxable income, it is not certain that such assets will be recovered.

Deferred tax liabilities amounted to €8,348 million at December 31, 2017 (€8,768 million at December 31, 2016). They essentially include the determination of the tax effects of the value adjustments to assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful lives of assets.

Deferred tax liabilities decreased by a total of €420 million, particularly in the United States following the reduction in

Change in scope of consolidation	Other changes	Exchange rate differences	Reclassifications of assets held for sale	
				at Dec. 31, 2017
-	-	(22)	-	1,617
-	-	(26)	-	1,439
-	-	(9)	-	167
-	-	(2)	-	690
-	-	(11)	-	604
7	-	(35)	(98)	1,837
7	**-**	**(105)**	**(98)**	**6,354**
223	-	(335)	(76)	6,051
-	-	(1)	-	237
33	-	(58)	(42)	2,060
256	**-**	**(394)**	**(118)**	**8,348**
				3,455
				3,297
				2,152

the corporate income tax rate from 35% to 21% as part of the tax reform there (€173 million), as well as for the reclassification to available for sale of deferred tax assets associated with the Mexican companies (€118 million) and the impact of currency differences.

These decreases were only partially offset by deferred tax liabilities for the acquired companies EnerNOC, Enel Distribuição Goiás, eMotorWerks, and Demand Energy following allocation of the price paid (for a total of €251 million).

22. Equity investments accounted for using the equity method - *€1,598 million*

Investments in joint arrangements and associated companies accounted for using the equity method are as follows.

Millions of euro		% held	Income effect	Change in scope of consol.
	at Dec. 31, 2016			
Joint arrangements				
EGPNA Renewable Energy Partners	402	50.0%	64	3
Rocky Caney Holding	-	-	-	39
OpEn Fiber	355	50.0%	(13)	-
Slovak Power Holding	156	50.0%	27	-
Enel F2i Solare Italia (formerly Ultor)	164	50.0%	(1)	-
Tejo Energia Produção e Distribuição de Energia Eléctrica	71	43.8%	10	-
RusEnergoSbyt	71	49.5%	41	-
Energie Electrique de Tahaddart	31	32.0%	7	-
Drift Sand Wind Project	20	35.0%	10	8
Electrogas	17	42.5%	-	(17)
Transmisora Eléctrica de Quillota	12	50.0%	1	-
Centrales Hidroeléctricas de Aysén	9	51.0%	(6)	-
PowerCrop	2	50.0%	(4)	-
Enel Green Power Bungala	-	-	(2)	-
Associates				
Elica 2	45	30.0%	-	-
CESI	42	42.7%	5	-
Tecnatom	34	45.0%	(4)	-
Suministradora Eléctrica de Cádiz	17	33.5%	1	-
Compañía Eólica Tierras Altas	13	35.6%	1	-
Other	97		(26)	(2)
Total	**1,558**		**111**	**31**

Income effects include the profits and losses recognized by the companies in proportion to the interest that the Enel Group holds.

Changes in the scope of consolidation mainly reflect:

> the 20% interest in EGPNA Rocky Caney following the sale of the remaining 80%, which resulted in deconsolidation;

> sale of the 42.5% interest held in the Chilean firm Electrogas.

It should also be noted that application of the equity method to the investments in RusEnergoSbyt and PowerCrop incorporates implicit goodwill of €27 million and €9 million, respectively.

No evidence of impairment was found for equity investments measured using the equity method.

Dividends	Reclassifications from/to assets held for sale	Other changes		% held
			at Dec. 31, 2017	
-	-	(65)	404	50.0%
-	-	-	39	20.0%
-	-	1	343	50.0%
-	-	7	190	50.0%
-	-	-	163	50.0%
(9)	-	1	73	43.8%
(70)	-	(6)	36	49.5%
(6)	-	(2)	30	32.0%
-	-	(6)	32	50.0%
-	-	-	-	-
-	-	(1)	12	50.0%
-	-	3	6	51.0%
-	-	14	12	50.0%
-	-	15	13	50.0%
-	-	4	49	30.0%
(1)	-	-	46	42.7%
-	-	(1)	29	45.0%
(5)	-	-	13	33.5%
(2)	-	-	12	35.6%
(10)	(6)	43	96	
(103)	**(6)**	**7**	**1,598**	

The following tables provide a summary of financial information for each joint arrangement and associate of the Group not classified as held for sale in accordance with IFRS 5.

Millions of euro	Non-current assets		Current assets		Total assets	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Joint arrangements						
Centrales Hidroeléctricas de Aysén	11	22	-	1	11	23
OpEn Fiber	699	769	-	240	699	1,009
Enel F2i Solare Italia (formerly Ultor)	77	279	163	70	240	349
RusEnergoSbyt	4	6	138	213	142	219
Tejo Energia Produção e Distribuição de Energia Eléctrica	250	277	149	134	399	411
Energie Electrique de Tahaddart	93	111	27	32	120	143
PowerCrop	37	40	89	41	126	81
Associates						
Tecnatom	74	77	59	58	133	135
Suministradora Eléctrica de Cádiz	71	74	24	18	95	92
Compañía Eólica Tierras Altas	29	35	6	2	35	37

Non-current liabilities		Current liabilities		Total liabilities		Shareholders' equity	
at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
-	-	-	5	-	5	11	18
-	-	-	299	-	299	699	710
-	139	-	4	-	143	240	206
-	-	127	129	127	129	15	90
129	163	102	84	231	247	168	164
10	9	16	36	26	45	94	98
-	1	111	61	111	62	15	19
25	31	43	26	68	57	65	78
23	23	34	17	57	40	38	52
2	1	1	2	3	3	32	34

Millions of euro	Total revenue		Income before taxes		Net income from continuing operations	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Joint arrangements						
Centrales Hidroeléctricas de Aysén	-	-	(11)	(6)	(11)	(6)
OpEn Fiber	-	15	(11)	(11)	(11)	(9)
Enel F2i Solare Italia (formerly Ultor)	7	26	7	5	7	5
RusEnergoSbyt	2,515	1,991	106	86	85	69
Tejo Energia Produção e Distribuição de Energia Eléctrica	267	207	34	31	23	22
Energie Electrique de Tahaddart	56	56	30	28	21	19
PowerCrop	-	-	(5)	(4)	(4)	(4)
Associates						
Tecnatom	57	88	(9)	1	(9)	1
Suministradora Eléctrica de Cádiz	5	15	3	8	3	8
Compañía Eólica Tierras Altas	11	8	2	(2)	1	(1)

23. Derivatives

Millions of euro	Non-current		Current	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Derivative financial assets	702	1,609	2,309	3,945
Derivative financial liabilities	2,998	2,532	2,260	3,322

For more information on derivatives classified as non-current financial assets, please see note 44 for hedging derivatives and trading derivatives.

24. Other non-current financial assets - *€4,002 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Equity investments in other companies measured at fair value	6	149	(143)	-96.0%
Equity investments in other companies	52	47	5	10.6%
Receivables and securities included in net financial debt (see note 24.1)	2,444	2,621	(177)	-6.8%
Service concession arrangements	1,476	1,022	454	44.4%
Non-current prepaid financial expense	24	53	(29)	-54.7%
Total	**4,002**	**3,892**	**110**	**2.8%**

Total non-current financial assets increased by €110 million in 2017 as compared with the previous year. In particular, the change reflects an increase in receivables included in net financial debt, as discussed in note 24.1, and service concession agreements related mainly to the consolidation of Enel Distribuição Goiás.

Equity investments in other companies include investments for which the market value is not readily measurable; therefore, in the absence of expected sales of these investments, they have been measured at purchase cost and adjusted for any impairment.

Equity investments in other companies measured at fair value and at cost break down as follows:

Millions of euro		% held		% held	
	at Dec. 31, 2017		at Dec. 31, 2016		Change
Bayan Resources	-		139	10.0%	(139)
Echelon	1	7.1%	1	7.1%	-
Galsi	17	17.6%	17	17.6%	-
Other	40		39		1
Total	**58**		**196**		**(138)**

The change on the previous year essentially reflects the sale of Bayan Resources, a Indonesian company listed on the local Indonesian market that operates in the coal-extraction industry.

Service concession arrangements concern amounts paid to the licensing authorities for the construction and/or improvement of public-service infrastructures involved in concession arrangements, which have been recognized in accordance with IFRIC 12.

24.1 Other non-current financial assets included in net financial debt

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Securities held to maturity	-	-	-	-
Financial investments in funds or portfolio management products at fair value through profit or loss	-	-	-	-
Securities available for sale	382	440	(58)	-13.2%
Financial receivables in respect of Spanish electrical system deficit	3	15	(12)	-80.0%
Other financial receivables	2,059	2,166	(107)	-4.9%
Total	**2,444**	**2,621**	**(177)**	**-6.8%**

Securities held to maturity and available for sale, as well as financial investments in funds or portfolio management products, represent the financial instruments in which the Dutch insurance companies invest a portion of their liquidity.

Other financial receivables decreased by €107 million in 2017 compared with the previous year. The change mainly reflects the following factors:

> a decrease of €78 million in the receivable for CO_2 emissions allowances connected with "new-entrant" plants;

> the reclassification to short term of €44 million of the receivable in respect of the Energy & Environmental Services Fund (formerly the Electricity Equalization Fund), the balance of which was €296 million as at December 31, 2017 (compared with €340 million at December 31, 2016), concerning the reimbursement of costs incurred with the early replacement of electromechanical meters;

> the reclassification to short term of €55 million of the receivable in respect of the reimbursement, provided for by the Regulatory Authority for Energy, Networks and the Environment in Italy with Resolution 157/2012, of costs incurred with the termination of the Electrical Worker Pension Fund in the total amount of €225 million at December 31, 2017 (€280 million at December 31, 2016).

These decreases were only partly offset by the following increases:

> an increase of €24 million in the financial receivables from EGPNA REP Wind Holdings related to the financing for development of the new wind farms by the joint venture;

> an increase of €34 million in relation to the receivable emerging from the sale of the 50% stake in Slovak Power Holding. This receivable has been measured at fair value, which was determined based on the pricing formula contained in the agreements with EPH and which takes account of a number of parameters, including the evolution of Slovenské elektrárne's net financial position, trends in energy prices on the Slovakian market, the levels of operating efficiency of Slovenské elektrárne based on benchmarks established in the agreement, and the enterprise value of Mochovce units 3 and 4.

25. Other non-current assets - *€1,064 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Receivables from institutional market operators	200	106	94	88.7%
Other receivables	864	600	264	44.0%
Total	**1,064**	**706**	**358**	**50.7%**

Receivables from institutional market operators totaled €200 million as at December 31, 2017, and increased mainly due to recognition of certain positive equalization payments in the Spanish market, as described in relation to revenue.

At December 31, 2017, other receivables mainly regarded tax receivables in the amount of €261 million (€301 million at December 31, 2016), security deposits in the amount of €189 million (€157 million at the end of 2016), and non-monetary grants to be received in respect of green certificates totaling €61 million (€51 million at December 31, 2016).
The change for the year reflects the consolidation of Enel Distribuição Goiás and, in particular (€266 million), the receivable held by this company from Fundo de Aporte a Enel Distribuição Goiás (FUNAC) created by the State of Goiás in order to compensate the Brazilian company in the event of disputes arising from operations conducted prior to the privatization process of Electrobras.

26. Inventories - *€2,722 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Raw materials, consumables and supplies:				
- fuel	1,215	1,119	96	8.6%
- materials, equipment and other inventories	1,136	812	324	39.9%
Total	**2,351**	**1,931**	**420**	**21.8%**
Environmental certificates:				
- CO_2 emissions allowances	287	412	(125)	-30.3%
- green certificates	14	7	7	-
- white certificates	1	-	1	-
Total	**302**	**419**	**(117)**	**-27.9%**
Buildings available for sale	62	65	(3)	-4.6%
Payments on account	7	149	(142)	-95.3%
TOTAL	**2,722**	**2,564**	**158**	**6.2%**

Raw materials, consumables and supplies, in the amount of €2,351 million at December 31, 2017 (€1,931 million in 2016), consist of fuel inventories to cover the requirements of the generation companies and trading activities, as well as materials and equipment for the operation, maintenance and construction of plants and distribution networks.
The overall increase in inventories for the year (€158 million) was mainly due to the increase in purchases of second-generation meters in execution of the Open Meter plan as well as of LV/MV materials to be used in maintenance and operations. Conversely, CO_2 emissions rights declined.
The reduction in payments on account is related almost entirely to gas purchased on account by Enel Trade in 2016 under the take-or-pay formula, which was used in its entirety during 2017.
The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings.

27. Trade receivables - *€14,529 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Customers:				
- sale and transport of electricity	11,123	10,488	635	6.1%
- distribution and sale of natural gas	2,029	1,645	384	23.3%
- other activities	1,234	1,258	(24)	-1.9%
Total customer receivables	**14,386**	**13,391**	**995**	**7.4%**
Trade receivables due from associates and joint arrangements	143	115	28	24.3%
TOTAL	**14,529**	**13,506**	**1,023**	**7.6%**

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €2,402 million at the end of the year, as compared with an opening balance of €2,028 million. More specifically, the increase for the period was mainly due to the increase in receivables recognized in Italy from traders and customers as well as, in South America, to the greater quantities sold and transported, the consolidation of Enel Distribuição Goiás, and the rate increases recognized especially in Argentina. For more details on trade receivables, see note 41, "Financial instruments".

28. Other current financial assets - *€4,614 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Current financial assets included in debt	4,458	2,924	1,534	52.5%
Other	156	129	27	20.9%
Total	**4,614**	**3,053**	**1,561**	**51.1%**

28.1 Other current financial assets included in debt - *€4,458 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Short-term portion of long-term financial receivables	1,094	767	327	42.6%
Receivables for factoring	42	128	(86)	-67.2%
Securities measured at FVTPL	-	1	(1)	-
Securities held to maturity	-	-	-	-
Securities available for sale	69	35	34	97.1%
Financial receivables and cash collateral	2,664	1,082	1,582	-
Other	589	911	(322)	-35.3%
Total	**4,458**	**2,924**	**1,534**	**52.5%**

Other current financial assets included in net financial debt totaled €4,458 million (€2,924 million at December 31, 2016). The change mainly concerns the increase in financial receivables recognized by Enel SpA and Enel Finance International following the increase in cash collateral paid to counterparties for over-the-counter derivative contracts on interest and exchange rates.

The short-term portion of long-term financial receivables increased by €327 million due mainly to the increase of €269 million in financial receivables in respect of the Spanish electrical system for financing the rate deficit. More specifically, at the end of 2017, the increase in receivables for the extra-peninsular deficit of €304 million (a debtor position of €296 million in 2016) was only partly offset by the reduction of €35 million in the peninsular deficit.

This increase reflected differences in the way the Spanish rate deficit is covered by system operators through the various periodic settlements (monthly).

The residual item "Other" reports a decrease of €322 million in financial receivables as a result of the collection of receivables recognized in 2016 by EGPNA for taxable gains and related to the sale of Cimarron Bend and Lindhal.

29. Other current assets - *€2,695 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Receivables from institutional market operators	853	1,025	(172)	-16.8%
Advances to suppliers	217	188	29	15.4%
Receivables due from employees	20	37	(17)	-45.9%
Receivables due from others	872	913	(41)	-4.5%
Sundry tax receivables	517	664	(147)	-22.1%
Accrued operating income and prepaid expenses	150	146	4	2.7%
Revenue for construction contracts	66	71	(5)	-7.0%
Total	**2,695**	**3,044**	**(349)**	**-11.5%**

Receivables from institutional market operators include receivables in respect of the Italian system in the amount of €575 million (€862 million at December 31, 2016) and the Spanish system in the amount of €260 million (€147 million at December 31, 2016). The reduction in this item for the period, recognized by the Italian company operating in the sale of electricity on the regulated market, is mainly the result of collection of the receivable on white certificates in 2016 and of the receivable resulting from the assessment of the equalization of energy purchases.

Including the portion of receivables classified as long-term in the amount of €200 million (€106 million in 2016), receivables due from institutional market operators at December 31, 2017 totaled €1,053 million (€1,131 million at December 31, 2016), with payables of €5,029 million (€4,966 million at December 31, 2016).

The reduction of €147 million in sundry tax receivables is due to the decreased receivable for value-added tax, particularly in Italy as a result of the split-payment mechanism introduced into Italian tax law.

30. Cash and cash equivalents - *€7,021 million*

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €80 million essentially in respect of deposits pledged to secure transactions carried out.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Bank and post office deposits	6,486	7,777	(1,291)	-16.6%
Cash and cash equivalents on hand	343	298	45	15.1%
Other liquid investments	192	215	(23)	-10.7%
Total	**7,021**	**8,290**	**(1,269)**	**-15.3%**

31. Assets and disposal groups classified as held for sale - *€1,970 million and €1,729 million*

Changes in assets held for sale during 2017 may be broken down as follows.

Millions of euro

	at Dec. 31, 2016	Reclassification from/to current and non-current assets	Disposals and changes in consolidation	Impairment losses	Other changes	**at Dec. 31, 2017**
Property, plant and equipment	6	1,210	2	-	283	1,501
Intangible assets	-	90	-	-	(3)	87
Goodwill	-	38	-	-	-	38
Deferred tax assets	-	98	-	-	11	109
Investments accounted for using the equity method	-	6	-	-	-	6
Non-current financial assets	5	-	-	-	(5)	-
Other non-current assets	-	3	-	-	(1)	2
Cash and cash equivalents and current assets	-	232	-	-	(5)	227
Total	**11**	**1,677**	**2**	**-**	**280**	**1,970**

Changes in liabilities in 2017 were as follows.

Millions of euro

	at Dec. 31, 2016	Reclassification from/to current and non-current assets	Disposals and changes in consolidation	Other changes	**at Dec. 31, 2017**
Long-term borrowings	-	416	-	-	416
Post-employment and other employee benefits	-	-	-	-	-
Provisions for risks and charges, non-current portion	-	-	-	-	-
Deferred tax liabilities	-	118	-	(5)	113
Non-current financial liabilities	-	-	-	-	-
Other non-current liabilities	-	58	-	-	58
Short-term borrowings	-	980	-	-	980
Other current financial liabilities	-	1	-	1	2
Provisions for risks and charges, current portion	-	-	-	-	-
Trade payables and other current liabilities	-	316	-	(156)	160
Total	**-**	**1,889**	**-**	**(160)**	**1,729**

Assets and liabilities held for sale at December 31, 2017 therefore amount to €1,970 million and €1,729 million respectively and regard:

> eight Mexican project companies that own three operational plants and five plants under construction for which Enel Green Power has signed agreements for the sale of 80% of their share capital ("Kino Project"). More specifically, the assets falling within the scope of IFRS 5 are those (including net working capital) in respect of the eight projects and the loans obtained by the Group in order to build the plants;

> the project companies associated with the Kafireas wind farm, for which Enel Green Power Hellas has signed a joint venture agreement (JVA) with a partner that governs the terms and management of 100% of the projects connected with that wind farm.

32. Shareholders' equity - *€52,161 million*

32.1 Equity attributable to shareholders of the Parent Company - *€34,795 million*

Share capital - *€10,167 million*

At December 31, 2017, the share capital of Enel SpA – considering that as at December 31, 2016 there were no approved stock option plans (and thus no options exercised) – amounted to €10,166,679,946 fully subscribed and paid up, represented by the same number of ordinary shares with a par value of €1.00 each.

At December 31, 2017, based on the shareholders register and the notices submitted to CONSOB and received by the company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, the only shareholders with interests of greater than 3% in the company's share capital were the Ministry for the Economy and Finance (with a 23.585% stake) and BlackRock Inc. (with a 5.615% stake held at August 15, 2017 through subsidiaries for asset management purposes).

Other reserves - *€3,348 million*

Share premium reserve - *€7,489 million*

Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve contains, in the case of the issue of shares at a price above par, the difference between the issue price of the shares and their par value, including those resulting from conversion from bonds. The reserve, which is a capital reserve, may not be distributed until the legal reserve has reached the threshold established under Article 2430 of the Italian Civil Code.

Legal reserve - *€2,034 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends.

Other reserves - *€2,262 million*

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.

Pursuant to Article 47 of the Uniform Income Tax Code (*Testo Unico Imposte sul Reddito*), this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro - *€(2,614) million*

The decrease for the year, equal to €1,609 million, is due to the net appreciation of the functional currency against the foreign currencies used by subsidiaries.

Reserve from measurement of cash flow hedge financial instruments - *€(1,588) million*

This includes the net charges recognized in equity from the measurement of cash flow hedge derivatives. The cumulative tax effect is equal to €456 million.

Reserve from measurement of financial instruments available for sale - *€(23) million*

This includes net unrealized income from the measurement at fair value of financial assets.

The negative change of €129 million for the year is mainly attributable to the sale of the 10% stake in Bayan Resources.

There is no cumulative tax effect on the reserve in view of the tax rules in the countries in which those instruments are held.

Reserve from equity investments accounted for using the equity method - *€(5) million*

The reserve reports the share of comprehensive income to be recognized directly in equity of companies accounted for using the equity method. The cumulative tax effect is equal to €17 million.

Reserve from remeasurement of net liabilities/(assets) of defined benefit plans - *€(646) million*

The reserve, which was created in previous years, includes all actuarial gains and losses, net of tax effects. The change is attributable to the decrease in net actuarial losses recognized during the period, mainly reflecting changes in the discount rate. The cumulative tax effect is equal to €94 million.

Reserve from disposal of equity interests without loss of control - *€(2,398) million*

This item mainly reports:

> the gain posted on the public offering of Enel Green Po-

wer shares, net of expenses associated with the disposal and the related taxation;
> the sale of minority interests recognized as a result of the Enersis capital increase;
> the capital loss, net of expenses associated with the disposal and the related taxation, from the public offering of 21.92% of Endesa;
> the income from the disposal of the minority interest in Enel Green Power North America Renewable Energy Partners;
> the effects of the merger into Enel Américas of Endesa Américas and Chilectra Américas;
> the disposal to third parties of a minority interest without loss of control in Enel Green Power North America Renewable Energy Partners.

Reserve from transactions in non-controlling interests - *€(1,163) million*

The reserve reports the amount by which the purchase price in purchases from third parties of additional stakes in companies already controlled in South America (generated in previous years by the purchase of additional stakes in Enel Distribución Rio, Ampla Investimentos e Serviços, Eléctrica Cabo Blanco, Enel Distribución Ceará, Generandes Perú, Enersis, Endesa Latinoamérica and Enel Green Power SpA) exceeds the value of the equity acquired.
The change for the period, equal to €7 million, regards the income from the purchase of a non-controlling interest in Enel Distribución Perú.

Retained earnings and loss carried forward - *€21,280 million*

The reserve reports earnings from previous years that have not been distributed or allocated to other reserves.

The table below shows the changes in gains and losses recognized directly in other comprehensive income, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro

	at Dec. 31, 2016			Change						**at Dec. 31, 2017**		
	Total	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*	Gains/(Losses) recognized in equity for the year	Released to income statement	Taxes	**Total**	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*	**Total**	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*
Reserve from translation of financial statements in currencies other than euro	**(2,903)**	*(988)*	*(1,915)*	(2,519)	-	-	**(2,519)**	*(1,609)*	*(910)*	**(5,422)**	*(2,597)*	*(2,825)*
Reserve from measurement of cash flow hedge financial instruments	**(1,731)**	*(1,438)*	*(293)*	(1,417)	1,278	67	**(72)**	*(140)*	*68*	**(1,803)**	*(1,578)*	*(225)*
Reserve from measurement of financial instruments available for sale	**105**	*106*	*(1)*	(14)	(118)	3	**(129)**	*(129)*	-	**(24)**	*(23)*	*(1)*
Share of OCI of associates accounted for using the equity method	**(62)**	*(61)*	*(1)*	4	8	(2)	**10**	*7*	*3*	**(52)**	*(54)*	*2*
Remeasurements of net employee benefit liabilities/(assets)	**(927)**	*(724)*	*(203)*	99	-	(25)	**74**	*60*	*14*	**(854)**	*(664)*	*(189)*
Total gains/(losses) recognized in equity	**(5,518)**	*(3,105)*	*(2,413)*	**(3,847)**	**1,168**	**43**	**(2,636)**	*(1,811)*	*(825)*	**(8,154)**	*(4,916)*	*(3,238)*

32.2 Dividends

	Amount distributed (millions of euro)	Dividend per share (euro)
Net dividends paid in 2016		
Dividends for 2015	1,627	0.16
Interim dividends for 2016 (1)	-	-
Special dividends	-	-
Total dividends paid in 2016	**1,627**	**0.16**
Net dividends paid in 2017		**-**
Dividends for 2016	1,830	0.18
Interim dividends for 2017 (2)	-	-
Special dividends	-	-
Total dividends paid in 2017	**1,830**	**0.18**

(1) Approved by the Board of Directors on November 10, 2016 and paid as from January 25, 2017 (interim dividend of €0.09 per share for a total of €915 million).

(2) Approved by the Board of Directors on November 8, 2017 and paid as from January 24, 2018 (interim dividend of €0.105 per share for a total of €1,068 million).

At its meeting of November 8, 2017, of the Board of Directors approved the distribution of an interim dividend of €0.105 per share, for a total of €1,068 million. That interim dividend, gross of any withholding tax, was paid as of January 24, 2018.

Capital management

The Group's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Group manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2017.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2017 and 2016 is summarized in the following table.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Non-current financial position	42,439	41,336	1,103
Net current financial position	(2,585)	(1,162)	(1,423)
Non-current financial receivables and long-term securities	(2,444)	(2,621)	177
Net financial debt	**37,410**	**37,553**	**(143)**
Equity attributable to shareholders of the Parent Company	34,795	34,803	(8)
Non-controlling interests	17,366	17,772	(406)
Shareholders' equity	**52,161**	**52,575**	**(414)**
Debt/equity ratio	**0.72**	**0.71**	**-**

See note 39 for a breakdown of the individual items in the table.

32.3 Non-controlling interests - *€17,366 million*

The following table reports the composition of non-controlling interests by Division.

Millions of euro	**Non-controlling interests**		**Net income attributable to non-controlling interests**	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Italy	4	4	-	-
Iberia	6,954	6,957	396	352
South America	8,934	9,307	1,020	662
Europe and North Africa	1,002	1,017	67	99
North and Central America	387	409	60	104
Sub-Saharan Africa and Asia	85	78	7	1
Total	**17,366**	**17,772**	**1,550**	**1,217**

The decrease in non-controlling interests mainly reflects exchange rate effects and dividends from South America and Endesa, only partly offset by the recognition of net income for the year.

33. Borrowings

Millions of euro	Non-current		Current	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Long-term borrowings	42,439	41,336	7,000	4,384
Short-term borrowings	-	-	1,894	5,372
Total	**42,439**	**41,336**	**8,894**	**9,756**

For more details on the nature of borrowings, please see note 41 "Financial instruments".

34. Employee benefits - *€2,407 million*

The Group provides its employees with a variety of benefits, including deferred compensation benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplemental retirement and healthcare plans, residential electricity discounts and similar benefits. More specifically:

> for Italy, the item "pension benefits" regards estimated accruals made to cover benefits due under the supplemental retirement schemes of retired executives and the benefits due to personnel under law or contract at the time the employment relationship is terminated. For the foreign companies, the item reports post-employment benefits, of which the most material regard the pension benefit schemes of Endesa in Spain, which break down into three types that differ on the basis of employee seniority and company. In general, under the framework agreement of October 25, 2000, employees participate in a specific defined contribution pension plan and, in cases of disability or death of employees in service, a defined benefit plan which is covered by appropriate insurance policies. In addition, Endesa has two other limited-enrollment plans (i) for current and retired Endesa employees covered by the electricity industry collective bargaining agreement prior to the changes introduced with the framework agreement noted earlier and (ii) for employees of the former Catalan companies (Fecsa/Enher/HidroEmpordà). Both are defined benefit plans and benefits are fully ensured, with the exception of the former plan for benefits in the event of the death of a retired employee. Finally, the Brazilian companies have also established defined benefit plans;

> the item "electricity discount" comprises benefits regarding electricity supply associated with foreign companies. For Italy, that benefit, which was granted until the end of 2015 to retired employees only, was unilaterally cancelled;

> the item "health insurance" reports benefits for current or retired employees covering medical expenses;

> the item "other benefits" mainly regards the loyalty bonus, which is adopted in various countries and for Italy is represented by the estimated liability for the benefit entitling employees covered by the electricity workers national collective bargaining agreement to a bonus for achievement of seniority milestones (25th and 35th year of service). It also includes other incentive plans, which provide for the award to certain company managers of a monetary bonus subject to specified conditions.

The following table reports changes in the defined benefit obligation for post-employment and other long-term employee benefits at December 31, 2017 and December 31, 2016, respectively, as well as a reconciliation of that obligation with the actuarial liability.

Millions of euro	2017				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION					
Actuarial obligation at the start of the year	**2,440**	**847**	**231**	**284**	**3,802**
Current service cost	17	5	5	47	**74**
Interest expense	118	16	11	7	**152**
Actuarial (gains)/losses arising from changes in demographic assumptions	2	-	(2)	(1)	**(1)**
Actuarial (gains)/losses arising from changes in financial assumptions	54	30	3	2	**89**
Experience adjustments	(35)	(138)	15	(5)	**(163)**
Past service cost	5	-	-	-	**5**
(Gains)/Losses arising from settlements	-	-	-	-	**-**
Exchange differences	(124)	(1)	(12)	(6)	**(143)**
Employer contributions	-	-	-	-	**-**
Employee contributions	1	-	-	-	**1**
Benefits paid	(226)	(22)	(12)	(79)	**(339)**
Other changes	161	2	14	5	**182**
Liabilities classified as held for sale	-	-	-	-	**-**
Actuarial obligation at year end (A)	**2,413**	**739**	**253**	**254**	**3,659**
CHANGES IN PLAN ASSETS					
Fair value of plan assets at the start of the year	**1,272**	**-**	**-**	**-**	**1,272**
Interest income	83	-	-	-	**83**
Expected return on plan assets excluding amounts included in interest income	53	-	-	-	**53**
Exchange differences	(94)	-	-	-	**(94)**
Employer contributions	142	22	12	23	**199**
Employee contributions	1	-	-	-	**1**
Benefits paid	(226)	(22)	(12)	(23)	**(283)**
Other payments	-	-	-	-	**-**
Change in scope of consolidation	86	-	-	-	**86**
Fair value of plan assets at year end (B)	**1,317**	**-**	**-**	**-**	**1,317**
EFFECT OF ASSET CEILING					
Asset ceiling at the start of the year	**54**	**-**	**-**	**-**	**54**
Interest income	4	-	-	-	**4**
Changes in asset ceiling	16	-	-	-	**16**
Exchange differences	(9)	-	-	-	**(9)**
Change in scope of consolidation	-	-	-	-	**-**
Asset ceiling at year end (C)	**65**	**-**	**-**	**-**	**65**
Net liability in balance sheet (A-B+C)	**1,161**	**739**	**253**	**254**	**2,407**

	2016				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
	2,126	**729**	**197**	**285**	**3,337**
	14	4	5	50	**73**
	108	19	11	7	**145**
	2	-	(2)	1	**1**
	221	97	19	10	**347**
	9	22	(4)	(14)	**13**
	1	-	1	1	**3**
	2	-	-	-	**2**
	126	1	14	6	**147**
	-	-	-	-	**-**
	1	-	-	-	**1**
	(194)	(28)	(14)	(62)	**(298)**
	24	3	4	1	**32**
	-	-	-	-	**-**
	2,440	**847**	**231**	**284**	**3,802**
	1,110	**-**	**-**	**-**	**1,110**
	75	-	-	-	**75**
	40	-	-	-	**40**
	104	-	-	-	**104**
	136	28	14	22	**200**
	1	-	-	-	**1**
	(194)	(28)	(14)	(22)	**(258)**
	-	-	-	-	**-**
	-	-	-	-	**-**
	1,272	**-**	**-**	**-**	**1,272**
	57	**-**	**-**	**-**	**57**
	5	-	-	-	**5**
	(20)	-	-	-	**(20)**
	13	-	-	-	**13**
	-	-	-	-	**-**
	55	**-**	**-**	**-**	**55**
	1,223	**847**	**231**	**284**	**2,585**

Millions of euro

	2017	2016
(Gains)/Losses charged to profit or loss		
Service cost and past service cost	40	34
Net interest expense	73	78
(Gains)/Losses arising from settlements	-	2
Actuarial (gains)/losses on other long-term benefits	39	42
Other changes	(4)	(4)
Total	**148**	**152**

Millions of euro

	2017	2016
Change in (gains)/losses in OCI		
Return on plan assets excluding amounts included in interest income	(53)	(40)
Actuarial (gains)/losses on defined benefit plans	(71)	365
Changes in asset ceiling excluding amounts included in interest income	16	(20)
Other changes	9	(9)
Total	**(99)**	**296**

The change in cost recognized through profit or loss was equal to €4 million. The impact on profit or loss is therefore essentially in line with 2016.
The liability recognized in the balance sheet at the end of the year is reported net of the fair value of plan assets, amounting to €1,317 million at December 31, 2017. Those assets, which are entirely in Spain and Brazil, break down as follows.

	2017	2016
Investments quoted in active markets		
Equity instruments	4%	2%
Fixed-income securities	37%	35%
Investment property	5%	5%
Other	-	1%
Unquoted investments		
Assets held by insurance undertakings	-	-
Other	54%	57%
Total	**100%**	**100%**

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets, which are consistent with those used the previous year, are set out in the following table.

	Italy	Iberia	South America	Other	Italy	Iberia	South America	Other
			2017				2016	
Discount rate	0.20%-1.50%	0.65%-1.67%	5.00%-9.93%	1.50%-7.18%	0.30%-1.40%	0.64%-1.75%	4.70%-12.31%	1.40%-8.36%
Inflation rate	1.50%	2.00%	3.00%-4.25%	1.50%-4.22%	1.40%	2.00%	3.00%-6.00%	1.40%-4.84%
Rate of wage increases	1.50%-3.50%	2.00%	3.00%-7.38%	3.00%-4.22%	1.40%-3.40%	2.00%	3.00%-9.19%	2.90%-4.84%
Rate of increase in healthcare costs	2.50%	3.20%	3.00%-8.00%	-	2.40%	3.20%	3.50%-9.19%	-
Expected rate of return on plan assets	-	1.65%	9.72%-9.78%	-	-	1.74%	12.20%-12.31%	-

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the defined benefit obligation of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro	Pension benefits	Electricity discount	Health insurance	Other benefits	Pension benefits	Electricity discount	Health insurance	Other benefits
		at Dec. 31, 2017				at Dec. 31, 2016		
Decrease of 0.5% in discount rate	155	60	15	4	159	75	12	4
Increase of 0.5% in discount rate	(121)	(55)	(18)	(10)	(136)	(69)	(15)	(10)
Increase of 0.5% in inflation rate	(20)	(63)	(14)	(9)	30	74	2	2
Decrease of 0.5% in inflation rate	47	61	12	1	(20)	(67)	(18)	(10)
Increase of 0.5% in remuneration	32	(1)	-	1	8	-	-	1
Increase of 0.5% in pensions currently being paid	35	(1)	-	(3)	12	-	-	(3)
Increase of 1% in healthcare costs	-	-	28	-	-	-	20	-
Increase of 1 year in life expectancy of active and retired employees	54	25	147	(3)	50	12	5	(3)

The sensitivity analysis used an approach that extrapolates the effect on the defined benefit obligation of reasonable changes in an individual actuarial assumption, leaving the other assumptions unchanged.

The contributions expected to be paid into defined benefit plans in the subsequent year amount to €34 million.

The following table reports expected benefit payments in the coming years for defined benefit plans.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016
Within 1 year	197	204
In 1-2 years	184	186
In 2-5 years	591	589
More than 5 years	1,030	1,058

35. Provisions for risks and charges - *€6,031 million*

Millions of euro

	at Dec. 31, 2017		at Dec. 31, 2016	
	Non-current	Current	Non-current	Current
Provision for litigation, risks and other charges:				
- nuclear decommissioning	538	-	567	-
- retirement, removal and site restoration	814	64	754	35
- litigation	861	70	698	36
- environmental certificates	-	29	-	7
- taxes and duties	300	23	290	56
- other	778	637	770	859
Total	**3,291**	**823**	**3,079**	**993**
Provision for early retirement incentives	1,530	387	1,902	440
TOTAL	**4,821**	**1,210**	**4,981**	**1,433**

Millions of euro	at Dec. 31, 2016	Accruals	Reversals	Utilization	Unwinding of interest	Change in scope of consolidation	Translation adjustment	Other	**at Dec. 31, 2017**
Provision for litigation, risks and other charges:									
- nuclear decommissioning	567	-	-	-	7	-	-	(36)	538
- retirement, removal and site restoration	789	32	(16)	(41)	12	(11)	(16)	129	878
- litigation	734	138	(139)	(92)	40	168	(79)	161	931
- environmental certificates	7	29	(4)	(3)	-	-	-	-	29
- taxes and duties	346	60	(28)	(59)	9	2	(4)	(3)	323
- other	1,629	374	(274)	(193)	109	58	(57)	(231)	1,415
Total	**4,072**	**633**	**(461)**	**(388)**	**177**	**217**	**(156)**	**20**	**4,114**
Provision for early retirement incentives	2,342	48	(40)	(422)	5	-	-	(16)	1,917
TOTAL	**6,414**	**681**	**(501)**	**(810)**	**182**	**217**	**(156)**	**4**	**6,031**

Nuclear decommissioning provision

At December 31, 2017, the provision reflected solely the costs that will be incurred at the time of decommissioning of nuclear plants by Endesa in respect of Enresa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/2003 and Law 24/2005. Quantification of the costs is based on the standard contract between Enresa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Enresa (so-called post-operational costs) and takes into account, among the various assumptions used to estimate the amount, the quantity of unused nuclear fuel expected at the date of closure of each of the Spanish nuclear plants on the basis of the provisions of the concession agreement.

Non-nuclear plant retirement and site restoration provision

The provision for "non-nuclear plant retirement and site restoration" represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so. The provision mainly regards the Endesa Group, Enel Produzione and the companies in South America.

Litigation provision

The "litigation" provision covers contingent liabilities in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel. The balance for litigation mainly regards disputes concerning service quality and disputes with employees, end users or suppliers of the companies in Spain (€201 million), Italy (€199 million) and South America (€520 million).

The increase compared with the previous year, equal to €197 million, mainly reflects the change in the scope of consolidation with the acquisition of Enel Distribuição Goiás and provisions for disputes with employees, partly offset by reversals and uses, primarily in Iberia and Italy.

Provision for environmental certificates

The provision for "environmental certificates" covers costs in respect of shortfalls in the environmental certificates need for compliance with national or supranational environmental protection requirements and mainly regards Enel Energia and Enel Produzione.

Provision for charges in respect of taxes and duties

The provision for "charges in respect of taxes and duties" reports the estimated liability deriving from tax disputes concerning direct and indirect taxes. The balance of the provision also includes the provision for current and potential disputes concerning local property tax – whether the *Imposta Comunale sugli Immobili* ("ICI") or the new *Imposta Municipale Unica* ("IMU") – in Italy. The Group has taken due account of the criteria introduced with circular 6/2012 of the Public Land Agency (which resolved interpretive issues concerning the valuation methods for movable assets considered relevant for property registry purposes, including certain assets typical to generation plants, such as turbines) in estimating the liability for such taxes, both for the purposes of quantifying the probable risk associated with pending litigation and generating a reasonable valuation of probable future charges on positions that have not yet been assessed by Land Agency offices and municipalities.

Other provisions

"Other" provisions cover various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees or other charges.

The decrease of €214 million for the year is mainly due to the reversal of provisions for the dispute with the Region of Sardinia concerning the Tirso 1 and Tirso 2 plants, the reversal of the provision recognized by Enel Trade for onerous contracts for the supply of natural gas and the reversal of the risk provision recognized for regulatory disputes concerning the self-consumption of power generators in Spain.

Provision for early retirement incentives

The "provision for early retirement incentives" includes the estimated charges related to binding agreements for the vo-

luntary termination of employment contracts in response to organizational needs. The reduction of €425 million for the year reflects, among other factors, uses for incentive provisions established in Spain and Italy in previous years.
In Italy, the latter is largely associated with the union-company agreements signed in September 2013 and December 2015, implementing, for a number of companies in Italy, the mechanism provided for under Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act). The latter agreement envisages the voluntary termination, in Italy, of about 6,100 employees in 2016-2020.

In Spain, the provisions regard the expansion, in 2015, of the *Acuerdo de Salida Voluntaria* (ASV) introduced in Spain in 2014. The ASV mechanism was agreed in Spain in connection with Endesa's restructuring and reorganization plan, which provides for the suspension of the employment contract with tacit annual renewal. With regard to that plan, on December 30, 2014, the company had signed an agreement with union representatives in which it undertook to not exercise the option to request a return to work at subsequent annual renewal dates for the employees participating in the mechanism.

36. Other non-current liabilities - *€2,003 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Accrued operating expenses and deferred income	929	973	(44)	-4.5%
Other items	1,074	883	191	21.6%
Total	**2,003**	**1,856**	**147**	**7.9%**

At December 31, 2017 the item was essentially accounted for by revenue for electricity and gas connections and grants received in respect of specific assets. The increase in "Other items" mainly regarded an increase in a number of regulatory liabilities in Argentina and Brazil, totaling €113 million, and the reclassification from the early retirement incentive provision of amounts to be paid to employees who terminated their employment in implementation of the provisions of Article 4 of Law 92/2012 (€87 million net of payments made).

37. Trade payables - *€12,671 million*

The item amounted to €12,671 million (€12,688 million in 2016) and includes payables in respect of electricity supplies, fuel, materials, equipment associated with tenders and other services.

More specifically, trade payables falling due in less than 12 months amounted to €11,965 million (€12,230 million in 2016), while those falling due in more than 12 months amounted to €706 million (€458 million in 2016).

38. Other current financial liabilities - *€954 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Deferred financial liabilities	857	842	15	1.8%
Other items	97	422	(325)	-77.0%
Total	**954**	**1,264**	**(310)**	**-24.5%**

The decrease in other current financial liabilities mainly reflects a decline in financial debt (€296 million) as a result of the change in the method used to finance the rate deficit in the Spanish electrical system. See note 28.1 in these notes to the financial statements for more information.

"Deferred financial liabilities" regard accrued expense on bonds.

39. Net financial position and long-term financial receivables and securities - *€37,410 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the consolidated balance sheet.

Millions of euro

	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	Change	
Long-term borrowings	41	42,439	41,336	1,103	2.7%
Short-term borrowings	41	1,894	5,372	(3,478)	-64.7%
Other current financial payables [1]		-	296	(296)	-
Current portion of long-term borrowings	41	7,000	4,384	2,616	59.7%
Other non-current financial assets included in debt	24.1	(2,444)	(2,621)	177	6.8%
Other current financial assets included in debt	28.1	(4,458)	(2,924)	(1,534)	52.5%
Cash and cash equivalents	30	(7,021)	(8,290)	1,269	15.3%
Total		**37,410**	**37,553**	**(143)**	**-0.4%**

(1) Includes current financial payables included in other current financial liabilities.

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2017, and December 31, 2016, reconciled with net financial debt as provided for in the presentation methods of the Enel Group.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Cash and cash equivalents on hand	343	298	45	15.1%
Bank and post office deposits	6,486	7,777	(1,291)	-16.6%
Other investments of liquidity	192	215	(23)	-10.7%
Securities	69	36	33	91.7%
Liquidity	**7,090**	**8,326**	**(1,236)**	**-14.8%**
Short-term financial receivables	3,253	1,993	1,260	63.2%
Factoring receivables	42	128	(86)	-67.2%
Short-term portion of long-term financial receivables	1,094	767	327	42.6%
Current financial receivables	**4,389**	**2,888**	**1,501**	**52.0%**
Short-term bank debt	(249)	(909)	660	72.6%
Commercial paper	(889)	(3,059)	2,170	70.9%
Short-term portion of long-term bank debt	(1,346)	(749)	(597)	-79.7%
Bonds issued (short-term portion)	(5,429)	(3,446)	(1,983)	-57.5%
Other borrowings (short-term portion)	(225)	(189)	(36)	-19.0%
Other short-term financial payables (1)	(756)	(1,700)	944	-55.5%
Total short-term financial debt	**(8,894)**	**(10,052)**	**1,158**	**11.5%**
Net short-term financial position	**2,585**	**1,162**	**1,423**	**-**
Debt to banks and financing entities	(8,310)	(7,446)	(864)	-11.6%
Bonds	(32,285)	(32,401)	116	0.4%
Other borrowings	(1,844)	(1,489)	(355)	-23.8%
Long-term financial position	**(42,439)**	**(41,336)**	**(1,103)**	**-2.7%**
NET FINANCIAL POSITION as per CONSOB instructions	**(39,854)**	**(40,174)**	**320**	**0.8%**
Long-term financial receivables and securities	**2,444**	**2,621**	**(177)**	**-6.8%**
NET FINANCIAL DEBT	**(37,410)**	**(37,553)**	**143**	**0.4%**

(1) Includes current financial payables included in other current financial liabilities.

40. Other current liabilities - *€12,462 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change	
Payables due to customers	1,824	1,785	39	2.2%
Payables due to institutional market operators	4,765	4,617	148	3.2%
Payables due to employees	422	436	(14)	-3.2%
Other tax payables	1,323	1,071	252	23.5%
Payables due to social security institutions	218	215	3	1.4%
Contingent consideration	56	85	(29)	-34.1%
Payables for put options granted to minority shareholders	1	403	(402)	-
Current accrued expenses and deferred income	302	325	(23)	-7.1%
Payables for acquisition of equity investments	-	-	-	-
Liabilities for construction contracts	364	358	6	1.7%
Payables for dividends	1,541	1,410	131	9.3%
Other	1,646	1,436	210	14.6%
Total	**12,462**	**12,141**	**321**	**2.6%**

"Payables due to customers" include €984 million (€1,038 million at December 31, 2016) in security deposits related to amounts received from customers in Italy as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the company does not have an unconditional right to defer repayment beyond 12 months.
"Payables due to institutional market operators" include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €3,042 million (€3,069 million at December 31, 2016), on the Spanish market amounting to €1,399 million (€1,285 million at December 31, 2016) and on the South American market amounting to €324 million (€263 million at December 31, 2016).
"Contingent consideration" regards a number of investees held primarily by Enel Green Power Brasil Participações whose fair value was determined on the basis of the terms and conditions of the contractual agreements between the parties.
The item "Payables for put options granted to minority shareholders" had decreased to nearly zero at December 31, 2017, with €401 million attributable to the liability in respect of the put option on 13.6% of e-distribuţie Muntenia and Enel Energie Muntenia, which was paid in 2017.

41. Financial instruments

This note provide disclosure necessary for users to assess the significance of financial instruments for the company's financial position and performance.

41.1 Financial assets by category

The following table reports the carrying amount for each category of financial asset provided for under IAS 39, broken down into current and non-current financial assets, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	at Dec. 31, 2017	at Dec. 31, 2016	at Dec. 31, 2017	at Dec. 31, 2016
Loans and receivables	41.1.1	**2,062**	**2,181**	**25,939**	**24,684**
Available-for-sale financial assets	41.1.2	**1,916**	**1,658**	**85**	**35**
Financial assets held to maturity	41.1.3	**-**	**-**	**-**	**-**
Financial assets at fair value through profit or loss					
Financial assets designated upon initial recognition (fair value option)	41.1.4	-	-	-	-
Derivative financial assets at FVTPL	41.1.4	17	21	1,982	3,027
Assets held for trading	41.1.4	-	-	-	1
Total financial assets at fair value through profit or loss		**17**	**21**	**1,982**	**3,028**
Derivative financial assets designated as hedging instruments					
Fair value hedge derivatives	41.1.5	23	36	-	1
Cash flow hedge derivatives	41.1.5	662	1,552	327	917
Total derivative financial assets designated as hedging instruments		**685**	**1,588**	**327**	**918**
TOTAL		**4,680**	**5,448**	**28,333**	**28,665**

For more information on fair value measurement, please see note 45 "Assets measured at fair value".

41.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	at Dec. 31, 2017	at Dec. 31, 2016	Notes	at Dec. 31, 2017	at Dec. 31, 2016
Cash and cash equivalents		-	-	30	7,021	8,290
Trade receivables	27	-	-	27	14,529	13,506
Short-term portion of long-term financial receivables		-	-	28.1	1,094	767
Receivables for factoring		-	-	28.1	42	128
Cash collateral		-	-	28.1	2,664	1,082
Other financial receivables	24.1	2,062	2,181	28.1	589	911
Total		**2,062**	**2,181**		**25,939**	**24,684**

Trade receivables from customers at December 31, 2017 amounted to €14,529 million (€13,506 million at December 31, 2016) and are recognized net of allowances for impairment losses, which amounted to €2,402 million at the end of the year, compared with the opening balance of €2,028 million.

The table below shows impairment losses on trade receivables.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016
Trade receivables		
Gross value	16,931	15,534
Allowances for impairment	(2,402)	(2,028)
Net value	**14,529**	**13,506**

The table below shows changes in these allowances during the year.

Millions of euro	
Opening balance at January 1, 2016	**2,085**
Charge for the year	873
Utilized	(548)
Unused amounts reversed	(151)
Other changes	(231)
Closing balance at December 31, 2016	**2,028**
Opening balance at January 1, 2017	**2,028**
Charge for the year	1,204
Utilized	(601)
Unused amounts reversed	(310)
Other changes	81
Closing balance at December 31, 2017	**2,402**

Note 42 “Risk management” provides additional information on the ageing of receivables past due but not impaired.

41.1.2 Available-for-sale financial assets

The following table shows Available-for-sale financial assets by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	at Dec. 31, 2017	at Dec. 31, 2016	Notes	at Dec. 31, 2017	at Dec. 31, 2016
Equity investments in other companies	24	58	196	24	-	-
Available-for-sale securities	24.1	382	440	28.1	69	35
Service concession arrangements	24	1,476	1,022		16	-
Total		**1,916**	**1,658**		**85**	**35**

Changes in financial assets available for sale

Millions of euro	Non-current	Current
Opening balance at January 1, 2017	**1,658**	**35**
Increases	-	-
Decreases	(1)	-
Changes in fair value through OCI	-	-
Reclassifications	215	13
Other changes	44	37
Closing balance at December 31, 2017	**1,916**	**85**

41.1.3 Financial assets held to maturity

There were no financial assets held to maturity.

41.1.4 Financial assets at fair value through profit or loss

The following table shows financial assets at fair value through profit or loss by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016
Derivatives at FVTPL	44	17	**21**	44	1,982	**3,027**
Securities held for trading		-	-	28.1	-	1
Financial investments in funds	24.1	-	-		-	-
Total financial assets designated upon initial recognition (fair value option)		**-**	**-**		**-**	**-**
TOTAL		**17**	**21**		**1,982**	**3,028**

41.1.5 Derivative financial assets designated as hedging instruments

For more information on derivative financial assets, please see note 44 "Derivatives and hedge accounting".

41.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liability provided for under IAS 39, broken down into current and non-current financial liabilities, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Financial liabilities measured at amortized cost	41.2.1	**42,439**	**41,336**	**21,565**	**22,444**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	41.4	21	22	1,980	3,016
Total financial liabilities at fair value through profit or loss		**21**	**22**	**1,980**	**3,016**
Derivative financial liabilities designated as hedging instruments					
Fair value hedge derivatives	41.4	7	15	6	1
Cash flow hedge derivatives	41.4	2,970	2,495	274	305
Total derivative financial liabilities designated as hedging instruments		**2,977**	**2,510**	**280**	**306**
TOTAL		**45,437**	**43,968**	**23,825**	**25,766**

For more information on fair value measurement, please see note 46 "Liabilities measured at fair value".

41.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro	Non-current			Current		
	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016
Long-term borrowings	41.3	42,439	41,336	41.3	7,000	4,384
Short-term borrowings		-	-	41.3	1,894	5,372
Trade payables	37	-	-	37	12,671	12,688
Total		**42,439**	**41,336**		**21,565**	**22,444**

41.3 Borrowings

41.3.1 Long-term borrowings (including the portion falling due within 12 months) - *€49,439 million*

The following table reports the carrying amount and fair value for each category of debt, including the portion falling due within 12 months. For listed debt instruments, the fair value is given by official prices, while for unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data at the reporting date, including the credit spreads of Enel SpA.

The table reports the situation of long-term borrowings and repayment schedules at December 31, 2017, broken down by type of borrowing and interest rate.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Changes in carrying amount
	at Dec. 31, 2017					at Dec. 31, 2016					
Bonds:											
- listed, fixed rate	25,862	25,275	4,679	20,596	29,561	26,426	25,770	1,583	24,187	30,332	(495)
- listed, floating rate	2,942	2,926	684	2,242	3,201	3,338	3,320	376	2,944	3,673	(394)
- unlisted, fixed rate	8,532	8,458	-	8,458	9,257	5,660	5,619	1,422	4,197	6,240	2,839
- unlisted, floating rate	1,055	1,055	66	989	1,051	1,138	1,138	65	1,073	1,132	(83)
Total bonds	**38,391**	**37,714**	**5,429**	**32,285**	**43,070**	**36,562**	**35,847**	**3,446**	**32,401**	**41,377**	**1,867**
Bank borrowings:											
- fixed rate	1,545	1,533	293	1,240	4,155	1,283	1,278	152	1,126	1,372	255
- floating rate	8,146	8,116	1,053	7,063	8,445	6,951	6,902	597	6,305	7,187	1,214
- use of revolving credit lines	8	7	-	7	7	15	15	-	15	15	(8)
Total bank borrowings	**9,699**	**9,656**	**1,346**	**8,310**	**12,607**	**8,249**	**8,195**	**749**	**7,446**	**8,574**	**1,461**
Non-bank borrowings:											
- fixed rate	1,884	1,865	198	1,667	2,149	1,549	1,548	159	1,389	1,565	317
- floating rate	223	204	27	177	231	130	130	30	100	138	74
Total non-bank borrowings	**2,107**	**2,069**	**225**	**1,844**	**2,380**	**1,679**	**1,678**	**189**	**1,489**	**1,703**	**391**
Total fixed-rate borrowings	**37,823**	**37,131**	**5,170**	**31,961**	**45,122**	**34,918**	**34,215**	**3,316**	**30,899**	**39,509**	**2,916**
Total floating-rate borrowings	**12,374**	**12,308**	**1,830**	**10,478**	**12,935**	**11,572**	**11,505**	**1,068**	**10,437**	**12,145**	**803**
TOTAL	**50,197**	**49,439**	**7,000**	**42,439**	**58,057**	**46,490**	**45,720**	**4,384**	**41,336**	**51,654**	**3,719**

The balance for bonds is reported net of €860 million in respect of the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which the Parent Company holds in portfolio.

The table below reports long-term financial debt by currency and interest rate.

Long-term financial debt by currency and interest rate

Millions of euro	Carrying amount	Nominal value	Carrying amount	Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2017		at Dec. 31, 2016		**at Dec. 31, 2017**	
Euro	**25,925**	**26,449**	**25,546**	**26,127**	**3.4%**	**3.8%**
US dollar	13,521	13,658	9,879	9,978	4.9%	5.0%
Pound sterling	4,786	4,835	4,955	5,011	6.1%	6.2%
Colombian peso	1,618	1,618	1,872	1,872	8.3%	8.3%
Brazilian real	1,201	1,230	1,088	1,098	9.5%	9.6%
Swiss franc	687	688	539	540	2.4%	2.4%
Chilean peso/UF	465	475	490	501	7.1%	7.2%
Peruvian sol	385	385	437	437	6.3%	6.3%
Russian ruble	245	245	295	295	10.6%	10.6%
Japanese yen	233	233	255	255	2.4%	2.5%
Other currencies	373	381	364	376		
Total non-euro currencies	**23,514**	**23,748**	**20,174**	**20,363**		
TOTAL	**49,439**	**50,197**	**45,720**	**46,490**		

Long-term financial debt denominated in currencies other than the euro increased by €3,340 million. The change is largely attributable to new borrowing in US dollars by Enel Finance International.

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	Exchange offer	New financing	Exchange differences	Reclassification from/to assets/ (liabilities) held for sale	Nominal value
	at Dec. 31, 2016								**at Dec. 31, 2017**
Bonds	36,562	(4,878)	(19)	-	-	8,992	(1,850)	(416)	38,391
Borrowings	9,928	(1,357)	-	230	-	3,292	(287)	-	11,806
Total financial debt	**46,490**	**(6,235)**	**(19)**	**230**	**-**	**12,284**	**(2,137)**	**(416)**	**50,197**

Compared with December 31, 2016, the nominal value of long-term debt at December 31, 2017 increased by €3,707 million, the net effect of €12,284 million in new borrowings and €230 million from the change in the scope of consolidation, partly offset by repayments of €6,235 million and exchange differences of €2,137 million, as well as the reclassification to "assets/liabilities held for sale" of the debt associated with the Mexican project companies (the "Kino Project"). The change in the scope of consolidation mainly reflects the increase in debt following the acquisition in February 2017 of the Brazilian distribution company Enel Distribuição Goiás, partly offset by the decrease in debt associated with the disposal in November 2017 of the Caney River and Rocky Ridge wind farms in the United States.

The main repayments in 2017 concerned bonds in the amount of €4,878 million and borrowings totaling €1,357 million.

More specifically, the main bonds maturing in 2017 included:

- a fixed-rate bond (€909 million) issued by Enel SpA, maturing in June 2017;
- a fixed-rate bond (€637 million) issued by Enel Finance International, maturing in July 2017;
- a fixed-rate bond in US dollars (the equivalent of €1,254 million) issued by Enel Finance International, maturing in September 2017;
- bonds (the equivalent of €479 million) issued by a number of South American companies, maturing in 2017.

In addition, in August 2017 Enel Finance International repurchased bonds it had issued in US dollars with an original maturity of October 2019. The transaction was part of the strategy to optimize the structure of the Enel Group's liabilities.

The main repayments of borrowings in the year included the following:

- €224 million in respect of subsidized loans of e-distribuzione and Enel Produzione;
- €123 million in respect of bank borrowings of Endesa, of which €13 million in subsidized loans;
- €131 million in respect of bank borrowings of Enel Green Power SpA, of which €40 million in subsidized loans;
- the equivalent of €57 million in respect of bank borrowings of Enel Russia, of which €12 million in subsidized loans;
- the equivalent of €107 million in respect of loans of Enel Green Power North America;
- the equivalent of €467 million in respect of loans of companies in South America.

The main new borrowing carried out in 2017 involved bonds in the amount of €8,992 million and borrowings of €3,292 million.

The table below shows the main characteristics of financial transactions carried out in 2017.

Issuer/Borrower	Issue/Grant date	Amount in millions of euro	Currency	Interest rate	Interest rate type	Maturity
Bonds						
Enel Finance International	16.01.2017	1,250	€	1.14%	Fixed rate	16.09.2024
Enel Finance International	03.03.2017	192	CHF	0.55%	Fixed rate	03.09.2024
Enel Finance International	25.05.2017	1,668	USD	2.88%	Fixed rate	25.05.2022
Enel Finance International	25.05.2017	1,668	USD	3.62%	Fixed rate	25.05.2027
Enel Finance International	25.05.2017	834	USD	4.75%	Fixed rate	25.05.2047
Enel Finance International	06.10.2017	1,042	USD	2.75%	Fixed rate	06.04.2023
Enel Finance International	06.10.2017	1,042	USD	3.50%	Fixed rate	06.04.2028
Enel Finance International	06.10.2017	417	USD	4.75%	Fixed rate	25.05.2047
Enel Distribución Rio	15.12.2017	149	BRL	CDI + 1.14%	Floating rate	15.12.2020
Enel Distribución Ceará	15.12.2017	87	BRL	CDI + 0.80%	Floating rate	15.12.2022
Total bonds		**8,349**				
Bank borrowings						
Enel SpA	27.04.2017	150	€	Euribor 3M + 37.5 bps	Floating rate	27.04.2020
Enel SpA	15.06.2017	450	€	Euribor 6M+ 33.5 bps	Floating rate	15.07.2020
Enel SpA	10.07.2017	200	€	Euribor 6M + 20 bps	Floating rate	26.06.2021
Enel SpA	10.07.2017	189	USD	Libor 3M+ 71.8 bps	Floating rate	12.07.2021
Endesa	18.01.2017	150	€	Euribor 6M + 38 bps	Floating rate	18.01.2029
Endesa	20.02.2017	150	€	Euribor 6M + 39 bps	Floating rate	20.02.2029
Enel Green Power Projetos I	09.11.2017	211	USD	3.19%	Fixed rate	08.11.2019
Total bank borrowings		**1,500**				

During 2017, Enel SpA and Enel Finance International agreed a €10 billion revolving credit line with a pool of banks maturing in December 2022. The facility, which replaces an existing €9.44 billion credit line renegotiated in 2015 with a five-year maturity, was undrawn at December 31, 2017.

The Group's main long-term financial liabilities are governed by covenants that are commonly adopted in international business practice. These liabilities primarily regard the bond issues carried out within the framework of the Global/Euro Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds (so-called "hybrid bonds") and loans granted by banks and other financial institutions (including the European Investment Bank and Cassa Depositi e Prestiti SpA).

The main covenants regarding bond issues carried out within the framework of the Global/Euro Medium-Term Notes program of (i) Enel and Enel Finance International NV (including the Green Bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's so-called eligible green projects) and of (ii) Endesa Capital SA and International Endesa BV, can be summarized as follows:

> negative pledge clauses under which the issuer and the guarantor may not establish or maintain mortgages, liens or other encumbrances on all or part of its assets or revenue to secure certain financial liabilities, unless the same encumbrances are extended equally or pro rata to the bonds in question;
> pari passu clauses, under which the bonds and the associated security constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor and are issued without preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;
> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or, in some cases, "significant" subsidiaries constitutes a default in respect of the liabilities in question, which become immediately repayable.

In 2017, Enel Finance International NV issued a number of bonds on the US market with guarantees from Enel. Their main covenants are the same as those for bond issues carried out under the Euro Medium-Term Notes program.

The main covenants covering Enel's hybrid bonds can be summarized as follows:

> subordination clauses, under which each hybrid bond is subordinate to all other bonds issued by the company and has the same seniority with all other hybrid financial instruments issued, being senior only to equity instruments;
> prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants envisaged in the loan contracts of Enel and Enel Finance International NV and the other Group companies can be summarized as follows:

> negative pledge clauses, under which the borrower and, in some cases, the guarantor are subject to limitations on the establishment of mortgages, liens or other encumbrances on all or part of their respective assets, with the exception of expressly permitted encumbrances;
> disposals clauses, under which the borrower and, in some cases, the guarantor may not dispose of their assets or operations, with the exception of expressly permitted disposals;
> pari passu clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
> change of control clauses, under which the borrower and, in some cases, the guarantor could be required to renegotiate the terms and conditions of the financing or make compulsory early repayment of the loans granted;
> rating clauses, which provide for the borrower or the guarantor to maintain their rating above a certain specified level;
> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer or, in some cases, the guarantor constitutes a default in respect of the liabilities in question, which become immediately repayable.

In some cases the covenants are also binding for the significant companies or subsidiaries of the obligated parties.

All the financial borrowings considered specify "events of default" typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.

In addition, the guarantees issued by Enel in the interest of e-distribuzione SpA for certain loans to e-distribuzione SpA from Cassa Depositi e Prestiti SpA require that at the end of each six-month measurement period Enel's net consolidated financial debt shall not exceed 4.5 times annual consolidated EBITDA.

Finally, the debt of Enel Américas SA and the other South American subsidiaries (notably Enel Generación Chile SA) contain covenants and events of default typical of international business practice.

The following table reports the impact on gross long-term debt of hedges established to mitigate exchange risk.

Hedged long-term financial debt by currency

Millions of euro

	at Dec. 31, 2017					
	Initial debt structure			**Impact of hedge**	**Debt structure after hedging**	
	Carrying amount	Nominal amount	%			%
Euro	**25,925**	**26,449**	**52.7**	**15,144**	**41,593**	**82.9**
US dollar	13,521	13,658	27.2	(10,577)	3,081	6.1
Pound sterling	4,786	4,835	9.6	(4,835)	-	-
Colombian peso	1,618	1,618	3.2	29	1,647	3.3
Brazilian real	1,201	1,230	2.5	977	2,207	4.4
Swiss franc	687	688	1.4	(688)	-	-
Chilean peso/UF	465	475	0.9	-	475	0.9
Peruvian sol	385	385	0.8	-	385	0.8
Russian ruble	245	245	0.5	100	345	0.7
Japanese yen	233	233	0.5	(233)	-	-
Other currencies	373	381	0.7	83	464	0.9
Total non-euro currencies	**23,514**	**23,748**	**47.3**	**(15,144)**	**8,604**	**17.1**
TOTAL	**49,439**	**50,197**	**100.0**	**-**	**50,197**	**100.0**

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

Millions of euro

	2017				2016			
	Pre-hedge	%	Post-hedge	%	Pre-hedge	%	Post-hedge	%
Floating rate	14,268	27.4	11,358	21.8	17,240	33.1	14,667	28.1
Fixed rate	37,823	72.6	40,733	78.2	34,918	66.9	37,491	71.9
Total	**52,091**		**52,091**		**52,158**		**52,158**	

At December 31, 2017, 27.4% of financial debt was floating rate (33.1% at December 31, 2016). Taking account of hedges of interest rates considered effective pursuant to the IFRS-EU, 21.8% of net financial debt (28.1% at December 31, 2016) was exposed to interest rate risk. Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, 78% of net financial debt was hedged (72% hedged at December 31, 2016).

These results are in line with the limits established in the risk management policy.

at Dec. 31, 2016					
Initial debt structure			Impact of hedge	Debt structure after hedging	
Carrying amount	Nominal amount	%			%
25,546	**26,127**	**56.2**	**12,220**	**38,347**	**82.5**
9,879	9,978	21.5	(6,889)	3,089	6.6
4,955	5,011	10.8	(5,011)	-	-
1,872	1,872	4.0	-	1,872	4.0
1,088	1,098	2.4	276	1,374	3.0
539	540	1.2	(540)	-	-
490	501	1.1	-	501	1.1
437	437	0.9	-	437	0.9
295	295	0.6	112	407	0.9
255	255	0.5	(255)	-	-
364	376	0.8	87	463	1.0
20,174	**20,363**	**43.8**	**(12,220)**	**8,143**	**17.5**
45,720	**46,490**	**100.0**	**-**	**46,490**	**100.0**

41.3.2 Short-term borrowings - *€1,894 million*

At December 31, 2017 short-term borrowings amounted to €1,894 million, a decrease of €3,478 million on December 31, 2016. They break down as follows.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Short-term bank borrowings	249	909	(660)
Commercial paper	889	3,059	(2,170)
Cash collateral on derivatives and other financing	449	1,286	(837)
Other short-term borrowings (1)	307	118	189
Short-term borrowings	**1,894**	**5,372**	**(3,478)**

(1) Does not include current financial debt included in other current financial liabilities.

Short-term bank borrowings amounted to €249 million.

The payables represented by commercial paper relate to issues outstanding at the end of December 2017 under the €6,000 million program launched in November 2005 by Enel Finance International and guaranteed by Enel SpA, which was renewed in April 2010, as well as the €3,000 million program of International Endesa BV and that of Enel Américas and Enel Generación Chile of $400 million (equal to €334 million).

At December 31, 2017 issues under these programs totaled €889 million pertaining to International Endesa BV. The substantial €2,170 million decline regards the contraction in the exposure of Enel Finance International as a result of a decrease in issues during the year and the reclassification to "assets/liabilities held for sale" of the debt associated with the Mexican project companies (the "Kino Project").

41.4 Derivative financial liabilities

For more information on derivative financial liabilities, please see note 44 "Derivatives and hedge accounting".

41.5 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro

	2017		2016	
	Net gains/ (losses)	*Of which impairment/ reversal of impairment*	Net gains/ (losses)	*Of which impairment/ reversal of impairment*
Available-for-sale financial assets measured at fair value	81	-	59	-
Available-for-sale financial assets measured at amortized cost	1	-	7	-
Financial assets held to maturity	-	-	(1)	-
Loans and receivables	(701)	*(870)*	(595)	*(764)*
Financial assets at FVTPL				
Financial assets held for trading	-	-	1	-
Financial assets designated upon initial recognition (fair value option)	-	-	(1)	-
Total financial assets at FVTPL	**-**	-	**-**	-
Financial liabilities measured at amortized cost	(1,054)	-	(1,873)	-
Financial liabilities at FVTPL				
Financial liabilities held for trading	1	-	-	-
Financial liabilities designated upon initial recognition (fair value option)	-	-	-	-
Total financial liabilities at FVTPL	**1**	-	**-**	-

For more details on net gains and losses on derivatives, please see note 10 "Net financial income/(expense) from derivatives".

42. Risk management

Financial risk management governance and objectives

As part of its operations, the Enel Group is exposed to a variety of financial risks, notably market risks (including interest rate risk, exchange risk and commodity risk), credit risk and liquidity risk.

As noted in the section "Main risks and uncertainties", the Group's governance arrangements for financial risks include internal committees and the establishment of specific policies and operational limits. Enel's primary objective is to mitigate financial risks appropriately so that they do not give rise to unexpected changes in results.

Market risks

Market risks are mainly composed of interest rate risk, exchange risk and commodity price risk. The sources of Enel's exposure to market risks have not changed since the previous year.

Interest rate risk is primarily generated by the use of financial instruments. The main financial liabilities held by the Group include bonds, bank borrowings, other borrowings, commercial paper, derivatives, cash deposits received to secure commercial or derivatives transactions (guarantees received, cash collateral), liabilities for construction contracts and trade payables. The main financial assets held by the Group include financial receivables, factoring receivables, derivatives, cash deposits made to secure commercial or derivatives transactions (guarantees pledged, cash collateral), cash (and cash equivalents), receivables for construction contracts and trade receivables.

The main purpose of those financial instruments is to support the operations of the Group. For more details, please see note 41 "Financial instruments".

Exchange risk is generated by transactions in fuels and power, industrial investments, dividends from investees, commercial transactions and the use of financial instruments. The consolidated financial statements of the Group are also exposed to translation risk.

The Group's policies for managing market risks provide for the mitigation of the effects on performance of changes in interest rates and exchange rates with the exclusion of translation risk (consolidated financial statements). This objective is achieved at the source of the risk, through the diversification of both the nature of the financial instruments and the sources of revenue, and by modifying the risk profile of specific exposures with derivatives entered into on over-the-counter (OTC) markets or with specific commercial agreements.

The risk of fluctuations in commodity prices is generated by the volatility of those prices and existing structural correlations between them, which creates uncertainty about the margin on transactions in fuels and energy. Price developments are observed and analyzed in order to develop the Group's industrial, financial and commercial strategies and policies.

In order to contain the effects of such fluctuations and stabilize margins, in accordance with the Group's policies and operational limits established with the risk governance arrangements, Enel develops and plans strategies that impact the various stages of the industrial process associated with the production and sale of electricity and gas (such as advance sourcing and long-term commercial agreements) and risk mitigation plans and techniques for hedging risks with derivatives.

As part of its governance of market risks, Enel regularly monitors the size of the OTC derivatives portfolio in relation to the threshold values set by regulators for the activation of clearing obligations (EMIR – European Market Infrastructure Regulation – 648/2012 of the European Parliament and of the Council). During 2017, no overshoot of those threshold values was detected.

Interest rate risk

Interest rate risk primarily manifests itself as unexpected changes in charges on financial liabilities, if indexed to floating rates and/or exposed to the uncertainty of financial terms and conditions in negotiating new debt instruments, or as an unexpected change in the value of financial instruments measured at fair value (such as fixed-rate debt).

The Enel Group mainly manages interest rate risk through the definition of an optimal financial structure, with the dual goal of stabilizing borrowing costs and containing the cost of funds. This goal is pursued through the diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps and interest rate options. The term of such derivatives does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or expected cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the hedged position.

Proxy hedging techniques may be used in a number of residual circumstances, when the hedging instruments for the risk factors are not available on the market or are not sufficiently liquid. For the purpose of EMIR compliance, in order to test the actual effectiveness of the hedging techniques adopted, the Group subjects its hedge portfolios to periodic statistical assessment.

Using interest rate swaps, the Enel Group agrees with the counterparty to periodically exchange floating-rate interest flows with fixed-rate flows, both calculated on the same notional principal amount.

Floating-to-fixed interest rate swaps transform floating-rate financial liabilities into fixed-rate liabilities, thereby neutralizing the exposure of cash flows to changes in interest rates.

Fixed-to-floating interest rate swaps transform fixed-rate financial liabilities into floating-rate liabilities, thereby neutralizing the exposure of their fair value to changes in interest rates.

Floating-to-floating interest rate swaps transform the indexing criteria for floating-rate financial liabilities.

Some structured borrowings have multi-stage cash flows hedged by interest rate swaps that at the reporting date, and for a limited time, provide for the exchange of fixed-rate interest flows.

Interest rate options involve the exchange of interest differences calculated on a notional principal amount once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) to which the synthetic financial instrument will be indexed as a result of the hedge. Certain hedging strategies provide for the use of combinations of options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero cost collars).

Such contracts are normally used when the fixed interest rate that can be obtained in an interest rate swap is considered too high with respect to market expectations for future interest rate developments. In addition, interest rate options are also considered most appropriate in periods of greater uncertainty about future interest rate developments because they make it possible to benefit from any decrease in interest rates.

The following table reports the notional amount of interest rate derivatives at December 31, 2017 and December 31, 2016 broken down by type of contract.

Millions of euro	Notional amount	
	2017	2016
Floating-to-fixed interest rate swaps	11,166	11,526
Fixed-to-floating interest rate swaps	884	853
Fixed-to-fixed interest rate swaps	-	-
Floating-to-floating interest rate swaps	165	165
Interest rate options	50	50
Total	**12,265**	**12,594**

For more details on interest rate derivatives, please see note 44 "Derivatives and hedge accounting".

Interest rate risk sensitivity analysis

Enel analyzes the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact on profit or loss and on equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross debt.

These market scenarios are obtained by simulating parallel increases and decreases in the yield curve as at the reporting date.

There were no changes introduced in the methods and as-

sumptions used in the sensitivity analysis compared with the previous year.
With all other variables held constant, the Group's profit before tax would be affected by a change in the level of interest rates as follows.

Millions of euro		2017			
		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt after hedging	25	24	(24)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	8	(8)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	25	-	-	107	(107)
Fair value hedges	25	(3)	3	-	-

Exchange risk

Exchange risk mainly manifests itself as unexpected changes in the financial statement items associated with transactions denominated in a currency other than the currency of account. The Group's exposure is connected with the purchase or sale of fuels and power, investments (cash flows for capitalized costs), dividends and the purchase or sale of equity investments, commercial transactions and financial assets and liabilities.
In order to minimize the exposure to exchange risk, Enel implements diversified revenue and cost sources geographically, and uses indexing mechanisms in commercial contracts. Enel also uses various types of derivative, typically on the OTC market.
The derivatives in the Group's portfolio of financial instruments include cross currency interest rate swaps, currency forwards and currency swaps. The term of such contracts does not exceed the maturity of the underlying instrument, so that any change in the fair value and/or expected cash flows of such instruments offsets the corresponding change in the fair value and/or cash flows of the hedged position.
Cross currency interest rate swaps are used to transform a long-term financial liability denominated in currency other than the currency of account into an equivalent liability in the currency of account.
Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two principal amounts (deliverable forwards) or payment of the difference generated by differences between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the rates observed in a given period.
Currency swaps are contracts in which the counterparties enter into two transactions of the opposite sign at different future dates (normally one spot, the other forward) that provide for the exchange of principal denominated in different currencies.

The following table reports the notional amount of transactions outstanding at December 31, 2017 and December 31, 2016, broken down by type of hedged item.

Millions of euro	Notional amount	
	2017	2016
Cross currency interest rate swaps (CCIRSs) hedging debt denominated in currencies other than the euro	19,004	14,973
Currency forwards hedging exchange risk on commodities	3,526	2,887
Currency forwards hedging future cash flows in currencies other than the euro	6,319	6,036
Currency swaps hedging commercial paper	-	-
Currency forwards hedging loans	-	-
Other currency forwards	300	1,014
Total	**29,149**	**24,910**

More specifically, these include:

> CCIRSs with a notional amount of €19,004 million to hedge the exchange risk on debt denominated in currencies other than the euro (€14,973 million at December 31, 2016);

> currency forwards with a total notional amount of €9,845 million used to hedge the exchange risk associated with purchases and sales of natural gas, purchases of fuel and expected cash flows in currencies other than the euro (€8,923 million at December 31, 2016);

> other currency forwards which include OTC derivatives transactions carried out to mitigate exchange risk on expected cash flows in currencies other than the currency of account connected with the purchase of investment goods in the renewables and infrastructure and networks sectors (new generation digital meters), on operating expenses for the supply of cloud services and on revenue from the sale of renewable energy.

At December 31, 2017, 47% (44% at December 31, 2016) of Group long-term debt was denominated in currencies other than the euro.

Taking account of hedges of exchange risk, the percentage of debt not hedged against that risk amounted to 17% at December 31, 2017 (18% at December 31, 2016).

Exchange risk sensitivity analysis

The Group analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact on profit or loss and equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross medium/long-term debt.

These scenarios are obtained by simulating the appreciation/depreciation of the euro against all of the currencies compared with the value observed as at the reporting date.

There were no changes in the methods or assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected by changes in exchange rates as follows.

Millions of euro		**2017**			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Exchange rate	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term debt denominated in currencies other than the euro after hedging	10%	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	544	(663)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	10%	-	-	(2,413)	2,946
Fair value hedges	10%	-	-	-	-

Commodity risk

The risk of fluctuations in the price of commodities is mainly associated with the purchase and sale of electricity and fuels at variable prices (e.g. indexed bilateral contracts, transactions on the spot market, etc.).

The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.

As regards electricity sold by the Group, Enel mainly uses fixed-price contracts in the form of bilateral physical contracts (PPAs) and financial contracts (e.g. contracts for differences, VPP contracts, etc.) in which differences are paid to the counterparty if the market electricity price exceeds the strike price and to Enel in the opposite case. The residual exposure in respect of the sale of energy on the spot market not hedged with such contracts is aggregated by uniform risk factors that can be managed with hedging transactions on the market. Proxy hedging techniques may be used for the industrial portfolios when the hedging instruments for the specific risk factors generating the exposure are not available on the market or are not sufficiently liquid. In addition, Enel uses portfolio hedging techniques to assess opportunities for netting intercompany exposures.

The Group mainly uses plain vanilla derivatives for hedging (more specifically, forwards, swaps, options on commodities, futures, contracts for differences).

Enel also engages in proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations consist in taking on exposures in energy commodities (oil products, gas, coal, CO_2 certificates and electricity) using financial derivatives and physical contracts traded on regulated and over-the-counter markets, optimizing profits through transactions carried out on the basis of expected market developments.

The following table reports the notional amount of outstanding transactions at December 31, 2017 and December 31, 2016, broken down by type of instrument.

Millions of euro	Notional amount	
	2017	2016
Forward and futures contracts	24,824	28,197
Swaps	4,584	6,195
Options	422	308
Embedded derivatives	-	-
Total	**29,830**	**34,700**

For more details, please see note 44 "Derivatives and hedge accounting".

Commodity risk sensitivity analysis

The following table presents the results of the analysis of sensitivity to a reasonably possible change in the commodity prices underlying the valuation model used in the scenario at the same date, with all other variables held constant. The impact on pre-tax profit of shifts of +10% and -10% in the price curve for the main commodities that make up the fuel scenario and the basket of formulas used in the contracts is mainly attributable to the change in the price of gas and petroleum products and, to a lesser extent, of electricity and CO_2. The impact on equity of the same shifts in the price curve is primarily due to changes in the prices of coal and electricity and, to a lesser extent, CO_2.

Millions of euro		**2017**			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Commodity price	Increase	Decrease	Increase	Decrease
Change in the fair value of trading derivatives on commodities	10%	23	(18)	-	-
Change in the fair value of derivatives on commodities designated as hedging instruments	10%	-	-	67	(65)

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that a deterioration in the creditworthiness of a counterparty has an adverse impact on the expected value of the creditor position or, for trade payables only, increase average collection times.

Accordingly, the exposure to credit risk is attributable to the following types of operations:

> the sale and distribution of electricity and gas in free and regulated markets and the supply of goods and services (trade receivables);
> trading activities that involve the physical exchange of assets or transactions in financial instruments (the commodity portfolio);
> trading in derivatives, bank deposits and, more generally, financial instruments (the financial portfolio).

In order to minimize credit risk, credit exposures are managed at the Region/Country/Business Line level by different units, thereby ensuring the necessary segregation of risk management and control activities. Monitoring of the consolidated exposure is carried out by Enel SpA.

In addition, at the Group level the policy provides for the use of uniform criteria – in all the main Regions/Countries/Global Business Lines and at the consolidated level – in measuring commercial credit exposures in order to promptly identify any deterioration in the quality of outstanding receivables and any mitigation actions to be taken.

The policy for managing credit risk associated with commercial activities provides for a preliminary assessment of the creditworthiness of counterparties and the adoption of mitigation instruments, such as obtaining collateral or unsecured guarantees.

In addition, the Group undertakes transactions to assign receivables without recourse, which results in the complete derecognition of the corresponding assets involved in the assignment, as the risks and rewards associated with them have been transferred.

Finally, with regard to financial and commodity transactions, risk mitigation is pursued with a uniform system for assessing counterparties at the Group level, including implementation at the level of Regions/Countries/Global Business Lines, as well as with the adoption of specific standardized contractual frameworks that contain risk mitigation clauses (e.g. netting arrangements) and possibly the exchange of cash collateral.

Concentration of customer credit risk

Trade receivables are generated by the Group's operations in many Regions and Countries with a base of customers and counterparties that is highly diversified, whether geographically, sectorally or by size (corporate, residential and government customers). Through its subsidiaries, Enel has more than 60 million customers or counterparties with whom it has generally granular credit exposures.

Financial assets past due but not impaired

Millions of euro

	2017	2016
Impaired trade receivables	**2,402**	**2,028**
Not past due and not impaired trade receivables	**10,425**	**10,006**
Past due but not impaired trade receivables:	**4,105**	**3,499**
- less than 3 months	1,779	1,349
- from 3 months to 6 months	444	288
- from 6 months to 12 months	349	334
- from 12 months to 24 months	343	500
- more than 24 months	1,190	1,028
Total	**16,932**	**15,533**

Liquidity risk

Liquidity risk manifests itself as uncertainty about the Group's ability to discharge its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Enel manages liquidity risk by implementing measures to ensure an appropriate level of liquid financial resources, minimizing the associated opportunity cost and maintaining a balanced debt structure in terms of its maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including liquidity on hand and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced maturity profile for our debt, access to a range of sources of funding on different markets, in different currencies and with diverse counterparties.

The mitigation of liquidity risk enables the Group to maintain a credit rating that ensures access to the capital market and limits the cost of funds, with a positive impact on its performance and financial position.

The Group holds the following undrawn lines of credit.

Millions of euro	**at Dec. 31, 2017**		at Dec. 31, 2016	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	245	13,761	176	14,214
Uncommitted credit lines	360	1	448	19
Commercial paper	7,464	-	6,320	-
Total	**8,069**	**13,762**	**6,944**	**14,233**

Maturity analysis

The table below summarizes the maturity profile of the Group's long-term debt.

Millions of euro	Maturing in						
	Less than 3 months	From 3 months to 1 year	2019	2020	2021	2022	Beyond
Bonds:							
- listed, fixed rate	2,506	2,173	2,098	2,173	1,320	2,254	12,751
- listed, floating rate	500	184	229	115	168	306	1,274
- unlisted, fixed rate	-	-	-	-	-	1,291	7,167
- unlisted, floating rate	-	66	229	177	111	97	525
Total bonds	**3,006**	**2,423**	**2,556**	**2,465**	**1,599**	**3,948**	**21,717**
Bank borrowings:							
- fixed rate	73	220	398	340	133	53	316
- floating rate	93	960	797	1,374	1,067	545	3,280
- use of revolving credit lines	-	-	-	7	-	-	-
Total bank borrowings	**166**	**1,180**	**1,195**	**1,721**	**1,200**	**598**	**3,596**
Non-bank borrowings:							
- fixed rate	53	145	164	176	173	174	980
- floating rate	7	20	30	30	40	16	61
Total non-bank borrowings	**60**	**165**	**194**	**206**	**213**	**190**	**1,041**
TOTAL	**3,232**	**3,768**	**3,945**	**4,392**	**3,012**	**4,736**	**26,354**

Commitments to purchase commodities

In conducting its business, the Enel Group has entered into contracts to purchase specified quantities of commodities at a certain future date for its own use, which qualify for the own use exemption provided for under IAS 39.

The following table reports the undiscounted cash flows associated with outstanding commitments at December 31, 2017.

Millions of euro

	at Dec. 31, 2017	2015-2019	2020-2024	2025-2029	Beyond
Commitments to purchase commodities:					
- electricity	79,163	19,475	14,596	14,163	30,929
- fuels	42,302	24,671	10,764	5,222	1,645
Total	**121,465**	**44,146**	**25,360**	**19,385**	**32,574**

43. Offsetting financial assets and financial liabilities

At December 31, 2017, the Group did not hold offset positions in assets and liabilities, as it is not the Enel Group's policy to settle financial assets and liabilities on a net basis.

44. Derivatives and hedge accounting

The following tables show the notional amount and the fair value of derivative financial assets and derivative financial liabilities eligible for hedge accounting or measured a FVTPL, classified on the basis of the type of hedge relationship and the hedged risk, broken down into current and non-current instruments.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Non-current				Current			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Fair value hedge derivatives:								
- on interest rates	827	848	23	36	-	20	-	1
Total	**827**	**848**	**23**	**36**	**-**	**20**	**-**	**1**
Cash flow hedge derivatives:								
- on interest rates	780	379	5	3	127	17	1	-
- on exchange rates	3,644	8,057	594	1,531	1,130	3,561	45	464
- on commodities	367	99	63	18	1,975	1,869	281	453
Total	**4,791**	**8,535**	**662**	**1,552**	**3,232**	**5,447**	**327**	**917**
Trading derivatives:								
- on interest rates	394	50	3	3	-	-	-	-
- on exchange rates	134	120	5	7	4,442	3,246	80	70
- on commodities	177	69	9	11	12,909	15,539	1,902	2,957
Total	**705**	**239**	**17**	**21**	**17,351**	**18,785**	**1,982**	**3,027**
TOTAL DERIVATIVE FINANCIAL ASSETS	**6,323**	**9,622**	**702**	**1,609**	**20,583**	**24,252**	**2,309**	**3,945**

Millions of euro	Non-current				Current			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Fair value hedge derivatives:								
- on interest rates	-	-	-	-	-	-	-	-
- on exchange rates	63	106	7	15	35	7	6	1
- on commodities	-	-	-	-	-	4	-	-
Total	**63**	**106**	**7**	**15**	**35**	**11**	**6**	**1**
Cash flow hedge derivatives:								
- on interest rates	9,899	11,042	556	695	50	31	1	1
- on exchange rates	15,756	5,686	2,375	1,764	2,096	457	114	88
- on commodities	368	352	39	36	1,114	1,096	159	216
Total	**26,023**	**17,080**	**2,970**	**2,495**	**3,260**	**1,584**	**274**	**305**
Trading derivatives:								
- on interest rates	88	88	9	13	100	119	65	73
- on exchange rates	326	37	10	5	1,474	3,633	38	62
- on commodities	18	64	2	4	12,902	15,608	1,877	2,881
Total	**432**	**189**	**21**	**22**	**14,476**	**19,360**	**1,980**	**3,016**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**26,518**	**17,375**	**2,998**	**2,532**	**17,771**	**20,955**	**2,260**	**3,322**

44.1 Derivatives designated as hedging instruments

Derivatives are initially recognized at fair value, at the trade date of the contract, and are subsequently re-measured at fair value.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Group also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the Group designates derivatives as hedging instruments in one of the following hedge relationships:

> cash flow hedge derivatives in respect of the risk of: i) changes in the cash flows associated with long-term floating-rate debt; ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) changes in the price of fuels and non-energy commodities denominated in a foreign currency; iv) changes in the price of forecast electricity sales at variable prices; v) changes in the price of transactions in coal and petroleum commodities; vi) changes in the prices of capital goods; vii) changes in operating expenses; and viii) changes in revenue from the sale of electricity;

> fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;

> derivatives hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the company is exposed, please see note 42 "Risk management".

Cash flow hedges

Cash flow hedges are used in order to hedge the Group's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting but the hedged item has not expired or been cancelled, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Group currently uses these hedge relationships to minimize the volatility of profit or loss.

Fair value hedges

Fair value hedges are used to protect the Group against exposures to adverse changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss.

Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge is ineffective or no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The Group currently makes marginal use of such hedge relationships to seize opportunities associated with general developments in the yield curve.

44.1.1 Hedge relationships by type of risk hedged

Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2017 and December 31, 2016, broken down by type of hedge.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2017**		at Dec. 31, 2016	
Interest rate swaps	Fixed-rate borrowings	22	812	35	853
Interest rate swaps	Floating-rate borrowings	(550)	10,799	(691)	11,484
Interest rate swaps	Floating-rate financial receivables	-	72	-	-
Total		**(528)**	**11,683**	**(656)**	**12,337**

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2017 and December 31, 2016, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Fair value hedge derivatives:								
- interest rate swaps	827	868	23	37	-	-	-	-
Cash flow hedge derivatives:								
- interest rate swaps	907	396	6	3	9,949	11,073	(557)	(696)
Total interest rate derivatives	**1,734**	**1,264**	**29**	**40**	**9,949**	**11,073**	**(557)**	**(696)**

The notional amount of derivatives classified as hedging instruments at December 31, 2017 came to €11,683 million, with a corresponding negative fair value of €528 million. The notional amount decreased by €654 million. More specifically, interest rate swaps with a total value of €1,089 million expired, while new derivatives amounted to €666 million. The value also reflects the reduction in the notional amount of amortizing interest rate swaps.

The improvement in the fair value of €128 million mainly reflects the rise in the long-term segment of the yield curve during the year.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2017	2018	2019	2020	2021	2022	Beyond
Cash flow hedge derivatives on interest rates:							
- positive fair value	6	1	3	2	1	-	-
- negative fair value	(557)	(93)	(113)	(109)	(88)	(61)	(131)

The following table shows the impact of reserves from cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2016	**(442)**
Changes in fair value recognized in equity (OCI)	(361)
Changes in fair value recognized in profit or loss	35
Closing balance at December 31, 2016	**(768)**
Opening balance at January 1, 2017	**(768)**
Changes in fair value recognized in equity (OCI)	99
Changes in fair value recognized in profit or loss	52
Closing balance at December 31, 2017	**(617)**

Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on the exchange risk of transactions outstanding as at December 31, 2017 and December 31, 2016, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
		at Dec. 31, 2017		at Dec. 31, 2016	
Hedging instrument	**Hedged asset**				
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	(1,720)	17,616	148	13,988
Cross currency interest rate swaps (CCIRSs)	Floating-rate borrowings	(4)	977	(16)	650
Cross currency interest rate swaps (CCIRSs)	Future cash flows denominated in foreign currencies	(29)	321	(69)	335
Currency forwards	Future commodity purchases denominated in foreign currencies	(130)	3,076	120	2,091
Currency forwards	Future cash flows denominated in foreign currencies	30	552	1	38
Currency forwards	Purchases of investment goods and other	(9)	183	(57)	772
Total		**(1,863)**	**22,725**	**127**	**17,874**

Cash flow hedges and fair value hedges include:

> CCIRSs with a notional amount of €17,616 million used to hedge the exchange risk on fixed-rate debt denominated in currencies other than the euro, with a negative fair value of €1,720 million;

> CCIRSs with a notional amount of €1,298 million used to hedge the exchange risk on floating-rate debt denominated in currencies other than the euro, with a negative fair value of €33 million;

> currency forwards with a notional amount of €3,628 million used to hedge the exchange risk associated with purchases of natural gas, purchases of fuel and expected cash flows in currencies other than the euro, with a negative fair value of €100 million;

> currency forwards with a notional amount of €183 million and a negative fair value of €9 million in respect of OTC transactions to mitigate the exchange risk on expected cash flows in currencies other than the currency of account connected with the purchase of investment goods in the renewables and infrastructure and networks sectors (new generation digital meters), on operating expenses for the supply of cloud services and on revenue from the sale of renewable energy.

The following table reports the notional amount and fair value of foreign exchange derivatives at December 31, 2017 and December 31, 2016, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Fair value hedge derivatives:								
- currency forwards	-	-	-	-	4	7	-	(1)
- CCIRSs	-	-	-	-	93	106	(13)	(15)
Cash flow hedge derivatives:								
- currency forwards	747	2,521	32	141	3,060	373	(142)	(76)
- CCIRSs	4,028	9,097	607	1,854	14,793	5,770	(2,347)	(1,776)
Total exchange derivatives	**4,775**	**11,618**	**639**	**1,995**	**17,950**	**6,256**	**(2,502)**	**(1,868)**

The notional amount of CCIRSs at December 31, 2017 amounted to €18,914 million (€14,973 million at December 31, 2016), an increase of €3,941 million. Cross currency interest rate swaps with a total value of €1,513 million expired, while cross currency interest rate swaps with a value of €1,660 were closed early. New derivatives amounted to €7,896 million, of which €2,501 million and €4,169 million in respect of bond issues denominated in US dollars in May and October 2017, respectively. The value also reflects developments in the exchange rate of the euro against the main other currencies, which caused their notional amount to decrease by €782 million.

The notional value of currency forwards at December 31, 2017 amounted to €3,807 million (€2,894 million at December 31, 2016), an increase of €913 million. The exposure to exchange risk, especially that associated with the US dollar, is mainly due to purchases of natural gas, purchase of fuel and cash flows in respect of investments. Changes in the notional amount are connected with normal developments in operations.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2017	2018	2019	2020	2021	2022	Beyond
Cash flow hedge derivatives on exchange rates:							
- positive fair value	638	81	138	66	53	44	493
- negative fair value	(2,488)	(52)	(174)	71	38	(46)	268

The following table shows the impact of reserves from cash flow hedge derivatives on exchange risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2016	**(614)**
Changes in fair value recognized in equity (OCI)	(508)
Changes in fair value recognized in profit or loss	(230)
Closing balance at December 31, 2016	**(1,341)**
Opening balance at January 1, 2017	**(1,341)**
Changes in fair value recognized in equity (OCI)	(211)
Changes in fair value recognized in profit or loss	(88)
Closing balance at December 31, 2017	**(1,640)**

Commodity risk

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Fair value hedge derivatives								
Derivatives on power:								
- swaps	-	-	-	-	-	-	-	-
- forwards/futures	-	-	-	-	-	4	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on power	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**-**
Cash flow hedge derivatives								
Derivatives on power:								
- swaps	458	21	39	5	238	4	(22)	-
- forwards/futures	116	87	11	10	545	590	(102)	(66)
- options	-	-	-	-	-	-	-	-
Total derivatives on power	**574**	**108**	**50**	**15**	**783**	**594**	**(124)**	**(66)**
Derivatives on coal:								
- swaps	525	380	84	247	18	1	(1)	-
- forwards/futures	-	-	-	-	-	-	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on coal	**525**	**380**	**84**	**247**	**18**	**1**	**(1)**	**-**
Derivatives on gas and oil:								
- swaps	45	161	12	44	-	13	-	(2)
- forwards/futures	1,036	1,259	130	149	681	744	(73)	(180)
- options	-	-	-	-	-	-	-	-
Total derivatives on gas and oil	**1,081**	**1,420**	**142**	**193**	**681**	**757**	**(73)**	**(182)**
Derivatives on CO_2:								
- swaps	-	-	-	-	-	-	-	-
- forwards/futures	162	60	68	16	-	96	-	(4)
- options	-	-	-	-	-	-	-	-
Total derivatives on CO_2	**162**	**60**	**68**	**16**	**-**	**96**	**-**	**(4)**
TOTAL DERIVATIVES ON COMMODITIES	**2,342**	**1,968**	**344**	**471**	**1,482**	**1,452**	**(198)**	**(252)**

The table reports the notional amount and fair value of derivatives hedging the price risk on commodities at December 31, 2017 and at December 31, 2016, broken down by type of hedge. The positive fair value of cash flow hedge derivatives on commodities regards derivatives on gas and oil commodities in the amount of €142 million, hedges of coal purchases requested by the generation companies in the amount of €84 million, and, to a lesser extent, derivatives on CO_2 (€68 million) and power (€50 million). The first category primarily regards hedges of fluctuations in the price of natural gas, for both purchases and sales, carried out for oil commodities and gas products with physical delivery (all-in-one hedges).

Cash flow hedge derivatives on commodities included in liabilities regard derivatives on power in the amount of €124 million, derivatives on gas and oil commodities in the amount of €73 million and, to a marginal extent, derivatives on coal (€1 million).

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on commodity risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2017	2018	2019	2020	2021	2022	Beyond
Cash flow hedge derivatives on commodities:							
- positive fair value	344	280	28	15	-	-	21
- negative fair value	(198)	(159)	(39)	-	-	-	-

The following table shows the impact of reserves from cash flow hedge derivatives on commodity risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2016	**(622)**
Changes in fair value recognized in equity (OCI)	137
Changes in fair value recognized in profit or loss	830
Closing balance at December 31, 2016	**345**
Opening balance at January 1, 2017	**345**
Changes in fair value recognized in equity (OCI)	409
Changes in fair value recognized in profit or loss	(513)
Closing balance at December 31, 2017	**241**

44.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2017 and December 31, 2016.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Derivatives at FVTPL								
Derivatives on interest rates:								
- interest rate swaps	394	50	3	3	138	157	(68)	(79)
- interest rate options	-	-	-	-	50	50	(6)	(7)
Derivatives on exchange rates:								
- currency forwards	4,576	3,366	85	77	1,759	3,670	(46)	(67)
- CCIRSs	-	-	-	-	90	-	(2)	-
Derivatives on commodities								
Derivatives on power:								
- swaps	776	1,105	125	163	608	1,169	(107)	(172)
- forwards/futures	3,439	5,820	457	1,005	3,500	5,705	(522)	(1,033)
- options	7	16	9	14	16	23	(5)	(9)
Total derivatives on power	**4,222**	**6,941**	**591**	**1,182**	**4,124**	**6,897**	**(634)**	**(1,214)**
Derivatives on coal:								
- swaps	369	1,077	86	387	294	1,069	(57)	(409)
- forwards/futures	29	103	1	15	4	93	-	(2)
- options	-	-	-	-	-	1	-	(1)
Total derivatives on coal	**398**	**1,180**	**87**	**402**	**298**	**1,163**	**(57)**	**(412)**
Derivatives on gas and oil:								
- swaps	534	616	125	205	629	572	(123)	(109)
- forwards/futures	7,653	6,591	823	941	7,483	6,648	(732)	(853)
- options	181	125	254	177	216	143	(293)	(245)
Total derivatives on gas and oil	**8,368**	**7,332**	**1,202**	**1,323**	**8,328**	**7,363**	**(1,148)**	**(1,207)**
Derivatives on CO_2:								
- swaps	-	-	-	-	-	6	-	(3)
- forwards/futures	97	155	30	61	79	243	(34)	(49)
- options	1	-	1	-	1	-	(1)	-
Total derivatives on CO_2	**98**	**155**	**31**	**61**	**80**	**249**	**(35)**	**(52)**
Derivatives on other:								
- swaps	-	-	-	-	90	-	(5)	-
- forwards/futures	-	-	-	-	-	-	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on other	**-**	**-**	**-**	**-**	**90**	**-**	**(5)**	**-**
Embedded derivatives	-	-	-	-	-	-	-	-
TOTAL DERIVATIVES	**18,056**	**19,024**	**1,999**	**3,048**	**14,957**	**19,549**	**(2,001)**	**(3,038)**

At December 31, 2017 the notional amount of derivatives on interest rates came to €582 million. The fair value of a negative €71 million improved by €12 million on the previous year, mainly due to the rise in the long-term segment of the yield curve.

At December 31, 2017, the notional amount of derivatives on exchange rates was €6,425 million. The decrease in their notional value and the rise in the associated net fair value of €27 million mainly reflected normal operations and developments in exchange rates.

At December 31, 2017, the notional amount of derivatives on commodities came to €26,006 million. The fair value

of trading derivatives on commodities classified as assets mainly reflects the market valuation of hedges of gas and oil amounting to €1,202 million and derivatives on power amounting to €591 million.
The fair value of trading derivatives on commodities classified as liabilities mainly regards hedges of gas and oil amounting to €1,148 million and derivatives on power amounting to €634 million.
These values include transactions that, although established for hedging purposes, did not meet the requirements for hedge accounting.
The "Other" category includes hedges using weather derivatives. In addition to commodity risk, the Group companies are also exposed to changes in volumes associated with weather conditions (for example, temperature impacts the consumption of gas and power).

45. Assets measured at fair value

The Group determines fair value in accordance with IFRS 13 whenever such measurement is required by the international accounting standards as a recognition or measurement criterion.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).
The best proxy of fair value is market price, i.e. the current publically available price actually used on a liquid and active market.
The fair value of assets and liabilities is classified in accordance with the three-level hierarchy described below, depending on the inputs and valuation techniques used in determining their fair value:

> Level 1, where the fair value is determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
> Level 2, where the fair value is determined on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
> Level 3, where the fair value is determined on the basis of unobservable inputs.

This note also provides detailed disclosures concerning the valuation techniques and inputs used to perform these measurements.
To that end:

> recurring fair value measurements of assets or liabilities are those required or permitted by the IFRS in the balance sheet at the close of each period;
> non-recurring fair value measurements are those required or permitted by the IFRS in the balance sheet in particular circumstances.

For general information or specific disclosures on the accounting treatment of these circumstances, please see note 2 "Accounting policies and measurement criteria".

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the financial statements, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Equity investments in other companies measured at fair value	24	**6**	4	-	2	**-**	-	-	-
Service concession arrangements	24	**1,476**	-	1,476	-	**16**	-	16	-
Securities available for sale	24.1	**382**	382	-	-	**69**	69	-	-
Loans and receivables measured at fair value	24 and 28	**49**	-	15	34	**41**	41	-	-
Other investments of liquidity at fair value	30	**-**	-	-	-	**203**	101	102	-
Cash flow hedge derivatives:									
- on interest rates	44	**5**	-	5	-	**1**	-	1	-
- on exchange rates	44	**594**	-	594	-	**45**	-	45	-
- on commodities	44	**63**	41	22	-	**281**	216	65	-
Fair value hedge derivatives:									
- on interest rates	44	**23**	-	23	-	**-**	-	-	-
Trading derivatives:									
- on interest rates	44	**3**	-	3	-	**-**	-	-	-
- on exchange rates	44	**5**	-	5	-	**80**	-	80	-
- on commodities	44	**9**	3	6	-	**1,902**	902	1,000	-
Inventories measured at fair value	26	**-**	-	-	-	**45**	1	44	-
Contingent consideration	25	**23**	-	23	-	**-**	-	-	-
Other assets measured at fair value	25	**5**	-	5	-	**-**	-	-	-
Assets classified as held for sale	31	**4**	-	-	4	**-**	-	-	-

The fair value of "Equity investments in other companies" is determined for listed companies on the basis of the quoted price set on the closing date of the year, while that for unlisted companies is based on a reliable valuation of the relevant assets and liabilities.

"Service concession arrangements" concern electricity distribution operations in Brazil, mainly by Enel Distribución Rio, Enel Distribución Ceará and Enel Distribuição Goiás and are accounted for in accordance with IFRIC 12. Fair value was estimated as the net replacement cost based on the most recent rate information available and on the general price index for the Brazilian market.

"Loans and receivables measured at fair value" include (recognized in level 3) the receivable from the disposal of Slovak Power Holding of €189 million at December 31, 2017. The fair value is determined on the basis of the price formula specified in the contract.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the European Central Bank. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk. More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market.
The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).

Amounts denominated in currencies other than the euro are converted into euros at the year-end exchange rates provided by the European Central Bank.
The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Group's credit risk exposure. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

45.1 Fair value of other assets

For each class of assets not measured at fair value on a recurring basis but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Loans and receivables	24 and 28	**649**	-	5	644	**102**	-	-	102
Investment property	18	**111**	-	-	111	**-**	-	-	-
Equity investments in other companies	24	**34**	-	-	34	**-**	-	-	-
Inventories	26	**62**	-	-	62	**-**	-	-	-

The table reports the fair value of investment property and inventories of real estate not used in the business in the amount of €111 million and €62 million respectively. The amounts were calculated with the assistance of appraisals conducted by independent experts, who used different methods depending on the specific assets involved.
The largest aggregate is "Loans and receivables", which essentially reports the receivables of e-distribuzione for the elimination of the Electrical Workers Pension Fund and for the reimbursement of charges connected with the early retirement of electromechanical meters.

46. Liabilities measured at fair value

The following table reports for each class of liabilities measured at fair value on a recurring or non-recurring basis in the financial statements the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro

		Non-current liabilities				Current liabilities			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Cash flow hedge derivatives:									
- on interest rates	44	**556**	-	556	-	**1**	-	1	-
- on exchange rates	44	**2,375**	-	2,375	-	**114**	-	114	-
- on commodities	44	**39**	12	27	-	**159**	21	138	-
Fair value hedge derivatives:									
- on interest rates	44	**-**	-	-	-	**-**	-	-	-
- on exchange rates	44	**7**	-	7	-	**6**	-	6	-
- on commodities	44	**-**	-	-	-	**-**	-	-	-
Trading derivatives:									
- on interest rates	44	**9**	-	9	-	**65**	-	65	-
- on exchange rates	44	**10**	-	10	-	**38**	-	38	-
- on commodities	44	**2**	1	1	-	**1,877**	774	1,098	5
Contingent consideration	36 and 40	**9**	-	9	-	**23**	-	23	-

Contingent consideration regards a number of equity investments held by the Group in North America, whose fair value was determined on the basis of the contractual terms and conditions.

The fair value of derivatives on commodities classified as level 3 regards the measurement of hedging derivatives on weather indices (weather derivatives). For these contracts, measurement uses certified historical data on the underlying variables. For example, an HDD ("Heating Degree Days") derivative on a given measurement station indicated in the derivative contract is measured at fair value by calculating the difference between the agreed strike and the historical average of the same variable observed at the same station.

46.1 Fair value of other liabilities

For each class of liabilities not measured at fair value in the balance sheet but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those liabilities are classified.

Millions of euro

	Notes	**Fair value**	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	41.3.1	38,818	35,739	3,079	-
- floating rate	41.3.1	4,252	667	3,585	-
Bank borrowings:					
- fixed rate	41.3.1	4,155	-	4,155	-
- floating rate	41.3.1	8,452	-	8,452	-
Non-bank borrowings:					
- fixed rate	41.3.1	2,149	-	2,149	-
- floating rate	41.3.1	231	-	231	-
Total		**58,057**	**36,406**	**21,651**	**-**

47. Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	**Relationship**	**Nature of main transactions**
Acquirente Unico - Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced-protection market
Cassa Depositi e Prestiti Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market (Terna) Sale of electricity transport services (Eni Group) Purchase of transport, dispatching and metering services (Terna) Purchase of postal services (Poste Italiane) Purchase of fuels for generation plants and natural gas storage and distribution services (Eni Group)
GSE - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives
GME - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange (GME) Purchase of electricity on the Power Exchange for pumping and plant planning (GME)
Leonardo Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods

In addition, the Group conducts essentially commercial transactions with associated companies or companies in which it holds minority interests.
Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, as well as Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Regulatory Authority for Energy, Networks and the Environment.

The following tables summarize transactions with related parties, associated companies and joint arrangements outstanding at December 31, 2017 and December 31, 2016 and carried out during the period.

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Income statement						
Revenue from sales and services	1	1,767	2,668	443	89	-
Other revenue and income	-	-	2	-	3	-
Other financial income	-	-	-	-	-	-
Purchases of electricity, gas and fuel	3,345	2,458	1,636	-	4	-
Costs for services and other materials	-	75	2,340	5	115	-
Other operating expenses	4	524	3	-	-	-
Net income/(expense) from commodity risk management	-	-	32	-	-	-
Other financial expense	-	-	-	1	-	-

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Balance sheet						
Trade receivables	-	77	526	57	34	-
Other current financial assets	-	-	-	-	-	-
Other current assets	-	-	24	129	1	-
Derivative assets	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	6	-
Long-term borrowings	-	-	893	-	-	-
Trade payables	682	110	543	977	11	-
Other current liabilities	-	-	10	-	-	-
Current derivative liabilities	-	-	-	-	-	-
Current portion of long-term borrowings	-	-	89	-	-	-
Other information						
Guarantees issued	-	280	360	-	108	-
Guarantees received	-	-	208	-	23	-
Commitments	-	-	46	-	6	-

Total 2017	Associates and joint arrangements	Overall total 2017	Total in financial statements	% of total
4,968	156	5,124	72,664	7.1%
5	17	22	1,975	1.1%
-	18	18	2,371	0.8%
7,443	318	7,761	36,039	21.5%
2,535	129	2,664	17,982	14.8%
531	-	531	2,886	18.4%
32	(5)	27	578	4.7%
1	24	25	3,908	0.6%

Total at Dec. 31, 2017	Associates and joint arrangements	Overall total at Dec. 31, 2017	Total in financial statements	% of total
694	138	832	14,529	5.7%
-	3	3	4,614	0.1%
154	8	162	2,695	6.0%
-	11	11	2,309	0.5%
6	30	36	2,003	1.8%
893	-	893	42,439	2.1%
2,323	42	2,365	12,671	18.7%
10	27	37	12,462	0.3%
-	9	9	2,260	0.4%
89	-	89	7,000	1.3%
748	-	748		
231	-	231		
52	-	52		

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Income statement						
Revenue from sales and services	46	1,486	2,190	468	90	-
Other revenue and income	-	1	1	4	3	-
Other financial income	-	-	17	-	-	-
Purchases of electricity, gas and fuel	3,169	1,769	1,319	2	-	-
Costs for services and other materials	-	75	2,259	4	139	-
Other operating expenses	3	309	-	-	-	-
Net income/(expense) from commodity risk management	-	-	5	-	-	-
Other financial expense	-	-	12	1	-	-

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Balance sheet						
Trade receivables	8	301	477	27	57	-
Other current financial assets	-	-	-	9	-	-
Other current assets	-	-	15	92	1	-
Derivative assets	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	6	-
Long-term borrowings	-	-	1,072	-	-	-
Trade payables	638	372	490	1,239	18	-
Other current liabilities	-	-	3	-	21	-
Current derivative liabilities	-	-	-	-	-	-
Current portion of long-term borrowings	-	-	89	-	-	-
Other information						
Guarantees issued	-	280	262	-	80	-
Guarantees received	-	-	261	-	32	-
Commitments	-	-	72	-	9	-

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2017, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

Total 2016	Associates and joint arrangements	Overall total 2016	Total in financial statements	% of total
4,280	270	**4,550**	**68,604**	**6.6%**
9	11	**20**	**1,988**	**1.0%**
17	4	**21**	**2,289**	**0.9%**
6,259	344	**6,603**	**32,039**	**20.6%**
2,477	100	**2,577**	**17,393**	**14.8%**
312	-	**312**	**2,783**	**11.2%**
5	24	**29**	**(133)**	**-21.8%**
13	26	**39**	**4,339**	**0.9%**

Total at Dec. 31, 2016	Associates and joint arrangements	Overall total at Dec. 31, 2016	Total in financial statements	% of total
870	88	**958**	**13,506**	**7.1%**
9	126	**135**	**3,053**	**4.4%**
108	1	**109**	**3,044**	**3.6%**
-	18	**18**	**3,945**	**0.5%**
6	17	**23**	**1,856**	**1.2%**
1,072	-	**1,072**	**41,336**	**2.6%**
2,757	164	**2,921**	**12,688**	**23.0%**
24	4	**28**	**12,141**	**0.2%**
-	11	**11**	**3,322**	**0.3%**
89	-	**89**	**4,384**	**2.0%**
622	-	**622**		
293	-	**293**		
81	-	**81**		

48. Contractual commitments and guarantees

The commitments entered into by the Enel Group and the guarantees given to third parties are shown below.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	8,171	8,123	48
Commitments to suppliers for:			
- electricity purchases	79,163	63,407	15,756
- fuel purchases	42,302	47,305	(5,003)
- various supplies	3,119	1,309	1,810
- tenders	3,334	1,846	1,488
- other	2,912	3,751	(839)
Total	**130,830**	**117,618**	**13,212**
TOTAL	**139,001**	**125,741**	**13,260**

For more details on the expiry of commitments and guarantees, please see the section "Commitments to purchase commodities" in note 42.

49. Contingent assets and liabilities

The following reports the main contingent assets and liabilities at December 31, 2017, which are not recognized in the financial statements as they do not meet the requirements provided for in IAS 37.

Porto Tolle thermal plant - Air pollution - Criminal proceedings against Enel directors and employees

The Court of Adria, in a ruling issued on March 31, 2006, convicted former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and public authorities. Damages for a number of mainly private parties (individuals and environmental associations), were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (Ministry for the Environment, a number of public entities of Veneto and Emilia Romagna, including the area's park agencies) was postponed to a later civil trial, although a "provisional award" of about €2.5 million was immediately due.

An appeal was lodged against the ruling of the Court of Adria and on March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation. In a ruling on January 11, 2011, the Court of Cassation granted the appeal, overturning the decision of the Venice Court of Appeal, and referred the case to the civil section of the Venice Court of Appeal to rule as regards payment of damages and the division of such damages among the accused. As regards amounts paid to a number of public entities in Veneto, Enel has already made payment under a settlement agreement reached in 2008. With a suit lodged in July 2011, the Ministry for the Environment, the public entities of Emilia Romagna and the private actors who had already participated as injured parties in the criminal case asked the Venice Court of Appeal to order Enel SpA and Enel Produzione to pay civil damages for harm caused by the emissions from the Porto Tolle power station. The amount of damages requested for economic and environmental losses was about €100 million, which Enel contested. During 2013, an agreement was reached – with no admission of liability by Enel/Enel Produzione – with the public entities of Emilia Romagna to express social solidarity in line with the general sustainability policies of the Group. The suits with the Ministry and private parties (environmental associations and a number of resident individuals, who have received no payments from Enel during the proceedings) remain open. On July 10, 2014, the decision of the Venice Court of Appeal was filed ordering the defendants, jointly with Enel/Enel Produzione, to pay damages in the amount of €312,500, plus more than €55,000 in legal expenses. The Ministry's request for calculation of the amount of damages it claimed it was owed was deemed inadmissible, as grounds for barring such action arose in the course of the criminal proceedings. In the meantime the Court issued a general conviction with damages to be awarded in a separate decision and ordered payment of legal costs. Enel ledged an appeal with the Court of Cassation in February 2015 of the ruling of the Venice Court of Appeal of July 10, 2014 and is currently waiting for the date of the hearing to be set.

In August 2011, the Public Prosecutor's Office of Rovigo asked that a number of directors, former directors, officers, former officers and employees of Enel and Enel Produzione be remanded for trial on the charge of willful omission to take precautionary actions to prevent a disaster in respect of the alleged emissions from the Porto Tolle plant. Subsequently, the public prosecutor filed charges of willfully causing a disaster. During 2012, the pre-trial hearing judge of Rovigo, granting the request of the Public Prosecutor's Office of Rovigo, ordered the committal for trial of all of the accused for both offences. The Ministry for the Environment, the Ministry of Health and other actors, mainly local authorities in Emilia Romagna and Veneto, as well as the park agencies of the area, joined the case as injured parties, seeking unspecified damages from the above individuals, without citing Enel or Enel Produzione as liable parties. During 2013, as part of the agreement mentioned earlier, most of the public entities withdrew

their suits.
At the hearing of March 31, 2014, the Court issued its ruling of first instance, acquitting all of the accused of the charge of willful omission to take precautionary safety measures, also acquitting the accused of the charge of willfully causing a disaster, with the exception of the two former Chief Executive Officers of Enel SpA. The former Chief Executive Officers were then ordered to pay unspecified damages in a separate civil action, with a total provisional ruling of €410,000 and payment of court costs for the remaining civil parties to the action.
Following the appeal, the appellate level of the proceeding before the Court of Appeals of Venice was completed on January 18, 2017 with the acquittal of all defendants on the grounds that "no crime was committed". The prosecution appealed the acquittal of the three former Chief Executive Officers before the Court of Cassation, with the appeal being rejected by the court as inadmissible on January 10, 2018.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

A criminal proceeding was held before the Court of Brindisi concerning the Brindisi Sud thermal plant. A number of employees of Enel Produzione – cited in 2012 as a liable party in civil litigation – have been accused of causing criminal damage and dumping of hazardous substances with regard to the alleged contamination of land adjacent to the plant with coal dust as a result of actions between 1999 and 2011. At the end of 2013, the accusations were extended to cover 2012 and 2013. As part of the proceeding, injured parties, including the Province and City of Brindisi, have submitted claims for total damages of about €1.4 billion. In its decision of October 26, 2016, the Court of Brindisi: (i) acquitted nine of the thirteen defendants (employees/managers of Enel Produzione) for not having committed the offense; (ii) ruled that it did not have to proceed as the offense was time-barred for two of the defendants; (and iii) convicted the remaining two defendants, sentencing them with all the allowances provided for by law to nine months' imprisonment. With regard to payment of damages, the Court's ruling also: (i) denied all claims of public parties and associations acting in the criminal proceeding to recover damages; and (ii) granted most of the claims filed by the private parties acting to recover damages, referring the latter to the civil courts for quantification without granting a provisional award. The convicted employees and Enel Produzione SpA as the civil part appealed the ruling. The employee for whom the offense was time-barred also appealed.
Criminal proceedings were held before the Courts of Reggio Calabria and Vibo Valentia against a number of employees of Enel Produzione for the offense of illegal waste disposal in connection with alleged violations concerning the disposal of waste from the Brindisi plant. Enel Produzione has not been cited as a liable party for civil damages. The criminal proceedings before the Court of Reggio Calabria ended with the hearing of June 23, 2016. The court acquitted nearly all of the Enel defendants of the main charges because no crime was committed. Just one case was dismissed under the statute of limitations. Similarly, all of the remaining charges involving minor offenses were dismissed under the statute of limitations. The proceedings before the Court of Vibo Valentia were adjourned to April 19, 2018, in order to hear the testimony of the final witnesses called by the other defendants.

Brindisi Sud thermal generation plant - Seizure of plant

For more details on the case, please see the presentation in "Significant events in 2017" in the Report on operations and in note 50 "Events after the reporting period".

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

In the wake of the blackout that occurred on September 28, 2003, numerous claims were filed against Enel Distribuzione (now e-distribuzione) for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. Most of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione. The Court of Cassation has also consistently ruled in favor of Enel Distribuzione. At December 31, 2017 pending cases numbered about 8,100. In addition, in view of the rulings in Enel's favor by both the courts of appeal and the Court of Cassation, the flow of new claims has come to a halt. Beginning in 2012, a number of actions for recovery were initiated, which continue, to obtain repayment of amounts paid by Enel in execution of the rulings in the courts of first instance.

In May 2008, Enel served its insurance company (Cattolica) a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings. The case also involved a number of reinsurance companies in the proceedings, which have challenged Enel's claim. In a ruling of October 21, 2013, the Court of Rome granted Enel's petition, finding the insurance coverage to be valid and ordering Cattolica, and consequently the reinsurance companies, to hold Enel harmless in respect of amounts paid or to be paid to users and their legal counsel as well as, within the limits established by the policies, to pay defense costs.

Subsequently, Cattolica appealed the ruling of the court of first instance of October 21, 2013, before the Rome Court of Appeal, asking that it be overturned. At the hearing of February 23, 2018, the judge issued the deadline for the exchange of closing arguments and took the case for judgement.

On the basis of the ruling of October 21, 2013, in October 2014, Enel filed suit against Cattolica with the Court of Rome to obtain a quantification and payment of the amounts due to Enel from Cattolica. At the hearing of October 3, 2016, the court denied the counterparties' petition for a suspension of the proceeding pending completion of the appeals process, adjourning the case for the examination of motions to July 4, 2017. In a ruling of July 12, 2017 the court decided on the basis of the preliminary briefs to adjourn the suit until November 25, 2019 for a decision.

Enel Energia and Servizio Elettrico Nazionale antitrust proceeding

With measure 26581 notified on May 11, 2017, the Competition Authority began proceedings for alleged abuse of a dominant position against Enel SpA (Enel), Enel Energia SpA (EE) and Servizio Elettrico Nazionale SpA (SEN), conducting inspections on the same date to acquire documentation at certain offices of these companies, Enel Italia Srl and the Punto Enel in Catania.

The proceeding was initiated on the basis of reports made by the Italian Association of Energy Wholesalers and Traders (AIGET), the company Green Network SpA (GN), and reports from individual consumers received by the Competition Authority, especially since the second half of 2016.

According to the allegations formulated by the Competition Authority in the measure, the Enel Group, as an integrated actor in the distribution and sale of power on the regulated market, has engaged (in a market in the middle of a crucial transition phase towards the complete opening to competition of retail markets of low-voltage domestic and non-domestic customers) in an exclusionary strategy using a series of non-replicable commercial stratagems capable of hindering their non-integrated competitors to the benefit of the Group's company operating on the free market, i.e. Enel Energia.

Enel and the other Group companies involved in the proceeding, while not admitting the disputed conduct, submitted commitments to address the anti-competitive concerns expressed by Competition Authority in the measure initiating the proceeding.

With measures adopted on November 8, 2017, the Competition Authority rejected the commitments submitted, arguing that there is an interest in ascertaining the merits of the disputed conduct. Consequently, the proceeding will continue with the ordinary preliminary enquiry, in which the companies involved may file briefs and present their position in relation to the objections formulated by the Authority.

The time limit for closing the proceeding is June 30, 2018.

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the complaint with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient, filed suit against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling from the District Court of Tirana, upheld by the Albanian Court of Cassation, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient demanded payment of more than €430 million from Enel.

The European Court of Human Rights, with which Enelpower SpA and Enel SpA had filed an appeal for violation of the right to a fair trial and the rule of law by the Republic of Albania, rejected the petition as inadmissible. The ruling was purely procedural and did not address the substance of the suit.

With a ruling of June 16, 2015, the first level was completed in the additional suit lodged by Enelpower SpA and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG SpA for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower SpA through the legal action taken by Albania BEG Ambient Shpk. With this action, Enelpower SpA and Enel SpA asked the Court to find BEG liable and order it to pay damages in the amount that the other could be required to pay to Albania BEG Ambient Shpk in the event of the enforcement of the sentence issued by the Albanian courts. With the ruling, the Court of Rome found that BEG SpA did not have standing to be sued, or alternatively, that the request was not admissible for lack of an interest for Enel SpA and Enelpower SpA to sue, as the Albanian ruling had not yet been declared enforceable in any court. The Court ordered the setting off of court costs. Enel SpA and Enelpower SpA appealed the ruling before the Rome Court of Appeal, asking that it be overturned in full. The next hearing is scheduled for November 14, 2018.

On November 5, 2016, Enel SpA and Enelpower SpA filed a petition with the Albanian Court of Cassation, asking for the ruling issued by the District Court of Tirana on March 24, 2009 to be voided. The proceeding is still pending.

Proceedings undertaken by Albania BEG Ambient Shpk to obtain enforcement of the ruling of the District Court of Tirana of March 24, 2009

France

In February 2012, Albania BEG Ambient filed suit against Enel SpA and Enelpower SpA with the Tribunal de Grande Instance in Paris in order to render the ruling of the Albanian court enforceable in France. Enel SpA and Enelpower SpA challenged the suit.

Following the beginning of the case before the Tribunal de Grande Instance, again at the initiative of BEG Ambient, between 2012 and 2013 Enel France was served with two "*Saise Conservatoire de Créances*" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel SpA in respect of Enel France.

On January 29, 2018, the Tribunal de Grande Instance issued a ruling in favor of Enel and Enelpower, denying Albania BEG Ambient Shpk the recognition and enforcement of the Tirana court's ruling in France for lack of the requirements under French law for the purposes of granting exequatur. Among other issues, the Tribunal de Grande Instance ruled that: (i) the Albanian ruling conflicted with an existing decision, in this case the arbitration ruling of 2002 and that (ii) the fact that BEG sought to obtain in Albania what it was not able to obtain in the Italian arbitration proceeding, resubmitting the same claim through Albania BEG Ambient Shpk, represented fraud.

Albania BEG Ambient Shpk appealed the ruling and the proceeding is at its preliminary stages.

State of New York

In March 2014, Albania BEG Ambient Shpk filed suit against Enel SpA and Enelpower SpA in New York to render the ruling of the Albanian court enforceable in the State of New York.

On April 22, 2014, in response to a motion filed by Enel and Enelpower, the court revoked the previous ruling issued with no hearing of the parties against the companies freezing assets of around $600 million (about €487 million). On April 27, 2015, Enel SpA and Enelpower SpA asked for the case to be transferred from the New York state courts to the federal courts. In a ruling of March 10, 2016, the federal court referred the case to the New York state court. Enel SpA and Enelpower SpA appealed the decision denying the pleading that the New York state courts had no jurisdiction. In a unanimous decision of February 8, 2018, the Appellate Court of the State of New York upheld the appeal of Enel SpA and Enelpower SpA, rejecting the argument that the Court of New York had jurisdiction over the request for enforcement submitted by Albania BEG Ambient Shpk.

The Netherlands

On June 2, 2014 Albania BEG Ambient Shpk obtained an order from the court in the Hague, based upon the preliminary injunction, freezing up to €440 million held with a number of entities and the establishment of a lien on the shares of two subsidiaries of Enel SpA in that country. Enel SpA and Enelpower SpA challenged that ruling and on July 1, 2014, the Dutch court, in granting the petition of Enel and Enelpower, provisionally determined the value of the suit at €25 million and ordered the removal of the preliminary injunction subject to the issue of a bank guarantee in the amount of €25 million by Enel and Enelpower. Enel and Enelpower have appealed this ruling.

On July 3, 2014, Albania BEG Ambient Shpk petitioned for a second precautionary freeze of assets with no hearing of the parties. Following the hearing of August 28, 2014, the Hague Court granted a precautionary freeze of €425 million on September 18, 2014. Enel and Enelpower appealed that measure.

In a ruling of February 9, 2016, the Hague Court of Appeal upheld the appeals, ordering the revocation of the preliminary injunctions subject to the pledging of a guarantee by Enel of €440 million and a counter-guarantee by Albania BEG Ambient Shpk of about €50 million (the estimated value of the losses of Enel and Enelpower from the seizure of assets and the pledge of bank guarantees). Enel's guarantee was issued on March 30, 2016. Albania BEG Ambient Shpk did not issue its counter-guarantee.

On April 4, 2016, Albania BEG Ambient Shpk appealed the ruling of February 9, 2016 before the Court of Cassation in the Netherlands, which in a ruling of June 23, 2017, denied the appeal of Albania BEG Ambient Shpk, definitively deciding the revocation of the preliminary injunctions.

At the end of July 2014, Albania BEG Ambient Shpk filed suit with the Court of Amsterdam to render the ruling of the Albanian court enforceable in the Netherlands. On June 29, 2016, the court filed its judgment, which: (i) ruled that the Albanian ruling meet the requirements for recognition and enforcement in the Netherlands; (ii) ordered Enel and Enelpower to pay €433,091,870.00 to Albania BEG Ambient Shpk, in addition to costs and ancillary charges of €60,673.78; and (iii) denied Albania BEG Ambient Shpk's request to declare the ruling provisionally enforceable. On July 14, 2016, Albania BEG Ambient Shpk filed an appeal for a precautionary seizure on the basis of the Court of Amsterdam's decision of June 29, 2016 in the amount of €440 million with a number of entities and the seizure of the shares of three companies controlled by Enel SpA in the Netherlands. Enel appealed and in a ruling of August 26, 2016, the Court of Amsterdam decided that the precautionary measures issued in 2014 and 2016 would be revoked if Albania BEG Ambient Shpk did not provide a bank guarantee of €7 million to Enel and Enelpower by October 21, 2016. Albania BEG Ambient Shpk did not provide the guarantee and, accordingly, the seizures of the assets of Enel and Enelpower in the Netherlands were revoked and no longer effective as from October 21, 2016. Albania BEG Ambient Shpk appealed the decision of August 26, 2016 but the proceeding was suspended under an agreement between the parties pending the ruling of the Dutch Court of Cassation in the proceeding over the precautionary measures (which was then issued on June 23, 2017). The appeal against the decision of August 26, 2016 therefore remains suspended in the absence of a specific request by one of the parties. The suspension has had no impact on the fact that the seizures of assets in the Netherlands have not been in effect since October 2016.

On June 29, 2016, Enel and Enelpower filed appeals against the ruling of the Court of Amsterdam issued on the same date. The appeal has full de novo effect. The Court of Appeal will re-examine the entire subject of the dispute. Accordingly, Enel and Enelpower will be able to present their defense in its entirety. On September 27, 2016, Albania BEG Ambient also appealed the court's ruling of June 29, 2016, to request the reversal of its partial loss on the merits. On April 11, 2017, the Amsterdam Court of Appeal granted the request of Enel and Enelpower to join to two pending appeals.

On January 29, 2018, oral arguments in the appellate proceeding were held, following which the Court allowed

Enel and Enelpower to place in evidence the decision with which the Tribunal de Grande Instance of Paris denied exequatur of the Albanian ruling in France. The decision of the Amsterdam Court of Appeal will be issued on July 17, 2018.

Ireland

Albania BEG Ambient Shpk also filed suit in Ireland to render the ruling of the Court of Tirana enforceable in this country. The High Court issued a ruling on March 8, 2016 upholding the defense of Enel and Enelpower, finding that the country had no jurisdiction. On March 31, 2017, Albania BEG Ambient Shpk filed an expedited appeal against the ruling of March 8, 2016 finding that Ireland had no jurisdiction. Enel and Enelpower responded to the appeal filing on April 7, 2017.
In a ruling of February 26, 2018, the Irish court denied the appeal of Albania BEG Ambient Shpk.

Luxembourg

In Luxembourg, again at the initiative of Albania BEG Ambient Shpk, JP Morgan Bank Luxembourg SA was also served with an order for the precautionary attachment of any receivables of Enel SpA. In parallel Albania BEG Ambient Shpk filed a claim to obtain enforcement of the ruling of the Court of Tirana in that country. The proceeding is still under way and briefs are being exchanged between the parties. No ruling has been issued.

Violations of Legislative Decree 231/2001

On July 14, 2017, Enel Green Power SpA received notice of charges brought before the Court of Ancona for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons. The proceeding was begun for the alleged commission by an agent of the company, in the company's interest, of the offence of destruction of a natural habitat in a protected area. The case has been joined with a separate proceeding involving the same agent and two other defendants for the same alleged offences. The court has set the dates for hearings of the witnesses.

CIEN litigation - Brazil

In 1998 the Brazilian company CIEN (now Enel CIEN) signed an agreement with Tractebel for the delivery of electricity from Argentina through its Argentina-Brazil interconnection line. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense. CIEN cited force majeure as a result of the Argentine crisis as the main argument in its defense. Out of court, Tractebel has indicated that it plans to acquire 30% of the interconnection line involved in the dispute. In March 2014, the court granted CIEN's motion to suspend the proceedings in view of the existence of other litigation pending between the parties. The amount involved in the dispute is estimated at about R$118 million (about €27 million), plus unspecified damages. For analogous reasons, in May 2010 Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about R$520 million (about €121 million), in addition to unspecified damages. In alleging non-performance by CIEN, Furnas is also seeking to acquire ownership (in this case 70%) of the interconnection line. CIEN's defense is similar to the earlier case. The claims put forth by Furnas were rejected by the trial court in August 2014. Furnas lodged an appeal against the latter decision, while CIEN also lodged an appeal and the proceeding is under way.

Cibran litigation - Brazil

Companhia Brasileira de Antibióticos ("Cibran") has filed six suits against Enel Distribución Rio (formerly Ampla) to obtain damages for alleged losses incurred as a result of the interruption of electricity service by the Brazilian distribution company between 1987 and 2002, in addition to non-pecuniary damages. The Court ordered a unified technical appraisal for those cases, the findings of which were partly unfavorable to Enel Distribución Rio. The latter challenged the findings, asking for a new study, which led to the denial of part of Cibran's petitions. Cibran subsequently appealed the decision and the ruling was in favor of Enel Distribución Rio.
The first suit, filed in 1999 and regarding the years from 1994 to 1999, was adjudicated in September 2014 when the court of first instance issued a ruling against Enel Distribución Rio, levying a penalty of about R$200,000 (about

€46,000) as well as other damages to be quantified at a later stage. Enel Distribución Rio appealed the ruling and the appeal was upheld by the Tribunal de Justiça. In response, on December 16, 2016, Cibran filed an appeal (recurso especial) before the Superior Tribunal de Justiça, and the proceeding is under way.
With regard to the second case, filed in 2006 and regarding the years from 1987 to 2002, on June 1, 2015, the courts issued a ruling ordering Enel Distribución Rio to pay R$80,000 (about €18,000) in non-pecuniary damages as well as R$96,465,103 (about €22 million) in pecuniary damages, plus interest. On July 8, 2015 Enel Distribución Rio appealed the decision with the Tribunal de Justiça of Rio de Janeiro and the parties are awaiting a ruling.
Decisions are still pending with regard to the remaining four suits. The value of all the disputes is estimated at about R$445 million (about €124 million).

Coperva litigation - Brazil

As part of the project to expand the grid in rural areas of Brazil, in 1982 Enel Distribución Ceará SA (formerly Coelce), then owned by the Brazilian government and now an Enel Group company, had entered into contracts for the use of the grids of a number of cooperatives established specifically to pursue the expansion project. The contracts provided for the payment of a monthly fee by Enel Distribución Ceará SA, which was also required to maintain the networks.
Those contracts, between cooperatives established in special circumstances and the then public-sector company, do not specifically identify the grids governed by the agreements, which has prompted a number of the cooperatives to sue Enel Distribución Ceará SA asking for, among other things, a revision of the fees agreed in the contracts. These actions include the suit filed by Cooperativa de Eletrificação Rural do V do Acarau Ltda ("Coperva") with a value of about R$203 million (about €56 million). Enel Distribución Ceará SA was granted rulings in its favor from the trial court and the court of appeal, but Coperva filed a further appeal (*Embargo de Aclaración*), which was denied in a ruling of January 11, 2016. Coperva lodged an extraordinary appeal before the Superior Tribunal de Justiça on February 3, 2016. The proceedings are currently under way.

Enel Distribuição Goiás AGM - Brazil

In 1993, Enel Distribuição Goiás, the Association of Municipalities of Goiás (AGM), the State of Goiás and the Bank of Goiás reached an agreement (*convenio*) for the payment of municipal debts to Enel Distribuição Goiás through the transfer of the portion of ICMS - *Imposto sobre Circulação de Mercadorias e Serviços* (VAT) that the State would have transferred to those governments. In 2001 the parties to the agreement were sued by the individual municipal governments to obtain a ruling that the agreement was invalid, a position then upheld by the Supreme Federal Court on the grounds of the non-participation of the local governments themselves in the agreement process. In September 2004, Enel Distribuição Goiás reached a settlement with 23 municipalities. Between 2007 and 2008, Enel Distribuição Goiás was again sued on numerous occasions (there are currently 113 pending suits) seeking the restitution of amounts paid under the agreement. Despite the ruling that the agreement was void, Enel Distribuição Goiás argues that the payment of the debts on the part of the local governments is legitimate, as electricity was supplied in accordance with the supply contracts and, accordingly, the claims for restitution of amounts paid should be denied. The total value of the suits is equal to about R$1 billion (about €277 million).
It is important to note that, as part of the privatization of Enel Distribuição Goiás, a tax relief mechanism was introduced that allows Enel Distribuição Goiás to offset its ICMS (VAT) liability with a tax credit in respect of investments by Enel Distribuição Goiás in the development and maintenance of its grid. The value of the tax credits is limited to the liabilities of Enel Distribuição Goiás accrued until January 27, 2015, including those referred to in the litigation.

El Quimbo - Colombia

A number of legal actions (*"acciones de grupo"* and *"acciones populares"*) brought by residents and fishermen in the affected area are pending with regard to the El Quimbo project for the construction of a 400 MW hydroelectric plant in the region of Huila (Colombia). More specifically, the first *acción de grupo*, currently in the preliminary stage, was brought by around 1,140 residents of the municipality of Garzón, who claim that the construction of the plant would reduce their business revenue by 30%. A second action was brought, between August 2011 and December 2012, by residents and businesses/associations of five municipalities of Huila claiming damages related to the closing of a bridge (Paso El Colegio). With regard to *acciones populares*, or class action lawsuits, in 2008 a suit was filed by a number of residents of the area demanding, among other things, that the environmental permit be suspended. Another *acción popular* was brought by a number of fish farming companies over the alleged impact that filling the El Quimbo basin would have on fishing in the Betania basin downstream from Quimbo. In February 2015, the Court ordered the precautionary suspension of filling operations until a number of specific requirements have been met.

The precautionary suspension was subsequently modified to permit filling to proceed, which began on June 30, 2015. However, on July 17, 2015 Emgesa received a notice modifying the precautionary measure to prohibit generation activities until ANLA (the national environmental authority) certifies that the company removed the biomass and forest waste from the El Quimbo reservoir basin.

Pending the ruling, as an energy emergency has been declared, the Ministry of Energy issued a decree authorizing Emgesa to begin generation. On December 16, 2015, the Constitutional Court ruled that the Presidential Decree was unconstitutional and as from that date Emgesa suspended electricity generation.

On December 24, 2015, the Ministerio de Minas y Energía and the AUNAP (the authority for agriculture and fishing) filed a joint motion asking the criminal court to authorize generation as a precautionary measure. On January 8, 2016, the court granted the precautionary measure requested by the Ministry and the AUNAP, authorizing the temporary and immediate resumption of generation at El Quimbo. The precautionary measure granted by the court would remain in force until the Huila court issued a ruling on the substance of the case, i.e. the revocation or upholding of the precautionary measure previously issued by the local administrative court.

With a decision of February 22, 2016, the Huila court issued a ruling allowing generation to continue for six months. The court ordered Emgesa to prepare a technical design that would ensure compliance with oxygen level requirements and to provide collateral of about 20,000,000,000 Colombian pesos (about €5.5 million). In a ruling of the Administrative Court of Huila of April 11, 2016 the temporary revocation of the precautionary injunction was upheld for a period of six months until October 16, 2016, which was subsequently extended for a further six months as from February 2017. Following the deadline for the suspension of the precautionary injunction in August 2017, in the absence of contrary court rulings the El Quimbo plant is continuing to generate electricity as the oxygenation system installed by Emgesa has so far demonstrated that it can maintain the oxygen levels required by the court. The proceeding is currently stalled as the court evaluates a proposed settlement between the parties, submitted on November 27, 2017, which has also been notified to the competent authorities. On January 24, 2018, the Court of Huila rejected the settlement agreement, a ruling that has been appealed by the parties.

Nivel de Tensión Uno proceedings - Colombia

This dispute involves an "*acción de grupo*" brought by Centro Médico de la Sabana hospital and other parties against Codensa seeking restitution of allegedly excess rates. The action is based upon the alleged failure of Codensa to apply a subsidized rate that they claim the users should have paid as *Tensión Uno* category users (voltage of less than 1 kV) and owners of infrastructure, as established in Resolution 82/2002, as amended by Resolution 97/2008. The suit is at a preliminary stage. The estimated value of the proceeding is about 337 billion Colombian pesos (about €96 million).

Emgesa and Codensa arbitration proceedings - Colombia

On December 4, 2017, Enel Américas SA was notified by the Grupo Energía di Bogotá ("GEB") (which holds about 51.5% of Emgesa and Codensa) of the start of arbitration proceedings before the Arbitration Board of Bogotá to resolve the dispute between the parties concerning the distribution of net profit for 2016 for Emgesa and Codensa. GEB alleges that the "Framework Investment Agreement" (a shareholders' agreement) had been breached for the failure to distribute 100% of the profits.

GEB has filed a claim of about 63,619,000,000 Colombian pesos (about €18 million) for Codensa and 82,820,000,000 Colombian pesos (about €23 million) for Emgesa.

SAPE (formerly Electrica) arbitration proceedings - Romania

On April 20, 2016, SAPE submitted a request for arbitration before the International Chamber of Commerce in Paris in respect of Enel SpA and Enel Investment Holding BV concerning an alleged contractual breach for failure to distribute dividends from e-distribuţie Muntenia and Enel Energie Muntenia. In September 2016, SAPE modified its arbitration claims, suing Enel Energie Muntenia and e-distribuţie Muntenia as well and revising its monetary claim to about €56 million. On May 22, 2017, SAPE again modified its claim, quantifying it in the amount of about €110 million plus interest. The parties are exchanging briefs.

Gabčíkovo dispute - Slovakia

Slovenské elektrárne ("SE") is involved in a number of cases before the national courts concerning the 720 MW Gabčíkovo hydroelectric plant, which is administered by Vodohospodárska Výsatavba Štátny Podnik ("VV") and whose operation and maintenance, as part of the privatization of SE in 2006, had been entrusted to SE for a period of 30 years under a management agreement (the VEG Operating Agreement).

Immediately after the closing of the privatization, the Public Procurement Office (PPO) filed suit with the Court of Bratislava seeking to void the VEG Operating Agreement on the basis of alleged violations of the regulations governing public tenders, qualifying the contract as a service contract and as such governed by those regulations. In November 2011 the trial court ruled in favor of SE, whereupon the PPO immediately appealed the decision.

In parallel with the PPO action, VV also filed a number of suits, asking in particular for the voidance of the VEG Operating Agreement.

On December 12, 2014, VV withdrew unilaterally from the VEG Operating Agreement, notifying its termination on March 9, 2015, for breach of contract. On March 9, 2015, the decision of the appeals court overturned the ruling of the trial court and voided the contract as part of the action pursued by the PPO. SE lodged an extraordinary appeal against that decision before the Supreme Court. At a hearing of June 29, 2016, the Supreme Court denied the appeal. SE then appealed the ruling to the Constitutional Court, which denied the appeal on January 18, 2017.

In addition, SE lodged a request for arbitration with the Vienna International Arbitral Centre (VIAC) under the VEG Indemnity Agreement. Under that accord, which had been signed as part of the privatization between the National Property Fund (now MH Manazment) of the Slovak Republic and SE, the latter is entitled to an indemnity in the event of the early termination of the VEG Operating Agreement for reasons not attributable to SE. The arbitration court rejected the objection that it did not have jurisdiction and the arbitration proceeding continued to examine the merits of the case, with a ruling on the amount involved being deferred to any subsequent proceeding. On June 30, 2017, the arbitration court issued its ruling denying the request of SE.

In parallel with the arbitration proceeding launched by SE, both VV and the National Property Fund (now MH Manazment) filed suits, currently pending, in the Slovakian courts to void the VEG Indemnity Agreement owing to the alleged connection of the latter with the VEG Operating Agreement. With regard to the proceeding brought by VV against SE, on September 27, 2017, a hearing was held before the Court of Bratislava in which the judge denied the request of the plaintiff for procedural reasons. In addition, at the local level, SE was sued by VV for alleged unjustified enrichment (estimated at about €360 million plus interest) for the period from 2006 to 2015. The exchange-of-briefs phase of the proceeding was held and on February 2, 2018 SE filed counter-claims for the proceedings concerning 2010, 2013 and 2014. Finally, in another proceeding before the Court of Bratislava, VV asked for SE to return the fee for the transfer from SE to VV of the technology assets of the Gabčíkovo plant as part of the privatization, with a value of about €43 million plus interest. The hearing was held on December 4, 2017 and the judge set a deadline for the exchange of further briefs between the parties.

Precautionary administrative proceeding and Chucas arbitration

PH Chucas SA ("Chucas") is a special purpose entity established by Enel Green Power Costa Rica SA after it won a tender organized in 2007 by the Instituto Costarricense de Electricidad ("ICE") for the construction of a 50 MW hydroelectric plant and the sale of the power generated by the plant to ICE under a build, operate and transfer contract ("BOT"). The agreement provides for Chucas to build and operate the plant for 20 years, before transferring it to ICE. Under the BOT contract, the plant should have entered service on September 26, 2014. For a number of reasons, including flooding, landslides and similar events, the project experienced cost overruns and delays, with a consequent delay in meeting the obligation to deliver electricity. In view of these developments, in 2012 and 2013 Chucas submitted an administrative petition to ICE to recover the higher costs incurred and obtain a postponement of the entry into service of the plant. ICE denied the petition in 2015 and in fact levied two fines of about $9 million (about €7 million) for the delays in entering service. Following the precautionary appeal of Chucas, payment of the fines was suspended. The plant entered service in December 2016.

In addition, as ICE had rejected the administrative petition, on May 27, 2015, under the provisions of the BOT contract, Chucas initiated an arbitration proceeding before the Cámara Costarricense-Norteamericana de Comercio (AMCHAM CICA) seeking reimbursement of the additional costs incurred to build the plant and as a result of the delays in completing the project as well as voidance of the fine levied by ICE. In a decision issued in December 2017, the arbitration board ruled in Chucas' favor, granting recognition of the additional costs in the amount of about $113 million (about €91 million) and legal costs and ruling that the fines should not be paid. ICE appealed the arbitration ruling in the local courts and the proceeding is in a preliminary stage.

In addition, on October 3, 2015, in consideration of the violation of a number of contractual obligations (including failure to meet the deadline to complete the works) on the part of FCC Construcción América SA and FCC Construcción SA (FCC) – which had been engaged to build some of the works for the hydroelectric plant – Chucas notified the parties that it was terminating the contract for breach, enforcing the guarantees issued to it. However, the guarantees have not yet been paid pending resolution of a precautionary proceeding initiated by FCC on October 27, 2015, at the International Court of Arbitration in Paris. In a filing of March 10, 2017, FCC requested a ruling that the contract had been terminated without cause and asked for damages of about $27 million (about €22 million). In a brief filed in May 2017, Chucas, in addition to asking for the plaintiff's claims to be denied, filed a counter-claim to obtain confirmation of termination of contract for non-performance, asking for damages of at least $38 million (about €30 million). The hearing was held in February 2018 and the exchange of final pleadings is under way.

Tax litigation in Brazil

Withholding tax - Enel Distribución Rio SA

In 1998, Enel Distribución Rio SA financed the acquisition of Enel Distribución Ceará SA with the issue of bonds in the amount of $350 million ("Fixed Rate Notes" - FRN) subscribed by its Panamanian subsidiary, which had been established to raise funds abroad. Under the special rules then in force, subject to maintaining the bond until 2008, the interest paid by Enel Distribución Rio SA to its subsidiary was not subject to withholding tax in Brazil.

However, the financial crisis of 1998 forced the Panamanian company to refinance itself with its Brazilian parent, which for that purpose obtained loans from local banks. The tax authorities considered this financing to be the equivalent of the early extinguishment of the bond, with the consequent loss of entitlement to the exemption from withholding tax.

In December 2005, Enel Distribución Rio SA carried out a spin-off that involved the transfer of the residual FRN debt and the associated rights and obligations.

On November 6, 2012, the Câmara Superior de Recursos Fiscais (the highest level of administrative courts) issued a ruling against Enel Distribución Rio SA, for which the company promptly asked that body for clarifications. On October 15, 2013, Enel Distribución Rio SA was notified of the denial of the request for clarification ("*Embargo de Declaración*"), thereby upholding the previous adverse decision. The company provided security for the debt and on June 27, 2014 continued litigation before the ordinary courts ("Tribunal de Justiça").

In December 2017, the court appointed an expert to examine the issue in greater detail in support of the future ruling.

The amount involved in the dispute at December 31, 2017 was about €312 million.

ICMS - Enel Distribución Rio SA and Enel Distribución Ceará SA

The States of Rio de Janeiro and Ceará issued a number of tax assessments against Enel Distribución Rio SA (for the years 1996-1999 and 2007-2014) and Enel Distribución Ceará (for the years 2003, 2004 and 2006-2011), challenging the deduction of ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*) in relation to the purchase of certain non-current assets. The companies challenged the assessments, arguing that they correctly deducted the tax and asserting that the assets, the purchase of which generated the ICMS, are intended for use in their electricity distribution activities. The companies are continuing to defend their actions at the various levels of adjudication.

The amount involved in the disputes totaled approximately €69 million at December 31, 2017.

Withholding tax - Endesa Brasil

On November 4, 2014, the Brazilian tax authorities issued an assessment against Endesa Brasil SA (now Enel Brasil SA) alleging the failure to apply withholding tax to payments of allegedly higher dividends to non-resident recipients.

More specifically, in 2009, Endesa Brasil, as a result of the first-time application of the IFRS-IAS, had cancelled goodwill, recognizing the effects in equity, on the basis of the correct application of the accounting standards it had adopted. The Brazilian tax authorities, however, asserted – during an audit – that the accounting treatment was incorrect and that the effects of the cancellation should have been recognized through profit or loss. As a result, the corresponding value (about €202 million) was reclassified as a payment of income to non-residents and, therefore, subject to withholding tax of 15%.

It should be noted that the accounting treatment adopted by the company was agreed with the external auditor and also confirmed by a specific legal opinion issued by a local firm specializing in corporate law.

On December 2, 2014, the company appealed the initial ruling, arguing that its accounting treatment was correct.

In July 2016, the dispute was ruled at first instance in favor of the tax authorities. Endesa Brasil will therefore appeal the decision to the second level of administrative jurisdiction.

The overall amount involved in the dispute at December 31, 2017 was about €69 million.

Tax litigation in Spain

Income taxes - Enel Green Power España SL

On June 7, 2017, the Spanish tax authorities issued a notice of assessment to Enel Green Power España SL, contesting the treatment of the merger of Enel Unión Fenosa Renovables SA ("EUFER") into Enel Green Power España SL in 2011 as a tax neutral transaction, asserting that the transaction had no valid economic reason.

On July 6, 2017, the company appealed the assessment at the first administrative level (Tribunal Económico-Administrativo Central - TEAC), defending the appropriateness of the tax treatment applied to the merger. During the proceeding, the company will provide all the supporting documentation demonstrating the synergies achieved as a result of the merger in order to prove the existence of a valid economic reason for the transaction.

The total value involved in the proceeding as at December 31, 2017 was about €88 million. This amount has been secured with bank guarantees to obtain a suspension of collection efforts.

50. Events after the reporting period

Issue of new Green Bond in Europe for €1,250 million

On January 9, 2018, Enel Finance International successfully placed its second Green Bond on the European market. It is reserved for institutional investors and is backed by a guarantee issued by Enel.
The issue amounts to a total of €1,250 million and provides for repayment in a single instalment at maturity on September 16, 2026 and the payment of a fixed-rate coupon equal to 1.125%, payable annually in arrears in the month of September as from September 2018. The issue price was set at 99.184% and the effective yield at maturity is equal to 1.225%.
The transaction has received orders amounting to approximately €3 billion, with the significant participation of Socially Responsible Investors ("SRI"), enabling the Enel Group to continue to diversify its investor base. The net proceeds of the issue – carried out under the "€35,000,000,000 Euro Medium-Term Notes Program" – will be used to finance and/or refinance, in whole or in part, the eligible green projects of the Enel Group identified and/or to be identified in accordance with the "Green Bond Principles" published by the International Capital Market Association (ICMA).

Enel confirmed in ECPI Sustainability Indices

On January 23, 2018, Enel was confirmed for the tenth time in the ECPI Sustainability Index series, which assess companies on the basis of their environmental, social and governance (ESG) performance. Enel's inclusion in the index is recognition of its clear long-term strategic view, sound operational management practices and positive work in tackling social and environmental needs. Enel's Spanish subsidiary Endesa has also been included in ECPI Indices.
Enel has been included in four of ECPI's Indices:
> ECPI Global Renewable Energy Equity Index, which selects the 40 highest ESG-rated companies active in the production or trading of energy from renewable sources;
> ECPI Global Climate Change Equity Index, which offers investors exposure to companies that are best placed to seize the opportunities presented by the challenge of climate change;
> ECPI Euro ESG Equity Index, which is composed of the 320 companies with the largest market capitalization in the Eurozone market that meet ECPI ESG criteria;
> ECPI World ESG Equity Index, a broad benchmark representative of developed market companies that meet ECPI ESG criteria.

The ECPI Index series provides an essential tool to analyze companies' risk and performance regarding their ESG-related activities and to assess the performance of sustainability-driven asset managers. The socially responsible criteria used to select the indices' constituents enable investors to express their interest in sustainability issues and to move them up the corporate agenda.

Memorandum of understanding with PwC

On January 25, 2018, Enel X and PwC signed a memorandum of understanding for the development of corporate electric mobility with a program of testing and experimental projects. The agreement has a term of about three years and provides for a preliminary phase of studies and analysis, followed by the implementation of pilot projects in the field.
The objective is to foster the sustainable development of the transport sector, in particular the business sector, exploiting the potential offered by electric mobility in terms of reducing atmospheric pollution and fleet management costs. The test will be carried out with the PwC fleet with the aim of overturning the idea that electric vehicles can only be used by private individuals and in urban areas. PwC will also provide Enel X with its expertise in the field of electric mobility and fleet management for the development of innovative solutions in managing corporate fleets. In fact, e-cars could easily become part of the corporate world, given that almost half of company vehicles travel less than 100 kilometers a day, well below the average range of electric models on the market. The agreement between Enel and PwC will therefore enable them to share their respective

know-how and spread the culture of electric cars in corporate fleets among the companies in the PwC network in Italy.

Agreement to supply power in Nevada

On January 25, 2018, Enel Green Power North America ("EGPNA") signed a Power Purchase Agreement (PPA) with Wynn Las Vegas whereby the resort, located on the world-famous Las Vegas Strip, will buy the energy produced by EGPNA's new 27 MW Wynn Solar Facility at Stillwater. The new solar project, currently under construction in Nevada, is expected to start production by the 1st Half of 2018.
The investment in the construction of the new, 160-acre solar PV facility amounts to approximately $40 million, in line with the investment outlined in Enel's current Strategic Plan. The total output that will be produced by the PV plant and sold under the PPA with the Las Vegas resort is expected to amount to over 43,900 MWh annually.

Yankee Bond Award 2017

On January 31, 2018, Enel was recognized by International Financing Review (IFR), a leading provider of global capital markets intelligence, with the 2017 Yankee Bond Award for its $5 billion triple-tranche bond issued in May 2017, which is the largest ever US bond issued by an Italian corporate.
IFR praised Enel for the outstanding execution and pricing of the deal, the company's first US dollar foray since 2013. The transaction followed a concerted marketing approach implemented over more than four years, during which Enel updated US investors on a regular basis, making them aware of the fundamental strengths of Enel's business.

Agreement for acquisition of Parques Eólicos Gestinver

On February 2, 2018 Enel Green Power España ("EGPE") signed an agreement to purchase 100% of Parques Eólicos Gestinver, a company that owns five wind plants in Galicia and Catalonia with a total capacity of about 132 MW, from the Spanish companies Elawan Energy and Genera Avante for a total price of €178 million.
Following the closing, which is scheduled to take place in the 1st Half of 2018 and subject to a series of normal conditions for this type of transaction, the installed capacity of EGPE in Spain will exceed 1,806 MW, of which 1,749 MW of wind power (about 8% of total installed wind capacity in Spain), 43 MW of mini-hydro and 14 MW from other renewable resources.

Partnership agreement in Canada

On February 7, 2018, Enel Green Power North America ("EGPNA") signed a partnership agreement with Alberta Investment Management Corporation under which the Group will sell 49% of the shares in the 115 MW Riverview Wind and the 30.6 MW Phase 2 of Castle Rock Ridge wind farms, both to be built in Alberta, Canada. The total price for the transaction, which will be paid upon closing of the deal, will be determined at commercial operation of the wind farm, which is expected by the end of 2019. Following the closing of the transaction, EGPNA will manage, operate and maintain both wind farms while retaining a 51% majority ownership of the interest in the projects.
Riverview Wind and Phase 2 of Castle Rock Ridge, which is an expansion of EGPNA's existing 76.2 MW Castle Rock Ridge wind farm, are both located in Pincher Creek, Alberta. The overall investment in the construction of the two wind farms, which are due to enter into service by the end of 2019, amounts to about $170 million. Once operational, the two facilities are expected to generate around 555 GWh per year, more than doubling the Group's capacity in Canada, which currently stands at more than 103 MW.
The two wind farms will supply their power and renewable energy credits to the Alberta Electric System Operator ("AESO") under two 20-year Renewable Energy Support Agreements that were awarded to Enel in December 2017 in the first tender under the Province's Renewable Electricity Program.

Contract to supply demand response services in Japan

On February 8, 2018, Enel X, acting through its US demand

response services company EnerNOC, was awarded the delivery of 165 MW of demand response resources in Japan following the completion of a tender for balancing reserves launched by a group of Japanese utilities.
As a result of this award, which confirms Enel as the largest independent demand response aggregator in Japan, the Group will nearly triple its virtual power plant in the Japanese market, reaching approximately 165 MW from the current 60 MW, equivalent to a market share of 17%, when the new programs begin in July 2018.

2018 Corporate Governance Award

On February 12, 2018, Ethical Boardroom, a leading specialized UK magazine, recognized Enel with the 2018 Corporate Governance Award for Europe in the "Utilities" industry sector. The magazine, which covers and analyzes global governance issues, praised Enel's sustainability standards and corporate governance best practices. Enel was nominated for the award by the magazine's readers, which include top executives from leading global listed companies and sustainability analysts from major institutional investors. Enel is the only Italian company in this year's Ethical Boardroom corporate governance awards edition.

Memorandum of understanding for sustainable mobility in the tourist industry in Italy

On February 15, 2018, Enel and the Ministry for Cultural Heritage signed a memorandum of understanding for the promotion and development of the use of electricity for sustainable mobility in the tourism sector.
The memorandum is a strategic lever for increasing public awareness of the benefits of electric mobility. It will also permit the creation of an institutional framework for subsequent commercial agreements with trade associations for the installation of electric charging infrastructure at tourist facilities and the launch of projects in the main tourist cities.
Enel, through Enel X, the Group company dedicated to the development of innovative products and services, will collaborate with trade associations and tourism industry bodies to install electric charging stations at tourist accommodations using tailored commercial solutions and on research and design for replicable solutions to be extended to other areas of the Italian peninsula.
Enel will also experiment with electric mobility systems in metropolitan areas and in the main tourist cities, including arrangements in partnership with other operators in the industry.

Fortaleza - Brazil

The company Petroleo Brasileiro SA ("Petrobras"), the gas supplier for the Fortaleza plant (Central Geradora Termelétrica Fortaleza - "CGTF") in Brazil, announced its intention to terminate the contract between the parties on the basis of an alleged economic-financial imbalance in consideration of current market conditions. The contract was signed in 2003 as part of the "Thermoelectric priority program" established by the Brazilian government to increase thermal generation and enhance supply security in the country. The program provided for the Brazilian State to be the guarantor of the supply of gas at regulated prices determined by the Ministry of Finance, Mines and Energy.
CGTF, in order to guarantee electricity security in Brazil, started legal action against Petrobras and at the end of 2017 obtained a precautionary injunction from the courts that suspended the termination of the contract, which was declared to be still in effect.
At the end of January 2018, CGTF received the arbitration request from Petrobras concerning the disputes described above and this proceeding is in the preliminary stages.
Subsequently, on February 27, 2018, the court decided to extinguish the action initiated by CFTG before the ordinary courts and, consequently, to revoke the precautionary injunction that had allowed the supply of gas.
CGTF has challenged this last decision in order to restore the gas supply, confident that the court recognizes Petrobras' obligation to perform the contract.

Construction of new wind farm in the United States

Enel, acting through its US renewable energy company Enel Green Power North America, has started construction of Diamond Vista wind farm, which will have an installed capacity of around 300 MW and will be located in Marion and Dickinson Counties, in Kansas. Once completed, Diamond Vista will further secure Enel's position as the largest wind operator in the state with some 1,400 MW of operational wind capacity.

The Diamond Vista wind project will sell its power to three large customers, including the global manufacturing company Kohler Co.

The planned investment in the construction of Diamond Vista amounts to about $400 million and is part of the investment outlined in the Enel Group's current Strategic Plan. The project is financed through the Enel Group's own resources. The project is expected to enter into service by the end of 2018 and, once fully operational, will be able to generate around 1,300 GWh annually.

e-distribuzione wins tender of Ministry for Economic Development for the construction of smart grids

e-distribuzione has won a national call for tenders for electricity infrastructure for the construction of smart grids for the distribution of electricity in the less developed regions, for which the Ministry for Economic Development has allocated €80 million to the National Operational Programme (NOP) on "Enterprises and Competitiveness" 2014-2020.

The tender calls for the construction, upgrading, efficiency enhancement and strengthening of electricity distribution infrastructure, or smart grids, in order to directly increase the share of electricity demand met by distributed generation from renewables. To reach this goal, e-distribuzione was awarded all of the resources currently allocated by the Ministry for Economic Development to finance the initiative, with 21 projects admitted for funding (grants for 100% of costs) totaling €80 million, with two projects worth €7 million in Basilicata, seven projects worth €29 million in Campania and 12 projects worth €44 million in Sicily.

Seizure of Brindisi power station

With a measure issued on March 16, 2018, the Prosecutor's Office of Lecce confirmed the measure issued on December 18, 2017 and, as a result, ordered the enforcement of the precautionary seizure of €523.3 million by the Finance Police of Taranto.

The Finance Police notified that measure on March 19, 2018, giving a time limit of March 21, 2018, for the identification/opening of a current account with a bank recognized by the *Fondo Unico di Giustizia* (Single Justice Fund).

The company is complying with the order.

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial reports of the Enel Group

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial reports of the Enel Group at December 31, 2017, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Enel Group and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2017 and December 31, 2017.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that the consolidated financial statements of the Enel Group at December 31, 2017:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 2002/1606/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

4. Finally, we certify that the Report on operations, included in the Annual Report 2017 and accompanied by the consolidated financial statements of the Enel Group at December 31, 2017, contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

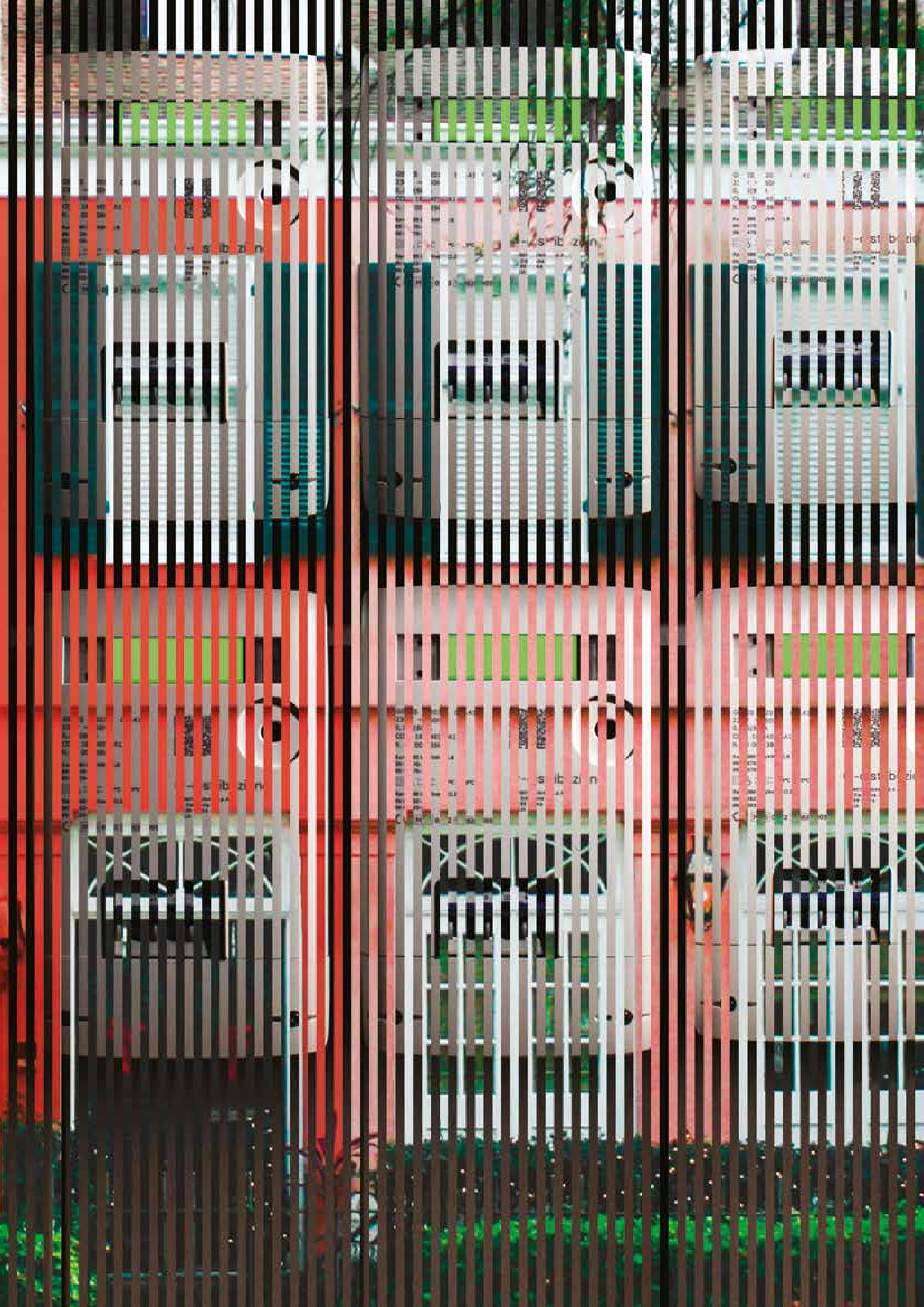
Rome, March 22, 2018

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation of the financial reports of Enel SpA

04

Financial statements of Enel SpA



Financial statements

Income statement

Euro	Notes	2017	*of which with related parties*	2016	*of which with related parties*
Revenue					
Revenue from services	4.a	119,973,169	*117,964,169*	196,643,777	*196,280,057*
Other revenue and income	4.b	12,536,313	*11,816,934*	9,861,498	*9,069,283*
	[Subtotal]	**132,509,482**		**206,505,275**	
Costs					
Purchases of consumables	5.a	527,618	*397,627*	584,840	
Services, leases and rentals	5.b	164,647,974	*83,362,136*	151,952,810	*77,696,819*
Personnel	5.c	173,833,672		166,399,594	
Depreciation, amortization and impairment losses	5.d	15,386,821		448,085,594	
Other operating expenses	5.e	19,640,692	*1,042,212*	16,599,951	*108,251*
	[Subtotal]	**374,036,777**		**783,622,789**	
Operating income		**(241,527,295)**		**(577,117,514)**	
Income from equity investments	6	3,032,755,082	*3,032,046,630*	2,882,499,648	*2,876,316,848*
Financial income from derivatives	7	2,682,999,217	*1,639,718,234*	2,786,671,950	*1,239,467,879*
Other financial income	8	409,494,784	*157,113,888*	556,019,345	*146,646,523*
Financial expense from derivatives	7	2,901,726,027	*835,546,371*	3,126,763,778	*466,545,748*
Other financial expense	8	872,053,419	*71,712,486*	979,163,840	*54,073,673*
	[Subtotal]	**2,351,469,637**		**2,119,263,325**	
Income before taxes		**2,109,942,342**		**1,542,145,811**	
Income taxes	9	(160,045,845)		(177,792,922)	
NET INCOME FOR THE YEAR		**2,269,988,187**		**1,719,938,733**	

Statement of comprehensive income

Euro	Notes	2017	2016
Net income for the year		**2,269,988,187**	**1,719,938,733**
Other comprehensive income recyclable to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		38,191,311	(98,254,561)
Income/(Loss) recognized directly in equity recyclable to profit or loss		**38,191,311**	**(98,254,561)**
Other comprehensive income not recyclable to profit or loss (net of taxes)			
Remeasurement of employee benefit liabilities		(5,419,377)	(11,273,042)
Income/(Loss) recognized directly in equity not recyclable to profit or loss		**(5,419,377)**	**(11,273,042)**
Income/(Loss) recognized directly in equity	22	**32,771,934**	**(109,527,603)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**2,302,760,121**	**1,610,411,130**

Balance sheet

Euro	Notes				
ASSETS		**at Dec. 31, 2017**		at Dec. 31, 2016	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	10,130,911		8,859,467	
Intangible assets	11	31,499,091		18,440,490	
Deferred tax assets	12	298,564,422		370,298,399	
Equity investments	13	42,811,272,440		42,793,374,282	
Derivatives	14	1,455,620,268	*911,987,785*	2,469,135,121	*953,412,489*
Other non-current financial assets	15	16,520,527		52,883,343	*26,612,507*
Other non-current assets	16	147,703,070	*138,750,969*	186,999,080	*153,765,974*
	[Total]	**44,771,310,729**		**45,899,990,182**	
Current assets					
Trade receivables	17	236,901,820	*228,047,369*	255,046,164	*247,815,639*
Income tax receivables	18	265,116,255		212,324,448	
Derivatives	14	111,187,134	*98,089,135*	480,063,926	*18,842,181*
Other current financial assets	19	4,350,254,731	*2,185,263,224*	4,220,574,127	*3,047,741,908*
Other current assets	20	451,717,926	*435,163,901*	298,790,729	*260,724,520*
Cash and cash equivalents	21	2,489,231,277		3,037,878,236	
	[Total]	**7,904,409,143**		**8,504,677,630**	
TOTAL ASSETS		**52,675,719,872**		**54,404,667,812**	

Euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2017**		at Dec. 31, 2016	
			of which with related parties		*of which with related parties*
Shareholders' equity					
Share capital		10,166,679,946		10,166,679,946	
Other reserves		11,442,355,799		11,409,583,162	
Retained earnings/(Loss carried forward)		4,424,283,417		4,534,347,074	
Net income for the year [1]		1,202,486,793		804,937,538	
TOTAL SHAREHOLDERS' EQUITY	22	**27,235,805,955**		**26,915,547,720**	
Non-current liabilities					
Long-term borrowings	23	10,780,028,411	*1,200,000,000*	13,664,164,147	*1,200,000,000*
Employee benefits	24	273,380,648		285,581,064	
Provisions for risks and charges	25	43,060,382		67,712,242	
Deferred tax liabilities	12	168,341,991		246,395,098	
Derivatives	14	2,270,128,975	*28,238,268*	3,082,463,484	*746,835,995*
Other non-current liabilities	26	11,486,594	*9,283,268*	35,665,460	*33,077,332*
	[Subtotal]	**13,546,427,001**		**17,381,981,495**	
Current liabilities					
Short-term borrowings	23	5,397,181,835	*4,896,380,309*	6,184,078,839	*4,267,908,087*
Current portion of long-term borrowings	23	3,653,698,811		973,290,366	
Trade payables	27	136,749,208	*73,724,909*	149,913,241	*68,088,313*
Derivatives	14	175,573,958	*13,057,571*	555,974,838	*464,162,608*
Other current financial liabilities	28	465,099,793	*28,593,746*	549,580,628	*81,565,385*
Other current liabilities	30	2,065,183,311	*428,216,349*	1,694,300,685	*543,742,274*
	[Subtotal]	**11,893,486,916**		**10,107,138,597**	
TOTAL LIABILITIES		**25,439,913,917**		**27,489,120,092**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**52,675,719,872**		**54,404,667,812**	

(1) For 2017, net income for the year of €2,270 million (€1,720 million in 2016) is reported net of the interim dividend of €1,068 million (€915 million in 2016).

Statement of changes in shareholders' equity

Euro	Share capital	Share premium reserve	Legal reserve	Reserve pursuant to Law 292/1993
	Share capital and reserves (Note 22)			
At January 1, 2016	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
Other changes	-	-	-	-
Allocation of 2015 net income:				
- distribution of dividends	-	-	-	-
- legal reserve	-	-	152,664,429	-
- retaining earnings	-	-	-	-
Capital increase	763,322,151	2,203,939,405	-	-
2016 interim dividend (1)	-	-	-	-
Comprehensive income for the year:				
- income/(loss) recognized directly in equity	-	-	-	-
- net income for the year	-	-	-	-
At December 31, 2016	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**
At January 1, 2017	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**
Other changes	-	-	-	-
Allocation of 2016 net income:				
- distribution of dividends	-	-	-	-
- legal reserve	-	-	-	-
- retaining earnings	-	-	-	-
Capital increase	-	-	-	-
2017 interim dividend (2)	-	-	-	-
Comprehensive income for the year:				
- income/(loss) recognized directly in equity	-	-	-	-
- net income for the year	-	-	-	-
Total at December 31, 2017	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**

(1) Approved by the Board of Directors on November 10, 2016 and paid as from January 25, 2017.
(2) Approved by the Board of Directors on November 8, 2017 and paid as from January 24, 2018.

Other sundry reserves	Reserve from remeasurement of net employee benefit plan liabilities/(assets)	Reserve from measurement of financial instruments	Retained earnings/(Loss carried forward)	Net income for the year	**Total shareholders' equity**
68,243,876	**(15,930,702)**	**(277,999,841)**	**5,303,025,796**	**1,010,654,499**	**24,879,544,140**
881	-	-	-	-	**881**
-	-	-	(813,334,396)	(813,334,396)	**(1,626,668,792)**
-	-	-	-	(152,664,429)	**-**
-	-	-	44,655,674	(44,655,674)	**-**
-	-	-	-	-	**2,967,261,556**
-	-	-	-	(915,001,195)	**(915,001,195)**
-	(11,273,042)	(98,254,561)	-	-	**(109,527,603)**
-	-	-	-	1,719,938,733	**1,719,938,733**
68,244,757	**(27,203,744)**	**(376,254,402)**	**4,534,347,074**	**804,937,538**	**26,915,547,720**
68,244,757	**(27,203,744)**	**(376,254,402)**	**4,534,347,074**	**804,937,538**	**26,915,547,720**
703	-	-	-	-	**703**
-	-	-	(203,333,599)	(711,667,596)	**(915,001,195)**
-	-	-	-	-	**-**
-	-	-	93,269,942	(93,269,942)	**-**
-	-	-	-	-	**-**
-	-	-	-	(1,067,501,394)	**(1,067,501,394)**
-	(5,419,377)	38,191,311	-	-	**32,771,934**
-	-	-	-	2,269,988,187	**2,269,988,187**
68,245,460	**(32,623,121)**	**(338,063,091)**	**4,424,283,417**	**1,202,486,793**	**27,235,805,955**

Statement of cash flows

Euro	Notes	2017	of which with related parties	2016	of which with related parties
Income before taxes		**2,109,942,342**		**1,542,145,811**	
Adjustments for:					
Amortization and impairment losses of intangible assets and property, plant and equipment	5.d	15,386,821		16,085,594	
Exchange rate adjustments of foreign currency assets and liabilities		(231,638,389)		(353,311,142)	
Accruals to provisions		37,912,889		23,768,717	
Dividends from subsidiaries, associates and other companies	6	(3,032,755,082)	*(3,032,046,630)*	(2,882,499,648)	*(2,876,316,848)*
Net financial (income)/expense		905,461,585	*(889,403,744)*	1,122,415,365	*(865,494,981)*
(Gains)/Losses from disposals and other non-monetary items		-		432,000,000	
Cash flows from operating activities before changes in net current assets		**(195,689,834)**		**(99,395,303)**	
Increase/(Decrease) in provisions		(74,765,165)		(15,363,660)	
(Increase)/Decrease in trade receivables	17	18,144,344	*19,768,270*	28,356,606	*29,925,376*
(Increase)/Decrease in other financial and non-financial assets/liabilities		886,354,164	*(1,526,661,213)*	1,404,233,678	*(522,698,024)*
Increase/(Decrease) in trade payables	27	(13,164,033)	*5,636,596*	(14,106,282)	*8,843,510*
Interest income and other financial income collected		1,134,440,570	*325,498,532*	1,047,226,510	*541,234,816*
Interest expense and other financial expense paid		(1,823,403,773)	*(716,621,016)*	(1,806,973,424)	*(365,049,730)*
Dividends from subsidiaries, associates and other companies	6	2,976,903,441	*2,976,194,989*	2,882,499,648	*2,876,316,848*
Income taxes paid (consolidated taxation mechanism)		(443,549,585)		(915,300,136)	
Cash flows from operating activities (a)		**2,465,270,129**		**2,511,177,637**	
Investments in property, plant and equipment and intangible assets	10-11	(29,716,867)	*(29,716,867)*	(22,087,927)	*(22,158,868)*
Investments in equity investments	13	(17,898,158)	*(17,898,158)*	(386,599,202)	*(386,599,202)*
Disposals of equity investments	13	-		-	
Cash flows from investing/disinvesting activities (b)		**(47,615,025)**		**(408,687,129)**	
Financial debt (new long-term borrowing)	23	989,235,387		50,000,000	
Financial debt (repayments)	23	(992,598,185)		(3,847,804,205)	
Net change in long-term financial payables/(receivables)		(2,854,462,654)	*(26,612,508)*	1,803,737,509	*44,836,206*
Net change in short-term financial payables/(receivables)		1,721,306,401	*1,511,596,115*	(1,358,393,143)	*1,409,771,529*
Dividends paid	22	(1,829,783,012)		(1,626,668,107)	
Increase in capital and reserves	22	-		(10,847,528)	
Cash flows from financing activities (c)		**(2,966,302,063)**		**(4,989,975,474)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(548,646,959)**		**(2,887,484,966)**	
Cash and cash equivalents at the beginning of the year	21	3,037,878,236		5,925,363,202	
Cash and cash equivalents at the end of the year	21	**2,489,231,277**		**3,037,878,236**	

Notes to the separate financial statements

1

Form and content of the financial statements

Enel SpA is a corporation (società per azioni) that operates in the electricity and gas sector and has its registered office in Viale Regina Margherita 137, Rome, Italy.
In its capacity as holding company, Enel SpA sets the strategic objectives for the Group and its subsidiaries and coordinates their activities. The activities that Enel SpA performs in respect of the other Group companies as part of its management and coordination function, including with regard to the company's organizational structure, can be summarized as follows:

> **Holding company functions**, associated with the coordination of governance processes at the Group level:
> - Administration, Finance and Control;
> - Human Resources and Organization;
> - Communications;
> - Legal and Corporate Affairs;
> - Innovation and Sustainability;
> - European Affairs;
> - Audit;

> **Global Business Line functions**, which are responsible for coordination and development of their business in all the geographical areas in which the Group operates:
> - Global Infrastructure and Networks;
> - Global Thermal Generation;
> - Global Renewable Energy;
> - Global Trading;
> - Global Enel X;

> **Global service functions**, which are responsible at the Group level for coordinating all information technology and purchasing activities:
> - Global Purchasing;
> - Global ICT.

Within the Group, Enel SpA meets liquidity requirements primarily through cash flows generated by ordinary operations and the use of a range of sources of funds, while managing any excess liquidity appropriately.
As the Parent Company, Enel SpA has prepared the consolidated financial statements of the Enel Group for the year ending December 31, 2017, which form an integral part of this Annual Report pursuant to Article 154-*ter*, paragraph 1, of the Consolidated Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998).

On March 22, 2018, the Board authorized the publication of these financial statements at December 31, 2017.
These financial statements have undergone statutory auditing by EY SpA.

Basis of presentation

The separate financial statements for the year ended December 31, 2017 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 2002/1606/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.
The financial statements consist of the income statement, the statement of comprehensive income, the balance sheet,

the statement of changes in shareholders' equity and the statement of cash flows and the related notes.

The assets and liabilities reported in the balance sheet are classified on a "current/non-current" basis with separate reporting of assets held for sale and liabilities included in disposal groups held for sale, if any. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the company or in the 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the company or within the 12 months following the close of the financial year.

The income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from any discontinued operations.

The indirect method is used for the statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations, if any.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the section "Accounting policies and measurement criteria" for the consolidated financial statements.

The financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS, as explained in the measurement bases applied to each individual item in the consolidated financial statements.

The financial statements are presented in euro, the functional currency of the company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.

The financial statements provide comparative information in respect of the previous period.

2

Accounting policies and measurement criteria

The accounting policies and measurement criteria are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, to which the reader should refer for more information, with the exception of those regarding equity investments in subsidiaries, associated companies and joint ventures.

Subsidiaries are all entities over which Enel SpA has control. The company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as having the concrete ability to direct the significant activities of the entity by virtue of the existence of substantive rights.

Associates comprise those entities in which Enel SpA has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.

Joint ventures are entities over which Enel SpA exercises joint control and has rights to the net assets of the entities. Joint control means sharing control of an arrangement, which only exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.

Equity investments in subsidiaries, associates and joint ventures are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost. Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.

In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

Dividends from equity investments are recognized in profit or loss when the shareholder's right to receive them is established.

Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Use of estimates and management judgments

The use of estimates and management judgements adopted in preparing the separate financial statements are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, which readers are invited to consult, with the exception of the measurement of equity investments, which is discussed below.

Recoverability of equity investments

The company assesses the presence of evidence of impairment of each equity investment at least once a year, consistent with its strategy for managing the legal entities within the Group. If such evidence is found, the assets involved undergo impairment testing. The processes and procedures for determining the recoverable value of each equity investment are based on assumptions that can be complex and whose nature requires management to use its judgment, especially as regards the identification of evidence of impairment, the forecasting of future profitability over the horizon of the Group business plan, the determination of the normalized cash flows underlying the estimation of terminal value and the determination of long-term growth rates and discount rates applied to forecasts of future cash flows.

3

Recent accounting standards

For information on recent accounting standards, please refer to the corresponding section of the notes to the consolidated financial statements.

As regards the application of the new standards "IFRS 9 - Financial instruments" and "IFRS 15 - Revenue from contracts with customers", the projects begun in 2016 to identify the impact of their adoption were completed in 2017.

Upon first-time application, the effects of the adoption of IFRS 9 associated with "Classification and measurement" and "Impairment" will be recognized in shareholders' equity at January 1, 2018, while the adoption of the "Hedge accounting" provisions is prospective, with the exception of the option of separating the currency basis spreads from the hedge relationship, which the Group opted to apply retrospectively.

On the basis of the analysis conducted, the adoption as from January 1, 2018 of IFRS 9 will produce, net of the associated tax effects, an immaterial reduction in shareholders' equity, mainly associated with the adoption of the expected loss model.

As regards the application of IFRS 15, no significant circumstances that would be impacted by the new provisions have emerged.

Information on the income statement

Revenue

4.a Revenue from services - *€120 million*

Revenue from services breaks down as follows.

Millions of euro

	2017	2016	Change
Services			
Group companies	118	197	(79)
Non-Group counterparties	2	-	2
Total revenue from services	**120**	**197**	**(77)**

Revenue from services, in the amount of €120 million, include €118 million for services provided to subsidiaries within the scope of the company's management and coordination functions and for the billing of costs of various nature incurred in relation to subsidiaries.
The overall decrease of €77 million was due mainly to the reduction in management and technical fees, which reflects a number of balancing payments related to financial years 2015 and 2016, as well as to application of the new remuneration model adopted by the Parent Company during the year.
Revenue from services breaks down by geographical area as follows:

> €75 million in Italy (€129 million in 2016);
> €25 million in the European Union (€46 million in 2016);
> €7 million in non-EU Europe (€13 million in 2016);
> €13 million in other countries (€9 million in 2016).

4.b Other revenue and income - *€13 million*

Other revenue and income, in the amount of €13 million in 2017, is essentially related to seconded personnel, both for the year under review and for the previous year, and increased by €3 million (€10 million in 2016).

Costs

5.a Purchases of consumables - *€1 million*

Purchases of consumables, in the amount of €1 million, remained unchanged from the previous year.

5.b Services, leases and rentals - *€165 million*

Costs for services, leases and rentals break down as follows.

Millions of euro

	2017	2016	Change
Services	149	135	14
Leases and rentals	16	17	(1)
Total services, leases and rentals	**165**	**152**	**13**

Costs for services, totaling €149 million, include costs for services provided by third parties in the amount of €79 million (€73 million in 2016) and costs for services provided by Group companies in the amount of €70 million (€62 million in 2016). More specifically, the €6 million increase in costs for services provided by third parties was mainly due both to the increase in costs incurred for strategic, management and organizational consulting and to greater costs for advertising, marketing, promotional and press materials, which were partially offset by the recognition of past items in 2017.

Costs for services provided by Group companies increased by €8 million due mainly to an increase in costs for IT services, personal services, and facility-management services provided by the subsidiary Enel Italia Srl (€4 million).

Costs for leases and rentals mainly concern costs for leasing assets from the subsidiary Enel Italia Srl and decreased by €1 million compared with the previous year.

5.c Personnel - *€174 million*

Personnel costs break down as follows.

Millions of euro

	Notes	**2017**	2016	Change
Wages and salaries		108	108	-
Social security costs		34	35	(1)
Post-employment benefits	24	9	7	2
Other long-term benefits	24	20	14	6
Other costs and other incentive plans	25	3	2	1
Total personnel costs		**174**	**166**	**8**

Personnel costs, in the amount of €174 million, increased by €8 million compared with 2016 due mainly to the increase in costs for other long term benefits (of which €5 million in long-term incentive plans) and post-employment benefits for defined benefit plans (€2 million).

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2017.

	Average number			Headcount
	2017	2016	Change	**at Dec. 31, 2017**
Managers	239	240	(1)	248
Middle managers	565	539	26	623
White collar	367	356	11	375
Total	**1,171**	**1,135**	**36**	**1,246**

5.d Depreciation, amortization and impairment losses - *€15 million*

Millions of euro

	2017	2016	Change
Depreciation	4	4	-
Amortization	11	12	(1)
Impairment losses	-	474	(474)
Reversals of impairment losses	-	42	(42)
Total depreciation, amortization and impairment losses	**15**	**448**	**(433)**

Depreciation, amortization and impairment losses, in the amount of €15 million (€448 million in 2016), decreased by €433 million compared with the previous year. In 2017, the aggregate was related solely to depreciation (€4 million) and amortization (€11 million), which remained essentially unchanged compared with the previous year.

In 2016, in addition to depreciation and amortization, the aggregate included the impairment loss on the investment in Enel Produzione SpA (€474 million) and the reversal of impairment on the investment in Enel Trade SpA (€42 million), which had been recognized based on the impairment tests conducted on the investments.

5.e Other operating expenses - *€20 million*

Other operating expenses, totaling €20 million, increased by €3 million compared with the previous year due essentially to an increase in entertainment expenses.

As a result, the **operating loss** came to €242 million, an improvement of €335 million compared with the previous year.

6. Income from equity investments - *€3,033 million*

Income from equity investments, in the amount of €3,033 million in 2017, represents dividends and advances on dividends approved by subsidiaries and associates in the amount of €3,032 million and by other shareholdings in the amount of €1 million. This is an increase of €151 million over the previous year due, in part, to the effect of advances on dividends approved by the subsidiaries Enel Américas and Enel Chile following the reorganization that involved the Group's businesses in South America.

Millions of euro

	2017	2016	Change
Dividends from subsidiaries and associates	**3,032**	**2,876**	**156**
Enel Produzione SpA	-	304	(304)
e-distribuzione SpA	1,448	1,610	(162)
Enel.Factor SpA	3	3	-
Enel Italia Srl	23	-	23
Enel Energia SpA	679	358	321
Servizio Elettrico Nazionale SpA	80	-	80
Enel Green Power SpA	50	50	-
Enel Iberia Srl	677	550	127
Enel Sole Srl	15	-	15
Enel Américas SA	25	-	25
Enel Chile SA	31	-	31
CESI SpA	1	1	-
Dividends from other companies	**1**	**6**	**(5)**
Emittenti Titoli SpA	-	6	(6)
Empresa Propietaria de la Red SA	1	-	1
Total income from equity investments	**3,033**	**2,882**	**151**

7. Net financial income/(expense) from derivatives - *€(219) million*

This item breaks down as follows.

Millions of euro

	2017	2016	Change
Income from derivatives:			
- on behalf of Group companies:	**2,533**	**2,515**	**18**
- income from derivatives at fair value through profit or loss	2,533	2,515	18
- on behalf of Enel SpA:	**150**	**272**	**(122)**
- income from fair value hedge derivatives	32	32	-
- income from cash flow hedge derivatives	108	158	(50)
- income from derivatives at fair value through profit or loss	10	82	(72)
Total income from derivatives	**2,683**	**2,787**	**(104)**
Expenses on derivatives:			
- on behalf of Group companies:	**2,523**	**2,520**	**3**
- expense on derivatives at fair value through profit or loss	2,523	2,520	3
- on behalf of Enel SpA:	**379**	**607**	**(228)**
- expense on fair value hedge derivatives	30	27	3
- expense on cash flow hedge derivatives	341	497	(156)
- expense on derivatives at fair value through profit or loss	8	83	(75)
Total expenses on derivatives	**2,902**	**3,127**	**(225)**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**(219)**	**(340)**	**121**

The net expense on derivatives totals €219 million (as compared with €340 million in 2016) and essentially represents the net expense on derivatives entered into on behalf of Enel SpA.

The improvement of €121 million compared with the previous year is essentially due to the decrease in net expense on cash flow hedge derivatives (€106 million), all of which were entered into on behalf of Enel SpA on both interest rates and exchange rates.

For more details on derivatives, see note 31 "Financial instruments" and note 33 "Derivatives and hedge accounting".

8. Other net financial income/(expense) - *€(462) million*

This item breaks down as follows.

Millions of euro

	2017	2016	Change
Other financial income			
Interest income			
Interest income on long-term financial assets	2	4	(2)
Interest income on short-term financial assets	30	42	(12)
Total	**32**	**46**	**(14)**
Positive exchange rate differences	238	398	(160)
Income on fair value hedges - post-hedge adjustment	13	8	5
Other	127	104	23
Total other financial income	**410**	**556**	**(146)**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	55	32	23
Interest expense on bonds	735	840	(105)
Interest expense on other borrowings	70	54	16
Total	**860**	**926**	**(66)**
Negative exchange rate differences	5	44	(39)
Interest expense on defined benefit plans and other long-term employee benefits	4	6	(2)
Other	3	3	-
Total other financial expense	**872**	**979**	**(107)**
TOTAL OTHER NET FINANCIAL INCOME/(EXPENSE)	**(462)**	**(423)**	**(39)**

Other net financial expense amounted to €462 million, mainly reflecting interest expense on borrowings in the amount of €860 million, which was partially offset by positive exchange rate differences in the amount of €238 million, interest income on short and long-term financial assets totaling €32 million, and other financial income on guarantees granted on behalf of Group companies in the amount of €124 million. The increase of €39 million in other net financial expense compared with 2016 was due mainly to the €160 million decrease in positive exchange rate differences on hedged loans in foreign currencies, which were affected by the trends in the euro against the dollar and the pound sterling. These effects were partially offset by the decrease in interest expense on bonds in the amount of €105 million.

9. Income taxes - *€(160) million*

Millions of euro

	2017	2016	Change
Current taxes	(162)	(184)	22
Deferred tax income	4	6	(2)
Deferred tax expense	(2)	-	(2)
Total taxes	**(160)**	**(178)**	**18**

Income taxes for 2017 showed a creditor position of €160 million, mainly as a result of the reduction in the tax base for the corporate income tax (IRES) compared with income before taxes due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code).

The €18 million difference compared with the previous year (when the creditor position was €178 million) is attributable to the increase in estimated taxable income.

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro

	2017	% rate	2016	% rate
Income before taxes	2,110		1,542	
Theoretical corporate income taxes (IRES)	**506**	**24.0%**	**424**	**27.5%**
Tax decreases:				
- dividends on equity investments, collected	(678)	-32.1%	(753)	-48.8%
- dividends from equity investments, not collected	(13)	-0.6%	-	-
- uses of provisions	(16)	-0.8%	(13)	-0.8%
- other	-	-	(7)	-0.5%
Tax increases:				
- writedowns/(writebacks) for the year	-	-	119	7.7%
- accruals to provisions	12	0.6%	7	0.5%
- prior-year expense	2	0.1%	3	0.2%
- other	23	1.1%	25	1.6%
Total current corporate income taxes (IRES)	**(164)**	**-7.8%**	**(195)**	**-12.6%**
IRAP	**-**	**-**	**-**	**-**
Difference on estimated income taxes from prior years	**-**	**-**	**11**	**0.7%**
Definitive withholdings on dividends from foreign shareholdings	**2**	**0.1%**	**-**	**-**
Total deferred tax items	**2**	**0.1%**	**6**	**0.4%**
- of which impact of change in tax rate	*-*		*1*	
- of which changes for the year	*4*		*5*	
- of which difference of prior-year estimates	*(2)*		*-*	
TOTAL INCOME TAXES	**(160)**	**-7.6%**	**(178)**	**-11.5%**

Information on the balance sheet

Assets

10. Property, plant and equipment - *€10 million*

Developments in property, plant and equipment for 2016 and 2017 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	**Total**
Cost	1	3	3	5	19	35	**66**
Accumulated depreciation	-	(2)	(3)	(5)	(18)	(31)	**(59)**
Balance at Dec. 31, 2015	**1**	**1**	**-**	**-**	**1**	**4**	**7**
Capital expenditure	-	-	-	-	1	5	**6**
Depreciation	-	-	-	-	(1)	(3)	**(4)**
Total changes	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Cost	1	3	3	5	20	40	**72**
Accumulated depreciation	-	(2)	(3)	(5)	(19)	(34)	**(63)**
Balance at Dec. 31, 2016	**1**	**1**	**-**	**-**	**1**	**6**	**9**
Capital expenditure	-	-	-	-	4	1	**5**
Depreciation	-	-	-	-	(1)	(3)	**(4)**
Total changes	**-**	**-**	**-**	**-**	**3**	**(2)**	**1**
Cost	1	3	3	5	24	41	**77**
Accumulated depreciation	-	(2)	(3)	(5)	(20)	(37)	**(67)**
Balance at Dec. 31, 2017	**1**	**1**	**-**	**-**	**4**	**4**	**10**

Property, plant and equipment totaled €10 million, an increase of €1 million compared with the previous year, essentially attributable to the positive net balance between capital expenditure during the year (€5 million) and depreciation for the same period (€4 million). Capital expenditure related to other assets refer to hardware systems, while leasehold improvements regard the renovation and redevelopment of a number of buildings housing Enel SpA's headquarters.

11. Intangible assets - *€31 million*

Intangible assets, all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	Total
Balance at Dec. 31, 2015	**14**	**-**	**14**
Investments	9	7	**16**
Assets entering service	-	-	**-**
Amortization	(12)	-	**(12)**
Total changes	**(3)**	**7**	**4**
Balance at Dec. 31, 2016	**11**	**7**	**18**
Investments	24	-	**24**
Assets entering service	7	(7)	**-**
Amortization	(11)	-	**(11)**
Total changes	**20**	**(7)**	**13**
Balance at Dec. 31, 2017	**31**	**-**	**31**

Industrial patents and intellectual property rights, in the amount of €31 million at December 31, 2017, relate mainly to costs incurred in purchasing software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average).

The amount of the item increased by €20 million as compared with the previous year, attributable to investments for the year amounting to €24 million and assets entering service in the amount of €7 million, which were partially offset by amortization for the year of €11 million. More specifically, investments concerned information-technology projects related to the evolution of software associated with existing systems and the development of new systems, while assets entering service refer mainly to the Evolution for Energy (E4E) project, which was undertaken at the global level to harmonize and integrate processes and systems to support the Global Business Lines and the Administration, Finance and Control, and Global Procurement functions, as well as other projects connected with the evolution of software associated with existing systems.

Other intangible assets under development had a zero balance as at December 31, 2017.

12. Deferred tax assets and liabilities - *€299 million and €168 million*

Changes in deferred tax assets and deferred tax liabilities, grouped by type of temporary difference, are shown below.

Millions of euro

	at Dec. 31, 2016	Increase/(Decrease) taken to income statement	Increase/(Decrease) taken to equity	Other changes	**at Dec. 31, 2017**
	Total				**Total**
Deferred tax assets					
Nature of temporary differences:					
- provisions for risks and charges and impairment losses	6	(1)	-	-	5
- derivatives	299	-	(69)	-	230
- costs for capital increase	2	-	-	-	2
- other items	63	(3)	2	-	62
Total deferred tax assets	**370**	**(4)**	**(67)**	**-**	**299**
Deferred tax liabilities					
Nature of temporary differences:					
- measurement of financial instruments	239	-	(76)	-	163
- other items	7	(2)	-	-	5
Total deferred tax liabilities	**246**	**(2)**	**(76)**	**-**	**168**
Excess net deferred IRES tax assets after any offsetting	**169**				**162**
Excess net deferred IRAP tax liabilities after any offsetting	**(45)**				**(31)**

Deferred tax assets totaled €299 million (€370 million at December 31, 2016), a decrease of €71 million compared with the previous year, which was due mainly to the recognition of deferred tax assets connected with the fair value measurement of cash flow hedge operations.
Deferred tax liabilities totaled €168 million (€246 million at December 31, 2016), a decrease of €78 million, due essentially to the recognition of deferred taxes on the fair value measurement of cash flow hedge financial instruments.

The amount of deferred tax assets and liabilities was determined by applying a rate of 24% for IRES. IRAP was applied only on deferred tax liabilities at a rate of 5.57% (taking account of the business conducted by the company). The amount of deferred tax assets was determined without applying IRAP as in the coming years we do not expect to earn income subject to IRAP sufficient to reverse the temporary deductible differences.

13. Equity investments - *€42,811 million*

The table below shows the changes during the year for each investment, with the corresponding values at the beginning and end of the year, as well as the list of investments held in subsidiaries, joint ventures, associates, and other companies.

Millions of euro	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding	Acquisitions/ (Disposals)/ (Liquidations)/ (Repayments)
					at Dec. 31, 2016	
A) Subsidiaries						
Enel Produzione SpA	4,892	(986)	4	3,910	100,0	-
Enel Ingegneria e Ricerca SpA	86	(84)	1	3	100,0	-
e-distribuzione SpA	4,054	-	2	4,056	100,0	-
Servizio Elettrico Nazionale SpA	110	-	-	110	100,0	-
Enel Trade SpA	1,401	(208)	1	1,194	100,0	-
Enel Green Power SpA	6,538	-	2	6,540	100,0	-
Enel X Srl	-	-	-	-	-	-
Enel Investment Holding BV	8,498	(4,473)	-	4,025	100,0	-
Enelpower SpA	189	(159)	-	30	100,0	-
Enel Global Thermal Generation Srl	-	-	-	-	-	-
Enel Energia SpA	1,321	(8)	-	1,313	100,0	-
Enel Iberia Srl	18,300	-	-	18,300	100,0	-
Enel South America Srl	-	-	-	-	-	
Enel.Factor SpA	18	-	-	18	100,0	-
Enel Sole Srl	5	-	-	5	100,0	-
Enel Italia Srl	525	(41)	3	487	100,0	-
Enel Innovation Hubs Srl	70	(54)	-	16	100,0	-
Enel M@p Srl	-	-	-	-	-	12
Enel Finance International NV	2,397	-	-	2,397	100,0	-
Tynemouth Energy Storage Limited	-	-	-	-	-	5
Enel Américas SA	-	-	-	-	-	-
Enel Chile SA	-	-	-	-	-	-
Total subsidiaries	**48,404**	**(6,013)**	**13**	**42,404**		**17**
B) Joint ventures						
OpEn Fiber SpA	365	-	-	365	50,0	-
Total joint ventures	**365**	**-**	**-**	**365**		**-**
C) Associates						
CESI SpA	23	-	-	23	42,7	-
Total associates	**23**	**-**	**-**	**23**		**-**
D) Other companies						
Empresa Propietaria de la Red SA	-	-	-	-	-	-
Red Centroamericana de Telecomunicaciones SA	-	-	-	-	-	-
Compañía de Transmisión del Mercosur SA	-	-	-	-	-	-
Elcogas SA	5	(5)	-	-	4,3	-
Emittenti Titoli SpA in liquidation	1	-	-	1	10,0	-
Idrosicilia SpA	-	-	-	-	1,0	-
Total other companies	**6**	**(5)**	**-**	**1**		**-**
TOTAL EQUITY INVESTMENTS	**48,798**	**(6,018)**	**13**	**42,793**		**17**

Formation/ Contributions (+/-)/ Demergers (+/-)/	Mergers (+/-)	Net change	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding
Changes in 2017							**at Dec. 31, 2017**
-	3	3	4,895	(986)	4	3,913	100.0
-	(3)	(3)	83	(84)	1	-	-
-	-	-	4,054	-	2	4,056	100.0
-	-	-	110	-	-	110	100.0
-	-	-	1,401	(208)	1	1,194	100.0
-	-	-	6,538	-	2	6,540	100.0
5	-	5	5	-	-	5	100.0
-	-	-	8,498	(4,473)	-	4,025	100.0
-	-	-	189	(159)	-	30	100.0
1	-	1	1	-	-	1	100.0
-	-	-	1,321	(8)	-	1,313	100.0
(4,587)	-	(4,587)	13,713	-	-	13,713	100.0
4,587	(4,587)	-	-	-	-	-	-
-	-	-	18	-	-	18	100.0
(5)	-	(5)	-	-	-	-	-
-	-	-	525	(41)	3	487	100.0
-	-	-	70	(54)	-	16	100.0
-	-	12	12	-	-	12	100.0
-	-	-	2,397	-	-	2,397	100.0
-	-	5	5	-	-	5	100.0
-	2,822	2,822	2,822	-	-	2,822	51.8
-	1,760	1,760	1,760	-	-	1,760	60.6
1	**(5)**	**13**	**48,417**	**(6,013)**	**13**	**42,417**	
-	-	-	365	-	-	365	50.0
-	**-**	**-**	**365**	**-**	**-**	**365**	
-	-	-	23	-	-	23	42.7
-	**-**	**-**	**23**	**-**	**-**	**23**	
-	5	5	5	-	-	5	11.1
-	-	-	-	-	-	-	11.1
-	-	-	-	-	-	-	-
-	-	-	5	(5)	-	-	4.3
-	-	-	1	-	-	1	10.0
-	-	-	-	-	-	-	1.0
-	**5**	**5**	**11**	**(5)**	**-**	**6**	
1	**-**	**18**	**48,816**	**(6,018)**	**13**	**42,811**	

The table below reports changes in equity investments in 2017.

Millions of euro

Increases	
Merger of Enel Ingegneria e Ricerca SpA into Enel Produzione SpA	3
Acquisition of the entire share capital of Tynemouth Energy Storage Limited	5
Formation of Enel eS Srl (renamed Enel X Srl) and subsequent assignment of the equity investment held by Enel SpA in Enel Sole Srl	5
Formation of Enel South America Srl by way of the partial cross-border, intra-European demerger of Enel Iberoamérica Srl (renamed Enel Iberia Srl)	4,587
Merger of Enel South America Srl into Enel SpA - Direct investment in Enel Américas SA	2,822
Merger of Enel South America Srl into Enel SpA - Direct investment in Enel Chile SA	1,760
Merger of Enel South America Srl into Enel SpA - Direct investment in Empresa Propietaria de la Red SA	5
Merger of Enel South America Srl into Enel SpA - Direct investment in Red Centroamericana de Telecomunicaciones SA	-
Merger of Enel South America Srl into Enel SpA - Direct investment in Compañía de Transmisión del Mercosur SA	-
Acquisition of the entire share capital of Enel M@p from e-distribuzione	12
Formation of Enel Global Thermal Generation Srl	1
Total increases	**9,200**
Decreases	
Merger of Enel Ingegneria e Ricerca SpA into Enel Produzione SpA	(3)
Assignment of the equity investment in Enel Sole Srl held by Enel SpA to Enel X Srl	(5)
Partial cross-border, intra-European demerger of Enel Iberoamérica Srl (renamed Enel Iberia Srl) in favor of the newly formed Enel South America Srl	(4,587)
Merger of Enel South America Srl into Enel SpA	(4,587)
Total decreases	**(9,182)**
NET CHANGE	**18**

In 2017, the value of investments in subsidiaries, joint ventures, associated and other companies increased by €18 million as a result of:

- the acquisition in May 2017, for €5 million (including a number of expected price adjustments), of the entire share capital of Tynemouth Energy Storage Limited from Element Power, a European company specialized in the development and operation of energy projects. The company holds a stand-alone project for a battery energy storage system (BESS) in Newcastle, England. The project, which is ready for construction, is to be carried out by Enel's Global Thermal Generation Division, will use lithium-ion batteries with a capacity of 25 MW (12.5 MWh), and is to be completed in early 2018;
- the formation, on June 5, 2017, of Enel eS Srl (subsequently renamed Enel X Srl) by paying in €50,000 of share capital held entirely by Enel SpA. This company, created in order to capitalize on the transformation of the energy industry, seeks to understand and meet the needs of Enel customers around the world, exploring opportunities in new technologies in order to develop innovative products focused on the needs of consumers and on digital, non-commodity solutions. The company will specifically focus on electric mobility, Vehicle-to-Grid projects, recharging infrastructures, energy efficiency management, batteries and energy-optimization platforms, public lighting, and distributed generation systems. To this end, on November 1, 2017, the Parent Company, Enel SpA, subscribed a capital increase in kind plus the share premium for a total value of €5 million (of which €1 million in share capital and €4 million in share premium) by assigning the entirety of the investment held in Enel Sole Srl;
- the acquisition, on November 16, 2017, of the entire sha-

re capital of Enel M@p Srl from e-distribuzione SpA for a payment of €12 million;

> the formation, on November 20, 2017, of Enel Global Thermal Generation Srl by subscribing and paying in the entire share capital in the amount of €1 million.

Other operations in 2017 did not result in changes in the overall value of the equity investments held by Enel SpA. Of particular note were the following:

> the merger of Enel Ingegneria e Ricerca SpA into Enel Produzione SpA effective on January 1, 2017;
> the formation, on June 8, 2017, of Enel South America Srl, an Italian company based in Rome (Viale Regina Margherita 137) established as a result of the partial cross-border, intra-European demerger of Enel Iberoamérica Srl (subsequently renamed Enel Iberia Srl) and wholly owned by Enel SpA;
> the merger of Enel South America Srl into Enel SpA in November 2017, effective retroactively for accounting and tax purposes to June 8, 2017, the date on which Enel South America Srl was listed with the Rome company register. Following this merger, conducted without the exchange of shares and so with no increase in capital for the surviving company, Enel SpA will be able to benefit from direct control of the Chilean companies Enel Américas SA and Enel Chile SA, which represent the lion's share of the Group's business in South America as a result of shorting the chain of control. The merger also resulted in Enel SpA holding an 11.11% direct investment in both Empresa Propietaria de la Red SA and Red Centroamericana de Telecomunicaciones SA, as well as a 0.0001% direct investment in Compañía de Transmisión del Mercosur SA.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena.

The following table reports the share capital and shareholders' equity of the investments in subsidiaries, joint ventures, associates and other companies at December 31, 2017.

	Head office	Currency	Share capital	Shareholders' equity (millions of euro)	Prior year income/(loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Produzione SpA	Rome	Euro	1,800,000,000	3,971	229	100.0	3,913
e-distribuzione SpA	Rome	Euro	2,600,000,000	4,454	1,332	100.0	4,056
Servizio Elettrico Nazionale SpA	Rome	Euro	10,000,000	210	101	100.0	110
Enel Trade SpA	Rome	Euro	90,885,000	527	(19)	100.0	1,194
Enel Green Power SpA	Rome	Euro	272,000,000	6,601	58	100.0	6,540
Enel X Srl	Rome	Euro	1,050,000	(8)	(13)	100.0	5
Enel Investment Holding BV	Amsterdam	Euro	1,593,050,000	3,282	140	100.0	4,025
Enelpower SpA	Milan	Euro	2,000,000	30	-	100.0	30
Enel Global Thermal Generation Srl	Rome	Euro	1,000,000	1	-	100.0	1
Enel Energia SpA	Rome	Euro	302,039	1,872	793	100.0	1,313
Enel Iberia Srl	Madrid	Euro	336,142,500	16,448	1,130	100.0	13,713
Enel.Factor SpA	Rome	Euro	12,500,000	52	3	100.0	18
Enel Italia Srl	Rome	Euro	50,000,000	400	16	100.0	487
Enel Innovation Hubs Srl	Rome	Euro	1,000,000	21	1	100.0	16
Enel M@p Srl	Rome	Euro	100,000	2	2	100.0	12
Enel Finance International NV	Amsterdam	Euro	1,478,810,371	1,863	(96)	100.0	2,397
Tynemouth Energy Storage Limited	London	Pound sterling	2	2	-	100.0	5
Enel Américas SA	Santiago	US dollar	6,763,204,424	5,813	1,072	51.8	2,822
Enel Chile SA	Santiago	Chilean peso	2,229,108,974,538	1,856	378	60.6	1,760
B) Joint ventures							
OpEn Fiber SpA	Milan	Euro	250,000,000	699	(11)	50.0	365
C) Associates							
CESI SpA	Milan	Euro	8,550,000	111	7	42.7	23
D) Other companies							
Empresa Propietaria de la Red SA	Panama	US dollar	58,500,000	105	5	11.1	5
Red Centroamericana de Telecomunicaciones SA	Panama	US dollar	2,700,000	1	-	11.1	-
Compañía de Transmisión del Mercosur SA	Buenos Aires	Argentine peso	14,012,000	(25)	(8)	-	-
Elcogas SA	Puertollano	Euro	809,690	(109)	3	4.3	-
Emittenti Titoli SpA in liquidation [1]	Milan	Euro	4,264,000	12	1	10.0	1
Idrosicilia SpA [1]	Milan	Euro	22,520,000	47	1	1.0	-

(1) The figures for share capital, shareholders' equity and net income refer to the financial statements at December 31, 2016.

The carrying amounts of the equity investments in Enel Investment Holding BV, Enel Trade SpA, Enel X Srl, Enel Italia Srl, Enel Finance International NV and Enel M@p Srl are considered to be recoverable even though they individually exceed the value of their respective shareholders' equity at December 31, 2017. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically:

> in the case of Enel Italia Srl, it is attributable to the retroactive application of "IAS 19 - Employee benefits" in 2013, which involved the recognition of net actuarial losses and the consequent impact on the companies' shareholders' equity. As these losses are not monetary in nature, they will be recovered in future years with no cash outflow for the subsidiary;
> in the cases of Enel Trade SpA, Enel Investment Holding BV, Enel M@p Srl and Enel X Srl, the negative difference between the carrying amount of the equity investments and their shareholders' equity represented a trigger event, following which an impairment testing exercise determined the equity value of the investments on the basis of expected future cash flows. The assumptions and models used for the assessments were consistent, to the extent compatible, with those used for impairment testing in the consolidated financial statements. The exercise found a larger value for the equity investments that was not reflected in book shareholders' equity, thereby confirming that the value of the equity investments was fully recoverable;
> in the case of Enel Finance International NV, it is attributable to the negative developments in the fair value of a number of items in shareholders' equity.

It should also be noted that these shareholdings have passed their related impairment tests.

Equity investments in other companies at December 31, 2017, all regard unlisted companies and are measured at cost, as the fair value cannot be reliably determined.
The investment in Elcogas was completely written off in 2014 and, since January 1, 2015, the company, in which Enel has a stake of 4.3%, has been in liquidation. The profit participation loan of €6 million granted in 2014 has also been written down to take account of accumulated losses.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016
Equity investments in unlisted companies measured at cost	**6**	**1**
Empresa Propietaria de la Red SA	5	-
Red Centroamericana de Telecomunicaciones SA	-	-
Compañía de Transmisión del Mercosur SA	-	-
Elcogas SA	-	-
Emittenti Titoli SpA in liquidation	1	1
Idrosicilia SpA	-	-

14. Derivatives - *€1,456 million, €111 million, €2,270 million, €176 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Derivative financial assets	1,456	2,469	111	480
Derivative financial liabilities	2,270	3,082	176	556

For more details about the nature, recognition and classification of derivative financial assets and liabilities, please see notes 31, "Financial instruments", and 33, "Derivatives and hedge accounting".

15. Other non-current financial assets - *€16 million*

The aggregate is composed of the following.

Millions of euro

	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	Change
Prepaid financial expense		10	21	(11)
Other non-current financial assets included in debt	15.1	6	32	(26)
Total		**16**	**53**	**(37)**

Prepaid financial expense refers to transaction costs on the new €10 billion revolving credit facility established on December 18, 2017, between Enel SpA, Enel Finance International, and Mediobanca following the closure of the existing credit facility established on April 10, 2010, and renegotiated in 2013 and 2015. The change of €11 million compared with the previous year reflects the difference between the residual costs on the credit facility that was closed in advance and the transaction costs for the new facility. Acquisition of the new, five-year credit facility has resulted in a general reduction in cost.

15.1 Other non-current financial assets included in debt - *€6 million*

Millions of euro

	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	Change
Financial receivables				
Due from subsidiaries	31.1.1	-	27	(27)
Other financial receivables		6	5	1
Total		**6**	**32**	**(26)**

Other non-current financial assets included in debt totaled €6 million as at December 31, 2017, and related solely to loans to employees.
The €26 million decrease compared with the previous year was due to the reduction in amounts due from subsidiaries, which only included the receivable resulting from Enel Italia Srl taking over its portion of financial debt.
In 2017, this receivable was reclassified among current financial assets.

16. Other non-current assets - *€148 million*

This item breaks down as follows.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Tax receivables	9	34	(25)
Receivable from subsidiaries for assumption of supplementary pension plan liabilities	139	154	(15)
Total	**148**	**188**	**(40)**

Tax receivables regard the tax credit in respect of the claim for reimbursement submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011 for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. The decrease of €25 million compared with the previous year was essentially due to the reimbursement by the Revenue Agency, both principal and interest, of the receivable related to 2011.

Receivable from subsidiaries for assumption of supplementary pension plan liabilities, in the amount of €139 million, refers to receivables in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned are to reimburse the costs of extinguishing defined benefit obligations of the Parent Company, which are recognized under employee benefits.
On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of these receivables from subsidiaries for assumption of supplementary pension plan liabilities came to €76 million (€90 million at December 31, 2016).

17. Trade receivables - *€237 million*

The item breaks down as follows.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Trade receivables:			
- due from subsidiaries	208	229	(21)
- due from non-Group customers	29	26	3
Total	**237**	**255**	**(18)**

Trade receivables, which totaled €237 million, consist of receivables due from subsidiaries (€208 million) and non-Group customers (€29 million).
Trade receivables due from subsidiaries primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. Compared with December 31, 2016, the decrease of €21 million reflects the trend in revenue related to these services.
Receivables from non-Group customers concern services of various nature and totaled €29 million, which is essentially unchanged from December 31, 2016.
Trade receivables due from subsidiaries break down as follows.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Subsidiaries			
Enel Iberia Srl	1	2	(1)
Enel Produzione SpA	13	16	(3)
e-distribuzione SpA	33	34	(1)
Enel Green Power SpA	3	16	(13)
Enel Américas SA	3	4	(1)
Endesa SA	4	-	4
Servizio Elettrico Nazionale SpA	1	4	(3)
Enel Trade SpA	1	4	(3)
Enel Energia SpA	1	10	(9)
Enel Italia Srl	18	9	9
Enel Green Power North America Inc.	1	1	-
Enel X Srl	2	-	2
Enel Russia PJSC	16	17	(1)
Endesa Distribución Eléctrica SL	27	36	(9)
Endesa Generación SA	10	20	(10)
Endesa Energía SA	4	5	(1)
Enel Romania Srl	4	4	-
Enel Brasil SA	25	13	12
Enel Distribución Perú SAA	6	5	1
Enel Generación Perú SAA	6	5	1
Unión Eléctrica de Canarias Generación SAU	3	5	(2)
Other	26	19	7
Total	**208**	**229**	**(21)**

Trade receivables by geographical area are shown below.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Italy	77	96	(19)
EU	97	103	(6)
Non-EU Europe	17	6	11
Other	46	50	(4)
Total	**237**	**255**	**(18)**

18. Income tax receivables - *€265 million*

Income tax receivables at December 31, 2017 amounted to €265 million and essentially regard the company's IRES credit for estimated current taxes (€165 million) and the receivable with respect to the consolidated IRES return for 2016 (€98 million).

19. Other current financial assets - *€4,350 million*

This item can be broken down as follows.

Millions of euro

	Notes	at Dec. 31, 2017	at Dec. 31, 2016	Change
Other current financial assets included in debt	19.1	4,085	3,912	173
Other sundry current financial assets		265	309	(44)
Total		**4,350**	**4,221**	**129**

19.1 Other current financial assets included in debt - *€4,085 million*

Millions of euro

	Notes	at Dec. 31, 2017	at Dec. 31, 2016	Change
Financial receivables due from Group companies:				
- short-term financial receivables (intercompany current accounts)	31.1.1	1,984	2,849	(865)
- current portion of receivables for assumption of loans	31.1.1	27	45	(18)
Financial receivables due from others:				
- current portion of long-term financial receivables		1	1	-
- other financial receivables		(1)	5	(6)
- cash collateral for margin agreements on OTC derivatives	31.1.1	2,074	1,012	1,062
Total		**4,085**	**3,912**	**173**

Other current financial assets included in debt, amounting to €4,085 million at December 31, 2017, refer to financial receivables due from Group companies (€2,011 million) and financial receivables due from others (€2,074 million).
Financial receivables due from Group companies decreased by €883 million compared with December 31, 2016, due to the decline in in short-term financial receivables due from Group companies on the intercompany current account (€865 million).
Financial receivables due from others increased by €1,056 million, essentially attributable to the increase in cash collateral paid to counterparties for over-the-counter derivatives on interest rates and exchange rates.

20. Other current assets - *€452 million*

At December 31, 2017, the item broke down as follows.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Tax receivables	10	34	(24)
Other receivables due from Group companies	435	261	174
Receivables due from others	7	4	3
Total	**452**	**299**	**153**

With respect to December 31, 2016, other current assets show an overall increase of €153 million.
Tax receivables amounted to €10 million, primarily including receivables with respect to prior-year income taxes (€8 million). The €24 million decrease compared with the previous year is essentially attributable to the VAT receivable (€27 million) recognized by the Group as at December 31, 2016 (now a payable balance of €90 million as at December 31, 2017).
Other receivables due from Group companies essentially regard VAT receivables in respect of participating in the Group VAT mechanism (€348 million), IRES receivables in respect of the Group companies participating in the consolidated taxation mechanism (€33 million), and receivables

for the interim dividend approved in 2017 by the subsidiaries Enel Américas SA and Enel Chile SA (€24 million and €28 million, respectively), which was collected in January 2018. The increase of €174 million compared with December 31, 2016 was essentially due to the greater VAT receivables in respect of participating in the Group VAT mechanism (€295 million), the aforementioned receivables for the interim dividends (totaling €52 million), and the reduction in intragroup receivables related to the Italian IRES tax consolidation (€175 million).

Receivables due from others, in the amount of €7 million as at December 31, 2107, were essentially in line with the figure for 2016 (€4 million).

21. Cash and cash equivalents - *€2,489 million*

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €4 million essentially in respect of deposits pledged to secure transactions carried out.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Bank and post office deposits	2,489	3,038	(549)
Cash and cash equivalents on hand	-	-	-
Total	**2,489**	**3,038**	**(549)**

Cash and cash equivalents amounted to €2,489 million, a decrease of €549 million compared with December 31, 2016, due to the impact of the redemption and repurchase of a number of bonds, new long-term bank borrowings, the payment of dividends during 2016 as approved by the Enel SpA shareholders on May 4, 2017, as well as normal operations connected with the central treasury function performed by the Parent Company.

Liabilities and equity

22. Shareholders' equity - *€27,236 million*

Shareholders' equity amounted to €27,236 million, up €320 million compared with December 31, 2016. The increase is attributable to net income for the year (€2,303 million), the distribution of the dividend for 2016 in the amount of €0.09 per share (for a total of €915 million), as approved by the shareholders on May 4, 2017, and the interim dividend for 2017 approved by the Board of Directors on November 8, 2017, and paid as from January 24, 2018 (€0.105 per share, for a total of €1,068 million).

Share capital - *€10,167 million*

At December 31, 2017, the share capital of Enel SpA amounted to €10,166,679,946 fully subscribed and paid up, represented by that same number of ordinary shares with a par value of €1.00 each. This figure for Enel SpA share capital is therefore unchanged compared with the €10,166,679,946 of December 31, 2016.

At December 31, 2017, based on the shareholder register and taking account of CONSOB's instructions to the company in accordance with Article 120 of Italian Legislative Decree 58 of February 24, 1998, and all other information available, the only shareholders with interests of greater than 3% in the company's share capital were the Italian Ministry of Economy and Finance (with a 23.585% stake) and BlackRock Inc. (with a 5.615% stake held through subsidiaries as of August 15, 2017, for the purposes of asset management).

Other reserves - *€11,443 million*

Share premium reserve - *€7,496 million*

The share premium reserve as at December 31, 2017 is unchanged compared with the previous year.

Legal reserve - *€2,034 million*

The legal reserve, equal to 20.0% of share capital, is unchanged compared with the previous year.

Reserve pursuant to Law 292/1993 - *€2,215 million*

The reserve shows the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.

In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Uniform Income Tax Code shall apply.

Other sundry reserves - *€68 million*

Other reserves include €19 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits. It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

Reserve from measurement of financial instruments - *€(338) million*

At December 31, 2017, the item was entirely represented by the reserve from measurement of cash flow hedge derivatives with a negative value of €338 million (net of the positive tax effect of €66 million).

Reserve from remeasurement of net employee benefit plan liabilities/(assets) - *€(32) million*

At December 31, 2017, the employee benefit plan reserve amounted to €32 million (net of the positive tax effect of €8 million). The reserve includes actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the new version of "IAS 19 - Employee benefits".

The table below provides a breakdown of changes in the reserve from measurement of financial instruments and the reserve from measurement of defined benefit plan liabilities/assets in 2016 and 2017.

Millions of euro		Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes		Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes	
	at Jan. 1, 2016				at Dec. 31, 2016				**at Dec. 31, 2017**
Reserve from measurement of cash flow hedge financial instruments	(277)	(479)	339	41	(376)	(201)	232	7	(338)
Reserve from remeasurement of net employee benefit plan liabilities/(assets)	(16)	(15)	-	4	(27)	(7)	-	2	(32)
Gains/(Losses) recognized directly in equity	**(293)**	**(494)**	**339**	**45**	**(403)**	**(208)**	**232**	**9**	**(370)**

Retained earnings/(Loss carried forward) - *€4,424 million*

For 2017, the item shows a decrease of €110 million, attributable to the resolution of the Shareholders' Meeting of May 4, 2017, which provided for the use of this reserve in the amount of €203 million for the distribution of dividends to shareholders and the allocation to retained earnings of part of the net income for 2016, equal to €93 million.

Net income for the year - *€1,202 million*

Net income for 2017, net of the interim dividend for 2017 of €0,105 per share (for a total of €1,068 million), amounted to €1,202 million.

The table below shows the availability of shareholders' equity for distribution.

Millions of euro

	at Dec. 31, 2017	Possible uses	Amount available
Share capital	**10,167**		
Capital reserves:			
- share premium reserve	7,496	ABC	7,496
Income reserves:			
- legal reserve	2,034	B	
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- reserve from measurement of financial instruments	(338)		
- reserve for capital grants	19	ABC	19
- stock option reserve	29	ABC	29 (1) (2)
- reserve from remeasurement of employee benefit plan liabilities	(32)		
- other	20	ABC	20
Retained earnings/(Loss carried forward)	4,424	ABC	4,424
Total	**26,034**		**14,203**
of which amount available for distribution			*14,200*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent Company to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5) of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development costs, or departures pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

Note that, in the three previous years, the available reserve denominated "retained earnings/(loss carried forward) has been used in the amount of €1,862 million for the distribution of dividends to shareholders.

Enel's goals in capital management are focused on the creation of value for shareholders, safeguarding the interests of stakeholders and ensuring business continuity, as well as on maintaining sufficient capitalization to ensure cost-effective access to outside sources of financing, so as to adequately support growth in the Group's business.

22.1 Dividends

The table below shows the dividends paid by the company in 2016 and 2017.

	Amount distributed (in millions of euro)	Net dividend per share (in euro)
Dividends paid in 2016		
Dividends for 2015	1,627	0.16
Interim dividend for 2016 (1)	-	-
Special dividends	-	-
Total dividends paid in 2016	**1,627**	**0.16**
Dividends paid in 2017		
Dividends for 2016	1,830	0.18
Interim dividend for 2017 (2)	-	-
Special dividends	-	-
Total dividends paid in 2017	**1,830**	**0.18**

(1) Approved by the Board of Directors on November 10, 2016, and paid as from January 25, 2017 (interim dividend per share of €0.09 for a total of €915 million).
(2) Approved by the Board of Directors on November 8, 2017, and paid as from January 24, 2018 (interim dividend per share of €0.105 for a total of €1,068 million).

The dividend for 2017, equal to €0.237 per share, amounting to a total of €2,410 million (of which €0.105 per share, for a total of €1,068 million, already paid as an interim dividend as from January 24, 2018), has been proposed to and resolved by the Shareholders' Meeting of May 24, 2018, at a single call. These financial statements do not reflect the effects of the distribution of this dividend for 2017 to shareholders, with the exception of liabilities due to shareholders for the 2017 interim dividend approved by the Board of Directors on November 8, 2017, and paid as from January 24, 2018.

22.2 Capital management

The company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2017.

To this end, the company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2017 and 2016 is summarized in the following table.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Non-current financial position	(10,780)	(13,664)	2,884
Net short-term financial position	(2,477)	(207)	(2,270)
Non-current financial receivables and long-term securities	6	32	(26)
Net financial debt	**(13,251)**	**(13,839)**	**588**
Shareholders' equity	**27,236**	**26,916**	**320**
Debt/equity ratio	**(0.49)**	**(0.51)**	**0.02**

23. Borrowings - *€10,780 million, €3,654 million, €5,397 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Long-term borrowings	10,780	13,664	3,654	973
Short-term borrowings	-	-	5,397	6,184

For more details about the nature, recognition and classification of borrowings, please see note 31, "Financial instruments".

24. Employee benefits - *€273 million*

The company provides its employees with a variety of benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses for achievement of seniority milestones, supplementary pension plans, supplementary healthcare plans, additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans.

The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled by law, by contract, or under other forms of employee incentive schemes. These obligations, in accordance with IAS 19, were determined using the projected unit credit method.

The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized at December 31, 2017, and December 31, 2016.

Millions of euro	**2017**					2016				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION										
Actuarial obligation at January 1	**222**	**-**	**40**	**24**	**286**	**230**	**-**	**37**	**24**	**291**
Current service cost	-	-	2	20	**22**	-	-	1	14	**15**
Interest expense	3	-	1	-	**4**	5	-	1	-	**6**
Actuarial (gains)/ losses arising from changes in demographic assumptions	-	-	-	-	**-**	1	-	(1)	-	**-**
Actuarial (gains)/losses arising from changes in financial assumptions	(1)	-	-	-	**(1)**	10	-	3	-	**13**
Experience adjustments	2	-	6	-	**8**	1	-	1	-	**2**
Other payments	(25)	-	(2)	(14)	**(41)**	(26)	-	(3)	(15)	**(44)**
Other changes	(1)	-	(2)	(2)	**(5)**	1	-	1	1	**3**
Actuarial obligation at December 31	**200**	**-**	**45**	**28**	**273**	**222**	**-**	**40**	**24**	**286**

Millions of euro

	2017	2016
(Gains)/Losses charged to profit or loss		
Service cost	22	15
Interest expense	4	6
(Gains)/Losses arising from settlements	-	-
Total	**26**	**21**

Millions of euro

	2017	2016
Remeasurement (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	7	15
Other changes	-	-
Total	**7**	**15**

The current service cost for employee benefits in 2017 amounted to €22 million, recognized under personnel costs (€15 million in 2015), while the interest cost from the accretion of the liability amounted to €4 million (€6 million in 2016).

The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2017	2016
Discount rate	0.20%-1.50%	0.30%-1.40%
Rate of wage increases	1.50%-3.50%	1.40%-3.40%
Rate of increase in healthcare costs	2.50%	2.40%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro

	An increase of 0.5% in discount rate	A decrease of 0.5% in discount rate	An increase of 0.5% in inflation rate	An increase of 0.5% in remuneration	An increase of 0.5% in pensions currently being paid	An increase of 1% in healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(3)	3	3	-	-	7	-

25. Provisions for risks and charges - *€43 million*

Provisions for risks and charges cover probable potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the company's favor and those for which any charge cannot be quantified with reasonable certainty. In determining the balance of the provision, we have taken account of both the charges that are expected to result from court judgments and other dispute settlements for the year and an update of the estimates for positions arising in previous years not related to the transferred business units.

The following table shows changes in provisions for risks and charges.

Millions of euro		Taken to income statement			Total	
		Accruals	Reversals	Utilization		
	at Dec. 31, 2016				**at Dec. 31, 2017**	
						of which current portion
Provision for litigation, risks and other charges:						
- litigation	12	1	(2)	-	11	*7*
- other	28	6	-	(23)	11	*8*
Total	**40**	**7**	**(2)**	**(23)**	**22**	***15***
Provision for early retirement incentives	28	-	-	(4)	21	*2*
TOTAL	**68**	**7**	**(2)**	**(27)**	**43**	***17***

The €1 million decrease in the provision for litigation reflects amounts released to the income statement following the settlement of a number of disputes, which were partially offset by new accruals for pending suits.
The provision covers disputes in Italy and essentially regards labor litigation (€8 million) and litigation concerning tender contracts (€2 million).
The decrease of €17 million in other provisions is the net effect of utilizations and accruals for the year and related to sundry risks.
The decrease of €7 million in the provision for early retirement incentives is essentially attributable to payments in 2017 of voluntary terminations under Article 4 of the Fornero Act, as well as to transfers of personnel from Enel SpA to other companies of the Group, which resulted in the intragroup transfer of the related portions of this provision.

26. Other non-current liabilities - *€12 million*

Other non-current liabilities amounted to €12 million (€36 million at December 31, 2016). They essentially regard the debt towards Group companies that initially arose following Enel SpA's application (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax receivables (note 16). The decrease of €24 million is essentially attributable to the payment to the consolidated companies of the reimbursement of the receivable for 2011 received from the Revenue Agency in 2017. The amount of the liability at December 31, 2017 reflects the updating of the interest accrued on the residual receivable.

27. Trade payables - *€137 million*

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Trade payables:			
- due to third parties	66	83	(17)
- due to Group companies	71	67	4
Total	**137**	**150**	**(13)**

Trade payables mainly include payables for the provision of services and other activities performed in 2017, and comprise payables due to third parties of €66 million (€83 million at December 31, 2016) and payables due to Group companies of €71 million (€67 million at December 31, 2016).
Trade payables due to subsidiaries at December 31, 2017, break down as follows.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Subsidiaries			
Enel Produzione SpA	1	1	-
e-distribuzione SpA	1	-	1
Enel Ingegneria e Ricerca SpA	-	1	(1)
Servizio Elettrico Nazionale SpA	-	1	(1)
Enel Trade SpA	1	1	-
Enel Green Power SpA	1	-	1
Enel Italia Srl	35	41	(6)
Enel Iberia Srl	21	10	11
Enel.Factor SpA	2	1	1
Endesa SA	3	2	1
Enel Russia PJSC	-	3	(3)
Other	6	6	-
Total	**71**	**67**	**4**

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Suppliers:			
Italy	99	119	(20)
EU	31	20	11
Non-EU Europe	4	7	(3)
Other	3	4	(1)
Total	**137**	**150**	**(13)**

28. Other current financial liabilities - *€465 million*

Other current financial liabilities mainly regard interest expense accrued on debt outstanding at year end.

Millions of euro

	Notes	at Dec. 31, 2017	at Dec. 31, 2016	Change
Deferred financial liabilities	31.2.1	450	501	(51)
Other items	31.2.1	15	49	(34)
Total		**465**	**550**	**(85)**

More specifically, deferred financial liabilities consist of interest expense accrued on financial debt, while the other items essentially include amounts due to Group companies that accrued as of December 31, 2017, but to be settled in the following year, comprising both financial expense on hedge derivatives on commodity exchange rates and interest expense on intercompany current accounts.

29. Net financial position and long-term financial receivables and securities - *€13,251 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the balance sheet.

Millions of euro

	Notes	at Dec. 31, 2017	at Dec. 31, 2016	Change
Long-term borrowings	23	10,780	13,664	(2,884)
Short-term borrowings	23	5,397	6,184	(787)
Current portion of long-term borrowings	23	3,654	973	2,681
Non-current financial assets included in debt	15.1	6	32	(26)
Current financial assets included in debt	19.1	4,085	3,912	173
Cash and cash equivalents	21	2,489	3,038	(549)
Total		**13,251**	**13,839**	**(588)**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2017, reconciled with net financial debt as reported in the Report on operations.

Millions of euro

	at Dec. 31, 2017		at Dec. 31, 2016		Change
		of which with related parties		*of which with related parties*	
Bank and post office deposits	2,489		3,038		(549)
Liquidity	**2,489**		**3,038**		**(549)**
Current financial receivables	**4,085**	*2,011*	**3,912**	*2,894*	**173**
Short-term bank debt	(245)		(810)		565
Short-term portion of long-term bank debt	(3,654)		(973)		(2,681)
Other short-term financial payables	(5,152)	*(4,896)*	(5,374)	*(4,268)*	222
Short-term financial debt	**(9,051)**		**(7,157)**		**(1,894)**
Net short-term financial position	**(2,477)**		**(207)**		**(2,270)**
Long-term bank debt	(1,039)		(50)		(989)
Bonds	(8,541)		(12,414)		3,873
Other long-term debt	(1,200)		(1,200)		-
Long-term borrowings	**(10,780)**		**(13,664)**		**2,884**
Non-current financial position	**(10,780)**		**(13,664)**		**2,884**
NET FINANCIAL POSITION as per CONSOB instructions	**(13,257)**		**(13,871)**		**614**
Long-term financial receivables	**6**	-	**32**	*27*	**(26)**
NET FINANCIAL DEBT	**(13,251)**		**(13,839)**		**588**

30. Other current liabilities - *€2,065 million*

Other current liabilities mainly concern payables due to tax authorities and to the Group companies participating in the consolidated IRES taxation mechanism and the Group VAT system, as well as the liability due to shareholders for the interim dividend for 2017 approved by the Enel SpA Board of Directors on November 8, 2017, and paid as from January 24, 2018 (€1,068 million in 2017 and €915 million in 2016).

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Tax payables	502	184	318
Payables due to Group companies	428	544	(116)
Payables due to employees, recreational/assistance associations	27	30	(3)
Payables due to social security institutions	12	12	-
Payables due to customers for security deposits and reimbursements	2	1	1
Other	1,094	923	171
Total	**2,065**	**1,694**	**371**

Tax payables amounted to €502 million and essentially regard amounts due to tax authorities for consolidated IRES (€405 million) and for Group VAT for the 4th Quarter of 2017 (€90 million). The increase of €318 million compared with the previous year was mainly due to the increase in taxes payable for consolidated IRES (€228 million) and for Group VAT (€90 million).

Payables due to Group companies amounted to €428 million. They essentially consist of €175 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€457 million at December 31, 2016) and €252 million in respect of Group VAT (€86 million at December 31, 2016). The decrease of €116 million reflects developments in the debtor positions noted above.

The item "Other", equal to €1,094 million, includes €1,068 million (€915 million at December 31, 2016) for the liability due to shareholders for the interim dividend to be paid as from January 24, 2018 (€0.105 per share for 2017 and €0.09 per share for 2016).

31. Financial instruments

31.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IAS 39, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	at Dec. 31, 2017	at Dec. 31, 2016	at Dec. 31, 2017	at Dec. 31, 2016
Loans and receivables	31.1.1	**16**	**53**	**7,076**	**7,514**
Financial assets available for sale	31.1.2	**6**	**1**	**-**	**-**
Financial assets at fair value through profit or loss					
Derivative financial assets at FVTPL	33	940	1,691	111	480
Total		**940**	**1,691**	**111**	**480**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivatives	33	501	751	-	-
Fair value hedge derivatives	33	15	27	-	-
Total		**516**	**778**	**-**	**-**
TOTAL		**1,478**	**2,523**	**7,187**	**7,994**

For more details on the recognition and classification of current and non-current derivative financial assets, please see note 33 "Derivatives and hedge accounting".

31.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	at Dec. 31, 2017	at Dec. 31, 2016	Notes	at Dec. 31, 2017	at Dec. 31, 2016
Cash and cash equivalents		**-**	**-**	21	**2,489**	**3,038**
Trade receivables		**-**	**-**	17	**237**	**255**
Financial receivables due from Group companies						
Receivables for assumption of share of financial debt	15.1	-	27		-	-
Receivables on intercompany current accounts		-	-	19.1	1,984	2,849
Current portion of receivables for assumption of loans	19.1	-	-		27	45
Other financial receivables		-	-		174	154
Total		**-**	**27**		**2,185**	**3,048**
Financial receivables due from others						
Current portion of long-term financial receivables		-	-		1	1
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	2,074	1,012
Other financial receivables		16	26		90	160
Total		**16**	**26**		**2,165**	**1,173**
TOTAL		**16**	**53**		**7,076**	**7,514**

The primary changes compared with 2016 regarded:

> a decrease in "Cash and cash equivalents" of €549 million, essentially attributable to the redemption and repurchase of a number of bonds, the payment of dividends

for 2016 and to the normal central treasury functions performed by Enel SpA;

> a decrease in "Financial receivables due from Group companies" totaling €863 million, largely reflecting the decrease in receivables on the intercompany current account held with Group companies (€865 million);

> an increase of "Financial receivables due from others" totaling €982 million, mainly as a result of an increase in cash collateral paid to counterparties for OTC derivatives transactions on interest rates and exchange rates (€1,062 million).

31.1.2 Financial assets available for sale

Financial assets available for sale amounted to €6 million (€1 million at December 31, 2016) and are represented by equity investments held by Enel SpA in Empresa Propietaria de la Red SA (€5 million), which was acquired in 2017 following the merger into Enel SpA of Enel South America Srl, and in Emittenti Titoli SpA (€1 million). Both investments are classified as "Equity investments in other entities" and carried at cost.

31.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IAS 39, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Financial liabilities measured at amortized cost	31.2.1	**10,780**	**13,664**	**9,653**	**7,857**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	33	943	1,703	176	556
Total		**943**	**1,703**	**176**	**556**
Derivative financial liabilities designated as hedging instruments					
Cash flow hedge derivatives	33	1,327	1,379	-	-
Total		**1,327**	**1,379**	**-**	**-**
TOTAL		**13,050**	**16,746**	**9,829**	**8,413**

For more details on the recognition and classification of current and non-current derivative financial liabilities, please see note 33 "Derivatives and hedge accounting".

For more details about fair value measurement, please see note 34 "Fair value measurement".

31.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016	Notes	**at Dec. 31, 2017**	at Dec. 31, 2016
Long-term borrowings	23	10,780	13,664		3,654	973
Short-term borrowings		-	-	23	5,397	6,184
Trade payables		-	-	27	137	150
Other current financial liabilities		-	-	28	465	550
Total		**10,780**	**13,664**		**9,653**	**7,857**

Borrowings

Long-term borrowings (including the portion falling due within 12 months) - *€14,434 million*

Long-term borrowings, which refer to bonds, bank borrowings and loans from Group companies, denominated in euros and other currencies, including the portion falling due within 12 months (equal to €3,654 million), amounted to €14,434 million at December 31, 2017.

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2017, including the portion falling due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
	at Dec. 31, 2017					at Dec. 31, 2016					Change
Bonds:											
- fixed rate	10,447	10,390	3,088	7,302	11,880	11,584	11,502	908	10,594	13,117	(1,112)
- floating rate	1,805	1,805	566	1,239	1,767	1,888	1,885	65	1,820	1,858	(80)
Total	**12,252**	**12,195**	**3,654**	**8,541**	**13,647**	**13,472**	**13,387**	**973**	**12,414**	**14,975**	**(1,192)**
Bank borrowings:											
- fixed rate	-	-	-	-	-	-	-	-	-	-	-
- floating rate	1,039	1,039	-	1,039	1,043	50	50	-	50	50	989
Total	**1,039**	**1,039**	**-**	**1,039**	**1,043**	**50**	**50**	**-**	**50**	**50**	**989**
Loans from Group companies:											
- fixed rate	1,200	1,200	-	1,200	1,540	1,200	1,200	-	1,200	1,575	-
- floating rate	-	-	-	-	-	-	-	-	-	-	-
Total	**1,200**	**1,200**	**-**	**1,200**	**1,540**	**1,200**	**1,200**	**-**	**1,200**	**1,575**	**-**
Total fixed-rate borrowings	**11,647**	**11,590**	**3,088**	**8,502**	**13,420**	**12,784**	**12,702**	**908**	**11,794**	**14,692**	**(1,112)**
Total floating-rate borrowings	**2,844**	**2,844**	**566**	**2,278**	**2,810**	**1,938**	**1,935**	**65**	**1,870**	**1,908**	**909**
TOTAL	**14,491**	**14,434**	**3,654**	**10,780**	**16,230**	**14,722**	**14,637**	**973**	**13,664**	**16,600**	**(203)**

The balance for bonds is reported net of €860 million in respect of the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which Enel SpA holds in its portfolio.

For more details about the maturity analysis of borrowings, please see note 32 "Risk management", while for more about fair value measurement inputs, please see note 34 "Fair value measurement".

The table below shows long-term borrowings by currency and interest rate.

Long-term borrowings by currency and interest rate

Millions of euro	Carrying amount		Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2016	**at Dec. 31, 2017**		**at Dec. 31, 2017**	
Euro	**11,113**	**10,939**	**10,961**	**4.6%**	**4.8%**
US dollar	1,168	1,218	1,232	7.7%	8.1%
Pound sterling	2,356	2,277	2,298	6.5%	6.7%
Total non-euro currencies	**3,524**	**3,495**	**3,530**		
TOTAL	**14,637**	**14,434**	**14,491**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	Repayments	New borrowing	Own bonds repurchased	Exchange differences	Nominal value
	at Dec. 31, 2016					**at Dec. 31, 2017**
Bonds	13,472	(974)	-	(19)	(227)	12,252
Bank borrowings	50	-	999	-	(10)	1,039
Loans from Group companies	1,200	-	-	-	-	1,200
Total	**14,722**	**(974)**	**999**	**(19)**	**(237)**	**14,491**

Compared with December 31, 2016, the nominal value of long-term debt decreased by €231 million, reflecting:

> the redemption of the residual portion amounting to €909 million of a bond issued in 2007 in the amount of €1,500 million, which was partially redeemed in 2016;
> the redemption of four tranches of INA and ANIA bonds in the total amount of €65 million;
> the repurchase of €19 million in own unlisted floating-rate bonds of the "Special series of bonds reserved for employees 1994-2019";
> the recognition of exchange gains of €237 million;
> new long-term bank borrowings totaling €999 million.

The table below reports the characteristics of the bank borrowings obtained in 2017.

New borrowings

Type of loan	**Counterparty**	**Issue date**	**Amount financed (millions of euro)**	**Currency**	**Interest rate (%)**	**Type of interest rate**	**Due date**
Bank borrowings	UBI Banca SpA	27.04.2017	150	€	EUR 3M + 37.5 bps	Floating rate	27.04.2020
Bank borrowings	UniCredit SpA	15.06.2017	450	€	EUR 6M + 33.5 bps	Floating rate	15.07.2020
Bank borrowings	UniCredit SpA	10.07.2017	200	€	EUR 6M + 20 bps	Floating rate	26.06.2021
Bank borrowings	Bank of America	10.07.2017	199	USD	Libor 3M + 71.8 bps	Floating rate	12.07.2021
Total			**999**				

In 2017 the following borrowings were obtained:

> a three-year loan from UBI Banca SpA amounting to €150 million;
> an additional drawing of €450 million on the financing obtained from UniCredit SpA the previous year, falling due in 2020 (at December 31, 2016, the line was drawn in the amount of €50 million);
> a new loan from UniCredit SpA amounting to €200 million and falling due in 2021;
> a loan denominated in US dollars from Bank of Ameri-

ca amounting to the equivalent of €199 million at the exchange rate at the time the loan was granted ($227 million) falling due in 2021.

The main long-term borrowings of Enel SpA are governed by covenants that are commonly adopted in international business practice. These borrowings are mainly represented by the bond issues carried out within the framework of the Global/Euro Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds, the Revolving Facility Agreement agreed on December 18, 2017 by Enel SpA and Enel Finance International NV with a pool of banks of up to €10 billion and the loans granted by UniCredit SpA.
The main covenants in respect of the bond issues in the Global/Euro Medium-Term Notes program of Enel SpA and Enel Finance International NV (including the Green Bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's eligible green projects) can be summarized as follows:

> negative pledge clauses under which the issuer and the guarantor may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets or revenue, to secure certain financial borrowings, unless the same restrictions are extended equally or pro rata to the bonds in question;

> pari passu clauses, under which bonds and the associated guarantees constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor, do not grant preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;

> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

The main covenants covering the hybrid bonds of Enel SpA can be summarized as follows:

> subordination clauses: each hybrid bond is subordinate to all other bonds of the issuer and has the same seniority as other hybrid financial instruments issued and greater seniority than equity instruments;

> prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Revolving Facility Agreement and the loan agreements between Enel SpA and UniCredit SpA are substantially similar and can be summarized as follows:

> negative pledge clauses, under which the borrower and, in some cases, significant subsidiaries may not establish mortgages, liens or other encumbrances on all or part of their respective assets to secure certain financial liabilities, with the exception of expressly permitted encumbrances;

> disposals clauses, under which the borrower and, in some cases, the subsidiaries of Enel may not dispose of their assets or a significant portion of their assets or operations, with the exception of expressly permitted disposals;

> pari passu clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;

> change of control clauses, which are triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;

> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

In 2017, Enel Finance International NV issued a number of bonds guaranteed by Enel SpA on the US market. Their main covenants are the same as those of the bonds issued under the Euro Medium-Term Notes program.
All the financial borrowings considered specify "events of default" typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.
None of the covenants indicated above has been triggered to date.

Finally, following the partial, non-proportional demerger of Enel Green Power SpA ("EGP") to Enel SpA, as from the final moment of March 31, 2016, certain balance sheet items and legal relationships of EGP were assigned to Enel SpA. The legal relationships included guarantees issued by EGP on behalf of its subsidiaries in respect of commitments assumed in loan transactions. Those guarantees and the associated loan contracts include certain covenants and "events of default", some borne by Enel SpA as the guarantor, typical of international business practice.

Debt structure after hedging

The following table shows the effect of the hedges of foreign currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro	**at Dec. 31, 2017**					at Dec. 31, 2016				
	Initial debt structure			**Hedged debt**	**Debt structure after hedging**	Initial debt structure			Hedged debt	Debt structure after hedging
	Carrying amount	Nominal amount	%			Carrying amount	Nominal amount	%		
Euro	10,939	10,961	75.6	3,530	14,491	11,113	11,153	75.8	3,569	14,722
US dollar	1,218	1,232	8.5	(1,232)	-	1,168	1,186	8.0	(1,186)	-
Pound sterling	2,277	2,298	15.9	(2,298)	-	2,356	2,383	16.2	(2,383)	-
Total	**14,434**	**14,491**	**100.0**	**-**	**14,491**	**14,637**	**14,722**	**100.0**	**-**	**14,722**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

Gross long-term debt

%

	at Dec. 31, 2017		at Dec. 31, 2016	
	Before hedging	**After hedging**	Before hedging	After hedging
Floating rate	19.6	24.2	13.2	17.7
Fixed rate	80.4	75.8	86.8	82.3
Total	**100.0**	**100.0**	**100.0**	**100.0**

Short-term borrowings - *€5,397 million*

The following table shows short-term borrowings at December 31, 2017, by nature.

Millions of euro	**at Dec. 31, 2017**	at Dec. 31, 2016	Change
Borrowings from non-Group counterparties			
Bank borrowings	120	808	(688)
Short-term bank borrowings (ordinary current account)	125	1	124
Cash collateral for CSAs on OTC derivatives received	256	1,107	(851)
Total	**501**	**1,916**	**(1,415)**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current account)	4,896	4,268	628
Total	**4,896**	**4,268**	**628**
TOTAL	**5,397**	**6,184**	**(787)**

Short-term borrowings amounted to €5,397 million (€6,184 million in 2016), down €787 million over the previous year, mainly due to:

> the €688 million decrease in liabilities to banks for short-term loans received;

> the €851 million decrease in cash collateral received

from counterparties for transactions in OTC derivatives on interest rates and exchange rates;

> the €628 million increase in "Short-term borrowings from Group companies" attributable to the deterioration in the debtor position on the intercompany current account held with subsidiaries.

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

31.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, broken down into non-current (€943 million) and current (€176 million) financial liabilities, refer solely to derivative financial liabilities.

31.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**
	Net gains/(losses)		*of which: impairment/reversal of impairment*
Available for sale financial assets	1	6	
Loans and receivables	2	-	*1*
Financial liabilities measured at amortized cost	(546)	(510)	

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives".

32. Risk management

32.1 Financial risk management objectives and policies

As part of its operations, the company is exposed to a variety of financial risks, notably market risks (including interest rate risk and exchange risk), credit risk and liquidity risk.

The financial risk governance arrangements adopted by Enel establish specific internal committees, composed of top management and chaired by the Chief Executive Officers of the companies involved, which are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies at the Group and individual Region, Country and Global Business Line levels that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.

The financial risk governance system also defines a system of operating limits at the Group and individual Region, Country and Global Business Line levels for each risk, which are monitored periodically by risk management units. For the Group, the system of limits constitutes a decision-making tool to achieve its objectives.

32.2 Market risks

Market risk is the risk that the value of financial and non-financial assets or liabilities and the associated expected cash flows could change owing to changes in market prices.

As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

Interest rate risk and exchange risk are primarily generated by the presence of financial instruments.

The main financial liabilities held by the company include bonds, bank borrowings, other borrowings, derivatives,

cash collateral for derivatives transactions and trade payables. The main purpose of those financial instruments is to finance the operations of the company.
The main financial assets held by the Group include financial receivables, derivatives, cash collateral for derivatives transactions, cash and short-term deposits and trade receivables.
For more details, please see note 31 "Financial instruments".
The source of exposure to interest rate risk and exchange risk did not change with respect to the previous year.

As the Parent Company, Enel SpA centralizes some treasury management functions and access to financial markets with regard to financial derivatives contracts on interest rates and exchange rates. As part of this activity, Enel SpA acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to markets risks for Enel SpA.

During 2017, no overshoots of the threshold values set by regulators for the activation of clearing obligations (EMIR – European Market Infrastructure Regulation – 648/2012 of the European Parliament) were detected.

The volume of transactions in financial derivatives outstanding at December 31, 2017, is reported below, with specification of the notional amount of each class of instrument.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price).
The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the company's credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk for the company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results.
This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.

The notional amount of outstanding contracts is reported below.

Millions of euro	Notional amount	
	at Dec. 31, 2017	at Dec. 31, 2016
Interest rate derivatives		
Interest rate swaps	20,599	22,377
Total	**20,599**	**22,377**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

The notional amount of open interest rate swaps at the end of the year was €20,599 million (€22,377 million at December 31, 2016), of which €1,329 million (essentially unchanged on December 31, 2016) in respect of hedges of the company's share of debt, and €9,635 million (€10,524 million at December 31, 2016) in respect of hedges of the debt of Group companies with the market intermediated in the same notional amount with those companies.

For more details on interest rate derivatives, please see note 33 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.
At December 31, 2017, 19.6% of gross long-term financial debt was floating rate (13.2% at December 31, 2016). Taking account of hedges of interest rates considered effective pursuant to the IAS 39, 75.8% of gross long-term financial debt was hedged at December 31, 2017 (82.3% at December 31, 2016). Including derivatives treated as hedges for management purposes but ineligible for hedge accounting, the ratio is essentially unchanged.

Interest rate risk sensitivity analysis

The company analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.
These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the company's profit before tax would be affected as follows.

Millions of euro

		at Dec. 31, 2017				at Dec. 31, 2016			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt in foreign currency	25	9	(9)	-	-	7	(7)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	6	(6)	-	-	7	(7)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	25	-	-	11	(11)	-	-	13	(13)
Fair value hedges	25	(2)	2	-	-	(5)	5	-	-

Exchange risk

Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For Enel SpA, the main source of exchange risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.
The exposure to exchange risk did not change with respect to the previous year.
For more details, please see note 31 "Financial instruments".
In order to minimize exposure to changes in exchange rates, the company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards).

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2017 and December 31, 2016, broken down by type of hedged item.

Millions of euro	Notional amount	
	at Dec. 31, 2017	at Dec. 31, 2016
Foreign exchange derivatives		
Currency forwards:	5,410	5,399
- hedging exchange risk on commodities	3,664	4,507
- hedging future cash flows	1,190	196
- other currency forwards	556	696
Cross currency interest rate swaps	15,527	22,668
Total	**20,937**	**28,067**

More specifically, these include:

- currency forward contracts with a total notional amount of €3,664 million (€4,507 million at December 31, 2016), of which €1,832 million to hedge the exchange risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
- currency forward contracts with a notional amount of €1,190 million (€196 million at December 31, 2016), to hedge the exchange risk associated with other expected cash flows in currencies other than the euro, of which €595 million in market transactions;
- currency forward contracts with a notional amount of €556 million (€696 million at December 31, 2016), to hedge the exchange rate risk on investment spending, of which €278 million in market transactions;
- cross currency interest rate swaps with a notional amount of €15,527 million (€22,668 million at December 31, 2016), to hedge the exchange risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 33 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 24.4% of gross medium and long-term debt (24.2% at December 31, 2016) is denominated in currencies other than the euro.
Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the currency of account or the functional currency of the company, the debt is fully hedged using cross currency interest rate swaps.

Exchange risk sensitivity analysis

The company analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.
These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.
With all other variables held constant, the profit before tax would be affected as follow.

Millions of euro

		at Dec. 31, 2017				at Dec. 31, 2016			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro
Change in financial expense on gross long-term floating-rate debt in foreign currency after hedging	10%	-	-	-	-	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	5	(6)	-	-	-	-	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	10%	-	-	(431)	526	-	-	(462)	564
Fair value hedges	10%	-	-	-	-	-	-	-	-

32.3 Credit risk

Credit risk is represented by the possibility of a deterioration in the creditworthiness of a counterparty in a financial transaction that could have an adverse impact on the creditor position. The company is exposed to credit risk from its financial activities, including transactions in derivatives (typically on financial or commodity underlyings), deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.
The sources of exposure to credit risk did not change with respect to the previous year.
The company's management of credit risk is based on the selection of counterparties from among leading Italian and international financial institutions with high credit standing considered solvent both by the market and on the basis of internal assessments, diversifying the exposure among them. Credit exposures and associated credit risk are regularly monitored by the departments responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's risks, which are also designed to ensure prompt identification of possible mitigation actions to be taken.
Within this general framework, Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

At December 31, 2017, the exposure to credit risk, represented by the carrying amount of financial assets net of related provisions for impairment as well as derivatives with a positive fair value, net of any cash collateral held, amounted to €8,392 million (€9,388 million at December 31, 2016). Of the total, €3,403 million regard receivables in respect of Group companies and €2,489 million regard cash and cash equivalents.

Millions of euro

	at Dec. 31, 2017		at Dec. 31, 2016		Change
		of which Group		*of which Group*	
Non-current financial receivables	-	-	27	*27*	(27)
Other non-current financial assets	5	-	5	-	-
Trade receivables	237	*208*	255	*229*	(18)
Current financial receivables	2,011	*2,011*	2,894	*2,894*	(883)
Other current financial assets	2,339	*174*	1,327	*154*	1,012
Financial derivatives	1,311	*1,010*	1,842	*973*	(531)
Cash and cash equivalents	2,489	-	3,038	-	(549)
Total	**8,392**	***3,403***	**9,388**	***4,277***	**(996)**

32.4 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

- ensuring an appropriate level of liquidity for the Group, minimizing the associated opportunity cost;
- maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile and diversifying funding sources in terms of instruments, markets/currencies and counterparties.

At December 31, 2017 Enel SpA had a total of about €2,489 million in cash or cash equivalents (€3,038 million at December 31, 2016), and committed lines of credit amounting to €5,800 million (of which none had been drawn) maturing in more than one year (€6,170 million at December 31, 2016).

Maturity analysis

The table below summarizes the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Millions of euro	Maturing in				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds:					
- fixed rate	2,498	590	1,867	1,999	3,436
- floating rate	500	66	229	235	775
Total	**2,998**	**656**	**2,096**	**2,234**	**4,211**
Bank borrowings:					
- fixed rate	-	-	-	-	-
- floating rate	-	-	-	1,039	-
Total	**-**	**-**	**-**	**1,039**	**-**
Loans from Group companies:					
- fixed rate	-	-	-	-	1,200
- floating rate	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**1,200**
TOTAL	**2,998**	**656**	**2,096**	**3,273**	**5,411**

32.5 Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the financial statements since the company does not plan to set-off assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro	at Dec. 31, 2017					
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Correlated amounts not set off in the balance sheet		
				(d)(i),(d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ (liabilities) set off in the balance sheet	Net amounts of financial assets/ (liabilities) presented in the balance sheet	Financial instruments	Net portion of financial assets/ (liabilities) guaranteed with cash collateral	Net amount of financial assets/ (liabilities)
FINANCIAL ASSETS						
Derivative financial assets:						
- on interest rate risk	420	-	420	-	(46)	374
- on exchange risk	1,147	-	1,147	-	(552)	595
Total derivative financial assets	**1,567**	**-**	**1,567**	**-**	**(598)**	**969**
TOTAL FINANCIAL ASSETS	**1,567**	**-**	**1,567**	**-**	**(598)**	**969**
FINANCIAL LIABILITIES						
Derivative financial liabilities:						
- on interest rate risk	(608)	-	(608)	-	608	-
- on exchange risk	(1,838)	-	(1,838)	-	1,808	(30)
Total derivative financial liabilities	**(2,446)**	**-**	**(2,446)**	**-**	**2,416**	**(30)**
TOTAL FINANCIAL LIABILITIES	**(2,446)**	**-**	**(2,446)**	**-**	**2,416**	**(30)**
TOTAL NET FINANCIAL ASSETS/(LIABILITIES)	**(879)**	**-**	**(879)**	**-**	**1,818**	**939**

33. Derivatives and hedge accounting

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	Change	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on exchange risk	2,327	2,517	501	751	(250)	-	-	-	-	-
Total cash flow hedges	**2,327**	**2,517**	**501**	**751**	**(250)**	**-**	**-**	**-**	**-**	**-**
Fair value hedges:										
- on interest rate risk	800	800	15	27	(12)	-	-	-	-	-
Total fair value hedges	**800**	**800**	**15**	**27**	**(12)**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	9,586	10,497	405	527	(122)	50	27	1	1	-
- on exchange risk	5,632	7,860	535	1,164	(629)	2,419	3,718	110	479	(369)
Total derivatives at FVTPL	**15,218**	**18,357**	**940**	**1,691**	**(751)**	**2,469**	**3,745**	**111**	**480**	**(369)**
TOTAL DERIVATIVE FINANCIAL ASSETS	**18,345**	**21,674**	**1,456**	**2,469**	**(1,013)**	**2,469**	**3,745**	**111**	**480**	**(369)**

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	Change	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	390	390	135	154	(19)	-	-	-	-	-
- on exchange risk	2,501	2,394	1,192	1,225	(33)	-	-	-	-	-
Total cash flow hedges	**2,891**	**2,784**	**1,327**	**1,379**	**(52)**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	9,624	10,535	408	530	(122)	150	127	66	74	(8)
- on exchange risk	5,632	7,860	535	1,173	(638)	2,425	3,718	110	482	(372)
Total derivatives at FVTPL	**15,256**	**18,395**	**943**	**1,703**	**(760)**	**2,575**	**3,845**	**176**	**556**	**(380)**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**18,147**	**21,179**	**2,270**	**3,082**	**(812)**	**2,575**	**3,845**	**176**	**556**	**(380)**

33.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract and are subsequently re-measured at their fair value.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

At the inception of the transaction, the company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The company also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the company designates derivatives as hedging instruments in one of the following hedge relationships:

- cash flow hedge derivatives in respect of the risk of: i) changes in the cash flows associated with long-term floating-rate debt; ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) changes in the price of fuels, non-energy commodities and services denominated in a foreign currency;
- fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;
- derivatives hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the company is exposed, please see note 32 "Risk management".

Cash flow hedges

Cash flow hedges are used in order to hedge the company's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting but the hedged item has not expired or been cancelled, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The company currently uses these hedge relationships to minimize the volatility of profit or loss.

Fair value hedges

Fair value hedges are used to protect the company against exposures to adverse changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss.

Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge is ineffective or no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The company currently makes use of such hedge relationships to seize opportunities associated with general developments in the yield curve.

Hedge of a net investment in a foreign operation (NIFO)

Hedges of net investments in foreign operations, with a functional currency other than the euro, are hedges of the impact of changes in exchange rates in respect of investments in foreign entities. The hedge instrument is a liability denominated in the same currency as the investment. The foreign exchange differences of the hedged item and the hedge are accumulated each year in equity until the disposal of the investment, at which time the foreign exchange differences are transferred to profit or loss.

The company does not currently hold any hedges of net investments in a foreign operation.

For more on the fair value measurement of derivatives, please see note 34 "Fair value measurement".

Hedge relationships by type of risk hedged

33.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2017 and December 31, 2016, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2017**		at Dec. 31, 2016	
Interest rate swaps	Floating-rate borrowings	(135)	390	(154)	390
Interest rate swaps	Fixed-rate borrowings	15	800	27	800
Total		**(120)**	**1,190**	**(127)**	**1,190**

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. More specifically, fair value hedge derivatives relate to the hedging of the part of the change in the fair value of a hybrid bond issued in September 2013 that is linked to changes in interest rates, hedged in the amount of €800 million, while the cash flow hedge derivatives refer to the hedging of certain floating-rate bonds issued since 2001.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2017 and December 31, 2016, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Cash flow hedge derivatives:	**-**	**-**	**-**	**-**	**390**	**390**	**(135)**	**(154)**
- interest rate swaps	-	-	-	-	390	390	(135)	(154)
Fair value hedge derivatives:	**800**	**800**	**15**	**27**	**-**	**-**	**-**	**-**
- interest rate swaps	800	800	15	27	-	-	-	-
Total interest rate derivatives	**800**	**800**	**15**	**27**	**390**	**390**	**(135)**	**(154)**

The notional amount of the interest rate swaps at December 31, 2017 came to €1,190 million (€1,190 million at December 31, 2016) with a corresponding negative fair value of €120 million (negative €127 million at December 31, 2016).

The improvement in the fair value of derivatives compared with the previous year is mainly attributable to the rise in the long-term segment of the yield curve over the course of 2017.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2017	2018	2019	2020	2021	2022	Beyond
Cash flow hedge derivatives on interest rates:							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	(135)	(15)	(14)	(13)	(13)	(12)	(83)

The following table shows the impact of cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects.

Millions of euro	**2017**	2016
Opening balance at January 1	**(110)**	**(87)**
Changes in fair value recognized in equity (OCI)	-	-
Changes in fair value recognized in profit or loss - recycling	12	(23)
Changes in fair value recognized in profit or loss - ineffective portion	-	-
Closing balance at December 31	**(98)**	**(110)**

Fair value hedge derivatives

The following table shows the cash flows expected in coming years from fair value hedge derivatives.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2017	2018	2019	2020	2021	2022	Beyond
Fair value hedge derivatives:							
- positive fair value	15	15	33	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

33.1.2 Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on exchange risk of transactions outstanding as at December 31, 2017 and December 31, 2016, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2017**		at Dec. 31, 2016	
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	(679)	4,639	(474)	4,911
Cross currency interest rate swaps (CCIRSs)	Floating-rate borrowings	(12)	189	-	-
Total		**(691)**	**4,828**	**(474)**	**4,911**

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies and floating-rate borrowing in US dollars obtained from Bank of America in 2017.

The following table shows the notional amount and the fair value of derivatives on exchange risk as at December 31, 2017 and December 31, 2016, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Cash flow hedge derivatives:	**2,327**	**2,517**	**501**	**751**	**2,501**	**2,394**	**(1,192)**	**(1,225)**
- forwards	-	-	-	-	-	-	-	-
- options	-	-	-	-	-	-	-	-
- cross currency interest rate swaps	2,327	2,517	501	751	2,501	2,394	(1,192)	(1,225)
Total foreign exchange derivatives	**2,327**	**2,517**	**501**	**751**	**2,501**	**2,394**	**(1,192)**	**(1,225)**

The notional amount of the cross current interest rate swaps at December 31, 2017 came to €4,828 million (€4,911 million at December 31, 2016) with a corresponding negative fair value of €691 million (a negative €474 million at December 31, 2016).

The change in the value of the notional amount and the associated fair value of derivatives mainly reflects the appreciation of the euro against the pound sterling and the US dollar, as well as a new hedge of exchange rates with a notional amount of €189 million.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2017	2018	2019	2020	2021	2022	Beyond
Cash flow hedge derivatives on exchange rates:							
- positive fair value	501	83	85	48	47	46	461
- negative fair value	(1,192)	(69)	(243)	(50)	(85)	(37)	(684)

The following table shows the impact of cash flow hedge derivatives on exchange risk on equity during the period, gross of tax effects.

Millions of euro	**2017**	2016
Opening balance at January 1	**(326)**	**(208)**
Changes in fair value recognized in equity (OCI)	-	-
Changes in fair value recognized in profit or loss - recycling	20	(118)
Changes in fair value recognized in profit or loss - ineffective portion	-	-
Closing balance at December 31	**(306)**	**(326)**

33.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2017 and December 31, 2016.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2017	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016	**at Dec. 31, 2017**	at Dec. 31, 2016
Derivatives at FVTPL on interest rates	**9,635**	**10,524**	**405**	**527**	**9,774**	**10,663**	**(473)**	**(604)**
Interest rate swaps	9,635	10,524	405	527	9,774	10,663	(473)	(604)
Derivatives at FVTPL on exchange rates	**8,052**	**11,577**	**645**	**1,644**	**8,057**	**11,577**	**(645)**	**(1,656)**
Forwards	2,702	2,699	123	158	2,708	2,699	(122)	(158)
Cross currency interest rate swaps	5,350	8,878	522	1,486	5,349	8,878	(523)	(1,498)
Total derivatives at FVTPL	**17,687**	**22,101**	**1,050**	**2,171**	**17,831**	**22,240**	**(1,118)**	**(2,260)**

At December 31, 2017, the notional amount of derivatives at fair value through profit or loss on interest rates and foreign exchange rates came to €35,518 million (€44,341 million at December 31, 2016) corresponding to a negative fair value of €68 million (a negative €89 million at December 31, 2016).

The decrease compared with the previous year in the notional amount of derivatives at fair value through profit or loss reflects €7,045 million from a decline in forex operations and a decrease of €1,778 million in the notional amount of interest rate swaps.

Interest rate swaps at the end of the year refer primarily to hedges of the debt of the Group companies with the market and intermediated in the same notional amount with those companies in the amount of €9,635 million. The overall notional amount shows a decline of €1,778 million on the previous year. More specifically, the decline of €889 million in the notional amount of interest rate swaps with the market is attributable to the closure of pre-hedge interest rate swaps in respect of the issue of a Green Bond of €1,000 million, interest rate swaps reaching their natural expiry date of €27 million, new interest rate swaps of €344 million and the decline of €206 million in the notional amount of amortizing interest rate swaps.

Compared with December 31, 2016, the overall change in the fair value (a positive €9 million) is largely connected with the rise in the long-term segment of the yield curve over the course of the year.

Forward contracts, with a notional amount of €2,702 million (€2,699 million at December 31, 2016), relate mainly to OTC derivatives entered into to mitigate the exchange risk associated with the prices of energy commodities within the provisioning process of Group companies and matched with market transactions. They also hedge the expected cash flows in currencies other than the currency of account connected with the acquisition of non-energy commodities and investment goods in the sectors of renewable energy sector and infrastructure and networks (new generation digital meters) and the expected cash flows in currencies other than the euro connected with operating expenses for the provision of cloud services. The change in the notional amount and the fair value as compared with the previous year is associated with normal operations.

Cross currency interest rate swaps, with a notional amount of €5,350 million (€8,878 million at December 31, 2016), relate to hedges of exchange risk on the debt of the Group companies denominated in currencies other than the euro and matched with market transactions. The decline in the notional amount of cross currency interest rate swaps of €3,528 million is mainly due to the early closure of cross currency interest rate swaps in the amount of €1,660 million in respect of the repurchase by Enel Finance International of its own bonds issued in US dollars and to cross currency interest rate swaps that expired naturally in the amount of €1,423 million. The value also reflects developments in the exchange rate of the euro against the other major currencies.

34. Fair value measurement

The company measures fair value in accordance with IFRS 13 whenever required by international accounting standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e. its current price, publicly available and effectively traded on an active, liquid market.

The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

> Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the company has access at the measurement date;

> Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

> Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant disclosures are provided in order to assess the following:

> for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition, the valuation techniques and inputs used to develop those measurements; and

> for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

For this purpose:

> recurring fair value measurements are those that IFRSs require or permit in the balance sheet at the end of each reporting period;

> non-recurring fair value measurements are those that IFRSs require or permit in the balance sheet in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the European Central Bank.

For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.

More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).

Amounts denominated in currencies other than the euro are converted into euros at the exchange rate provided by the European Central Bank.

The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the company's credit risk exposure.

For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

34.1 Assets measured at fair value in the balance sheet

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value at Dec. 31, 2017**	Level 1	Level 2	Level 3	**Fair value at Dec. 31, 2017**	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on exchange risk	33	501	-	501	-	-	-	-	-
Total		**501**	**-**	**501**	**-**	**-**	**-**	**-**	**-**
Fair value hedge derivatives:									
- on interest rate risk	33	15	-	15	-	-	-	-	-
Total		**15**	**-**	**15**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	405	-	405	-	1	-	1	-
- on exchange risk	33	535	-	535	-	110	-	110	-
Total		**940**	**-**	**940**	**-**	**111**	**-**	**111**	**-**
TOTAL		**1,456**	**-**	**1,456**	**-**	**111**	**-**	**111**	**-**

34.2 Liabilities measured at fair value in the balance sheet

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	**Fair value at Dec. 31, 2017**	Level 1	Level 2	Level 3	**Fair value at Dec. 31, 2017**	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	33	135	-	135	-	-	-	-	-
- on exchange risk	33	1,192	-	1,192	-	-	-	-	-
Total		**1,327**	**-**	**1,327**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	408	-	408	-	66	-	66	-
- on exchange risk	33	535	-	535	-	110	-	110	-
Total		**943**	**-**	**943**	**-**	**176**	**-**	**176**	**-**
TOTAL		**2,270**	**-**	**2,270**	**-**	**176**	**-**	**176**	**-**

34.3 Liabilities not measured at fair value in the balance sheet

The following table shows, for each class of liabilities not measured at fair value in the balance sheet but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Liabilities			
	Notes	**Fair value at Dec. 31, 2017**	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	31.2.1	11,880	11,880	-	-
- floating rate	31.2.1	1,767	572	1,195	-
Total		**13,647**	**12,452**	**1,195**	**-**
Bank borrowings:					
- fixed rate		-	-	-	-
- floating rate	31.2.1	1,043	-	1,043	-
Total		**1,043**	**-**	**1,043**	**-**
Loans from Group companies:					
- fixed rate	31.2.1	1,540	-	1,540	-
- floating rate		-	-	-	-
Total		**1,540**	**-**	**1,540**	**-**
TOTAL		**16,230**	**12,452**	**3,778**	**-**

35. Related parties

Related parties have been identified on the basis of the provisions of international accounting standards and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the company and are settled on an arm's length basis, i.e. on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed in accordance with procedural and substantive propriety.

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2017, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

The following tables summarize commercial, financial and other relationships between the company and related parties.

Commercial and other relationships

2017

Millions of euro	Receivables at Dec. 31, 2017	Payables at Dec. 31, 2017	Costs 2017 Goods	Costs 2017 Services	Revenue 2017 Goods	Revenue 2017 Services
Subsidiaries						
Codensa SA ESP	-	1	-	-	-	-
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Enel Generación Perú SAA	6	-	-	-	-	1
Enel Américas SA	27	-	-	-	-	2
Enel Chile SA	30	-	-	-	-	1
Enel Distribución Perú SAA	6	-	-	-	-	-
Enel Generación Piura SA	1	-	-	-	-	-
Enel Brasil SA	25	-	-	-	-	12
Enel X Srl	2	-	-	-	-	2
Endesa Distribución Eléctrica SL	27	1	-	-	-	6
Endesa Generación SA	10	-	-	1	-	2
Endesa Red SA	1	-	-	-	-	1
Endesa SA	4	3	-	1	-	5
e-distribuţie Banat SA	4	-	-	-	-	1
e-distribuţie Dobrogea SA	4	-	-	-	-	1
e-distribuţie Muntenia SA	7	-	-	-	-	2
e-distribuzione SpA	124	164	-	2	-	34
Enel Distribución Chile SA	1	-	-	-	-	1
Enel Energia SpA	204	-	-	-	-	2
Enel Energie Muntenia SA	1	-	-	-	-	-
Enel Energie SA	1	-	-	-	-	-
Enel Iberia Srl	1	22	-	11	-	1
Enel Green Power SpA	10	1	-	1	-	8
Enel Green Power North America Inc.	1	1	-	-	-	-
Enel Innovation Hubs Srl	-	1	-	-	-	-
Enel Russia PJSC	16	-	-	-	-	8
Enel Produzione SpA	59	97	-	1	-	13
Enel Romania Srl	4	-	-	-	-	1
Enel Italia Srl	30	86	-	66	-	15
Servizio Elettrico Nazionale SpA	158	-	-	-	-	1
Enel Sole Srl	5	8	-	-	-	-
Enel Trade SpA	1	100	-	-	-	1
Enel.Factor SpA	-	3	-	-	-	-
Endesa Energía SA	4	-	-	-	-	3
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Gas y Electricidad Generación SAU	3	-	-	-	-	1
OpEn Fiber SpA	1	-	-	-	-	-
RusEnergoSbyt LLC	-	-	-	-	-	1
Slovenské elektrárne AS	17	-	-	-	-	-
Tynemouth Energy Storage Limited	-	1	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	3	-	-	-	-	1
3Sun Srl	-	19	-	-	-	-
Total	**800**	**508**	**-**	**83**	**-**	**127**
Other related parties						
CESI SpA	-	-	-	1	-	-
Enel Cuore Onlus	-	-	-	-	-	1
Eni	-	1	-	-	-	-
GSE	1	1	-	-	-	-
Fondazione Centro Studi Enel	1	-	-	-	-	2
Monte dei Paschi di Siena	-	1	-	-	-	-
Total	**2**	**3**	**-**	**1**	**-**	**3**
TOTAL	**802**	**511**	**-**	**84**	**-**	**130**

2016

			Costs		Revenue	
Millions of euro	Receivables	Payables	Goods	Services	Goods	Services
	at Dec. 31, 2016	at Dec. 31, 2016	2016		2016	
Subsidiaries						
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	1
Enel Generación Perú SAA	5	-	-	-	-	3
Enel Distribución Perú SAA	6	-	-	-	-	3
Enel Generación Piura SA	1	-	-	-	-	1
Enel Brasil SA	13	-	-	-	-	7
Endesa Distribución Eléctrica SL	36	1	-	-	-	18
Endesa Generación SA	20	1	-	1	-	17
Enel Latinoamérica SA	-	1	-	1	-	-
Endesa SA	-	2	-	1	-	1
e-distribuţie Banat SA	3	-	-	-	-	2
e-distribuţie Dobrogea SA	2	-	-	-	-	1
e-distribuţie Muntenia SA	6	-	-	-	-	3
e-distribuzione SpA	132	263	-	-	-	53
Enel Energia SpA	120	37	-	-	-	16
Enel Iberia Srl	2	10	-	10	-	1
Enel Green Power SpA	16	15	-	-	-	20
Enel Green Power North America Inc.	1	1	-	-	-	-
Enel Ingegneria e Ricerca SpA	-	12	-	-	-	-
Enel Russia PJSC	17	3	-	1	-	5
Enel Produzione SpA	67	186	-	-	-	24
Enel Romania Srl	5	-	-	-	-	1
Enel Italia Srl	61	55	-	64	-	10
Servizio Elettrico Nazionale SpA	51	20	-	-	-	4
Enel Sole Srl	4	5	-	-	-	1
Enel Trade SpA	57	2	-	-	-	3
Enel.Factor SpA	1	2	-	-	-	-
Enel.si Srl	-	1	-	-	-	-
Endesa Energía SA	5	-	-	-	-	1
Enel Américas SA	4	-	-	-	-	1
Gas y Electricidad Generación SAU	3	-	-	-	-	2
RusEnergoSbyt LLC	1	-	-	-	-	-
Slovenské elektrárne AS	17	-	-	-	-	1
Unión Eléctrica de Canarias Generación SAU	5	-	-	-	-	4
3Sun Srl	-	28	-	-	-	-
Total	**662**	**645**	**-**	**78**	**-**	**204**
Other related parties						
GSE	1	-	-	-	-	-
Fondazione Centro Studi Enel	-	-	-	-	-	1
Total	**1**	**-**	**-**	**-**	**-**	**1**
TOTAL	**663**	**645**	**-**	**78**	**-**	**205**

Financial relationships

2017

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
		at Dec. 31, 2017			2017	
Subsidiaries						
Concert Srl	-	2	-	-	-	-
Enel Américas SA	-	-	-	-	-	25
Enel Chile SA	-	-	-	-	-	31
e-distribuzione SpA	1,759	-	3,765	33	84	1,448
Enel X Srl	6	-	-	-	-	-
Enel Energia SpA	7	1,007	1,806	-	8	679
Enel Iberia Srl	1	-	-	-	1	677
Enel Finance International NV	756	3,735	28,196	679	1,268	-
Enel Green Power North America Inc.	-	-	46	-	-	-
Enel Green Power SpA	161	4	12,994	57	68	50
Enel Green Power Perú SA	-	-	-	11	6	-
Enel Green Power Development Srl	-	2	-	-	-	-
Enel Investment Holding BV	-	1	-	-	1	-
Enel M@P Srl	3	-	1	-	-	-
Enel Produzione SpA	192	523	2,141	30	75	-
Enel Italia Srl	35	16	123	1	12	23
Servizio Elettrico Nazionale SpA	114	-	1,402	-	7	80
Enel Sole Srl	1	60	277	-	1	15
Enel Trade Romania Srl	-	-	5	-	-	-
Enel Trade SpA	105	761	1,578	97	265	-
Enel Trade d.o.o.	-	-	1	-	-	-
Enel.Factor SpA	18	-	-	-	-	3
Enel Innovation Hubs Srl	-	16	1	-	-	-
Enel.si Srl	8	-	18	-	-	-
Enelpower SpA	-	37	1	-	-	-
Nuove Energie Srl	23	-	87	-	1	-
OpEn Fiber SpA	-	-	300	-	-	-
Enel X Italia SpA	-	2	-	-	-	-
Tynemouth Energy Storage Limited	6	-	10	-	-	-
Total	**3,195**	**6,166**	**52,752**	**908**	**1,797**	**3,031**
Other related parties						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**3,195**	**6,166**	**52,752**	**908**	**1,797**	**3,032**

2016

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2016			2016		
Subsidiaries						
Concert Srl	-	2	-	-	-	-
e-distribuzione SpA	1,898	13	3,725	13	84	1,610
Enel Energia SpA	6	791	1,733	-	6	358
Enel Iberia Srl	1	1	54	-	1	550
Enel Finance International NV	733	4,407	23,131	178	1,068	-
Enel Green Power Chile Ltda	3	3	-	-	-	-
Enel Green Power International BV	-	-	-	96	18	-
Enel Green Power North America Inc.	-	-	53	-	-	-
Enel Green Power SpA	588	18	10,596	3	33	50
Enel Green Power Perú SA	5	-	-	-	6	-
Enel Ingegneria e Ricerca SpA	24	-	30	-	-	-
Enel Investment Holding BV	-	2	2	-	-	-
Enel M@P Srl	1	-	1	-	-	-
Enel Produzione SpA	636	30	2,412	19	29	304
Enel Italia Srl	94	-	94	-	6	-
Servizio Elettrico Nazionale SpA	334	-	1,701	-	7	-
Enel Sole Srl	1	70	231	-	1	-
Enel Trade Romania Srl	-	-	7	-	-	-
Enel Trade SpA	28	1,369	1,579	208	124	-
Enel Trade d.o.o.	-	-	1	-	-	-
Enel.Factor SpA	91	-	-	2	3	3
Enel Innovation Hubs Srl	-	16	1	-	-	-
Enel.si Srl	14	-	7	-	-	-
Enelpower SpA	-	37	1	-	-	-
Nuove Energie Srl	20	-	86	-	-	-
OpEn Fiber SpA	-	-	123	-	-	-
Enel X Italia SpA	-	2	-	-	-	-
3Sun Srl	28	-	-	2	-	-
Total	**4,505**	**6,761**	**45,568**	**521**	**1,386**	**2,875**
Other related parties						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**4,505**	**6,761**	**45,568**	**521**	**1,386**	**2,876**

The impact of transactions with related parties on the balance sheet, income statement and cash flows is reported in the following tables.

Impact on balance sheet

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		at Dec. 31, 2017			at Dec. 31, 2016	
Assets						
Derivatives - non-current	1,456	912	62.6%	2,469	953	38.6%
Other non-current financial assets	16	-	-	53	27	50.9%
Other non-current assets	148	139	93.9%	188	154	81.9%
Trade receivables	237	228	96.2%	255	248	97.3%
Derivatives - current	111	98	88.3%	480	19	4.0%
Other current financial assets	4,350	2,185	50.2%	4,221	3,048	72.2%
Other current assets	453	435	96.0%	299	261	87.3%
Liabilities						
Long-term borrowings	10,780	1,200	11.1%	13,664	1,200	8.8%
Derivatives - non-current	2,270	28	1.2%	3,082	747	24.2%
Other non-current liabilities	12	9	75.0%	36	33	91.7%
Short-term borrowings	5,397	4,896	90.7%	6,184	4,268	69.0%
Trade payables	137	74	54.0%	150	68	45.3%
Derivatives - current	176	13	7.4%	556	464	83.5%
Other current financial liabilities	465	29	6.2%	550	82	14.9%
Other current liabilities	2,065	428	20.7%	1,694	544	32.1%

Impact on income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2017			2016	
Revenue	133	130	97.7%	207	205	99.0%
Services and other operating expenses	359	84	23.4%	335	78	23.3%
Income from equity investments	3,033	3,032	100.0%	2,882	2,876	99.8%
Financial income on derivatives	2,683	1,640	61.1%	2,787	1,239	44.5%
Other financial income	410	157	38.3%	556	147	26.4%
Financial expense on derivatives	2,902	836	28.8%	3,127	467	14.9%
Other financial expense	872	72	8.3%	979	54	5.5%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2017			2016	
Cash flows from operating activities	2,465	(2,838)	-	2,511	(1,173)	-46.7%
Cash flows from investing/disinvesting activities	(48)	(48)	100.0%	(409)	(409)	100.0%
Cash flows from financing activities	(2,966)	1,485	-50.1%	(4,989)	1,455	-29.2%

36. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2017	at Dec. 31, 2016	Change
Sureties and guarantees given:			
- third parties	36	347	(311)
- subsidiaries	52,752	45,568	7,184
Total	**52,788**	**45,915**	**6,873**

Sureties granted to third parties essentially regard guarantees issued by the Parent Company to INPS for employees participating in the structural staff reduction plan Article 4 of Law 92/2012) as well as a bank surety issued in favor of Banco Centroamericano de Integración Economica (BCIE) of €26 million, acquired following the merger of Enel South America into Enel SpA. The decrease compared with the previous year is due to the agreement that led to the extinguishment of the guarantee issued in the sale of real estate assets (€346 million) with the concomitant issue of a new parent company guarantee on behalf of Enel Italia.

Other sureties and guarantees issued on behalf of subsidiaries include:

> €27,216 million issued on behalf of Enel Finance International securing bonds denominated in dollars, pounds, euros and yen as part of the €35 billion Global Medium-Term Notes program;
> €6,584.92 million issued on behalf of various companies controlled by Enel Green Power, mainly acquired in Group reorganization operations;
> €3,040 million issued to the European Investment Bank (EIB) for loans granted to e-distribuzione, Enel Produzione, Enel Green Power and Enel Sole;
> €1,552 issued to the tax authorities in respect of participation in the Group VAT procedure on behalf of Enel Italia, Enel Innovation Hubs, Enel Trade, Enel Produzione, Enelpower, Servizio Elettrico Nazionale, Nuove Energie, Enel.si, Enel Green Power, Enel Sole, Energy Hydro Piave and Enel X Italia;
> €980 million issued on behalf of Enel Finance International to secure the Euro commercial paper program;
> €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of e-distribuzione, which received the Enel Grid Efficiency II loan;
> €1,150 million issued by Enel SpA to the Acquirente Unico (Single Buyer) on behalf of Servizio Elettrico Nazionale for obligations under the electricity purchase contract;
> €713 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);
> €600 million issued to Terna on behalf of e-distribuzione, Enel Trade, Enel Produzione, Enel Green Power and Enel Energia in respect of agreements for electricity transmission services;
> €331 million issued to Snam Rete Gas on behalf of Enel Trade and Enel.si for gas transport capacity;
> €330 million as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator (GME) on behalf of Enel Trade and Enel Produzione;
> €50 million issued to RWE Supply & Trading GmbH on behalf of Enel Trade for electricity purchases;
> €50 million issued to E.ON on behalf of Enel Trade for trading on the electricity market;
> €32 million issued to Wingas GmbH & CO.KG on behalf of Enel Trade for the supply of gas;
> €33 million issued on behalf of Enel Italia to Excelsia Nove for the performance of obligations under rental contracts;
> €8,682 million issued to various beneficiaries as part of financial support activities by the Parent Company on behalf of subsidiaries.

Compared with December 31, 2016, the increase in other sureties and guarantees issued on behalf of subsidiaries mainly reflects the issue of bonds. As part of the Enel Group finance strategy and the refinancing strategy for maturing consolidated debt, the Enel Board of Directors approved the issue by December 31, 2018 of one or more bonds to be placed with institutional investors. Enel Finance International launched multiple multi-tranche bond issues in the US and international

markets, with the issues guaranteed by Enel and reserved for institutional investors.
In its capacity as the Parent Company, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

37. Contingent assets and liabilities

Please see note 49 to the consolidated financial statements for information on contingent assets and liabilities.

38. Events after the reporting date

On January 1, 2018 the Global Business Lines and the Global services functions (hereinafter "Global Structures"), i.e. Global Infrastructure & Networks, Global Thermal Generation and Global Procurement, which previously operated in Enel SpA, were transferred to the wholly-owned Italian subsidiaries Enel M@p Srl, Enel Global Thermal Generation Srl and Enel Italia Srl.
The corporate reorganization of the Global Structures gives the Group a uniform organizational and corporate structure in which each Global Structure can seek maximum efficiency and focus more clearly on its activities, within the framework of a "Global Hub" model. In other words, the organizational units can:

> perform their activities in an operating company other than Enel SpA;
> deliver technical services at the global level to Group companies with the context of a uniform business, pursuing effectiveness and efficiency objectives while ensuring legal and accounting clarity;
> seize opportunities to grow their businesses in international markets.

In this context, Enel SpA retains its role as an industrial holding company, focusing its activities on the management and coordination of Group companies; providing strategic policy guidance for operations, remunerated exclusively through dividends from subsidiaries; providing institutional services through its staff functions on behalf of subsidiaries (remunerated through an "institutional services" contract).

On March 8, the subsidiary e-distribuzione SpA was recapitalized through the partial waiver of a financial receivable due from that company on the intercompany current account in the amount of €2,275 million, which was allocated by the latter to a specific available equity reserve.

Please see note 50 to the consolidated financial statements for information on other events after the reporting date.

39. Fees of audit firm pursuant to Article 149-*duodecies* of the CONSOB "Issuers Regulation"

Fees paid in 2017 by Enel SpA and its subsidiaries at December 31, 2017 to the audit firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB "Issuers Regulation".

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- EY SpA	2.3
	- Entities of Ernst & Young Global Limited network	-
Certification services	of which:	
	- EY SpA	0.7
	- Entities of Ernst & Young Global Limited network	-
Other services	of which:	
	- EY SpA	-
	- Entities of Ernst & Young Global Limited network	-
Total		**3.0**
Enel SpA subsidiaries		
Auditing	of which:	
	- EY SpA	2.8
	- Entities of Ernst & Young Global Limited network	11.6
Certification services	of which:	
	- EY SpA	1.2
	- Entities of Ernst & Young Global Limited network	1.8
Other services	of which:	
	- EY SpA	-
	- Entities of Ernst & Young Global Limited network	0.8
Total		**18.2**
TOTAL		**21.2**

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel SpA

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel SpA at December 31, 2017, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the company and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2017 and December 31, 2017.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that separate financial statements of Enel SpA at December 31, 2017:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 2002/1606/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer.

4. Finally, we certify that the Report on operations, included in the Annual Report 2017 and accompanied by the financial statements of Enel SpA at December 31, 2017, contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Roma, March 22, 2018

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation
of the financial reports of Enel SpA

05

Reports

Report of the Board of Auditors to the Shareholders' Meeting of Enel SpA

Report of the Board of Auditors to the shareholders' meeting of Enel SpA called to approve the financial statements for 2017 (pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,

During the year ended December 31, 2017 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Financial Intermediation") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010, as amended by Legislative Decree 135 of July 17, 2016 (hereinafter "Decree 39/2010"), we monitored:

> compliance with the law and the corporate bylaws as well as compliance with the principles of sound administration in the performance of the company's business;
> the company's financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter in representing operational events;
> the statutory audit of the annual statutory and consolidated accounts and the independence of the audit firm;
> the adequacy and effectiveness of the internal control and risk management system;
> the adequacy of the organizational structure of the company, within the scope of our responsibilities;
> the implementation of the corporate governance rules as provided for by the Corporate Governance Code for Listed Companies (hereinafter, the "Corporate Governance Code"), which the company has adopted;
> the appropriateness of the instructions given by the company to its subsidiaries to enable Enel to meet statutory public disclosure requirements.

In performing our checks and assessments of the above issues, we did not find any particular issues to report.

In compliance with the instructions issued by CONSOB with Communication DEM/1025564 of April 6, 2001, as amended, we report the following:

> we monitored compliance with the law and the bylaws and we have no issues to report;
> on a quarterly basis, we received adequate information from the Chief Executive Officer, as well as through our participation in the meetings of the Board of Directors of Enel, on activities performed, general developments in operations and the outlook, and on transactions with the most significant impact on performance or the financial position carried out by the company and its subsidiaries. We report that the actions approved and implemented were in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the company's assets. For a discussion of the features of the most significant transactions, please see the Report on Operations accompanying the separate financial statements of the company and the consolidated financial statements of the Enel Group for 2017 (in the section "Significant events in 2017");
> we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
> in the section "Related parties" of the notes to the separate 2017 financial statements of the company, the directors describe the main transactions with related parties – the latter being identified on the basis of international accounting standards and the instructions of CONSOB – carried out by the company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of transparency and procedural and substantive fairness. The transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB – described in the Report on Corporate Governance and Ownership Structure for 2017. All transactions with related parties reported in the notes to the separate 2017 financial statements of the company were executed as part of ordinary operations in the interest of the company and settled on market terms and conditions;
> the company declares that it has prepared its statutory financial statements for 2017 on the basis of international ac-

counting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation 2002/1606/EC and in force at the close of 2017, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The company's separate financial statements for 2017 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU, as indicated in the accounting policies for the individual items of the consolidated financial statements. The notes to the company's separate financial statements also refer readers to the consolidated financial statements for information on the accounting standards and measurement criteria adopted, with the exception of equity investments in subsidiaries, associates and joint ventures, which are carried in the company's separate financial statements at purchase costs adjusted for any impairment losses. The notes to the company's separate financial statements also refer readers to the consolidated financial statements for information on recently issued accounting standards. The separate financial statements for 2017 of the company underwent the statutory audit by the audit firm, EY SpA, which issued an unqualified opinion, including with regard to the consistency of the Report on operations and certain information in the Report on Corporate Governance and Ownership Structure with the financial statements, as well as the compliance of the Report on Operations with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation 2014/537/EU. The report of EY SpA also includes:

- a discussion of key aspects of the audit report on the company's financial statements; and
- the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 stating that the audit firm did not identify any significant errors in the contents of the Report on operations;

> the company declares that it has also prepared the consolidated financial statements of the Enel Group for 2017 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation 2002/1606/EC and in force at the close of 2017, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2017 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU (as indicated in the discussion of measurement criteria for the individual items) and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted. As regards recently issued accounting standards, the notes to the consolidated financial statements discuss (i) new standards applied in 2017, which according to the notes did not have a material impact in the year under review; and (ii) standards that will apply in the future. The consolidated financial statements for 2017 of the Enel Group underwent statutory audit by the audit firm EY SpA, which issued an unqualified opinion, including with regard to the consistency of the Report on operations and certain information in the Report on Corporate Governance and Ownership Structure with the financial statements, as well as the compliance of the Report on operations with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation 2014/537/EU. The report of EY SpA also includes:

- a discussion of key aspects of the audit report on the consolidated financial statements; and
- the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 and Article 4 of CONSOB Regulation 20267 (implementing Legislative Decree 254 of December 30, 2016) concerning, respectively, a statement that the audit firm did not identify any significant errors in the contents of the Report on operations and that it verified that the Board of Directors had approved the non-financial statement.

Under the terms of its engagement, EY SpA also issued unqualified opinions on the financial statements for 2017 of the most significant Italian companies of the Enel Group. Moreover, during periodic meetings with the representatives of the audit firm, EY SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel Group, selected by the auditors on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group, that would have a sufficiently material impact to be reported in the opinion on those financial statements;

> taking due account of the recommendations of the European Securities and Markets Authority issued on January 21, 2013, and most recently confirmed with the Public Statement of October 27, 2015, to ensure greater transparency concerning the methods used by listed companies in testing goodwill for impairment, in line with the recommendations

contained in the joint Bank of Italy - CONSOB - ISVAP document 4 of March 3, 2010, and in the light of indications of CONSOB in its Communication 7780 of January 28, 2016, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the company, having obtained a favorable opinion in this regard from the Control and Risk Committee in March 2018, i.e. prior to the date of approval of the financial statements for 2017;

- we examined the Board of Directors' proposal for the allocation of net income for 2017 and the distribution of available reserves and have no comments in this regard;
- we note that the Board of Directors of the company certified, following appropriate checks by the Control and Risk Committee and the Board of Auditors in March 2018, that as at the date on which the 2017 financial statements were approved, the Enel Group continued to meet the conditions established by CONSOB (set out in Article 15 of the Market Rules, approved with Resolution 20249 of December 28, 2017) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;
- we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. As from the second Half of 2014, the organizational structure of the Enel Group is based on a matrix of Global Business Lines and geographical areas. Taking account of the changes implemented in 2017, it is organized into: (i) Global Business Lines, which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Global Business Lines are: Infrastructure and Networks, Renewable Energy, Thermal Generation, Trading and E-Solutions; (ii) Regions and Countries, which are responsible for managing relationships with local institutional bodies, regulatory authorities and the media, as well as the development of the customer base with regard to the sale of electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Global Business Lines. Regions and Countries comprise: Italy, Iberia, Europe and North Africa, South America, North and Central America, and Sub-Saharan Africa and Asia; (iii) Global service functions, which are responsible for managing information and communication technology activities and procurement at the Group level; and (iv) Holding company functions, which are responsible for managing governance processes at the Group level. They include: Administration, Finance and Control, Human Resources and Organization, Communications, Legal and Corporate Affairs, Audit, European Affairs, and Innovation and Sustainability. The Board of Auditors feels that the organizational system described above is adequate to support the strategic development of the company and the Enel Group and is consistent with control requirements;
- during meetings with the boards of auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad, no material issues emerged that would require reporting here;
- we monitored the independence of the audit firm EY SpA, having received from them specific written confirmation today that they met that requirement (pursuant to the provisions of Article 6, paragraph 2(a), of Regulation 2014/ 537/EU) and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored – as provided for under Article 19, paragraph 1(e), of Decree 39/2010 – the nature and the scale of non-audit services provided to the company and other Enel Group companies by EY SpA and the entities belonging to its network, the fees for which are reported in the notes to the financial statements of the company. Following our examinations, the Board of Auditors feels that there are no critical issues concerning the independence of the audit firm EY SpA. We held periodic meetings with the representatives of the audit firm, pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation, and no material issues emerged that would require mention in this report.

  As regards the provisions of Article 11 of Regulation 2014/537/EU, EY SpA today provided the Board of Auditors with the "additional report" for 2017 on the results of the statutory audit carried out, which indicates no significant difficulties encountered during the audit or any significant shortcomings in the internal control system for financial reporting or the Enel accounting system. The Board of Auditors then transmitted that report to the Board of Directors, in accordance with Article 19, paragraph 1(a), of Decree 39/2010.

  The audit firm also reported that it did not prepare any management letter for 2017;

- we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the company's business and we have no comments in that regard. We conducted our checks by obtaining information from the head of the Administration, Finance and Control department (taking due account of the head's role as the officer responsible for the preparation of the company's financial reports), examining company documentation and analyzing the findings of the examination performed by EY SpA. The Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel issued a statement (regarding the company's 2017 financial statements) certifying (i) the appropriateness with respect to the characteristics of the company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation 2002/1606/EC; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the company; and (iv) that the Report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the financial statements of the company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent testing performed by a qualified external advisor and the company's Audit department, with each focusing on their respective areas of responsibility on the basis of the different nature of the various checks) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2017 of the Enel Group;
- we monitored the adequacy and effectiveness of the internal control system, primarily through periodic meetings with the head of the Audit department of the company and holding most of the meetings jointly with the Control and Risk Committee as well as with the participation of all members of the Board of Auditors in the sole meeting of the Control and Risk Committee not held jointly with the Board of Auditors. In the light of our examination and in the absence of significant issues, the internal control and risk management system can be considered adequate and effective. In February 2018, the Board of Directors of the company expressed an analogous assessment of the situation and also noted, in November 2017, that the main risks associated with the strategic targets set out in the 2018-2022 Business Plan were compatible with the management of the company in a manner consistent with those targets;
- in 2017 we received numerous complaints, most of which based on press reports, from a single shareholder holding one share concerning 11 events deemed censurable by that shareholder pursuant to Article 2408 of the Italian Civil Code. In this regard, the Board of Auditors, having conducted appropriate enquiries with the support of the Audit department and the competent company units, found no irregularities to report and notified the shareholder of our findings. No petitions were received by the Board of Auditors during 2017;
- we monitored the effective implementation of the Corporate Governance Code, which the company has adopted, verifying the compliance of Enel's governance arrangements with the recommendations of the Code. Detailed information on the company's corporate governance system can be found in the Report on Corporate Governance and Ownership Structure for 2017. In March and June 2017 and March 2018, the Board of Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form set out in that Code, adopting a transparent procedure, the details of which are discussed in the Report on Corporate Governance and Ownership Structure for 2017. In March and September 2017 and March 2018, the Board of Auditors conducted a "self-assessment" of the independence of its members. On those occasions, the Board of Auditors verified that the Chairman Sergio Duca and the standing auditor Romina Guglielmetti met the independence requirements established by the Consolidated Law on Financial Intermediation and the Corporate Governance Code with regard to directors. In September 2017 and March 2018, the Board of Auditors found that the standing auditor Roberto Mazzei, while no longer meeting the independence requirements provided for in the Corporate Governance Code for directors (following the hiring of a close family member as head of the "Global Brand and Advertising Management" unit within Enel's Communications department), continues

to meet the independence requirements of the Consolidated Law on Financial Intermediation with regard to the members of the boards of auditors of listed companies;

> we monitored the first-time adoption of the provisions of Legislative Decree 254 of December 30, 2016 (hereinafter "Decree 254") concerning the disclosure of non-financial and diversity information by certain large undertakings and groups. In performing that activity, we monitored the adequacy of the organizational, administrative, reporting and control system established by the company in order to enable the accurate representation in the consolidated non-financial statement for 2017 of the activity of the Enel Group, its results and its impacts in the non-financial areas referred to in Article 3, paragraph 1, of Decree 254, and have no comments in this regard. The audit firm, EY SpA, issued, pursuant to Article 3, paragraph 10, of Decree 254 and Article 5 of CONSOB Regulation 20267 of January 18, 2018, its certification of the conformity of the information provided in the consolidated non-financial statement with the requirements of applicable law;

> since the listing of its shares, the company has adopted specific rules (most recently amended in March 2017) for the internal management and processing of confidential information, which also set out the procedures for the disclosure of documentation and information concerning the company and the Group, with specific regard to inside information. Those rules (which can be consulted on the corporate website) contain appropriate provisions directed at subsidiaries to enable Enel to comply with statutory public disclosure requirements, pursuant to Article 114, paragraph 2, of the Consolidated Law on Financial Intermediation;

> in 2002 the company also adopted (and has subsequently updated) a Code of Ethics (also available on the corporate website) that expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate conduct in accordance with standards of maximum transparency and fairness with respect to all stakeholders;

> with regard to the provisions of Legislative Decree 231 of June 8, 2001 – which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company – since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the different offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the manner in which the model has been adapted to the characteristics of the various Italian companies of the Group, as well as a description of the purposes of the "Enel Global Compliance Program" for the Group's foreign companies, please see the Report on Corporate Governance and Ownership Structure for 2017.
The structure that monitors the operation and compliance with the program and is responsible for updating it (hereinafter, "the Supervisory Body") is a collegial body. In 2017 it was composed of three external members with specific professional expertise on corporate organization matters, and the heads of the Audit and Legal and Corporate Affairs departments. In December 2017, the Board of Directors of the company changed the overall number of members of the Supervisory Body to three in the light of the request of the heads of the Audit and Legal and Corporate Affairs departments to resign as members of that body in order to further enhance the role of the external members with a view to ensuring the full autonomy and independence of the body's activity. The Board of Auditors received adequate information on the main activities carried out in 2017 by the Supervisory Body, including in meetings with the members of that body. Our examination of those activities found no facts or situations that would require mention in this report;

> in 2017, the Board of Auditors issued the following opinions:
  - a favorable opinion at the meeting of January 30, 2017, concerning the 2017 Audit Plan in accordance with the provisions of Article 7.C.1, letter c) of the Corporate Governance Code, preliminary to the resolutions pertaining to the Board of Directors in that regard;
  - a favorable opinion at the meeting of July 13, 2017, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, concerning the level of the remuneration of the members of the various committees established within the Board of Directors following the appointment of the latter body by the Shareholders' Meeting of May 4, 2017;
  - a favorable opinion at the meeting of July 13, 2017 on the attendance fees paid to the magistrate of the State Audit Court delegated to monitor the finance operations of Enel for participating in the meetings of the corporate bodies;
  - a favorable opinion at the meeting of November 8, 2017, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, concerning the remuneration and job conditions of the Chairman of the Board and the Chief Executive Officer/

General Manager during the 2017-2019 term;

  - a favorable opinion at the meeting of November 8, 2017, on the findings of the audit firm, EY SpA, in its report on the major issues that arose in the statutory audit in 2016, in accordance with the provisions of Article 7.C.1, letter e) of the Corporate Governance Code, preliminary to the assessments pertaining to the Board of Directors in that regard;

> a report on the fixed and variable compensation accrued by those who served as Chairman of the Board of Directors, Chief Executive Officer/General Manager and other directors in 2017 for their respective positions and any compensation instruments awarded to them will be contained in the Remuneration Report referred to in Article 123-*ter* of the Consolidated Law on Financial Intermediation (on the basis of the draft of that document made available to the Board of Auditors), which will be submitted for the approval of the Board of Directors, acting on a proposal of the Nomination and Compensation Committee, and published in compliance with the time limits established by law. The design of these compensation instruments is in line with best practices, complying with the principle of establishing a link with appropriate financial and non-financial performance targets and pursuing the creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation and the determination of the associated parameters were prepared by the Nomination and Compensation Committee, which is made up entirely of independent directors, drawing on the findings of benchmarking analyses, including at the international level, conducted by an independent consulting firm. Finally, the Remuneration Report referred to in Article 123-*ter* of the Consolidated Law on Financial Intermediation will contain, in compliance with the applicable CONSOB regulations, specific disclosures on the remuneration earned in 2017 by key management personnel.

The Board of Auditors' oversight activity in 2017 was carried out in 22 meetings (14 of which held jointly with the Control and Risk Committee) and with participation in the 15 meetings of the Board of Directors, and, together or through the Chairman, in the sole meeting of the Control and Risk Committee not held jointly with the Board of Auditors, in the 8 meetings of the Nomination and Compensation Committee, in the 4 meetings of the Related Parties Committee and in the 8 meetings of the Corporate Governance and Sustainability Committee. The delegated magistrate of the State Audit Court participated in the meetings of the Board of Auditors and those of the Board of Directors.
During the course of this activity and on the basis of information obtained from EY SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.
Based on the oversight activity performed and the information exchanged with the independent auditors EY SpA, we recommend that you approve the company's financial statements for the year ended December 31, 2017 in conformity with the proposals of the Board of Directors.

Rome, April 17, 2018

The Board of Auditors

Chairman
Sergio Duca

Auditor
Romina Guglielmetti

Auditor
Roberto Mazzei

Report of the independent audit firm on the 2017 financial statements of Enel SpA

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Enel S.p.A. (the Company), which comprise the balance sheet as at December 31, 2017, and the statement of income, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
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Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00 i.v.
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We identified the following key audit matters:

Key Audit Matter	Audit Response
Recoverability of equity investments	
The financial statements as of December 31, 2017 include within non-current assets equity investments for Euro 42.811 million. The Directors annually assess for impairment indicators each equity investment, consistent with the strategy for managing legal entities within the Group and, if such indicators exist, perform an impairment test on these assets. The processes and methodologies implemented for determining the recoverable amount of each equity investment are based on complex assumptions which, due to their nature, require the Directors to exercise their judgment. Such judgment relates, primarily, to the identification of impairment indicators, the cash flow projections deriving from the Industrial Plan 2018-2022 and the determination of the long-term growth rates and the discount rates applied to such projections. The disclosures related to the impairment of equity investments are included in Note 2. "Accounting policies and measurement criteria - Recoverability of equity investments" and Note 13. "Equity Investments".	Our audit procedures in response to this Key Audit Matter included, among others: • Assessment of the impairment process for equity investments and related controls implemented by the Company; • Assessment of the criteria adopted to identify impairment indicators; • Assessment of the key assumptions underlying the Industrial Plan 2018-2022 and future cash flows, including the comparison with industry data and forecasts; • Assessment of the consistency of the cash flow projections for each equity investment with the Industrial Plan 2018-2022; • Assessment of the management's ability to make accurate projections, through the comparison of the actual results with the previous forecasts. In performing our procedures we engaged our valuation experts in order to verify the methodologies used in the process, the mathematical accuracy of the model, the reasonableness of the long-term growth rates and the discount rates. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company’s ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Enel S.p.A., in the general meeting held on April 27, 2011, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2011 to December 31, 2019.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e) of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998

The Directors of Enel S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Enel S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Enel S.p.A. as at December 31,2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Enel S.p.A. as at December 31, 2017and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e) of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Enel S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Rome, April 17, 2018

EY S.p.A.
Signed by: Massimo Antonelli, partner

This report has been translated into the English language solely for the convenience of international readers.

Report of the independent audit firm on the 2017 consolidated financial statements of the Enel Group

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Enel Group (the Group), which comprise the balance sheet as at December 31, 2017, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Enel S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Recoverability of non-current assets	
The consolidated financial statements include, within the non-current assets balance, Property, Plant and Equipment for Euro 74.937 million, Intangible Assets for Euro 16.724 million and Goodwill for Euro 13.746 million. The Directors tested for impairment the carrying values of the Cash Generating Units (CGUs) as of the balance sheet date, which include goodwill, intangible assets with indefinite useful lives and other non-current assets where indication of impairment were noted. The process adopted by management and the methodologies for assessing and determining the recoverable amount of each CGU are sometimes based on complex assumptions which, due to their nature, require the Directors to exercise their judgment. Such a judgment relates, primarily, to the cash flow projections deriving from the Industrial Plan 2018-2022 as well as from the determination of the long-term growth rates and the discount rates applied to these projections. In relation to the above, the key assumptions made by the Directors relate to future economic trends, including future trends of the electricity and gas demand and the related expected prices, the availability of renewable resources as well as certain assumptions such as inflation, exchange and interest rates. Because of the judgment required and the complexity of assumptions used to estimate the recoverable amount of the non-current assets, we identified this area as a Key Audit Matter. The disclosures related to the impairment of non-current assets are included in Note 2. "Accounting policies and measurement criteria - Recoverability of non-current assets", Note 15. "Property, Plant and Equipment" and Note 20. "Goodwill".	Our audit procedures in response to this Key Audit Matter included, among others: • Assessment of the impairment process of non-current assets and related controls implemented by the Group; • Assessment of the criteria adopted to identify the CGUs and the reconciliation of their carrying amounts to the consolidated financial statements; • Assessment of the key assumptions underlying the Industrial Plan 2018-2022 and relevant future cash flows, including the comparison with industry data and forecasts; • Assessment of the consistency of the cash flow projections for each CGU with the Industrial Plan 2018-2022; • Assessment of the management's ability to make accurate projections, through the comparison of the actual results with the previous forecasts. In performing our procedures we engaged our valuation experts in order to verify the methodologies used in the process, the mathematical accuracy of the model, the reasonableness of the long-term growth rates and the discount rates as well as the results of the sensitivity analysis performed by the management. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

Key Audit Matter	Audit Response
Revenues from unbilled sale of electricity and gas	
Revenues from sales of electricity and gas to retail customers are recognized upon delivery and include, in addition to amounts invoiced based on periodic meter readings or on the volumes notified by distributors and transporters, an estimate of the electricity and gas delivered during the year but not yet invoiced. Revenues accrued between the date of the last meter reading and year-end are based on estimates of the daily consumption of customers, primarily determined on their historical information, adjusted to reflect the climate factors or other matters that may affect the estimated consumption. Because of the complexity of assumptions used to estimate the revenues from unbilled sale of electricity and gas, we identified this area as a Key Audit Matter. The disclosures related to the revenues from unbilled sale of electricity and gas are included in Note 2. "Accounting policies and measurement criteria – Use of estimates – Revenue Recognition".	Our audit procedures in response to this Key Audit Matter included, among others: • assessment of the process related to the recognition of revenues from sales of electricity and gas and related key controls, including Information Technology controls, implemented by the entities within the Group; • assessment of the algorithms and data in the ERP systems of such Group entities, also with the support of our Information Technology specialists; • testing of a sample of data used by management to determine the accrued revenues, including, whenever applicable, the comparison of quantities entered into the network as made available by transporters and distributors; • look-back analysis of prior estimates against actual data subsequently reported. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

Key Audit Matter	Audit Response
Legal proceedings	
The Group is involved in several civil, administrative and tax disputes arising from the normal course of business, for which final outcomes cannot be easily predicted and could potentially results in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which, by their nature, require the use of the Directors' judgment. Such judgment relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the financial statements; it is also based on the assessment made by internal and external legal counsels. Because of the judgment required, the materiality of such litigations and the complexity of the assessment process, we identified this area as a Key Audit Matter. The disclosures related to legal proceedings are included in Note 2. "Accounting policies and measurement criteria – Use of estimates – Litigation" and Note 49. "Contingent liabilities and assets".	Our audit procedures in response to this Key Audit Matter included, among others: • assessment of the process and relevant controls implemented to identify legal and tax litigations, and pending administrative proceedings; • assessment of the assumptions used in the valuation of potential legal and tax risks performed by the legal and tax departments within the Group; • inquiry with the legal and tax departments regarding the status of the most significant disputes and inspection of the key relevant documentation, also with the support of our tax and legal experts; • analysis of the external confirmations received from the external legal and tax counsels assisting the Group entities involved in such disputes, and assessment of the consistency of the information obtained with the risk assessment performed by management and the legal and tax departments. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

Key Audit Matter	Audit Response
Impact of the first time adoption of IFRS 15 "Revenue from contracts with customers" Effective January 1, 2018, the Group adopted the international accounting standard IFRS 15 "Revenue from contracts with customers". The new standard introduces, among others, a new framework for the recognition and measurement of revenues based on the transfer of the control over goods and services to the clients for an amount that reflects the expected consideration in exchange for those goods and services. The new standard introduces, additionally, new revenue recognition criteria for separate performance obligations or the combination of such obligations for recognizing revenues. At the transition date, the Group elected to adopt the modified retrospective application criteria and recognize retrospectively the cumulated effect deriving from the adoption as an adjustment to the opening balance of Equity as of January 1, 2018, for circumstances that existed at that date, which does not require the restatement of previously reported figures. The Group identified as most significant impacts from the application of the new standard the deferral of revenues deriving from certain connection arrangements to the electric network, and the recognition as an asset of the incremental costs of obtaining a contract with customers only related to agents sale commissions. The impacts mentioned above will drive a decrease of the Net Equity of the Group for Euro 3.7 billion as of January 1, 2018, net of tax effect. Because of the significance of the expected impacts deriving from the adoption of the new standard and the significance of the related disclosures, we identified this area as a Key Audit Matter. The disclosures related to the adoption of the accounting standard IFRS 15 are included in Note 3. "Accounting standards taking effect at a future date".	Our audit procedures in response to this Key Audit Matter included, among others: • assessment of the analysis performed by the Directors aimed at identifying the differences from the previous accounting standards, as well as the relevant key controls; • assessment of the information collected by the management from the Italian and foreign components through specific questionnaires aimed at identifying the different types of arrangements and such details relevant for the provisions of the new standard IFRS 15; • assessment of the impacts identified by management as a result of obtaining the above mentioned questionnaires, and the benchmarking analysis against the industry practice; • assessment of the main types of arrangements, and of the arrangements executed with key customers of the Group; • assessment of the consistency, on a sample basis, of the information collected by the Group from contracts with customers, including the relevant amounts; • assessment of the process adopted by the Group to measure revenues in accordance with IFRS 15 for those contracts impacted by the new standard, and relevant key controls; • assessment of adequacy of the transition method to the new standard at the date of first adoption; • completeness check of the information collected from the components and testing of the mathematical accuracy of the impacts from the first time adoption of the new standard. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Enel S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Enel S.p.A., in the general meeting held on April 29, 2011, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2011 to December 31, 2019.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e) of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998

The Directors of Enel S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Enel S.p.A. as at December 31, 2017, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of the Enel Group as at December 31, 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of the Enel Group as at December 31, 2017 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e) of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Enel S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Rome, April 17, 2018

EY S.p.A.
Signed by: Massimo Antonelli, partner

This report has been translated into the English language solely for the convenience of international readers.

Summary of the resolutions of the Ordinary and Extraordinary Shareholders' Meeting

The Shareholders' Meeting of Enel SpA held in Rome in single call on May 24, 2018 at the Enel Conference Center at 125, Viale Regina Margherita, adopted the following resolutions during the ordinary session:

1. approved the financial statements of Enel SpA for the year ended December 31, 2017, having acknowledged the results of the consolidated financial statements of the Enel Group, which closed with Group's net income of €3,779 million, together with the consolidated non-financial statement, both referred to the financial year 2017;

2. resolved:
   (i) to allocate Enel SpA's net income for the year 2017, amounting to €2,269,988,186.84, as follows:
      a) to earmark for the distribution to the shareholders:
         - €0.105 for each of the 10,166,679,946 ordinary shares in circulation on the ex-dividend date, to cover the interim dividend payable from January 24, 2018, the ex-dividend date of coupon no. 27 having fallen on January 22, 2018 and the "record date" (i.e. the date of the title to the payment of the dividend) on January 23, 2018, for an overall amount of €1,067,501,394.33;
         - €0.118 for each of the 10,166,679,946 ordinary shares in circulation on July 23, 2018 (i.e. on the scheduled ex-dividend date), as the balance of the dividend, for an overall amount of €1,199,668,233.63;
      b) to earmark for "retained earnings" the remaining part of the net income, for an overall amount of €2,818,558.88;
   (ii) to earmark for the distribution to the shareholders, always as the balance of the dividend, also a part of the available reserve named "retained earnings" allocated in the financial statements of Enel SpA (amounting as of December 31, 2017 to €4,424,283,417.19), for an amount of €0.014 for each of the 10,166,679,946 ordinary shares in circulation on July 23, 2018 (i.e. on the scheduled ex-dividend date), for an overall amount of €142,333,519.24;

   paying, before withholding tax, if any, the overall balance of the dividend of €0.132 per ordinary share – of which €0.118 as distribution of part of the remaining 2017 net income and €0.014 as partial distribution of the available reserve named "retained earnings" – as from July 25, 2018, with the ex-dividend date of coupon no. 28 falling on July 23, 2018 and the "record date" (i.e. the date of the title to the payment of the dividend) coinciding with July 24, 2018;

3. resolved:
   (i) to revoke the resolution concerning the authorization for the acquisition and the disposal of own shares approved by the Ordinary Shareholders' Meeting held on May 4, 2017;
   (ii) to authorize the Board of Directors to acquire, in one or more instalments and for a period of eighteen months starting from the date of the Shareholders' Meeting resolution, a maximum number of 500 million ordinary shares of the company, representing approximately 4.92% of the share capital of Enel SpA, up to a maximum amount of €2 billion; and
   (iii) to authorize the Board of Directors to dispose, in one or more instalments and for an unlimited period of time, of all or part of the own shares held in portfolio, also before having reached the maximum amount of shares that can be purchased, as well as, as the case may be, to buy-back the shares, provided that the own shares held by the company and, if applicable, by its subsidiaries, do not exceed the limit set by above-mentioned authorization to the purchase;

4. resolved:
   - (i) to approve an increase of the fees due to the audit company EY SpA for the statutory audit of Enel SpA with reference to the financial years from 2011 to 2019 – as resolved by the Ordinary Shareholders' Meeting held on April 29, 2011 – since "circumstances exceptional and/or unforeseeable" at the moment of the appointment of EY SpA have occurred, in accordance with the provisions of CONSON Communication 96003556 of April 18, 1996;
   - (ii) consequently, to grant the audit company EY SpA, within the framework of the performance of the statutory audit of the annual financial statements of Enel SpA and the consolidated financial statements of the Enel Group as of December 31, 2018 and as of December 31, 2019:
     - an increase of €25,000 per year (equal to 560 working hours) for the drafting of the audit report on the basis of the new contents requested by Article 10 of Regulation 2014/537/EU;
     - an increase of €15,000 per year (equal to 336 working hours) for the drafting of the additional report to be submitted to the Board of Statutory Auditors (in its capacity as audit committee pursuant to Article 19, paragraph 2, letter a), of Legislative Decree 39 of January 27, 2010, as amended by Legislative Decree 135 of July 17, 2016);
     - an increase of €25,000 per year (equal to 560 working hours) for the issuance of the opinion on the compliance of the management report and of certain information contained in the report on corporate governance of Enel SpA with the applicable laws;

5. approved the Long-term Incentive Plan for 2018 reserved to the management of Enel SpA and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code, whose features are described in the relevant information document prepared pursuant to Article 84-bis, paragraph 1, of the Issuers Regulation adopted by CONSOB with Resolution 11971/1999, and to grant the Board of Directors, with the faculty to sub-delegate, all powers necessary for the actual implementation of the aforesaid Plan;

6. resolved in favor of the first section of the remuneration report drawn up pursuant to Article 123-ter of Legislative Decree 58 dated February 24, 1998, and Article 84-quater of the Issuers Regulation adopted by CONSOB with Resolution 11971/1999, containing the description of the policy for the remuneration of directors, general manager and executives with strategic responsibilities adopted by Enel SpA for the financial year 2018, as well as the procedures used for the adoption and implementation of such policy.

In the extraordinary session, the Shareholders' Meeting resolved:

- (i) the repeal of Article 31 of the corporate bylaws, which includes a transitional clause limiting timewise the application of the provisions that ensure gender balance in the composition of the Board of Directors and Board of Statutory Auditors;
- (ii) the amendment of Article 21 of the corporate bylaws, which aims to incorporate and clarify – in line with the practice followed by the company since the listing of its shares – the power of the Board of Directors to establish internal committees with proposing and/or consultative functions.

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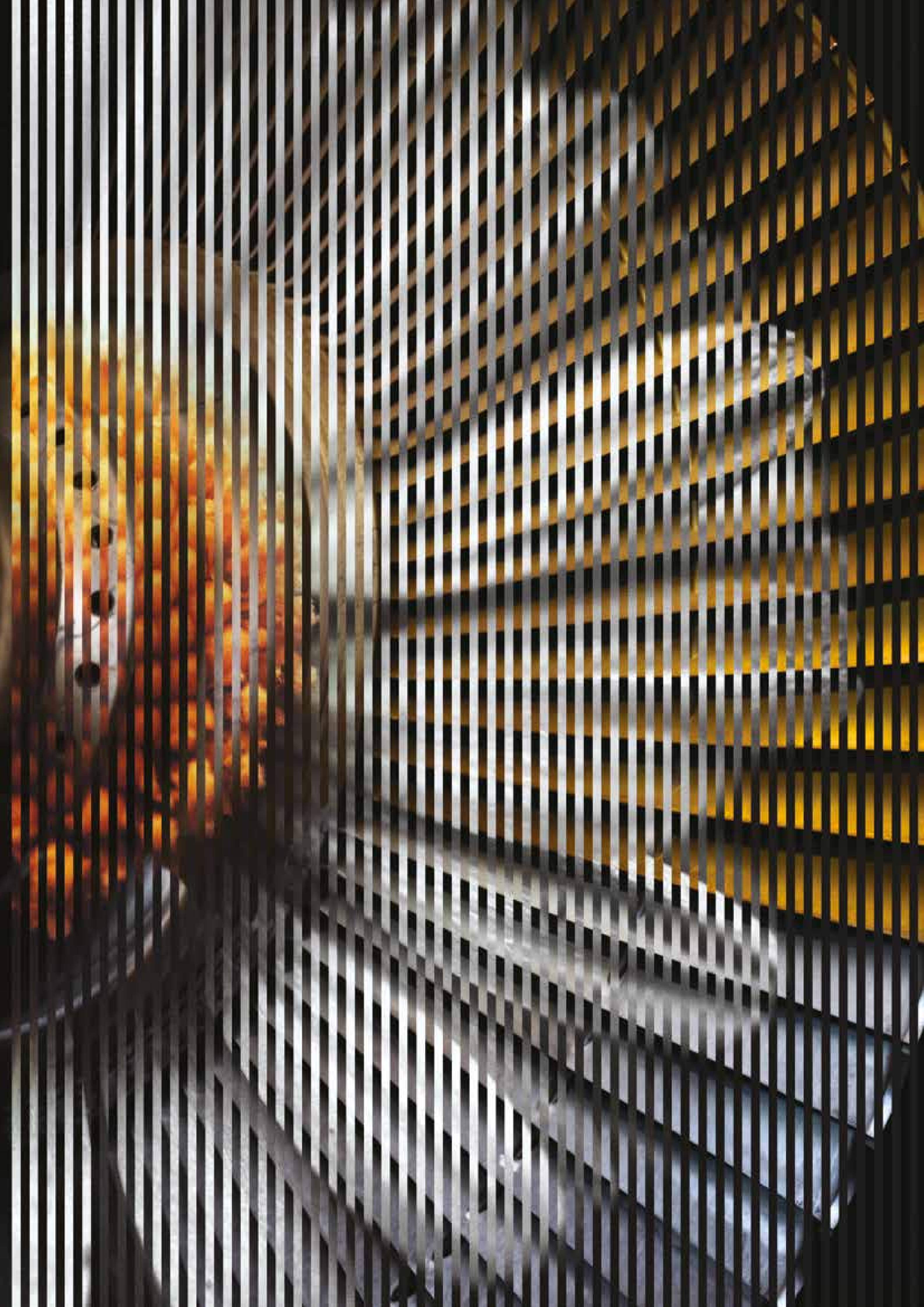
Attachments



Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2017

In compliance with CONSOB Notice DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2017, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.

The following information is included for each company: name, registered office, share capital, currency in which share capital is denominated, activity, method of consolidation, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parent Company									
Enel SpA	Rome	Italy	10,166,679,946.00	EUR	Holding company	Holding company			100.00%
Subsidiaries									
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	Hydro Development Group Acquisition LLC	50.00%	50.00%
							Pyrites Hydro LLC	50.00%	
Società di sviluppo realizzazione e gestione del gasdotto Algeria-Italia via Sardegna SpA ("in breve Galsi SpA")	Milan	Italy	37,419,179.00	EUR	Energy and infrastructure engineering	-	Enel Produzione SpA	17.65%	17.65%
3-101-665717 SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	PH Chucas SA	100.00%	65.00%
3Sun Srl	Catania	Italy	35,205,984.00	EUR	Plant development, design, construction and operation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Activation Energy Limited	-	Ireland	100,000.00	EUR	Renewable energy	Line-by-line	EnerNOC Ireland Limited	100.00%	100.00%
Adams Solar PV Project Two (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Adria Link Srl	Gorizia	Italy	500,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	33.33%	33.33%
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Agatos Green Power Trino	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	80.00%	80.00%
Agrupación Acefhat AIE	Barcelona	Spain	793,340.00	EUR	Design and services	-	Endesa Distribución Eléctrica SL	16.67%	11.69%
Aguilón 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.75%
Alba Energia Ltda	Rio de Janeiro	Brazil	15,061,880.00	BRL	Plant development, design, construction and operation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Albany Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Almeyda Solar SpA	Santiago	Chile	1,736,965,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	100.00%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Management and maintenance of power plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Alpe Adria Energia Srl	Udine	Italy	450,000.00	EUR	Design, construction and operation of merchant lines	Line-by-line	Enel Produzione SpA	100.00%	100.00%
Altomonte FV Srl	Rome	Italy	5,100,000.00	EUR	Electricity generation from renewable resources	Equity	Enel F2i Solare Italia SpA	100.00%	50.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,415.92	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Annandale Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Apiacás Energia SA	Rio de Janeiro	Brazil	21,216,846.33	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Aquenergy Systems LLC	Greenville (South Carolina)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Aragonesa de Actividades Energéticas SA	Teruel	Spain	60,100.00	EUR	Electricity generation	Line-by-line	Endesa Red SA	100.00%	70.10%
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	19,232,400.00	EUR	Management and maintenance of power plants	Joint operation	Endesa Generación SA	85.41%	59.87%
Athonet Smartgrid Srl	Bolzano	Italy	14,285.71	EUR	Research, development and design	Equity	Enel X Srl	30.00%	30.00%
Atwater Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Aurora Distributed Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Solar Holdings LLC	51.00%	51.00%
Aurora Land Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Aurora Solar Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Autumn Hills LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Avikiran Energy India Private Limited	Gurugram (Haryana)	India	100,000.00	INR	Electricity generation and sale from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	76.56%
Avikiran Solar India Private Llimited	Haryana	India	100,000.00	INR	Electricity generation from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	76.56%
Aysén Energía SA	Santiago	Chile	4,900,100.00	CLP	Electricity activities	Equity	Centrales Hidroeléctricas de Aysén SA	99.00%	18.54%
							Enel Generación Chile SA	0.51%	
Aysén Transmisión SA	Santiago	Chile	22,368,000.00	CLP	Electricity generation and sale	Equity	Centrales Hidroeléctricas de Aysén SA	99.00%	18.54%
							Enel Generación Chile SA	0.51%	
Azovskaya WPS Limited Liability Company	Moscow	Russia	10,000.00	RUB	-	Line-by-line	Enel Rus Wind Generation LLC	100.00%	56.43%
Barnet Hydro Company LLC	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	10.00%	100.00%
							Sweetwater Hydroelectric LLC	90.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Baylio Solar SLU	Seville	Spain	3,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Beaver Valley Holdings LLC	67.50%	67.50%
Beaver Valley Holdings LLC	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Beaver Valley Power Company LLC	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Bioenergy Casei Gerola Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Black River Hydro Assoc	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	(Cataldo) Hydro Power Associates	75.00%	62.50%
							Enel Green Power North America Inc.	25.00%	
BLP Energy Private Limited	New Delhi	India	50,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Development Srl	76.56%	76.56%
BLP Vayu (Project 1) Private Limited	Haryana	India	7,500,000.00	INR	Electricity generation from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	76.56%
BLP Vayu (Project 2) Private Limited	Haryana	India	45,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	76.56%
BLP Wind Project (Amberi) Private Limited	New Delhi	India	5,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	76.56%
Boiro Energía SA	Boiro	Spain	601,010.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	28.04%
Bondia Energia Ltda	Rio de Janeiro	Brazil	2,000,000.00	BRL	Plant development, design, construction and operation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Boott Hydropower LLC	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Idaho LLC	68.00%	100.00%
							Enel Green Power North America Inc.	32.00%	
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Bp Hydro Associates	75.92%	100.00%
							Enel Green Power North America Inc.	24.08%	
Buffalo Dunes Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Development Holdings LLC	75.00%	75.00%
Bungala One FinCo (Pty) Ltd	Sydney	Australia	1,000.00	AUD	Electricity generation from renewable resources	Equity	Bungala One Property (Pty) Ltd	100.00%	50.00%
Bungala One Operation Holding Trust	Sydney	Australia	100.00	AUD	Renewable energy	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Bungala One Operations Holding (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala One Operations (Pty) Ltd	Sydney	Australia	1,000.00	AUD	Electricity generation from renewable resources	Equity	Bungala One Operations Holding (Pty) Ltd	100.00%	50.00%
Bungala One Operations Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala One Operations Holding (Pty) Ltd	100.00%	50.00%
Bungala One Property (Pty) Ltd	Sydney	Australia	1,000.00	AUD	Electricity generation from renewable resources	Equity	Bungala One Property Holding (Pty) Ltd	100.00%	50.00%
Bungala One Property Holding (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala One Property Holding Trust	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala One Property Trust	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Bungala One Property Holding (Pty) Ltd	100.00%	50.00%
Bungala Two FinCo (Pty) Ltd	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Bungala Two Property (Pty) Ltd	100.00%	50.00%
Bungala Two Operations Holding (Pty) Ltd	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Operations Holding Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Operations (Pty) Ltd	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala Two Operations Holding (Pty) Ltd	100.00%	50.00%
Bungala Two Operations Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala Two Operations Holding (Pty) Ltd	100.00%	50.00%
Bungala Two Property Holding (Pty) Ltd	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Property Holding Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Property (Pty) Ltd	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala Two Property Holding (Pty) Ltd	100.00%	50.00%
Bungala Two Property Trust	Sydney	Australia	1.00	AUD	Renewable energy	Equity	Bungala Two Property Holding (Pty) Ltd	100.00%	50.00%
Business Venture Investments 1468 (Pty) Ltd	Lombardy East	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Bypass Limited LLC	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Equity	Rocky Caney Wind LLC	100.00%	20.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Carbopego - Abastecimientos e Combustíveis SA	Abrantes	Portugal	50,000.00	EUR	Fuel supply	Equity	Endesa Generación Portugal SA	0.01%	35.05%
							Endesa Generación SA	49.99%	
Carodex (Pty) Ltd	Houghton	South Africa	116.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	98.49%	98.49%
Cascade Energy Storage LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	EGP Energy Storage Holdings LLC	100.00%	100.00%
Castiblanco Solar SL	Valencia	Spain	3,000.00	EUR	Photovoltaic systems	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Castle Rock Ridge Limited Partnership	Calgary (Alberta)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Alberta Wind Inc.	0.10%	100.00%
							Enel Green Power Canada Inc.	99.90%	
Central Costanera SA	Buenos Aires	Argentina	701,988,378.00	ARS	Electricity generation and sale	Line-by-line	Enel Argentina SA	75.68%	39.16%
Central Dock Sud SA	Buenos Aires	Argentina	35,595,178,229.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Enel Argentina SA	0.25%	20.85%
							Inversora Dock Sud SA	69.99%	
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	151,940,000.00	BRL	Thermal generation plants	Line-by-line	Enel Brasil SA	100.00%	51.61%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210.00	EUR	Plant operation	Equity	Enel Green Power España SL	33.30%	23.34%
Central Térmica de Anllares AIE	Madrid	Spain	595,000.00	EUR	Plant operation	Equity	Endesa Generación SA	33.33%	23.36%
Central Vuelta de Obligado SA	Buenos Aires	Argentina	500,000.00	ARS	Electrical facilities construction	Equity	Central Costanera SA	1.30%	9.80%
							Central Dock Sud SA	6.40%	
							Enel Generación El Chocón SA	33.20%	
Centrales Hidroeléctricas de Aysén SA	Santiago	Chile	158,975,665,182.00	CLP	Design	Equity	Enel Generación Chile SA	51.00%	18.54%
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	-	EUR	Plant operation	Equity	Endesa Generación SA	23.57%	16.76%
							Nuclenor SA	0.69%	
Centrum Pre Vedu a Vyskum Sro	Kalná nad Hronom	Slovakia	6,639.00	EUR	Research and development in sciences and engineering	Equity	Slovenské elektrárne AS	100.00%	33.00%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	8,550,000.00	EUR	Testing, inspection and certification services, engineering and consulting services	Equity	Enel SpA	42.70%	42.70%
Champagne Storage LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Cherokee Falls Hydroelectric Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Black River LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Chi Idaho LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Operations Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Power Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi West LLC	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chinango SAC	Lima	Peru	294,249,298.00	PEN	Electricity generation, sale and transmission	Line-by-line	Enel Generación Perú SAA	80.00%	34.64%
Chisago Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Chisholm View II Holding LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Chisholm View Wind Project II LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chisholm View II Holding LLC	100.00%	51.00%
Chisholm View Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
Cimarron Bend Assets LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Cimarron Bend Wind Project I LLC	49.00%	50.00%
							Cimarron Bend Wind Project II LLC	49.00%	
							Cimarron Bend Wind Project III LLC	1.00%	
							Enel Kansas LLC	1.00%	
Cimarron Bend Wind Holdings I LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Cimarron Bend Wind Holdings LLC	100.00%	50.00%
Cimarron Bend Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Preferred Wind Holdings LLC	100.00%	50.00%
Cimarron Bend Wind Project I LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Cimarron Bend Wind Holdings I LLC	100.00%	50.00%
Cimarron Bend Wind Project II LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Cimarron Bend Wind Holdings I LLC	100.00%	50.00%
Cimarron Bend Wind Project III LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Codensa SA ESP	Bogotá DC	Colombia	13,514,515,800.00	COP	Electricity distribution and sale	Line-by-line	Enel Américas SA	48.41%	25.07%
Cogeneración El Salto SL	Zaragoza	Spain	36,060.73	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	20.00%	14.02%
Cogent Energy Inc.	Delaware	USA	100,000.00	USD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Comercializadora Eléctrica de Cádiz SA	Cadiz	Spain	600,000.00	EUR	Electricity transmission, distribution and sale	Equity	Endesa Red SA	33.50%	23.48%
Compagnia Porto di Civitavecchia SpA	Rome	Italy	24,372,000.00	EUR	Construction of port infrastructure	Equity	Enel Produzione SpA	25.00%	25.00%
Compañía de Transmisión del Mercosur Ltda - CTM	Buenos Aires	Argentina	14,012,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Enel CIEN SA Enel SpA	100.00% 0.00%	51.61%
Compañía Energética Veracruz SAC	Lima	Peru	2,886,000.00	PEN	Hydroelectric projects	Line-by-line	Enel Perú SAC	100.00%	51.80%
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	37.51%	26.29%
Concert Srl	Rome	Italy	10,000.00	EUR	Product, plant and equipment certification	Line-by-line	Enel Produzione SpA	100.00%	100.00%
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Hydro New Hampshire LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Hydro New York LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Consolidated Hydro Southeast LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	81.82%	81.82%
Consorcio Eólico Marino Cabo de Trafalgar SL (in liquidation)	Cadiz	Spain	200,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	50.00%	35.05%
Construction Lab Ltd	Airport City	Israel	10,000.00	EUR	Legal services	Line-by-line	Enel Innovation Hubs Srl	50.00%	50.00%
Copenhagen Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	1,021,600.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	25.00%	17.53%
Danax Energy (Pty) Ltd	Houghton	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
De Rock'l Srl	Bucharest	Romania	5,629,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl Enel Green Power SpA	100.00% 0.00%	100.00%
Dehesa de Los Guadalupes Solar SLU	Seville	Spain	3,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Demand Energy Networks Inc.	Washington DC	USA	171,689.00	USD	Services	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	28.04%
Desarrollo de Fuerzas Renovables S de RL de Cv	Mexico City	Mexico	33,101,350.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Energía Nueva Energía Limpia México S de RL de Cv	99.99% 0.01%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Diego de Almagro Matriz SpA	Santiago	Chile	351,604,338.00	CLP	Electricity generation from renewable resources	Line-by-line	Empresa Eléctrica Panguipulli SA	100.00%	100.00%
Dietrich Drop LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Distribuidora de Energía Eléctrica del Bages SA	Barcelona	Spain	108,240.00	EUR	Electricity distribution and sale	Line-by-line	Endesa Red SA	55.00%	70.10%
							Hidroeléctrica de Catalunya SL	45.00%	
Distribuidora Eléctrica del Puerto de La Cruz SA	Tenerife	Spain	12,621,210.00	EUR	Electricity purchase, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	70.10%
Distrilec Inversora SA	Buenos Aires	Argentina	497,610,000.00	ARS	Holding company	Line-by-line	Enel Américas SA	51.50%	26.68%
Dodge Center Distributed Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Dolores Wind Sa de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Dominica Energía Limpia S de RL de Cv	Mexico City	Mexico	279,282.24	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power Guatemala SA	0.04%	100.00%
							Enel Green Power México S de RL de Cv	99.96%	
Drift Sand Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	35.00%	50.00%
Drift Sand Wind Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Drift Sand Wind Holdings LLC	100.00%	50.00%
e-distribuţie Banat SA	Timisoara	Romania	382,158,580.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
e-distribuţie Dobrogea SA	Constanţa	Romania	280,285,560.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
e-distribuţie Muntenia SA	Bucharest	Romania	271,635,250.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	78.00%	78.00%
e-distribuzione SpA	Rome	Italy	2,600,000,000.00	EUR	Electricity distribution	Line-by-line	Enel SpA	100.00%	100.00%
Eastwood Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
EGP BioEnergy Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Puglia Srl	100.00%	100.00%
EGP Diamond Vista Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
EGP Energy Storage Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP Geronimo Holdings Inc.	Wilmington (Delaware)	USA	1,000.00	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP Nevada Power LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
EGP Salt Wells Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP San Leandro Microgrid I LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Solar Holdings LLC	100.00%	50.00%
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Stillwater LLC	100.00%	50.00%
EGP Stillwater Solar PV II LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	100.00%
EGPNA Development Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Development LLC	100.00%	100.00%
EGPNA Hydro Holdings LLC	Delaware	USA	-	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Preferred Holdings II LLC	Delaware	USA	-	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Preferred Wind Holdings LLC	Delaware	USA	-	USD	Holding company	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
EGPNA Renewable Energy Partners LLC	Delaware	USA	-	USD	Joint venture	Equity	EGPNA REP Holdings LLC	50.00%	50.00%
EGPNA REP Holdings LLC	Delaware	USA	-	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA REP Hydro Holdings LLC	Delaware	USA	-	USD	Holding company	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%
EGPNA REP Solar Holdings LLC	Delaware	USA	-	USD	Holding company	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%
EGPNA REP Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%
EGPNA Wind Holdings 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
El Dorado Hydro LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
EL Paso Solar SAS ESP	Bogotá DC	Colombia	300,000,000.00	COP	Electricity generation	Line-by-line	Enel Green Power Colombia SAS ESP	100.00%	100.00%
Elcogas SA	Puertollano	Spain	809,690.40	EUR	Electricity generation	Equity	Endesa Generación SA	40.99%	33.05%
							Enel SpA	4.32%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Elcomex Solar Energy Srl	Constanța	Romania	4,590,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	100.00%
							Enel Green Power SpA	0.00%	
Elecgas SA	Santarem (Pego)	Portugal	50,000.00	EUR	Combined-cycle electricity generation	Equity	Endesa Generación Portugal SA	50.00%	35.05%
Electra Capital (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Eléctrica de Jafre SA	Girona	Spain	165,876.00	EUR	Electricity distribution and sale	Equity	Endesa Red SA	52.54%	70.10%
							Hidroeléctrica de Catalunya SL	47.46%	
Eléctrica de Lijar SL	Cadiz	Spain	1,081,820.00	EUR	Electricity transmission and distribution	Equity	Endesa Red SA	50.00%	35.05%
Eléctrica Del Ebro SA (Sociedad Unipersonal)	Tarragona	Spain	500,000.00	EUR	Electricity supply	Line-by-line	Endesa Red SA	100.00%	70.10%
Electricidad de Puerto Real SA	Cadiz	Spain	6,611,130.00	EUR	Electricity distribution and sale	Equity	Endesa Red SA	50.00%	35.05%
Elk Creek Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Emgesa SA ESP	Bogotá DC	Colombia	655,222,310,000.00	COP	Electricity generation and sale	Line-by-line	Enel Américas SA	48.48%	25.11%
Emittenti Titoli SpA (in liquidation)	Milan	Italy	5,200,000.00	EUR	-	-	Enel SpA	10.00%	10.00%
eMotor Werks Inc.	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
Empresa Carbonífera del Sur SA	Madrid	Spain	18,030,000.00	EUR	Mining	Line-by-line	Endesa Generación SA	100.00%	70.10%
Empresa de Transmisión Chena SA	Santiago	Chile	250,428,941.00	CLP	Electricity transmission	Line-by-line	Empresa Eléctrica de Colina Ltda	0.10%	60.07%
							Enel Distribución Chile SA	99.90%	
Empresa Distribuidora Sur SA - Edesur	Buenos Aires	Argentina	898,590,000.00	ARS	Electricity distribution and sale	Line-by-line	Distrilec Inversora SA	56.36%	37.34%
							Enel Argentina SA	43.10%	
Empresa Eléctrica de Colina Ltda	Santiago	Chile	82,222,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enel Distribución Chile SA	100.00%	60.07%
							Luz Andes Ltda	0.00%	
Empresa Eléctrica Panguipulli SA	Santiago	Chile	48,038,937.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.96%	100.00%
							Enel Green Power Latin America SA	0.04%	
Empresa Eléctrica Pehuenche SA	Santiago	Chile	175,774,920,733.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enel Generación Chile SA	92.65%	33.69%
Empresa Nacional de Geotermia SA	Santiago	Chile	12,647,752,517.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	51.00%	51.00%
Empresa Propietaria de La Red SA	Panama	Panama	58,500,000.00	USD	Electricity transmission and distribution	-	Enel SpA	11.11%	11.11%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Endesa Capital SA	Madrid	Spain	60,200.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Comercialização de Energia SA	Oporto	Portugal	250,000.00	EUR	Electricity generation and sale	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Distribución Eléctrica SL	Barcelona	Spain	1,204,540,060.00	EUR	Electricity distribution	Line-by-line	Endesa Red SA	100.00%	70.10%
Endesa Energía SA	Madrid	Spain	12,981,860.00	EUR	Marketing of energy products	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Energía XXI SL	Madrid	Spain	2,000,000.00	EUR	Marketing and energy-related services	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Financiación Filiales SA	Madrid	Spain	4,621,003,006.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Generación II SA	Seville	Spain	63,107.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Generación Nuclear SA	Seville	Spain	60,000.00	EUR	Subholding company in the nuclear sector	Line-by-line	Endesa Generación SA	100.00%	70.10%
Endesa Generación Portugal SA	Paço de Arcos (Oeiras)	Portugal	50,000.00	EUR	Electricity generation	Line-by-line	Endesa Energía SA	0.20%	70.10%
							Endesa Generación SA	99.20%	
							Enel Green Power España SL	0.40%	
							Energías de Aragón II SL	0.20%	
Endesa Generación SA	Seville	Spain	1,940,379,737.02	EUR	Electricity generation and sale	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Ingeniería SLU	Seville	Spain	1,000,000.00	EUR	Consulting and engineering services	Line-by-line	Endesa Red SA	100.00%	70.10%
Endesa Medios y Sistemas SL (Sociedad Unipersonal)	Madrid	Spain	89,999,790.00	EUR	Services	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Operaciones Y Servicios Comerciales SL	Barcelona	Spain	10,138,580.00	EUR	Services	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Power Trading Ltd	London	United Kingdom	2.00	GBP	Trading	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Red SA	Barcelona	Spain	719,901,728.28	EUR	Electricity distribution	Line-by-line	Endesa SA	100.00%	70.10%
Endesa SA	Madrid	Spain	1,270,502,540.40	EUR	Holding company	Line-by-line	Enel Iberia Srl	70.10%	70.10%
Enel Alberta Wind Inc.	Calgary (Alberta)	Canada	16,251,021.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	100.00%
Enel Américas SA	Santiago	Chile	3,575,339,011,549.00	CLP	Holding company - Electricity generation and distribution	Line-by-line	Enel SpA	51.80%	51.80%
Enel Argentina SA	Buenos Aires	Argentina	514,530,000.00	ARS	Holding company	Line-by-line	Enel Américas SA	99.88%	51.74%
							Gas Atacama Chile SA	0.12%	
Enel Bella Energy Storage LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	EGP Energy Storage Holdings LLC	100.00%	100.00%
Enel Brasil SA	Rio de Janeiro	Brazil	6,276,994,956.09	BRL	Holding company	Line-by-line	Enel Américas SA	97.73%	51.61%
							Enel Generación Perú SAA	2.27%	
Enel Chile SA	Santiago	Chile	2,229,108,974,538.00	CLP	Holding company - Electricity generation and distribution	Line-by-line	Enel SpA	60.62%	60.62%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel CIEN SA	Rio de Janeiro	Brazil	285,050,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Enel Brasil SA	100.00%	51.61%
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Geothermal LLC	100.00%	50.00%
Enel Distribución Ceará SA	Fortaleza	Brazil	615,946,885.77	BRL	Electricity distribution	Line-by-line	Enel Brasil SA	74.05%	38.22%
Enel Distribución Chile SA	Santiago	Chile	230,137,980,270.00	CLP	Holding company - Electricity distribution	Line-by-line	Enel Chile SA	99.09%	60.07%
Enel Distribución Perú SAA	Lima	Peru	638,563,900.00	PEN	Electricity distribution and sale	Line-by-line	Enel Perú SAC	83.15%	43.09%
Enel Distribución Rio SA	Rio de Janeiro	Brazil	2,498,230,386.65	BRL	Electricity distribution and sale	Line-by-line	Enel Brasil SA	99.79%	51.42%
Enel Distribuição Goiás	Goiás	Brazil	5,075,679,362.52	BRL	Electricity transmission, distribution and sale	Line-by-line	Enel Investimentos SA	99.93%	51.57%
Enel Energia SpA	Rome	Italy	302,039.00	EUR	Sale of gas and electricity	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energía SA de Cv	Mexico City	Mexico	10,000.10	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Mexico S de RL de Cv	99.00%	100.00%
							Energía Nueva de Iguu S de RL de Cv	1.00%	
Enel Energie Muntenia SA	Bucharest	Romania	37,004,350.00	RON	Electricity sales	Line-by-line	Enel Investment Holding BV	78.00%	78.00%
Enel Energie SA	Bucharest	Romania	140,000,000.00	RON	Electricity sales	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Energy South Africa	Gauteng	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel F2i Solare Italia SpA	Rome	Italy	5,100,000.00	EUR	Electricity generation	Equity	Marte Srl	50.00%	50.00%
Enel Finance International NV	Amsterdam	Netherlands	1,478,810,371.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Fortuna SA	Panama	Panama	100,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	50.06%	50.06%
Enel Generación Chile SA	Santiago	Chile	552,777,320,871.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enel Chile SA	59.98%	36.36%
Enel Generación El Chocón SA	Buenos Aires	Argentina	298,584,050.00	ARS	Electricity generation and sale	Line-by-line	Enel Argentina SA	8.67%	34.02%
							Hidroinvest SA	59.00%	
Enel Generación Perú SAA	Lima	Peru	2,545,960,353.20	PEN	Electricity generation, distribution and sales	Line-by-line	Enel Perú SAC	83.60%	43.30%
Enel Generación Piura SA	Lima	Peru	73,982,594.00	PEN	Electricity generation	Line-by-line	Enel Perú SAC	96.50%	49.99%
Enel Generación SA de Cv	Mexico City	Mexico	2,000,100.00	MXN	Electricity generation	Line-by-line	Enel Green Power México S de RL de Cv	99.00%	100.00%
							Energía Nueva de Iguu S de RL de Cv	1.00%	
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Global Thermal Generation Srl	Rome	Italy	1,000,000.00	EUR	Business consulting, administrative and management consulting and corporate planning	Line-by-line	Enel SpA	100.00%	100.00%
Enel Green Power Newfoundland and Labrador Inc.	Newfoundland	Canada	1,000.00	CAD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
Enel Green Power Africa Srl	Rome	Italy	10,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Argentina SA	Buenos Aires	Argentina	100,000.00	ARS	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America SA	5.00%	100.00%
							Enel Green Power SpA	95.00%	
Enel Green Power Australia (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Australia Trust	Sydney	Australia	100.00	AUD	Renewable energy	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Boa Vista Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Bom Jesus da Lapa Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Brasil Participações Ltda	Rio de Janeiro	Brazil	4,024,724,678.00	BRL	Holding company	Line-by-line	Enel Green Power Latin America SA	0.01%	100.00%
							Enel Green Power SpA	99.99%	
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Bungala (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Australia (Pty) Ltd	100.00%	100.00%
Enel Green Power Bungala Trust	Sydney	Australia	-	AUD	Renewable energy	Line-by-line	Enel Green Power Australia (Pty) Ltd	100.00%	100.00%
Enel Green Power Cabeça de Boi SA	Rio de Janeiro	Brazil	76,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Cachoeira Dourada SA	Goiania	Brazil	6,433,983,585.00	BRL	Electricity generation and sale	Line-by-line	Enel Brasil SA	99.75%	51.48%
Enel Green Power Calabria Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Green Power Chile Ltda	Santiago	Chile	842,086,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America SA	99.99%	100.00%
							Hydromac Energy Srl	0.01%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Colombia SAS ESP	Bogotá DC	Colombia	468,138,000.00	COP	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Costa Rica SA	San José	Costa Rica	27,500,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Cristalândia I Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Cristalândia II Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Damascena Eólica SA	Rio de Janeiro	Brazil	70,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power del Sur SpA (formerly Parque Eólico Renaico SpA)	Santiago	Chile	353,605,313.37	USD	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	100.00%
							Enel Green Power Latin America SA	0.00%	
Enel Green Power Delfina A Eólica SA	Rio de Janeiro	Brazil	70,379,344.85	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Delfina B Eólica SA	Rio de Janeiro	Brazil	23,054,973.26	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Delfina C Eólica SA	Rio de Janeiro	Brazil	7,298,322.77	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Delfina D Eólica SA	Rio de Janeiro	Brazil	24,624,368.53	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Delfina E Eólica SA	Rio de Janeiro	Brazil	24,623,467.93	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Desenvolvimento Ltda	Rio de Janeiro	Brazil	13,900,297.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.99%	100.00%
							Enel Green Power Latin America SA	0.01%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Development Srl	Rome	Italy	20,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Dois Riachos Eólica SA	Rio de Janeiro	Brazil	135,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Ecuador SA	Quito	Ecuador	26,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America SA	0.10%	100.00%
							Enel Green Power SpA	99.90%	
Enel Green Power Egypt SAE	Cairo	Egypt	250,000.00	EGP	Management, operation and maintenance of all types of generation plant and their distribution grids	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	177,500,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power España SL	Madrid	Spain	11,152.74	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación SA	100.00%	70.10%
Enel Green Power Esperança Eólica SA	Rio de Janeiro	Brazil	135,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Fazenda SA	Rio de Janeiro	Brazil	62,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Finale Emilia Srl	Rome	Italy	10,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	70.00%	70.00%
Enel Green Power Germany GmbH	Munich	Germany	25,000.00	EUR	Electricity generation and sale	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Global Investment BV	Amsterdam	Netherlands	10,000.00	EUR	Holding company	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Granadilla SL	Tenerife	Spain	3,012.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	45.57%
Enel Green Power Guatemala SA	Guatemala City	Guatemala	100,000.00	GTQ	Holding company	Line-by-line	Enel Green Power SpA	98.00%	100.00%
							Energía y Servicios South America SpA	2.00%	
Enel Green Power Hellas SA	Maroussi	Greece	7,852,850.00	EUR	Holding company - Energy services	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Hellas Supply AS	Maroussi	Greece	600,000.00	EUR	Electricity generation, transport, sale and trading	Line-by-line	Enel Green Power Hellas SA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Hellas Wind Parks Of South Evia SA	Maroussi	Greece	23,599,641.00	EUR	Electricity generation	Line-by-line	Enel Green Power Hellas SA	100.00%	100.00%
Enel Green Power Horizonte MP Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.99%	99.99%
Enel Green Power Ituverava Norte Solar SA	Rio de Janeiro	Brazil	1,639,346.69	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Ituverava Solar SA	Rio de Janeiro	Brazil	1,639,346.69	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Ituverava Sul Solar SA	Rio de Janeiro	Brazil	8,513,128.89	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	165,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Kenya Limited	Nairobi	Kenya	100,000.00	KES	Electricity generation, transmission, distribution, sale and purchase	Line-by-line	Enel Green Power RSA (Pty) Ltd	1.00%	100.00%
							Enel Green Power SpA	99.00%	
Enel Green Power Latin America SA	Santiago	Chile	827,205,371.00	USD	Holding company	Line-by-line	Enel Green Power SpA	0.09%	100.00%
							Hydromac Energy Srl	99.91%	
Enel Green Power Maniçoba Eólica SA	Rio de Janeiro	Brazil	70,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power México S de RL de Cv	Mexico City	Mexico	2,399,774,165.00	MXN	Holding company	Line-by-line	Enel Green Power Latin America SA	0.00%	100.00%
							Enel Green Power SpA	100.00%	
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	167,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	147,800,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Morocco SARLAU	-	Morocco	1,000,000.00	MAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Morro do Chapéu I Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	99.00%
Enel Green Power Morro do Chapéu II Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	99.00%
Enel Green Power Mourão SA	Rio de Janeiro	Brazil	8,513,128.89	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	99.90%
Enel Green Power Namibia (Pty) Ltd	Windhoek	Namibia	100.00	NAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power North America Development LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Nova Lapa Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Nova Olinda B Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Nova Olinda C Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Nova Olinda Norte Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Nova Olinda Sul Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Panama SA	Panama	Panama	3,000.00	USD	Holding company	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Paranapanema SA	Rio de Janeiro	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	178,670,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	230,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Perú SA	Lima	Peru	387,009,088.00	PEN	Electricity generation from renewable resources	Line-by-line	Empresa Eléctrica Panguipulli SA	0.00%	100.00%
							Enel Green Power SpA	100.00%	
Enel Green Power Primavera Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Projetos I SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Trading	Line-by-line	Enel Brasil SA	100.00%	51.61%
Enel Green Power Puglia Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power RA SAE	Cairo	Egypt	15,000,000.00	EGP	Design, decision, operation and maintenance of generation plants of all types and their distribution grids	Line-by-line	Enel Green Power Egypt SAE	100.00%	100.00%
Enel Green Power Romania Srl	Rusu de Sus (Nuşeni)	Romania	2,430,631,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power RSA (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Development Srl	100.00%	100.00%
Enel Green Power RSA 2 (Pty) Ltd	Johannesburg	South Africa	120.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Enel Green Power Salto Apiacás SA	Niterói (Rio de Janeiro)	Brazil	14,412,120.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power San Gillio Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Equity	Altomonte FV Srl	80.00%	40.00%
Enel Green Power Sannio	Rome	Italy	750,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power São Abraão Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	99.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power São Judas Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power SHU SAE	Cairo	Egypt	15,000,000.00	EGP	Design, decision, management, operation and maintenance of generation plants of all types and their distribution grids	Line-by-line	Enel Green Power Egypt SAE	100.00%	100.00%
Enel Green Power Singapore Pte Ltd	Singapore	Singapore	50,000.00	SGD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Solar Energy Srl	Rome	Italy	10,000.00	EUR	Plant development, design, construction and operation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power SpA	Rome	Italy	272,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel SpA	100.00%	100.00%
Enel Green Power Strambino Solar Srl	Turin	Italy	250,000.00	EUR	Electricity generation from renewable resources	Equity	Altomonte FV Srl	60.00%	30.00%
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	125,765,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	100.00%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Tefnut SAE	Cairo	Egypt	15,000,000.00	EGP	Design, decision, management, operation and maintenance of generation plants of all types and their distribution grids	Line-by-line	Enel Green Power Egypt SAE	100.00%	100.00%
Enel Green Power Turkey Enerjì Yatirimlari Anonim Şirketì	Istanbul	Turkey	61,654,658.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Uruguay SA	Montevideo	Uruguay	400,000.00	UYU	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Villoresi Srl	Rome	Italy	1,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	51.00%
Enel Green Power Zambia Limited	Lusaka	Zambia	15,000.00	ZMW	Electricity sales	Line-by-line	Enel Green Power Africa Srl	99,.00%	100.00%
							Enel Green Power RSA (Pty) Ltd	1.00%	
Enel Iberia Srl	Madrid	Spain	336,142,500.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Innovation Hubs Srl	Rome	Italy	1,000,000.00	EUR	Civil and mechanical engineering, water systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel Insurance NV	Amsterdam	Netherlands	60,000.00	EUR	Holding company	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Investimentos SA	Niterói (Rio de Janeiro)	Brazil	3,868,678,819.00	BRL	Holding company	Line-by-line	Enel Brasil SA	100.00%	51.61%
Enel Investment Holding BV	Amsterdam	Netherlands	1,593,050,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Italia Srl	Rome	Italy	50,000,000.00	EUR	Personnel administration activities, information technology, real estate and business services	Line-by-line	Enel SpA	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel M@P Srl	Rome	Italy	100,000.00	EUR	Metering, remote control and connectivity services via power line communication	Line-by-line	Enel SpA	100.00%	100.00%
Enel Minnesota Holdings LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGP Geronimo Holding Inc.	100.00%	100.00%
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Oil & Gas España SL	Madrid	Spain	33,000.00	EUR	Prospecting and development of hydrocarbon fields	Line-by-line	Enel X Italia SpA	100.00%	100.00%
Enel Perú SAC	Lima	Peru	5,361,789,105.00	PEN	Holding company	Line-by-line	Enel Américas SA	100.00%	51.80%
Enel Productie Srl	Bucharest	Romania	20,210,200.00	RON	Electricity generation	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	1,800,000,000.00	EUR	Electricity generation	Line-by-line	Enel SpA	100.00%	100.00%
Enel Rinnovabile SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation	Line-by-line	Enel Green Power Global Investment BV Enel Green Power México S de RL de Cv	99.00% 1.00%	100.00%
Enel Romania SA	Judetul Ilfov	Romania	200,000.00	RON	Business services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Rus Wind Generation LLC	Moscow	Russia	350,000.00	RUB	Energy services	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Enel Russia PJSC	Ekaterinburg	Russia	35,371,898,370.00	RUB	Electricity generation	Line-by-line	Enel Investment Holding BV	56.43%	56.43%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Geothermal LLC	100.00%	50.00%
Enel Saudi Arabia Limited	Al-Khobar	Saudi Arabia	5,000,000.00	SAR	Management of activities associated with participation in tenders called by the SEC for the development of smart metering and grid automation	Line-by-line	e-distribuzione SpA	60.00%	60.00%
Enel Servicii Comune SA	Bucharest	Romania	33,000,000.00	RON	Energy services	Line-by-line	e-distribuţie Banat SA e-distribuţie Dobrogea SA	50.00% 50.00%	51.00%
Enel Sole Srl	Rome	Italy	4,600,000.00	EUR	Public lighting systems and services	Line-by-line	Enel X Srl	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Soluções Energéticas Ltda	Niterói (Rio de Janeiro)	Brazil	5,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.99%	100.00%
							Enel Green Power Desenvolvimento Ltda	0.01%	
Enel Soluções SA	Rio de Janeiro	Brazil	15,733,466.45	BRL	Electricity activities	Line-by-line	Central Geradora Termelétrica Fortaleza SA	0.01%	51.61%
							Enel Brasil SA	99.99%	
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Geothermal LLC	100.00%	50.00%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc.	100.00%	100.00%
Enel Trade d.o.o.	Zagabria	Croatia	2,240,000.00	HRK	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	21,250,000.00	RON	Electricity sourcing and trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Serbia d.o.o.	Beograd	Serbia	300,000.00	EUR	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade SpA	Rome	Italy	90,885,000.00	EUR	Fuel trading and logistics	Line-by-line	Enel SpA	100.00%	100.00%
Enel Trading Argentina Srl	Buenos Aires	Argentina	14,010,014.00	ARS	Electricity trading	Line-by-line	Enel Américas SA	55.00%	51.78%
							Enel Argentina SA	45.00%	
Enel Trading North America LLC	-	USA	10,000,000.00	USD	Trading	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel X Canada Inc.	Vancouver	Canada	1,000.00	CAD	Holding company	Line-by-line	EnerNOC Ltd	100.00%	100.00%
Enel X International Srl	Rome	Italy	100,000.00	EUR	Holding company	Line-by-line	Enel X Srl	100.00%	100.00%
Enel X Italia SpA	Rome	Italy	200,000,000.00	EUR	Upstream gas	Line-by-line	Enel X Srl	100.00%	100.00%
Enel X Mobility Srl	Rome	Italy	100,000.00	EUR	Electric mobility	Line-by-line	Enel X Srl	100.00%	100.00%
Enel X Srl	Rome	Italy	1,050,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Factor SpA	Rome	Italy	12,500,000.00	EUR	Factoring	Line-by-line	Enel SpA	100.00%	100.00%
Enel.si Srl	Rome	Italy	5,000,000.00	EUR	Plant engineering and energy services	Line-by-line	Enel Energia SpA	100.00%	100.00%
Enelco SA	Athens	Greece	60,108.80	EUR	Plant construction, operation and maintenance	Line-by-line	Enel Investment Holding BV	75.00%	75.00%
Enelpower Contractor and Development Saudi Arabia Ltd	Riyadh	Saudi Arabia	5,000,000.00	SAR	Plant construction, operation and maintenance	Line-by-line	Enelpower SpA	51.00%	51.00%
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000.00	BRL	Electrical engineering	Line-by-line	Enel Green Power Brasil Participações Ltda	99.99%	100.00%
							Enel Green Power Latin America SA	0.01%	
Enelpower SpA	Milan	Italy	2,000,000.00	EUR	Engineering and construction	Line-by-line	Enel SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energética de Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	27.00%	18.93%
Energética Monzón SAC	Lima	Peru	6,463,000.00	PEN	Electricity generation from renewable resources	Line-by-line	Empresa Eléctrica Panguipulli SA	0.00%	100.00%
							Enel Green Power Perú SA	100.00%	
Energia Eléctrica del Ebro SA (Sociedad Unipersonal)	Tarragona	Spain	96,160.00	EUR	Electricity generation and supply	Line-by-line	Eléctrica del Ebro SA (Sociedad Unipersonal)	100.00%	70.10%
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Energía Global de México (Enermex) SA de Cv	Mexico City	Mexico	50,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	99.00%	99.00%
Energía Global Operaciones SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	100.00%	100.00%
Energía Limpia de Amistad S de RL de Cv	Mexico City	Mexico	296,822.00	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power México S de RL de Cv	99.99%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	0.01%	
Energía Limpia de Palo Alto S de RL de Cv	Mexico City	Mexico	673,583,489.00	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power México S de RL de Cv	99.99%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	0.01%	
Energía Marina SpA	Santiago	Chile	2,404,240,000.00	CLP	Electricity generation from renewable resources	Equity	Enel Green Power Chile Ltda	25.00%	25.00%
Energía Nueva de Iguu S de RL de Cv	Mexico City	Mexico	51,879,307.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.90%	99.91%
							Energía Nueva Energía Limpia México S de RL de Cv	0.01%	
Energía Nueva Energía Limpia México S de RL de Cv	Mexico City	Mexico	5,339,650.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.04%	100.00%
							Enel Green Power SpA	99.96%	
Energía y Servicios South America SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	546,919.10	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	54.95%	38.52%
Energías de Aragón I SL	Zaragoza	Spain	3,200,000.00	EUR	Electricity transmission, distribution and sale	Line-by-line	Endesa Red SA	100.00%	70.10%
Energías de Aragón II SL	Zaragoza	Spain	18,500,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Energías de Graus SL	Barcelona	Spain	1,298,160.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL	66.67%	46.74%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energías Especiales de Careón SA	La Coruña	Spain	270,450.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	77.00%	53.98%
Energías Especiales de Peña Armada SA	Madrid	Spain	963,300.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	56.08%
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	35.05%
Energías Renovables La Mata SAPI de Cv	Mexico City	Mexico	656,615,400.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	100.00%
							Energía Nueva de Iguu S de RL de Cv	0.01%	
Energie Electrique de Tahaddart SA	Tangier	Morocco	750,400,000.00	MAD	Combined-cycle generation plants	Equity	Endesa Generación SA	32.00%	22.43%
Energotel AS	Bratislava	Slovakia	2,191,200.00	EUR	Operation of optical fiber network	Equity	Slovenské elektrárne AS	20.00%	6.60%
ENergy Hydro Piave Srl	Soverzene	Italy	800,000.00	EUR	Electricity purchasing and sale	Line-by-line	Enel Produzione SpA	51.00%	51.00%
Energy Response Holdings (Pty) Ltd	Melbourne	Australia	630,451.00	AUD	Renewable energy	Line-by-line	EnerNOC Australia (Pty) Ltd	100.00%	100.00%
Enerlive Srl	Rome	Italy	6,520,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Maicor Wind Srl	100.00%	100.00%
EnerNOC Australia (Pty) Ltd	Melbourne	Australia	1,937,248.00	AUD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
EnerNOC Brasil Gerenciamento de Energia	São Paulo	Brazil	117,240.00	BRL	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited	0.00%	
EnerNOC Energy Intelligence Software Private Limited	Marathon Chamber - A	India	20,000,000.00	INR	Renewable energy	Line-by-line	EnerNOC Inc.	50.00%	100.00%
							EnTech Utility Service Bureau Inc.	50.00%	
EnerNOC Federal LLC	Delaware	USA	5,000.00	USD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
EnerNOC GmbH	Darmstadt	Germany	25,000.00	EUR	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
EnerNOC Inc.	Delaware	USA	1,000.00	USD	Renewable energy	Line-by-line	Enel X International Srl	100.00%	100.00%
EnerNOC Ireland Holding Limited	-	Ireland	100,000.00	EUR	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
EnerNOC Ireland Limited	-	Ireland	100,000.00	EUR	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited	100.00%	100.00%
EnerNOC Japan K.K.	Tokyo	Japan	13,200.00	JPY	Renewable energy	Line-by-line	EnerNOC Inc.	60.00%	60.00%
EnerNOC Korea Limited	Seoul	Korea	120,000.00	KRW	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
EnerNOC Ltd	Oakville	Canada	-	CAD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
EnerNOC New Zealand Limited	Wellington	New Zealand	313,606.00	AUD	Renewable energy	Line-by-line	Energy Response Holdings (Pty) Ltd	100.00%	100.00%
EnerNOC Polska sp Z oo	Warsaw	Poland	100.00	EUR	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited	100.00%	100.00%
EnerNOC (Pty) Ltd	Melbourne	Australia	9,880.00	AUD	Renewable energy	Line-by-line	Energy Response Holdings (Pty) Ltd	100.00%	100.00%
EnerNOC Taiwan Ltd	Taipei City	Taiwan	44,776,120.00	EUR	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited	67.00%	67.00%
EnerNOC UK II Limited	London	United Kingdom	1,000.00	GBP	Renewable energy	Line-by-line	EnerNOC UK Limited	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
EnerNOC UK Limited	London	United Kingdom	100,000.00	GBP	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
EnTech (China) Information Technology Co Ltd	-	China	1,500.00	EUR	Renewable energy	Equity	EnerNOC UK II Limited	50.00%	50.00%
EnTech Utility Service Bureau Inc.	Delaware	USA	1,500.00	USD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
Eólica del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Plant development and construction	Line-by-line	Enel Green Power España SL	51.00%	35.75%
Eólica del Principado SAU	Oviedo	Spain	60,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	28.04%
Eólica Fazenda Nova - Geração e Comercialização de Energia SA	Niterói (Rio de Janeiro)	Brazil	7,859,906.00	BRL	Wind plants	Line-by-line	Enel Brasil SA	100.00%	51.58%
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.50%	35.40%
Eólica Zopiloapan SAPI de Cv	Mexico City	Mexico	1,877,201.54	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	56.98%	96.48%
							Enel Green Power Partecipazioni Speciali Srl	39.50%	
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	56.08%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	55.00%	38.56%
Eólicas de Fuerteventura AIE	Fuerteventura (Las Palmas)	Spain	-	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	28.04%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Electricity generation from renewable resources	-	Enel Green Power España SL	50.00%	35.05%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000.00	EUR	Electricity generation and distribution	Equity	Enel Green Power España SL	40.00%	28.04%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708.40	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	35.05%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	42.06%
Empresa Energía SA	Cadiz	Spain	2,500,000.00	EUR	Electricity supply	Equity	Endesa Red SA	50.00%	35.05%
Erdwärme Oberland GmbH	Munich	Germany	154,011.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	85.17%	85.17%
Erecosalz SL	Zaragoza	Spain	18,030.36	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	33.00%	23.13%
Essex Company LLC	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Estrellada SA	Montevideo	Uruguay	448,000.00	UYU	Electricity generation from renewable resources	Line-by-line	Enel Green Power Uruguay SA	100.00%	100.00%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	70.00%	49.07%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	73.60%	51.59%
Explotaciones Eólicas Santo Domingo de Luna SA	Zaragoza	Spain	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.75%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	45.57%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	63.09%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	63.09%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Fowler Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Fulcrum LLC	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Furatena Solar 1 SLU	Seville	Spain	3,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Garob Wind Farm (Pty) Ltd	Gauteng	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Gas Atacama Chile SA	Santiago	Chile	589,318,016,243.00	CLP	Electricity generation	Line-by-line	Enel Chile SA	2.63%	37.00%
							Enel Generación Chile SA	97.37%	
Gas y Electricidad Generación SAU	Palma de Mallorca	Spain	213,775,700.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.10%
Gasoducto Atacama Argentina SA	Santiago	Chile	208,173,124.00	USD	Natural gas transport	Line-by-line	Enel Generación Chile SA	0.03%	37.00%
							Gas Atacama Chile SA	99.97%	
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	-	ARS	Natural gas transport	Line-by-line	Gasoducto Atacama Argentina SA	100.00%	37.00%
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Gauley River Management Corporation	Willison (Vermont)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Gauley River Power Partners LLC	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Generadora de Occidente Ltda	Guatemala City	Guatemala	16,261,697.33	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	1.00%	100.00%
							Enel Green Power SpA	99.00%	
Generadora Eólica Alto Pacora SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Generadora Estrella Solar SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Generadora Fotovoltaica Chiriquí SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Generadora Montecristo SA	Guatemala City	Guatemala	3,820,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.01%	100.00%
							Enel Green Power SpA	99.99%	
Generadora Solar Caldera SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Generadora Solar Tolé SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Geotérmica del Norte SA	Santiago	Chile	326,577,419,702.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	84.59%	84.59%
Gibson Bay Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Global Energy Partners Inc.	Delaware	USA	100,000.00	USD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
Global Energy Partners LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Global Energy Partners Inc.	100.00%	100.00%
Gnl Chile SA	Santiago	Chile	3,026,160.00	USD	Design and LNG supply	Equity	Enel Generación Chile SA	33.33%	12.12%
Goodwell Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Origin Goodwell Holdings LLC	100.00%	50.00%
Goodyear Lake Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Gorona del Viento El Hierro SA	Valverde de El Hierro	Spain	30,936,736.00	EUR	Development and maintenance of El Hierro generation plant	Equity	Unión Eléctrica de Canarias Generación SAU	23.21%	16.27%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación II SA	100.00%	70.10%
GV Energie Rigenerabili ITAL-RO Srl	Bucharest	Romania	1,145,400.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	100.00%
							Enel Green Power SpA	0.00%	
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Hastings Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Hidroeléctrica de Catalunya SL	Barcelona	Spain	126,210.00	EUR	Electricity transmission and distribution	Line-by-line	Endesa Red SA	100.00%	70.10%
Hidroeléctrica de Ourol SL	Lugo	Spain	1,608,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	21.03%
Hidroeléctrica Don Rafael SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	65.00%
Hidroelectricidad del Pacífico S de RL de Cv	Mexico City	Mexico	30,890,736.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	99.99%
Hidroflamicell SL	Barcelona	Spain	78,120.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica de Catalunya SL	75.00%	52.58%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Hidroinvest SA	Buenos Aires	Argentina	55,312,093.00	ARS	Holding company	Line-by-line	Enel Américas SA	41.94%	50.06%
							Enel Argentina SA	54.76%	
Hidromondego - Hidroeléctrica do Mondego Lda	Lisbon	Portugal	3,000.00	EUR	Hydroelectric power	Line-by-line	Endesa Generación Portugal SA	10.00%	70.10%
							Endesa Generación SA	90.00%	
High Shoals LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
High Street Corporation (Pty) Ltd	Melbourne	Australia	-	AUD	Renewable energy	Line-by-line	Energy Response Holdings (Pty) Ltd	100.00%	100.00%
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
HillTopper Wind Holdings LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	70.00%	70.00%
HillTopper Wind Power LLC	Dover (Delaware)	USA	-	USD	Wind power	Line-by-line	HillTopper Wind Holdings LLC	100.00%	70.00%
Hispano Generación de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.75%
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Hydro Development Group Acquisition LLC	Albany (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000.00	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Hydrogen Park - Marghera per l’idrogeno Scrl	Venice	Italy	245,000.00	EUR	Development of studies and projects for the use of hydrogen	Line-by-line	Enel Produzione SpA	65.85%	65.85%
Hydromac Energy Srl	Rome	Italy	18,000.00	EUR	Holding company	Line-by-line	Enel Green Power SpA	100.00%	100.00%
I-EM Srl	Turin	Italy	28,571.43	EUR	Design and development	Equity	Enel X Srl	30.00%	30.00%
Ingendesa do Brasil Ltda (in liquidation)	Rio de Janeiro	Brazil	500,000.00	BRL	Design, engineering and consulting	Line-by-line	Enel Generación Chile SA	1.00%	36.99%
							Gas Atacama Chile SA	99.00%	
Inkolan Información y Coordinación de obras AIE	Bilbao	Spain	84,140.00	EUR	Information on infrastructure of Inkolan associates	Equity	Endesa Distribución Eléctrica SL	12.50%	8.76%
International Endesa BV	Amsterdam	Netherlands	15,428,520.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	70.10%
International Multimedia University Srl (in liquidation)	Rome	Italy	24,000.00	EUR	Training	-	Enel Italia Srl	13.04%	13.04%
Inversora Codensa SAS	Bogotá DC	Colombia	5,000,000.00	COP	Electricity transmission and distribution	Line-by-line	Codensa SA ESP	100.00%	25.07%
Inversora Dock Sud SA	Buenos Aires	Argentina	241,490,000.00	ARS	Holding company	Line-by-line	Enel Américas SA	57.14%	29.60%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	61,474,475.77	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Italgest Energy (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
JuiceNet GmbH	Berlin	Germany	25,000.00	EUR	Renewable energy	Line-by-line	eMotor Werks Inc.	100.00%	100.00%
JuiceNet Ltd	London	United Kingdom	1.00	GBP	-	Line-by-line	eMotor Werks Inc.	100.00%	100.00%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Kalenta SA	Maroussi	Greece	4,359,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	100.00%	100.00%
Kavacik Eolìco Enerjì Elektrìc Üretìm ve Tìcaret Anonìm Şirketì	Istanbul	Turkey	9,000,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerjì Yatirimlari Anonìm Şirketì	100.00%	100.00%
Kelley's Falls LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Kingston Energy Storage LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	EGP Energy Storage Holdings LLC	100.00%	100.00%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Kino Contractor SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Kino Facilities Manager SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Kirklarelì Eolìko Enerjì Elektrìk Üretìm ve Tìcaret Anonìm Şirketì	Istanbul	Turkey	5,250,000.00	TRY	-	Line-by-line	Enel Green Power Turkey Enerjì Yatirimlari Anonìm Şirketì	100.00%	100.00%
Kongul Enerjì Sanayi ve Tìcaret Anonìm Şirketì	Istanbul	Turkey	125,000,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerjì Yatirimlari Anonìm Şirketì	100.00%	100.00%
Kromschroeder SA	Barcelona	Spain	627,126.00	EUR	Services	Equity	Endesa Medios y Sistemas SL (Sociedad Unipersonal)	29.26%	20.51%
La Pereda CO_2 AIE	Oviedo	Spain	224,286.00	EUR	Services	Equity	Endesa Generación SA	33.33%	23.36%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
LaChute Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Lake Emily Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Lake Pulaski Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Land Run Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Sundance Wind Project LLC	100.00%	100.00%
Lawrence Creek Solar LLC	Minneapolis (Minnesota)	USA	-	USD	-	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Lindahl Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Preferred Wind Holdings LLC	100.00%	50.00%
Lindahl Wind Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Lindahl Wind Holdings LLC	100.00%	50.00%
Little Elk Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Little Elk Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Little Elk Wind Holdings LLC	100.00%	100.00%
Littleville Power Company Inc.	Boston (Massachusetts)	USA	1.00	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Llano Sánchez Solar Power One SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Llano Sánchez Solar Power Cuatro SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Llano Sánchez Solar Power Tres SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
LLC Azovskaya VES	Moscow	Russia	10,000.00	RUB	Electricity generation from renewable resources	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Lone Pine Wind Inc.	-	Canada	-	CAD	Renewable energy	Line-by-line	Enel Green Power Canada Inc.	10.00%	10.00%
Lone Pine Wind Project LP	-	Canada	-	CAD	Renewable energy	Line-by-line	Enel Green Power Canada Inc.	10.00%	10.00%
Lower Saranac Hydro Partners LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Lower Saranac Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Lower Valley LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Lowline Rapids LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Luz Andes Ltda	Santiago	Chile	1,224,348.00	CLP	Electricity transmission, distribution and sale and fuels	Line-by-line	Enel Chile SA	0.10%	60.07%
							Enel Distribución Chile SA	99.90%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Maicor Wind Srl	Rome	Italy	20,850,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Marte Srl	Rome	Italy	5,100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Marudhar Wind Energy Private Limited	Gurgaon	India	100,000.00	INR	Electricity transmission, distribution and sale	Line-by-line	BLP Energy Private Limited	99.00%	75.79%
Más Energía S de RL de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	1.00	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	100.00%
Matrigenix (Pty) Ltd	Houghton	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Medidas Ambientales SL	Medina de Pomar (Burgos)	Spain	60,100.00	EUR	Environmental studies	Equity	Nuclenor SA	50.00%	17.53%
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Mexicana de Hidroelectricidad Mexhidro S de RL de Cv	Mexico City	Mexico	181,728,901.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	99.99%
Mibgas SA	Madrid	Spain	3,000,000.00	EUR	Gas market operator	-	Endesa SA	1.35%	0.95%
Mill Shoals Hydro Company I LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Minicentrales del Canal de las Bárdenas AIE	Zaragoza	Spain	1,202,000.00	EUR	Hydroelectric plants	-	Enel Green Power España SL	15.00%	10.52%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	36.50%	25.59%
Mira Energy (Pty) Ltd	Houghton	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Missisquoi Associates LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Montrose Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Navalvillar S olar SL	Valencia	Spain	3,000.00	EUR	Photovoltaic systems	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Nevkan Inc.	100.00%	100.00%
Newbury Hydro Company LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Ngonye Power Company Limited	Lusaka	Zambia	10,000.00	ZMW	Electricity sales	Line-by-line	Enel Green Power Africa Srl	80.00%	80.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Nojoli Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
North Canal Waterworks	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Northwest Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West LLC	100.00%	100.00%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Nuclenor SA	Burgos	Spain	102,000,000.00	EUR	Nuclear plants	Equity	Endesa Generación SA	50.00%	35.05%
Nuove Energie Srl	Porto Empedocle	Italy	5,204,028.73	EUR	Construction and management of LNG regasification infrastructure	Line-by-line	Enel Trade SpA	100.00%	100.00%
Nxuba Wind Farm (Pty) Ltd	Gauteng	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA 2 (Pty) Ltd	100.00%	100.00%
NYC Storage (353 Chester) SPE LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Demand Energy Networks Inc.	100.00%	100.00%
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia	33,193.92	EUR	Security services	Equity	Slovenské elektrárne AS	100.00%	33.00%
OGK-5 Finance LLC	Moscow	Russia	10,000,000.00	RUB	Finance company	Line-by-line	Enel Russia PJSC	100.00%	56.43%
OpEn Fiber SpA	Milan	Italy	250,000,000.00	EUR	Installation, maintenance and repair of electronic plant	Equity	Enel SpA	50.00%	50.00%
Origin Goodwell Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Wind Holdings 1 LLC	100.00%	50.00%
Origin Wind Energy LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Origin Goodwell Holdings LLC	100.00%	50.00%
Osage Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	50.00%	50.00%
Osage Wind LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Osage Wind Holdings LLC	100.00%	50.00%
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Ovacik Eoliko Enerji Elektrik Üretim ve Ticaret Anonim Şirketi	Istanbul	Turkey	11,250,000.00	TRY	-	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	33.33%	23.36%
Oyster Bay Wind Farm (Pty) Ltd	Cape Town	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
P.V. Huacas SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	65.00%
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Palo Alto Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Paravento SL	Lugo	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	63.09%
Parc Eòlic La Tossa-La Mola D'en Pascual SL	Madrid	Spain	1,183,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	21.03%
Parc Eòlic Los Aligars SL	Madrid	Spain	1,313,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	21.03%
Parque Amistad II SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Parque Amistad III SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Parque Amistad IV SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Parque Eólico A Capelada SL (Sociedad Unipersonal)	Santiago de Compostela	Spain	5,857,586.40	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,603,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	56.08%
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	75.00%	52.58%
Parque Eólico de Belmonte SA	Madrid	Spain	120,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.16%	35.16%
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	82.00%	57.48%
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	66.33%	46.50%
Parque Eólico Delfina Ltda	Rio de Janeiro	Brazil	6,963,977.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.99%	100.00%
							Enel Green Power Desenvolvimento Ltda	0.01%	
Parque Eólico Farlan SL	Madrid	Spain	3,006.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340.00	EUR	Plant construction and operation	Line-by-line	Enel Green Power España SL	90.00%	63.09%
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000.00	EUR	Plant construction and operation	Line-by-line	Enel Green Power España SL	75.50%	52.93%
Parque Eólico Muniesa SL	Madrid	Spain	3,006.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	52.00%	36.45%
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	58.00%	40.66%
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.99%	100.00%
							Enel Green Power Latin America SA	0.01%	
Parque Eólico Valle de los Vientos SA	Santiago	Chile	566,096,564.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.99%	100.00%
							Enel Green Power Latin America SA	0.01%	
Parque Salitrillos SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power México S de RL de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Parque Solar Cauchari IV SA	San Salvador de Jujuy	Argentina	500,000.00	ARS	Electricity generation from renewable resources	Line-by-line	Enel Green Power Argentina SA	95.00%	100.00%
							Enel Green Power Latin America SA	5.00%	
Parque Talinay Oriente SA	Santiago	Chile	66,092,165,171.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	61.37%	95.94%
							Enel Green Power SpA	34.57%	
Paynesville Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Pegop - Energia Eléctrica SA	Abrantes	Portugal	50,000.00	EUR	Electricity generation	Equity	Endesa Generación Portugal SA	0.02%	35.05%
							Endesa Generación SA	49.98%	
Pelzer Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Pereda Power SL	La Pereda (Mieres)	Spain	5,000.00	EUR	Development of generation activities	Line-by-line	Endesa Generación II SA	70.00%	49.07%
PH Chucas SA	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	40.31%	65.00%
							Enel Green Power SpA	24.69%	
PH Don Pedro SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	33.44%	33.44%
PH Guacimo SA	San José	Costa Rica	50,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	65.00%

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PH Río Volcán SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	34.32%	34.32%
Pincher Creek LP	Alberta	Canada	-	CAD	Renewable energy	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	99.00% 1.00%	100.00%
Pine Island Distributed Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	56.12%	39.34%
PowerCrop Macchiareddu Srl	Bologna	Italy	100,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop Srl	100.00%	50.00%
PowerCrop Russi Srl	Bologna	Italy	100,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop Srl	100.00%	50.00%
PowerCrop Srl	Bologna	Italy	4,000,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power SpA	50.00%	50.00%
Prairie Rose Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Prairie Rose Wind LLC	100.00%	50.00%
Prairie Rose Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
Primavera Energia SA	Rio de Janeiro	Brazil	36,965,444.64	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Productor Regional de Energía Renovable III SA	Valladolid	Spain	3,088,398.00	EUR	Plant development and construction	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Productor Regional de Energía Renovable SA	Valladolid	Spain	710,500.00	EUR	Plant development and construction	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Productora de Energías SA	Barcelona	Spain	30,050.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	30.00%	21.03%
Promociones Energéticas del Bierzo SL	Ponferrada	Spain	12,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Proveedora de Electricidad de Occidente S de RL de Cv	Mexico City	Mexico	89,708,835.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	99.99%
Proyecto Almería Mediterráneo SA	Madrid	Spain	601,000.00	EUR	Desalinization and water supply	Equity	Endesa SA	45.00%	31.55%
Proyecto Solar Don José SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power Guatemala SA Enel Green Power México S de RL de Cv	1.00% 99.00%	100.00%
Proyecto Solar Villanueva Tres SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power Guatemala SA Enel Green Power México S de RL de Cv	1.00% 99.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Proyectos de Energía Sol y Viento 1 SA de Cv	Mexico City	Mexico	147,375,734.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos de Energía Sol y Viento 2 SA de Cv	Mexico City	Mexico	288,584,564.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos de Energía Sol y Viento 3 SA de Cv	Mexico City	Mexico	324,082,368.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos de Energía Sol y Viento 4 SA de Cv	Mexico City	Mexico	116,428,613.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos de Energía Sol y Viento 5 SA de Cv	Mexico City	Mexico	139.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos de Energía Sol y Viento 6 SA de Cv	Mexico City	Mexico	139.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos de Energía Sol y Viento 7 SA de Cv	Mexico City	Mexico	139.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos de Energía Sol y Viento 8 SA de Cv	Mexico City	Mexico	139.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	180,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	33.33%	23.36%
Proyectos y Soluciones Renovables SAC	Lima	Peru	1,000.00	PEN	Electricity generation	Line-by-line	Enel Green Power Latin America SA	0.10%	100.00%
							Enel Green Power Partecipazioni Speciali Srl	99.90%	
PT Enel Green Power Optima Way Ratai	Jakarta	Indonesia	10,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	90.00%	90.00%
Pulida Energy (RF) (Pty) Ltd	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	52.70%	52.70%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Pyrites Hydro LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Quatiara Energia SA	Rio de Janeiro	Brazil	16,566,510.61	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Rattlesnake Creek Wind Project LLC	Lincoln (Nebraska)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Reaktortest Sro	Trnava	Slovakia	66,389.00	EUR	Research and development	Equity	Slovenské elektrárne AS	49.00%	16.17%
Red Centroamericana de Telecomunicaciones SA	Panama	Panama	2,700,000.00	USD	Telecommunications	-	Enel SpA	11.11%	11.11%
Red Dirt Wind Holdings I LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Red Dirt Wind Holdings LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Red Dirt Wind Project LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Red Dirt Wind Holdings I LLC	30.00%	100.00%
							Red Dirt Wind Holdings LLC	70.00%	
Retfinskaya GRES	Reftinskiy	Russia	10,000.00	RUB	Electricity generation and sale	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Reftinskaya GRES Limited Liability Company	Asbest	Russia	10,000.00	RUB	-	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Renovables de Guatemala SA	Guatemala City	Guatemala	1,924,465,600.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.01%	100.00%
							Enel Green Power SpA	99.99%	
Riverview LP	Alberta	Canada	-	CAD	Renewable energy	Line-by-line	Enel Alberta Wind Inc.	99,00%	100,00%
							Enel Green Power Canada Inc.	1,00%	
Rock Creek Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Rock Creek Wind Holdings I LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Rock Creek Wind Holdings LLC	-	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Preferred Holdings II LLC	100.00%	100.00%
Rock Creek Wind Project LLC	Clayton (California)	USA	-	USD	Holding company	Line-by-line	Rock Creek Wind Holdings I LLC	30.00%	100.00%
							Rock Creek Wind Holdings LLC	70.00%	
Rocky Caney Holdings LLC	Oklahoma City (Oklahoma)	USA	-	USD	Renewable energy	Equity	Enel Kansas LLC	100.00%	20.00%
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	100.00%	20.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Equity	Rocky Caney Wind LLC	100.00%	20.00%
RusEnergoSbyt LLC	Moscow	Russia	2,760,000.00	RUB	Electricity trading	Equity	Enel Investment Holding BV	49.50%	49.50%
RusEnergoSbyt Siberia LLC	Krasnoyarskiy Kray	Russia	4,600,000.00	RUB	Electricity sales	Equity	RusEnergoSbyt LLC	50.00%	24.75%
RusEnergoSbyt Yaroslavl	Yaroslavl	Russia	100,000.00	RUB	Electricity sales	Equity	RusEnergoSbyt LLC	50.00%	24.75%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Sacme SA	Buenos Aires	Argentina	12,000.00	ARS	Monitoring of electricity system	Equity	Empresa Distribuidora Sur SA - Edesur	50.00%	18.68%
Salmon Falls Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Salto de San Rafael SL	Seville	Spain	461,410.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	50.00%	35.05%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	100.00%
Sanatorium-Preventorium Energetik LLC	Nevinnomyssk	Russia	10,571,300.00	RUB	Energy services	Line-by-line	Enel Russia PJSC	99.99%	56.43%
							OGK-5 Finance LLC	0.01%	
Santo Rostro Cogeneración SA	Seville	Spain	207,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	31.55%
Se Hazelton A LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Se Predaj Sro	Bratislava	Slovakia	4,505,000.00	EUR	Electricity supply	Equity	Slovenské elektrárne AS	100.00%	33.00%
SE Služby inžinierskych stavieb s.r.o.	Kalná nad Hronom	Slovakia	200,000.00	EUR	Services	Equity	Slovenské elektrárne AS	100.00%	33.00%
Seguidores Solares Planta 2 SL	Murcia	Spain	3,010.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.01%	100.00%
							Energía Nueva Energía Limpia México S de RL de Cv	99.99%	
Servizio Elettrico Nazionale SpA	Rome	Italy	10,000,000.00	EUR	Electricity sales	Line-by-line	Enel SpA	100.00%	100.00%
Shield Energy Storage Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGP Energy Storage Holdings LLC	100.00%	100.00%
Sierra Energy Storage LLC	Camden (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGP Energy Storage Holdings LLC	51.00%	51.00%
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	697,820.00	EUR	Analysis, design and research in thermal technology	Equity	Enel Innovation Hubs Srl	41.55%	41.55%
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900.00	EUR	Electricity generation	Equity	Enel Green Power España SL	16.70%	11.71%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Sistema Eléctrico de Conexión Valcaire SL	Madrid	Spain	175,200.00	EUR	Electricity generation	Equity	Enel Green Power España SL	28.13%	19.72%
Sistemas Energéticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	96.00%	67.30%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	Slate Creek Hydro Company LLC	95.00%	47.50%
Slate Creek Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Slovak Power Holding BV	Amsterdam	Netherlands	25,010,000.00	EUR	Holding company	Equity	Enel Produzione SpA	50.00%	50.00%
Slovenské elektrárne AS	Bratislava	Slovakia	1,269,295,724.66	EUR	Electricity generation	-	Slovak Power Holding BV	66.00%	33.00%
Slovenské elektrárne Česká republika s.r.o.	Prague	Czech Republic	3,000.00	CZK	Electricity supply	Equity	Slovenské elektrárne AS	100.00%	33.00%
Smart P@Per SPA	Potenza	Italy	2,184,000.00	EUR	Services	-	Servizio Elettrico Nazionale SpA	10.00%	10.00%
Smoky Hill Holdings II LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	100.00%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Nevkan Renewables LLC	100.00%	100.00%
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	100.00%
Socibe Energia SA	Rio de Janeiro	Brazil	19,969,032.25	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	5,738,046,495.00	CLP	Financial investment	Line-by-line	Enel Chile SA	57.50%	34.86%
Sociedad Eólica de Andalucía SA	Seville	Spain	4,507,590.78	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	64.74%	45.38%
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	35.05%
Sociedad Eólica Los Lances SA	Cadiz	Spain	2,404,048.42	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	42.06%
Sociedad Portuaria Central Cartagena SA	Bogotá DC	Colombia	5,800,000.00	COP	Port construction and management	Line-by-line	Emgesa SA ESP	94.95%	25.08%
							Inversora Codensa SAS	4.90%	
Sol Real Istmo SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Sol Real Uno SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Sona Enerjì Üretìm Anonìm Şirketì	Istanbul	Turkey	50,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerjì Yatirimlari Anonìm Şirketì	100.00%	100.00%
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	36.00%	25.24%
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Stillman Valley Solar LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Stillwater Woods Hill Holdings LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Stipa Nayaá SA de Cv	Mexico City	Mexico	1,811,016,348.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	55.21%	95.37%
							Enel Green Power Partecipazioni Speciali Srl	40.16%	
Sublunary Trading (RF) (Pty) Ltd	Johannesburg	South Africa	10,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	57.00%	57.00%
Suministradora Eléctrica de Cádiz SA	Cadiz	Spain	12,020,240.00	EUR	Electricity distribution and sale	Equity	Endesa Red SA	33.50%	23.48%
Suministro de Luz y Fuerza SL	Torroella de Montgri (Girona)	Spain	2,800,000.00	EUR	Electricity distribution	Line-by-line	Hidroeléctrica de Catalunya SL	60.00%	42.06%
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	2,050,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	75.00%	75.00%
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Sundance East Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Sundance Wind Project LLC	100.00%	100.00%
Sundance Interconnect LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Land Run Wind Project LLC	50.00%	100.00%
							Sundance East Wind Project LLC	50.00%	
Sundance Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Sweetwater Hydroelectric LLC	Concord (New Hampshire)	USA	-	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
Taranto Solar Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	-	Enel F2i Solare Italia SpA	100.00%	50.00%
Tecnatom SA	Madrid	Spain	4,025,700.00	EUR	Electricity generation and services	Equity	Endesa Generación SA	45.00%	31.55%
Tecnoguat SA	Guatemala City	Guatemala	30,948,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	75.00%	75.00%
Tejo Energia Produção e Distribuição de Energia Eléctrica SA	Paço de Arcos (Oeiras)	Portugal	5,025,000.00	EUR	Electricity generation, transmission and distribution	Equity	Endesa Generación SA	43.75%	30.67%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Tenedora de Energía Renovable Sol y Viento SAPI de Cv	Mexico City	Mexico	1,359,424,561.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA	99.00%	100.00%
							Energía y Servicios South America SpA	1.00%	
Teploprogress OJSC	Sredneuralsk	Russia	128,000,000.00	RUB	Electricity sales	Line-by-line	Enel Russia PJSC	60.00%	33.86%
Termoeléctrica José de San Martín SA	Buenos Aires	Argentina	500,000.00	ARS	Plant construction and operation	Equity	Central Costanera SA	5.33%	8.80%
							Central Dock Sud SA	1.42%	
							Enel Generación El Chocón SA	18.85%	
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	500,000.00	ARS	Plant construction and operation	Equity	Central Costanera SA	5.33%	8.80%
							Central Dock Sud SA	1.42%	
							Enel Generación El Chocón SA	18.85%	
Termotec Energía AIE (in liquidation)	Valencia	Spain	481,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	31.55%
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Texkan Inc.	100.00%	100.00%
Thunder Ranch Wind Holdings I LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Thunder Ranch Wind Holdings LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Thunder Ranch Wind Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Thunder Ranch Wind Holdings I LLC	30.00%	100.00%
							Thunder Ranch Wind Holdings LLC	70.00%	
Tko Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Tobivox (RF) (Pty) Ltd	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Toledo Pv AEIE	Madrid	Spain	26,887.96	EUR	Photovoltaic plants	Equity	Enel Green Power España SL	33.33%	23.36%
Tradewind Energy Inc.	Wilmington (Delaware)	USA	200,000.00	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	19.90%	19.90%
Transmisora de Energía Renovable SA	Guatemala City	Guatemala	233,561,800.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.00%	100.00%
							Enel Green Power SpA	100.00%	
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	440,644,600.00	CLP	Electricity transmission and distribution	Equity	Gas Atacama Chile SA	50.00%	18.50%
Transportadora de Energía SA - TESA	Buenos Aires	Argentina	100,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Enel Argentina SA	0.00%	51.61%
							Enel CIEN SA	100.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Transportes y Distribuciones Eléctricas SA	Olot (Girona)	Spain	72,120.00	EUR	Electricity transmission	Line-by-line	Endesa Distribución Eléctrica SL	73.33%	51.41%
Triton Energy Inc.	Delaware	USA	5,000.00	USD	Renewable energy	Line-by-line	EnerNOC Inc.	100.00%	100.00%
Triton Power Company	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	2.00%	100.00%
							Highfalls Hydro Company Inc.	98.00%	
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Electricity generation from renewable resources	Equity	Twin Falls Hydro Company LLC	99.51%	49.76%
Twin Falls Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Tynemouth Energy Storage Limited	London	United Kingdom	2.00	GBP	Services	Line-by-line	Enel SpA	100.00%	100.00%
Ufefys SL (in liquidation)	Aranjuez	Spain	304,150.00	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	40.00%	28.04%
Ukuqala Solar (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Unión Eléctrica de Canarias Generación SAU	Las Palmas de Gran Canaria	Spain	190,171,520.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.10%
Upington Solar (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Ustav Jaderného Výzkumu Rez AS	Rez	Czech Republic	524,139,000.00	CZK	Research and development	Equity	Slovenské elektrárne AS	27.77%	9.17%
Vektör Enerjì Üretìm Anonìm Şirketì	Istanbul	Turkey	3,500,000.00	TRY	Plant construction and electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Vientos del Altiplano S de RL de Cv	Mexico City	Mexico	751,623,040.00	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power México S de RL de Cv	99.99%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	0.01%	
Villanueva Solar SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Held for sale	Enel Green Power Guatemala SA	1.00%	100.00%
							Enel Green Power México S de RL de Cv	99.00%	
Viruleiros SL	Santiago de Compostela	Spain	160,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	67.00%	46.97%

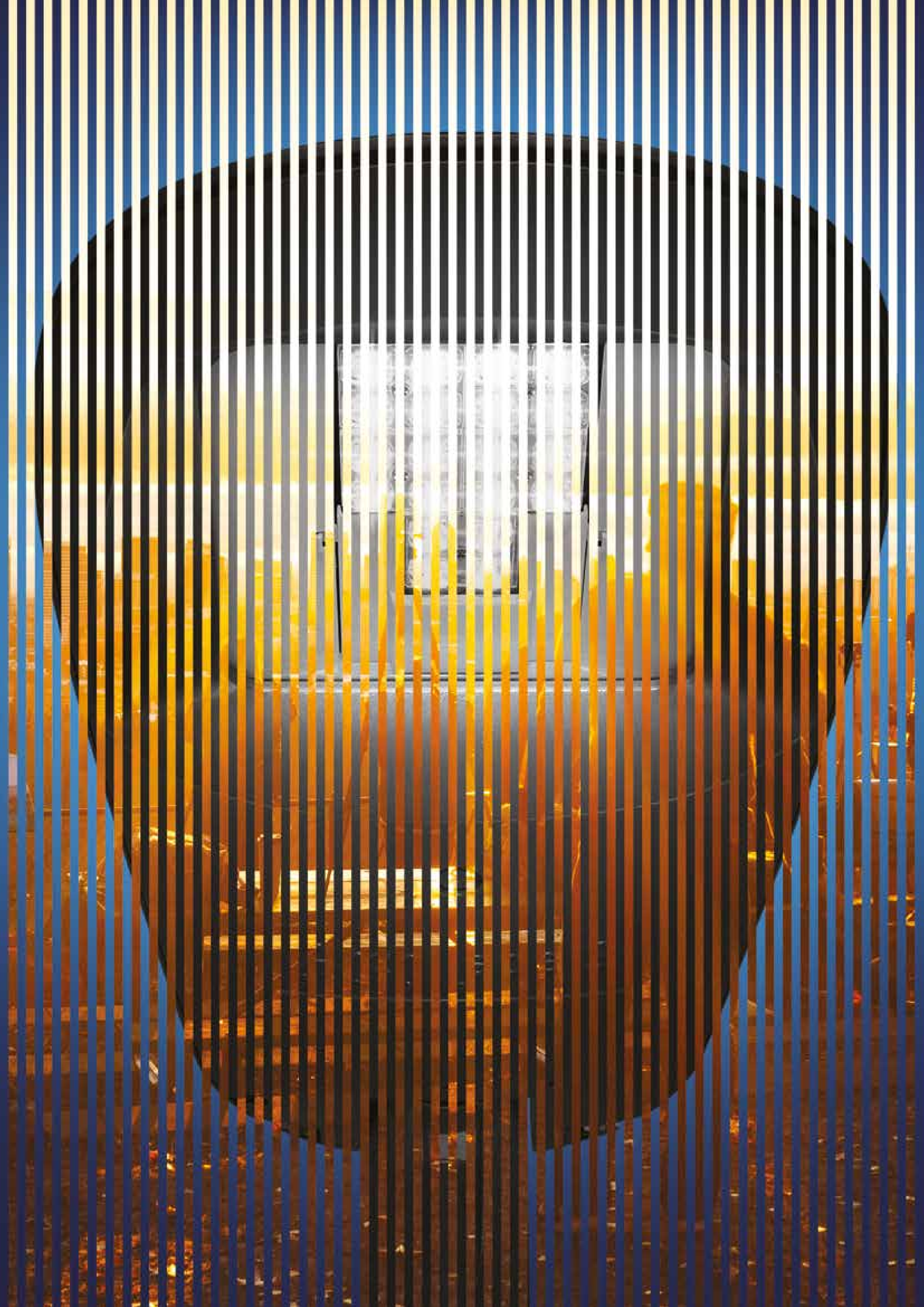
Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Walden Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Waseca Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Weber Energy Storage Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGP Energy Storage Holdings LLC	100.00%	100.00%
West Faribault Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
West Hopkinton Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Held for sale	Enel Green Power North America Inc.	100.00%	100.00%
West Waconia Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Western New York Wind Corporation	Albany (New York)	USA	300.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
White Current Corporation	Vermont	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Willimantic Power Corporation	Hartford (Connecticut)	USA	1,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Wind Parks Anatolis - Prinias SA	Maroussi	Greece	1,168,188.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power Hellas Wind Parks of South Evia SA	100.00%	100.00%
Wind Parks of Bolibas SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Distomos SA	Maroussi	Greece	556,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Folia SA	Maroussi	Greece	424,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Gagari SA	Maroussi	Greece	389,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Goraki SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Gourles SA	Maroussi	Greece	555,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Kafoutsi SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Katharas SA	Maroussi	Greece	728,648.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power Hellas Wind Parks of South Evia SA	100.00%	100.00%
Wind Parks of Kerasias SA	Maroussi	Greece	895,990.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power Hellas Wind Parks of South Evia SA	100.00%	100.00%
Wind Parks of Milias SA	Maroussi	Greece	994,774.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power Hellas Wind Parks of South Evia SA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Wind Parks of Mitikas SA	Maroussi	Greece	732,639.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power Hellas Wind Parks of South Evia SA	100.00%	100.00%
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	80.00%
Wind Parks of Petalo SA	Maroussi	Greece	575,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Platanos SA	Maroussi	Greece	585,467.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power Hellas Wind Parks of South Evia SA	100.00%	100.00%
Wind Parks of Skoubi SA	Maroussi	Greece	472,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Spilias SA	Maroussi	Greece	807,490.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power Hellas Wind Parks of South Evia SA	100.00%	100.00%
Wind Parks of Strouboulas SA	Maroussi	Greece	576,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Vitalio SA	Maroussi	Greece	361,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Vourlas SA	Maroussi	Greece	554,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Windlife Kola Vetro LL1 Limited Liability Company	Murmansk	Russia	10,000.00	RUB	-	Line-by-line	Enel Rus Wind Generation LLC	100.00%	56.43%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Woods Hill Solar LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Stillwater Woods Hill Holdings LLC	100.00%	100.00%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
Yacylec SA	Buenos Aires	Argentina	20,000,000.00	ARS	Electricity transmission	Equity	Enel Américas SA	22.22%	11.51%
Yedesa-Cogeneración SA	Almería	Spain	234,394.72	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	40.00%	28.04%

07

Corporate governance

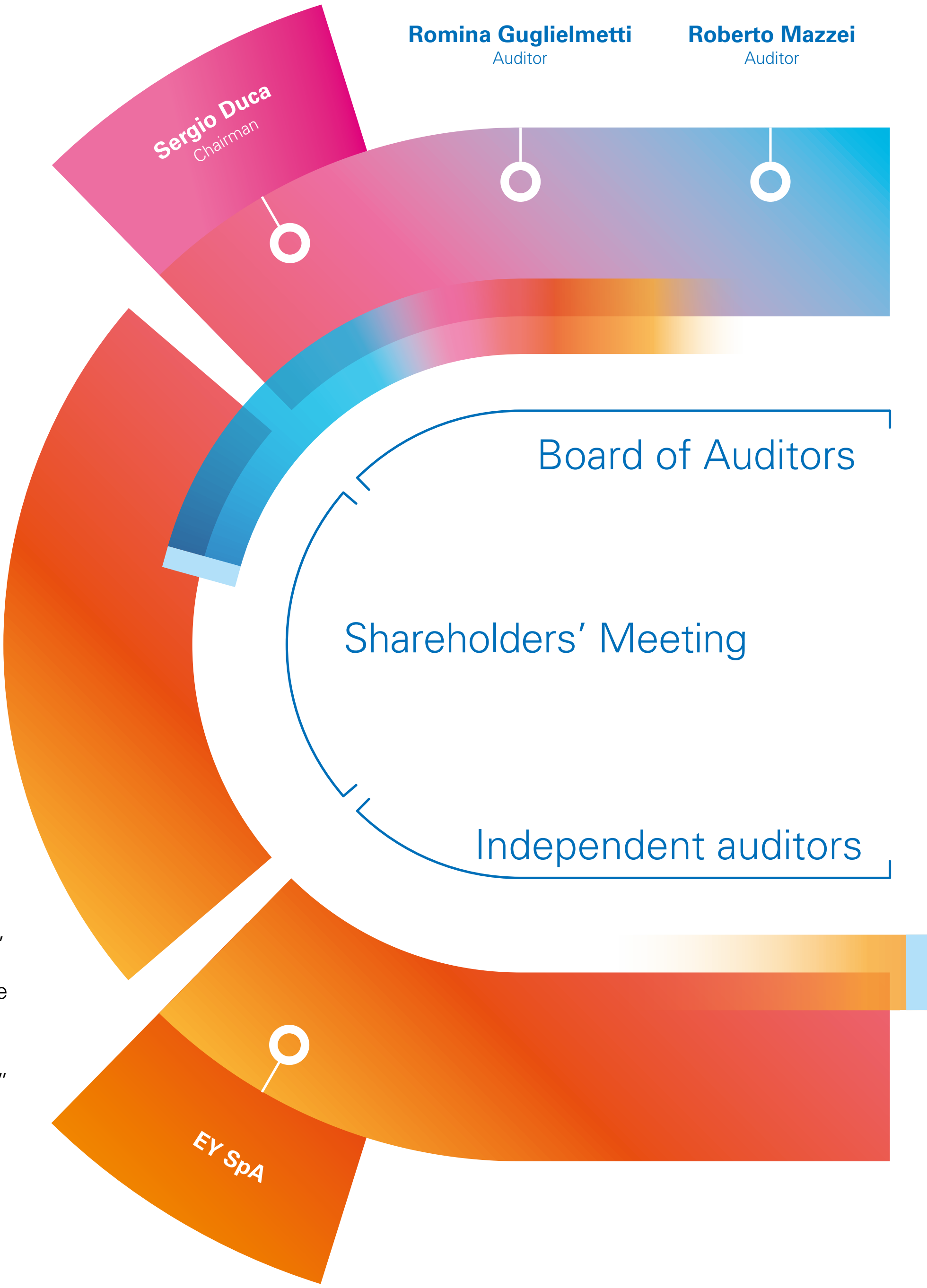


Report on corporate governance and ownership structure

The corporate governance structure of Enel SpA complies with the principles set forth in the edition of the Corporate Governance Code for listed companies most recently amended in July 2015[1],which has been adopted by the Company. Furthermore, the aforementioned corporate governance structure is inspired by CONSOB's recommendations on this matter and, more generally, international best practice.

The corporate governance system adopted by Enel and the Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

In compliance with the provisions of Italian law governing companies with listed shares, the Company's organization is characterized by:



For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the Company's website (www.enel.com, in the "Governance" section).

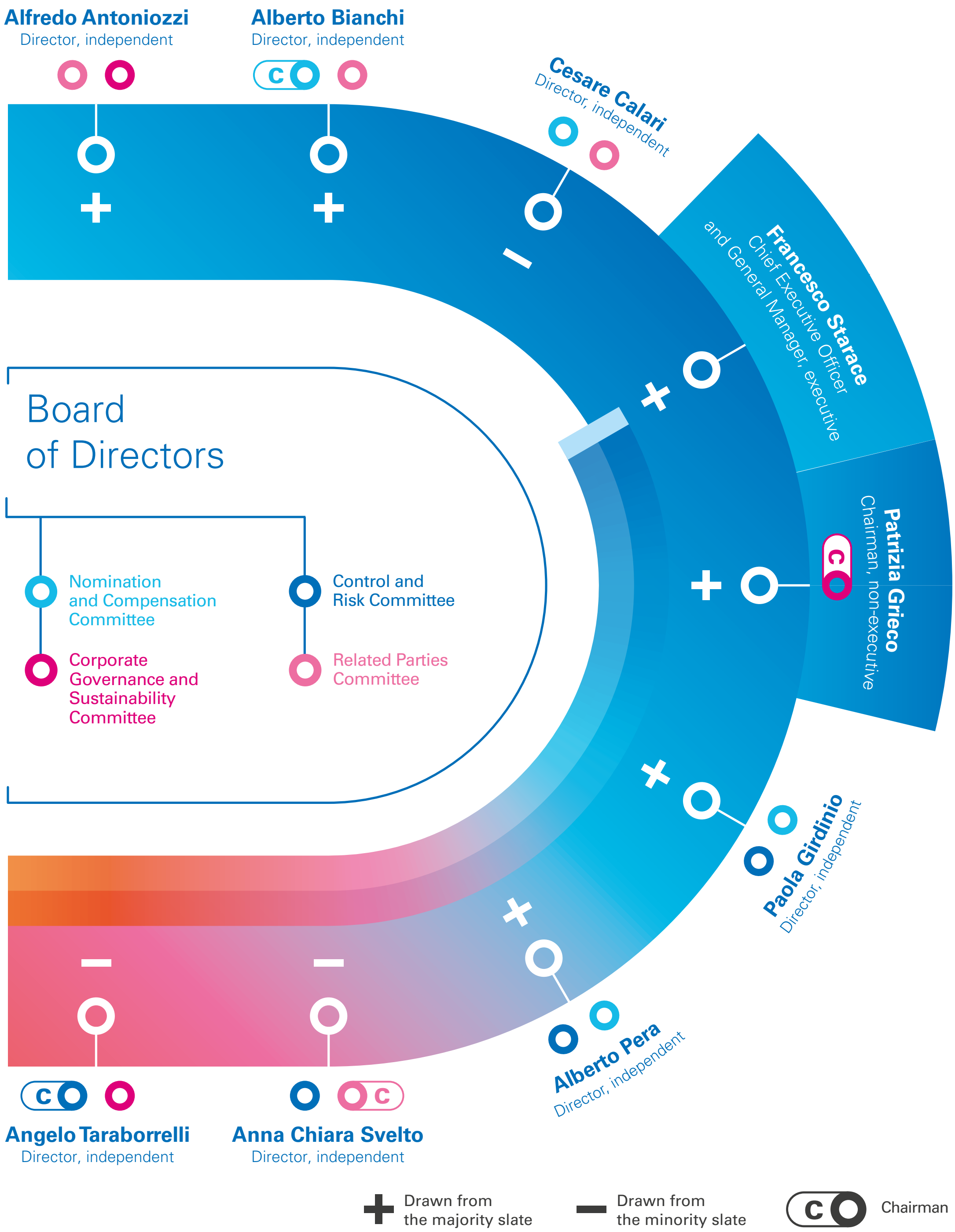
(1) The current edition of the Code is available on the website of Borsa Italiana (http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/code2015.en.pdf).

> a Board of Directors charged with managing the Company;

> a Board of Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the statutory audit firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;

> a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Auditors and their compensation and responsibilities; (ii) the approval of the financial statements and allocation of net income; (iii) the purchase and sale of treasury shares; (iv) stock-based compensation plans; (v) amendments of the bylaws; and (vi) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Auditors.



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