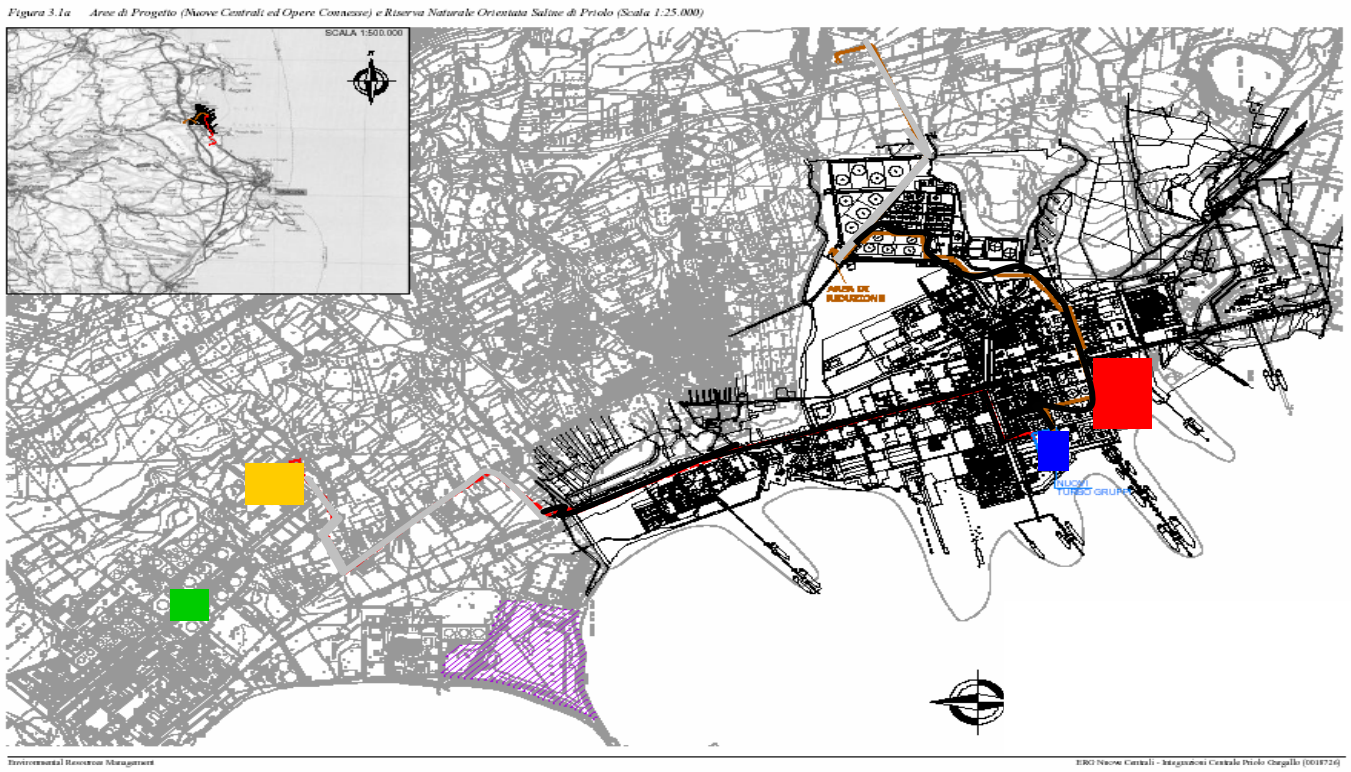
ERG Power & Gas

Giuseppe Gatti

Table of Contents

Priolo supersite
ISAB Energy
Nuce Sud
Nuce Nord
LNG project

Priolo Super-Site



ISAB Energy

IGCC - 528 MW
51% ERG & 49% International Power Mitsui

NuCe Nord Repowering

CCGT - 480 MW (3,6 TWh & 3m tons/yr)
100% ERG

NuCe Sud

99 MW (780 GWh & 2.2m tons/yr)
100% ERG

Ionio Gas

8 billion m3 gas
50% ERG – 50% Shell

ISAB Energy: 2006 Disruption and Mitigation Plan

Transformer

April, 10, 2006: the combined cycle of the IGCC Train 1 tripped, due to transformer breakdown — 210 MW

May, 6, 2006 first mitigation action: substitution of gas turbine transformer with steam turbine transformer — 425 MW

June, 25, 2006 second mitigation action: installation of a temporary transformer from Turbigo — 515 MW

January 2007: repaired gas turbine transformer will be available

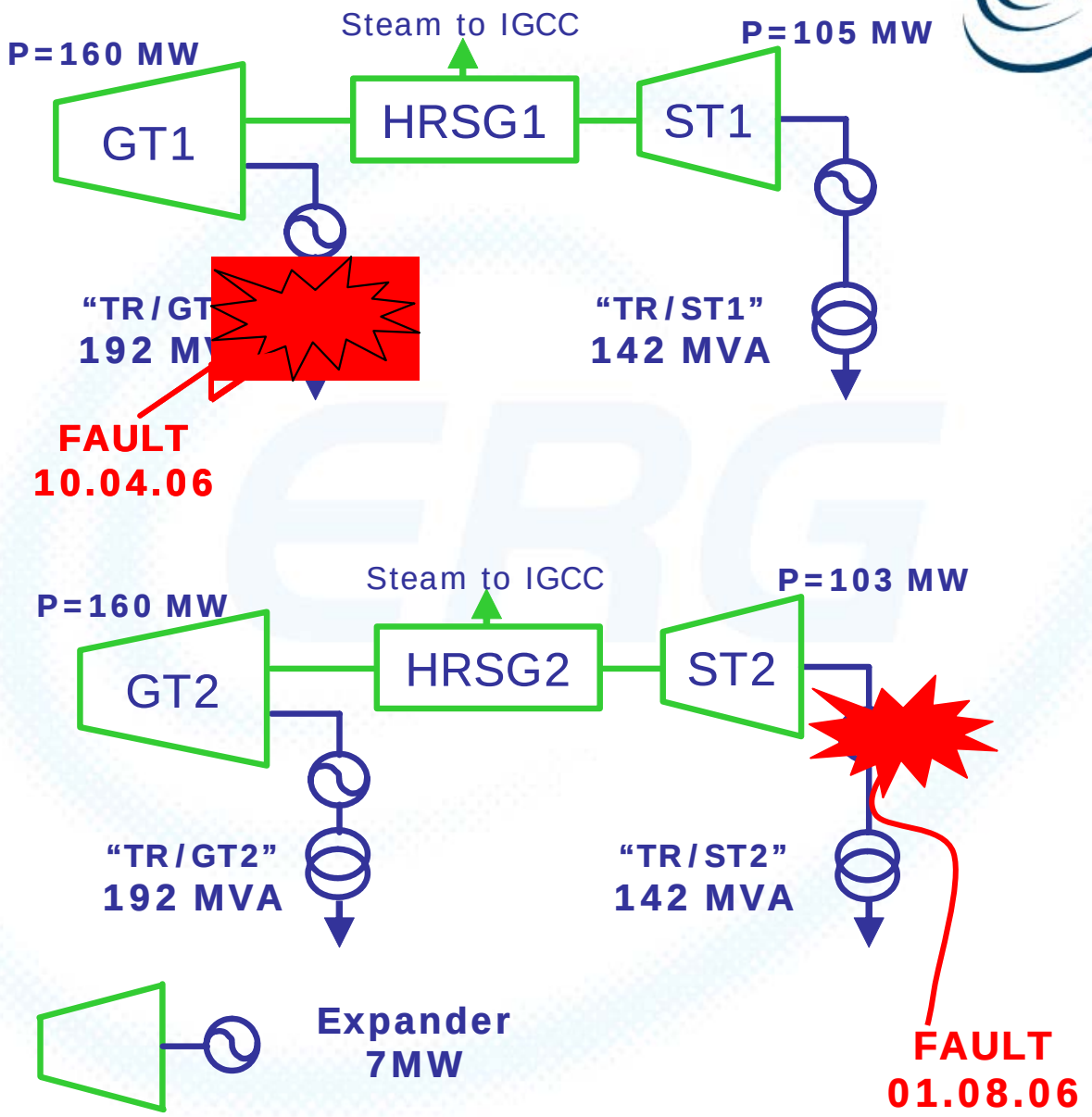
June 2007: transformer to be installed during planned maintenance, shutdown. New spare transformer to be delivered. — 528 MW

Generator

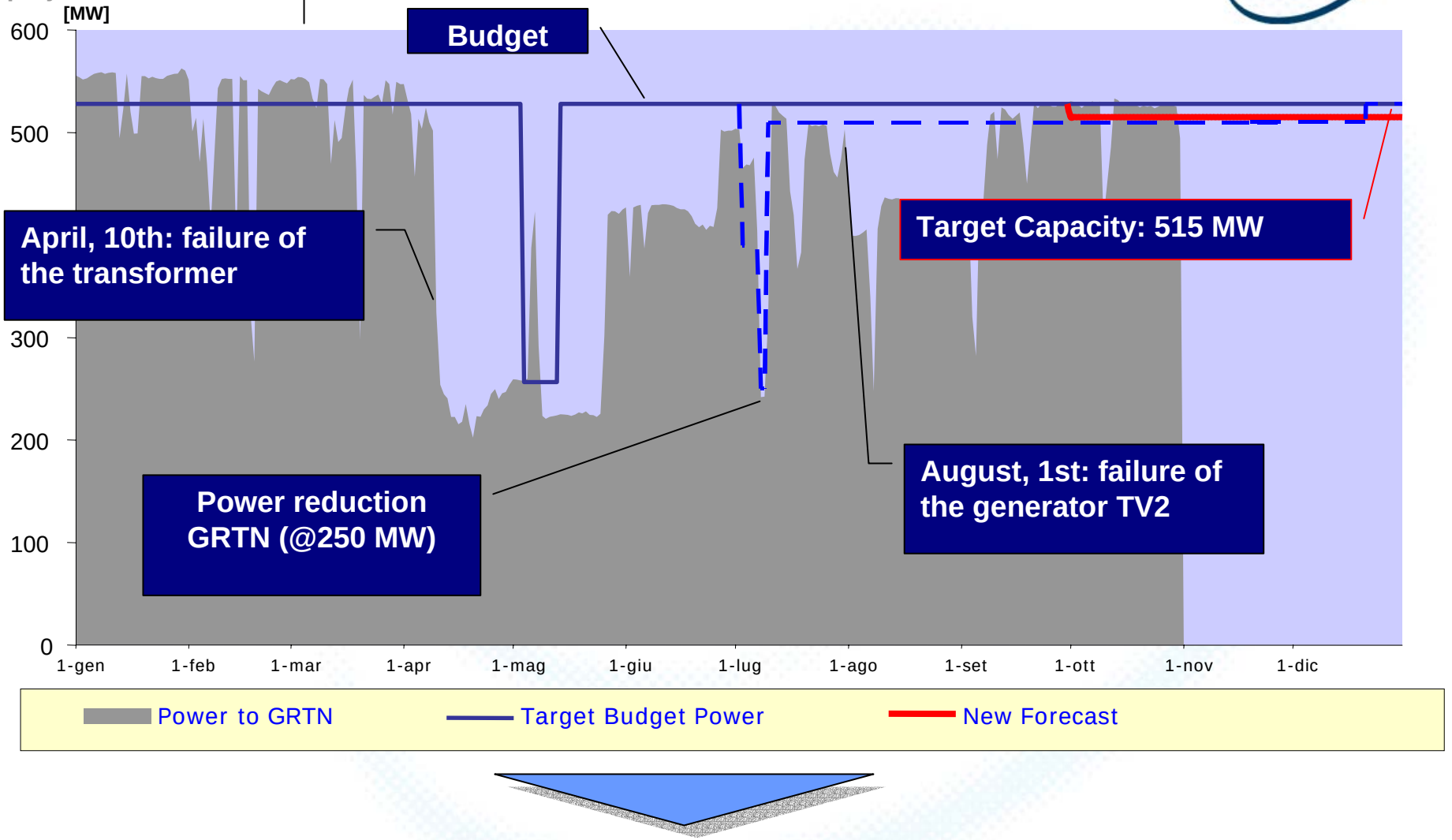
August, 1st, 2006 the disruption to a generator due to isolation failure ("STG2") — 420 MW

September, 4th, 2006: re-commissioning of repaired STG2 (only 38 days to be repaired) — 515 MW

ISAB Energy – Plant disruption



ISAB Energy – Production Trend



In a few months, thanks to the high commitment and fast reaction times, the ISAB Energy plant has reached its target production level of 528 MW

NuCe Sud

Location & Layout

- Located inside the ISAB refinery south plant site
- 2 existing backpressure plants connected to a new 70 MW gas turbine (GE technology – Frame 6a)

Investment

- Capex ~ Euro 60 million
- IRR ~ 10%

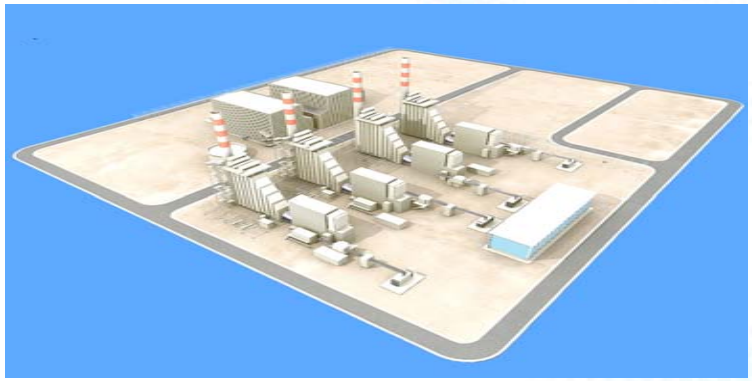
Technical aspects

- **New CCGT production:**
  - Authorised capacity 99 MW
  - Electricity production 780GWh/year
  - Steam production 2.2 million tons/year

First firing during this week

NuCe Nord – key data

- Completion of permitting process: October 12th 2005
- Investment: Euro 350 million
- Start-up of construction: September 2006
- Turbogas General Electric: 4 x PG6111FAe+ (70 MW) (order placed Aug. 2005)
- Steam Turbine: Ansaldo (92MW) (order placed Sept.2005)
- Engineering: Snam Progetti (order placed Oct. 2005)
- Start-up Commercial operation: by July 2008
- Capacity: 480 MW (Electricity = 3,6 TWh; Steam = 3 million tons)
- Status: - Engineering = 78%
  - Procurement = 47%



Stato Futuro

NuCe Nord
New Forecast of Investment Cost

- Start up of the construction activities has been postponed to September 2006 due to environmental problems
- Cost increase due to environmental issues and increased construction costs
- Start-up postponed until July 2008
- Current cost estimates:

Euro millions	2005	2006	2007	2008	Total
Current estimate	19	131	183	17	350
Previous estimate	23	202	91	0	316
Difference	(4)	(71)	92	17	34

- New forecast investment cost: Euro 350 million
- IRR on investment still above 11%

NuCe Nord
Operational strengths

Cogenerativity

- The plant will be supplying steam to the site customers (Isab nord refinery and ENI petrochemical plant) and is defined as “cogenerative” due to very high efficiency

Green certificates

- Being cogenerative, the plant will not have to acquire Green Certificates

Despatching priority

- Being cogenerative, the plant will have priority on despatch if the grid becomes congested

Site supply

- A large part of production (all the steam and some 80MW of electricity) will be supplied to the onsite customers ensuring a stable cash flow

NuCe Nord is one of the most competitive new production plants among those under construction in Italy

LNG Project structure

Asset

ERG 50 %

SHELL 50 %

Ionio Gas objectives are:

– **to develop, build, own, and operate the LNG terminal**

– **to lease the re-gasification capacity**

Capacity utilisation

ERG	40 %
SHELL	40 %
Third party access	20 %

LNG Project overview

Schedule

Construction start-up: early 2008

Terminal ready for start up date early 2011

Technical features

- **Layout**
  - Inland: 110.000 m2
  - Seaworks: Jetty inside Augusta Harbour
- **Throughput**
  - Phase 1: 8 bcm/y (approx 6 million tonnes per annum)
  - Phase 2: 12 bcm/y
  - 2 x 150,000 m3 LNG full containment tanks
  - Designed to accommodate 70,000 – 200,000 m3 carriers
  - Cold will be shared with the ERG Power Plant and other
- **Permitting**
  - NOF received June 28th, 2006
  - VIA documents ready for submission November, 2006
  - A.U. documents ready for submission in March, 2007