

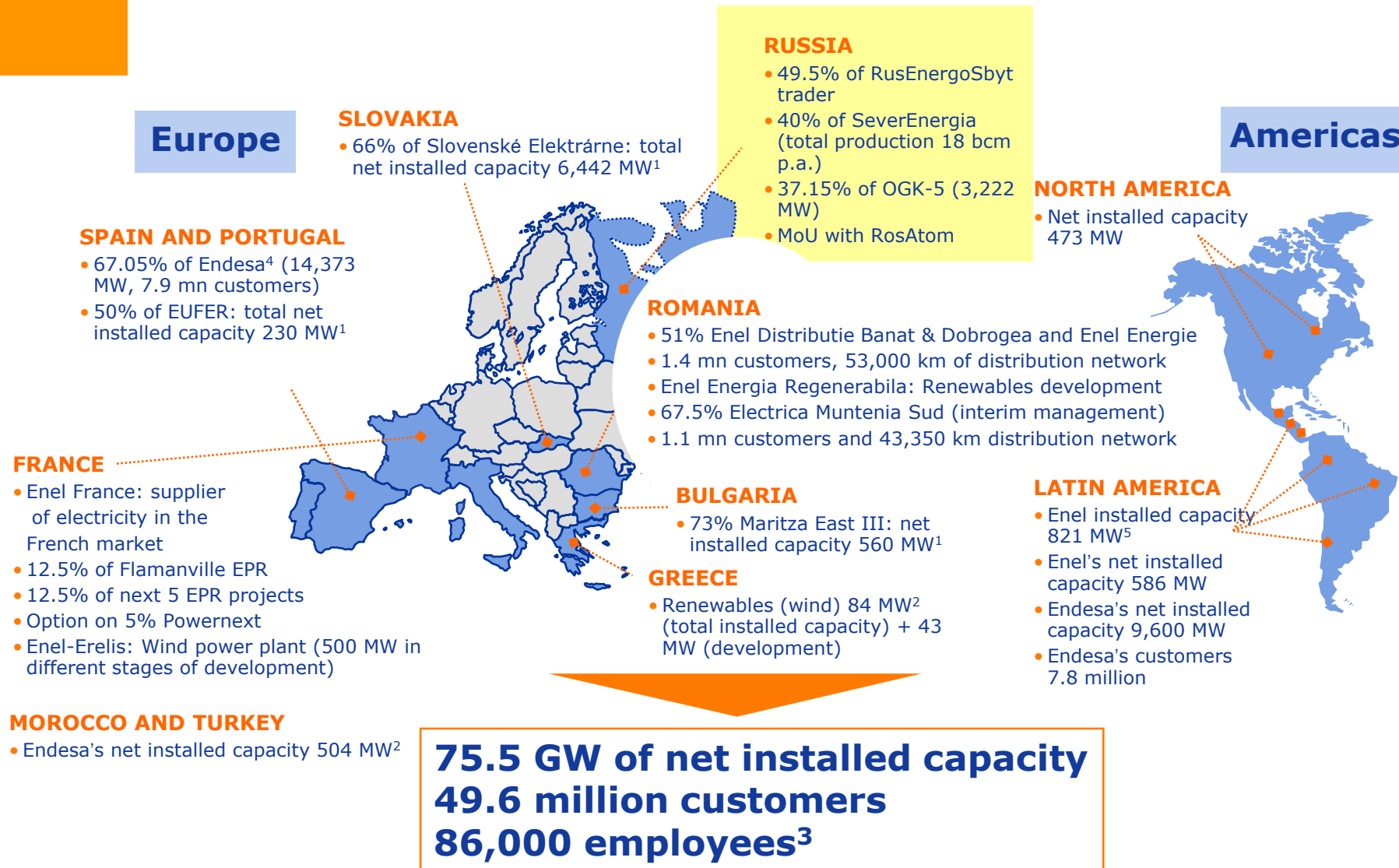


CDM issues from an investor's perspective

*Second meeting of the CEPS task force on
"The CDM and Future Flexible Mechanisms Post-2012"*

Brussels – January 12th, 2008

Enel on the global market



1 Consolidated capacity

2 Values not consolidated in the 2006 financial statements of Enel and Endesa

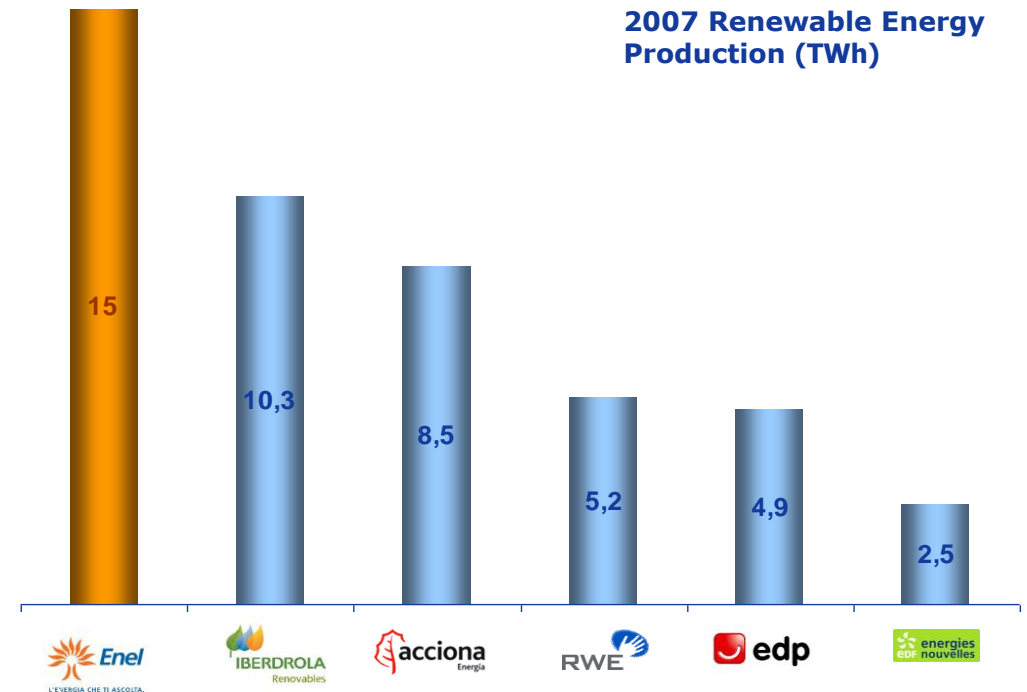
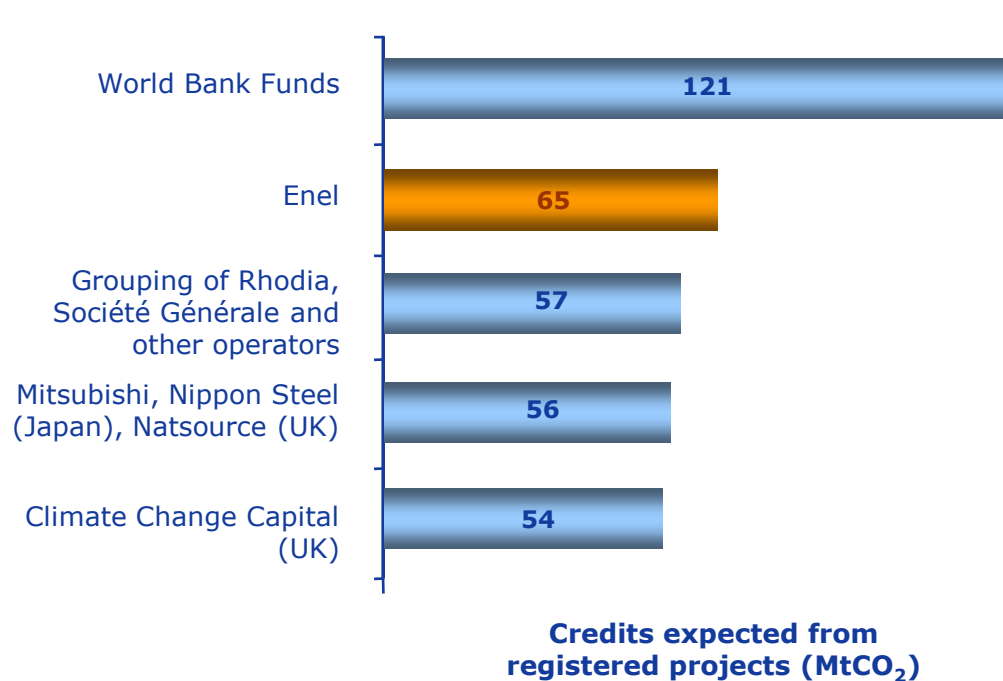
3 Value representing Enel employees in 2006, plus Endesa and OGC-5 employees consolidated at 100%. Data net of asset transfer to E.On

4 An additional 25% stake is owned by Enel's partner Acciona

5 Partnership plants included

Source: Enel, based on 2006 proforma data, with Endesa consolidated at 67.05% and OGC-5 at 37.15%. Data net of asset transfer to E.On

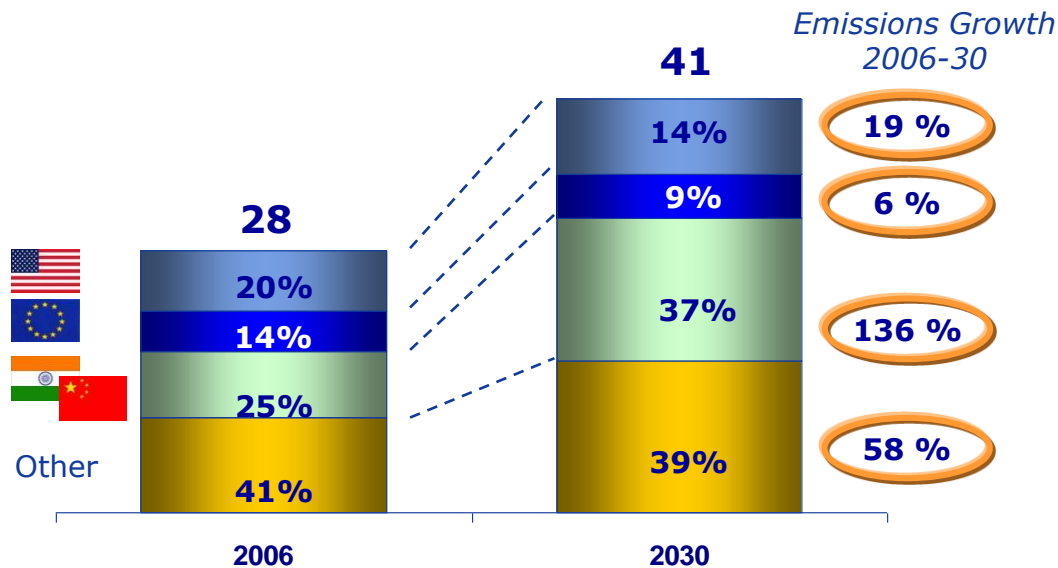
ENEL's role on green markets



Enel is a leader on the carbon and renewable energy markets

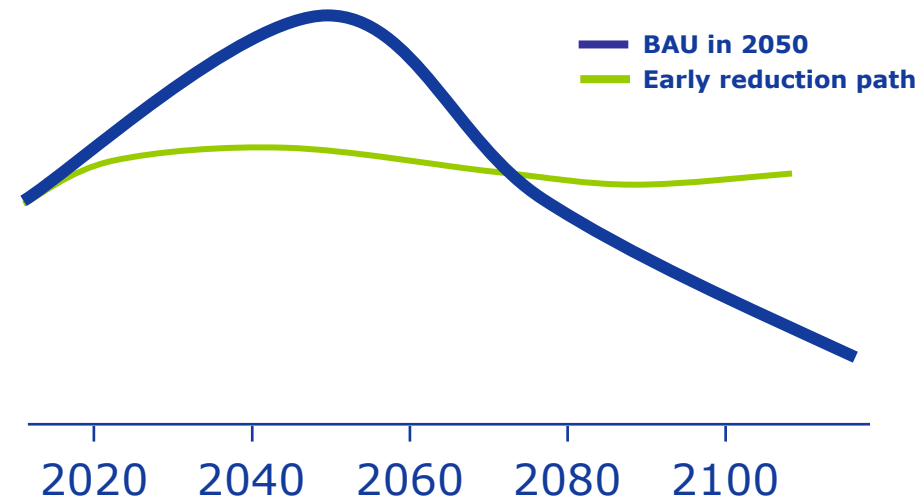
The scale of the problem at hand

Global CO₂ Emissions (Gt)



Source: IEA, World Energy Outlook 2008

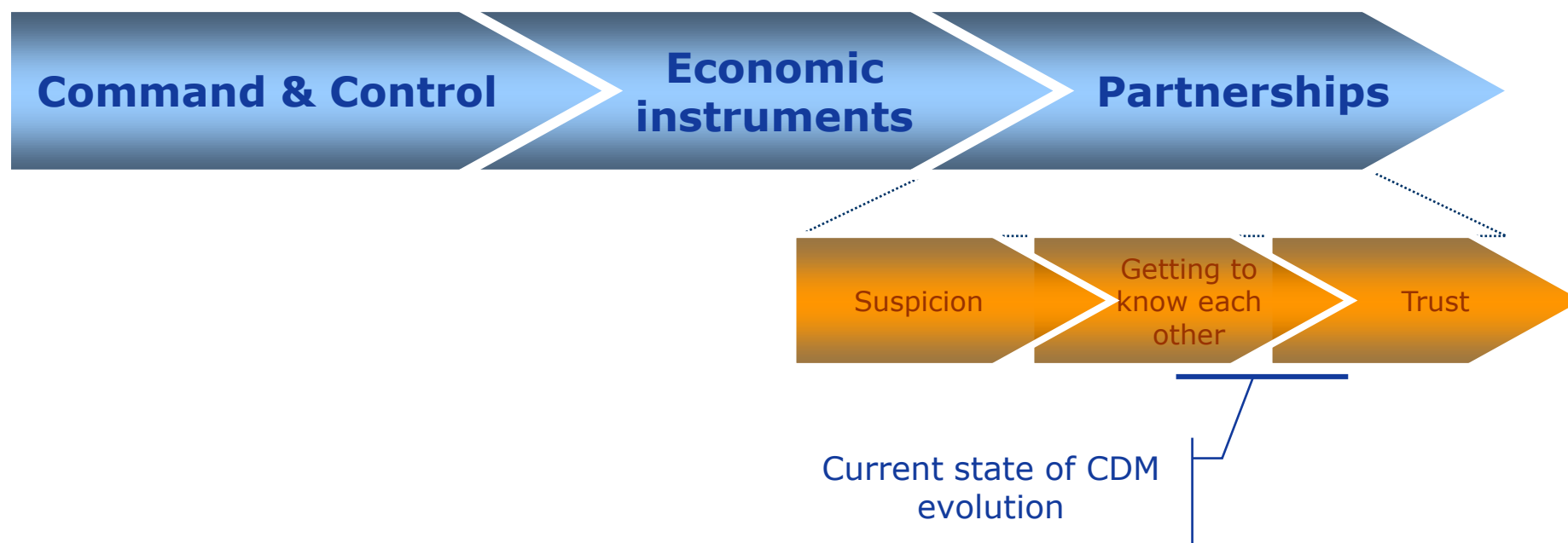
Emission level in order to stabilise GHG concentrations to 550 ppm by 2100



Source: Stem Report

The problem is daunting and we are quickly running out of time

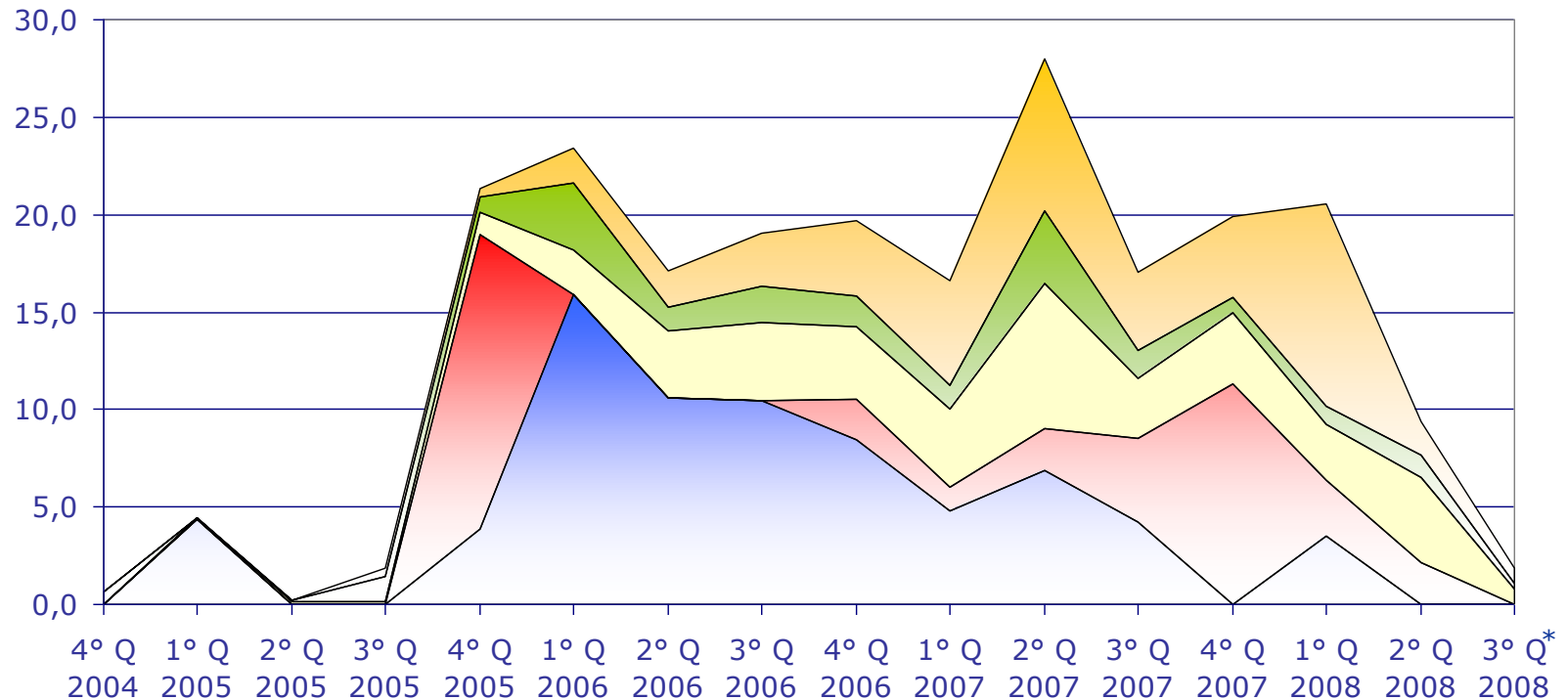
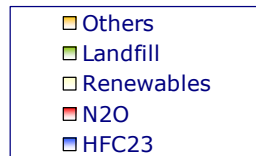
Our vision of the policy evolution process



CDM is going through a critical phase

CDM Performance

Quarterly projects
registration: annual
expected volume
(Mton CO₂e)



CDM is a partnership that is working and evolving fast

* up to August the 31st

Our perspective on CDM today

Strengths

- **Effective reduction** – The CDM is delivering reductions
- **Partnership** – Dialogue and partnership channels are growing
- **Awareness** – Increasing wide-spread awareness of carbon value/cost

Weaknesses

- **Legal certainty** – A business principle to be nurtured
- **Additionality** – About overcoming barriers or internalising environmental costs?
- **Governance** – Need for simple rules, process enhancement, increased dialogue

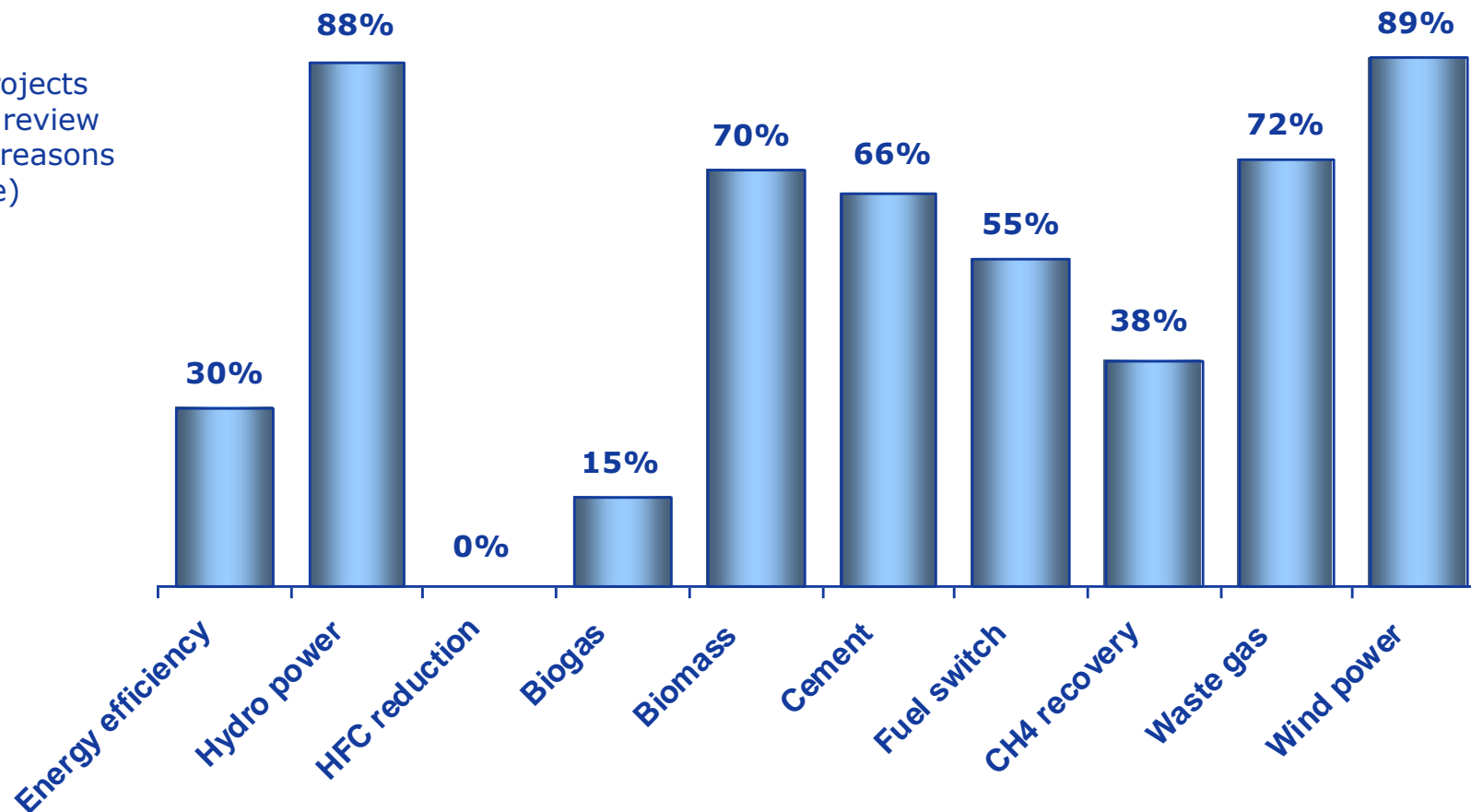


Future flexible mechanisms

Need to avoid a new start, to build on strengths and act on weaknesses

The impact of additionality's ambiguity

Percentage of projects with request for review for additionality reasons (per project type)



Unclear rules, create delays and increase transaction costs

Our perspective on the future

Timeline

- Time gap between Kyoto and post Kyoto can be highly damaging
- Timeframe of the new commitments must go well beyond five years

Scale

- Need to avoid fragmentation as much as possible
- CDM may play an important role in connecting regional systems

Complexity

- Sectorial focus in order to ensure volumes
- Simple rules in order to encourage and facilitate private-public partnership

Any new mechanism needs to be assessed along three basic dimension

Conclusions

- Given CDM's significant role, there is a need to build on its strengths and act on its weaknesses
- Any future mechanism should be assessed in terms of implementation timeline, operating scale and complexity
- It is crucial to preserve the achievements obtained in terms of public-private and geographical partnership