

ITALY - 2007 provisional data

Primary Energy Consumption

Period of reference: 2007 first eleven months

Unit: standard cubic meters (38.1 MJ/cm)

Total net gas supplies (indigenous production + imports - exports +/- stocks) totalled 74.5 billion Scm in the period January - November 2007, registering a 1% decrease compared to the same 2006 period. An exceptional mild 2006-2007 winter is the explanation for this decrease.

Domestic production dropped by -11.6% recording about 9 billion Scm, confirming the negative trend starting from 1994.

ENI FORECASTS*

Bcm

	2007	2010	2015	2020
gross internal domestic consumption	84.9	92.1	103.6	114
own uses and losses	1.0	1.1	1.2	1.3
power generation	34.1	37.4	44.9	52.6

*2007 provisional data - for the other years the data are not temperature corrected

According to ENI publication - World Oil and Gas Review 2007 - natural gas reserves in Italy are 109 billion cubic metres as at 1st January 2007.

Italy imported 65.6 billion Scm in the period January - November 2007 registering a 6% decrease compared with the same period in 2006.

SUPPLIES OF NATURAL GAS

provisional data for the period January - November 2007

billion Scm (38.1 MJ/m³)

		January - November		CHANGE %
		2007	2006	
indigenous production		8.9	10.1	-11.6%
imports		65.6	70.0	-6.2%
for entry points	Mazara del Vallo	19.7	22.0	-10.5%
	Gela	8.3	7.0	18.6%
	Tarvisio	21.2	20.5	3.6%
	Passo Gries	13.3	16.1	-17.2%
	Panigaglia	2.2	3.0	-26.1%
	Gorizia	0.2	0.2	-19.2%
	Others	0.7	1.2	-40.5%
Exports		0.1	0.4	-84.2%
changes in stocks		0.0	4.4	-100.8%
TOTAL NET SUPPLY		74.6	75.3	-0.9%

Source: Ministry of Economic Development

Environmental policies - Energy Efficiency

Italian priorities in the energy field are strictly related to the main issues of securing energy supply and reducing Green House Gases.

Currently, renewable energy in Italy represents about 7% of total energy use: the European Union has pledged to reach and possibly exceed 20% by the end of 2020. To achieve this aim it is necessary to implement serious policies and new measures set to promote an even greater use of renewable and clean energy, also through development of innovative technologies and to launch energy-saving and energy-efficient systems.

The 2007 financial law main provisions for the environment are:

- A fund for the reduction of Green House Gases (600 million euros in 3 years 2007-2009).
- Reduction of the Liquefied Petroleum Gas excise tax and incentives for using LPG-and natural gas-fuelled cars,
- tax allowances for energy efficiency in refitted buildings,
- a fund to favour the construction of buildings with very high energy efficiency,
- incentives for the installation of high-efficiency industrial engines.

Twenty years ago, the Italian People has forbidden Nuclear Energy in our Country by a referendum while today the debate on this topic has started again.

In Italy the strong opposition of the municipalities and their citizens may stop or slow down the realization of infrastructures as Italy experienced with some LNG regassification projects.

LNG regassification projects

The status of the new regassification projects is illustrated in the table. There have been setbacks especially in the case of Brindisi LNG where investigations have effectively blocked construction activity and have led to a new Environmental Impact Assessment (EIA) requested just this month to the Environmental Ministry. The only plant likely to be completed in a relatively short period of time is the LNG Adriatico terminal, expected to go on line towards the end of 2008. The Olt LNG terminal is approaching completion of the permitting procedure and could be operational before the end of 2010. Two new projects were added to those listed in the Authority's Annual Report table in the past years: the Atlas LNG terminal, presented by the Belleli company for Ravenna offshore; another offshore terminal off the coast of the Marche region presented by Gaz de France with a capacity of 5 bcm/year.

Table 5.12 State of advancement of regassification projects at the end of 2006

Locality	Capacity G(m ³)/year	Proposing company	Authorisation stage
Rovigo offshore	8	GNL Adriatico (Edison - ExxonMobil - Qatar Petroleum)	Investigation completed; implementation at advanced stage
Brindisi	8	Brindisi LNG (British Gas Italia)	Environment Ministry requires new assessment
Toscana offshore	4	OLT LNG (Endesa Italia, Iride, Asa, OLT Energy)	Investigation approaching completion
Rosignano	8	Edison, BP, Solvay	EIA and other assessments under way
Gioia Tauro	12	LNG MedGas (Cross Gas, Sorgenia, Iride)	EIA and other assessments under way
Taranto	8	Gas Natural Internacional	EIA and other assessments under way
Trieste Zaule	8	Gas Natural Internacional	EIA and other assessments under way
Trieste offshore	8	Endesa Italia	EIA and other assessments under way
Porto Empedocle	8	Nuove Energie (Enel)	EIA and other assessments under way
Rada di Augusta	12	Erg Power & Gas - Shell Energy Italia	EIA and other assessments under way

Source: Ministry of Economic Development.

Source: the Authority's 2007 Annual Report to the European Commission

Highlights

The agreement between ENI and Gazprom (November 2006) sets up an international alliance enabling the two companies to launch joint projects in the mid and downstream gas, in the upstream and in technological cooperation.

Gazprom will extend the duration of its gas supply contracts to Eni until 2035, confirming Eni as the world's single largest customer of Gazprom. Through this agreement, starting from 2007, Gazprom will sell directly into the Italian market increasing volumes of gas (which are part of volumes currently sold to Eni), building up to some 3 billion cubic metres from 2010 for the entire duration of the long term supply contract.

In January 2007 Italy's Minister of Economic Development and Greece's Minister of Development signed a Protocol of Intent for the construction of a new line across the Adriatic which would allow the transit of Azeri gas from the Caspian via Georgia, Turkey and Greece. Edison and Depa will have the right to use 8 billion cubic meters a year for 25 years in transmission capacity provided by the IGI natural gas pipeline that will link Italy and Greece.

In November 2007 Galsi and Snam Rete Gas signed a memorandum of understanding in the presence of the Algerian Minister for Energy and the Italian Minister for Economic Development for the construction of the Italian section of the new import pipeline from Algeria to Italy via Sardinia.

Galsi is owned by Sonatrach (36%), Edison (18%), Enel (13.5%), Wintershall (13.5%), Hera Trading (9%), and Regione Sardegna (10%).

The project involves an international offshore section of the pipeline which will run from the Algerian coast to Southern Sardinia (near Cagliari) where it will link up with the Italian section. This will include an inland section across Sardinia to Olbia and another offshore section to Tuscany (near Piombino) where the new pipeline will interconnect with the national transportation network.

Its initial transportation capacity will be 8 billion cubic metres per year and it is planned to come onstream in 2012