

## Italy's Terna focuses on Greek privatization, Italy-France link: CEO

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The new Italy-France power interconnection and privatization of the Greek power grid operator ADMIE are among the main projects on which Italy's power grid operator Terna is currently focusing, Terna's CEO Matteo Del Fante said Thursday.

Del Fante, in presenting Terna's H1 2014 results, said that Terna is "working hard on the delivery of main projects, namely the Italy-France interconnection" for which "we're addressing paperwork with all parts involved." As well, the company is pursuing the privatization of Greek grid operator ADMIE -- which involves the purchase of a 66% stake in the company --

for which "we've been qualified for phase b" and due diligence is ongoing. He said that "Terna is one of the four selected participants" and "just

after the summer there is a request for binding offer that Terna will have to consider submitting."

He added that Terna will "commit to a final bid only at the right terms," namely "clarity on the regulatory framework and cost of the transaction." Asked about the timing of the operation, he said that "in our mind this

is clearly business of 2015." Regarding the Italy-France link, he said that's "a project that we push

forward with our colleagues of RTE...", and it can have "an important impact on the electricity market in Italy as well."

The 500-MW cross-border link to France has a price tag of Eur400 million and would run parallel to another new link between the two neighbors, construction of which started in 2013 and that will connect Piossasco in Piedmont with Grand'Île in France.

Asked about a new 1,000-MW transmission line between Italy and Montenegro that Terna is also developing, he said that "there is no rethink on Montenegro at the moment, we have an advanced capex plan which we already started deploying" in "continuity with the former management" and negotiations are "very advances with suppliers." !

### ECONOMIC SCENARIO, POWER DEMAND WEAK

Del Fante said that on a macro-economic level, financial and political stability has driven a reduction in sovereign risk in Italy, but the economic scenario remains weak, as well as power demand, which fell 3.1% year on year in H1 14.

He added that the pool price on the Italian power exchange has fallen to

Eur50/MWh from around Eur63/MWh year on year in the same period. Regarding Terna's traditional activities, De Fante said that in the first

half of 2014 the two projects of the Trino-Lacchiarella and Foggia-Benevento power links in Italy have been successfully completed, while a third one, the Sorgente-Rizziconi cable connecting Sicily to the mainland, is ongoing.

Moreover, in H1 14 Terna acquired Tamini Group, a Milan-based company that produces and distributes transformers for electrical networks and industrial applications.

Terna reported net profit of Eur274.5 million in H1 2014, up by 4.1% year on year.

Revenues were up by 3.4% to Eur950.4 billion.

EBITDA was Eur753 million, rising by 2.8% year on year.

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