



ENERGY INFRASTRUCTURES IN EUROPE

European Parliament: Lunch Debate

April 11th 2012

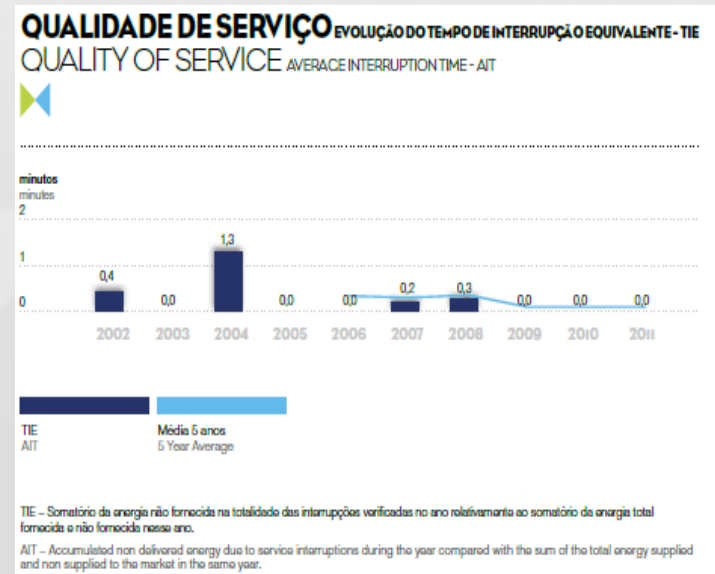
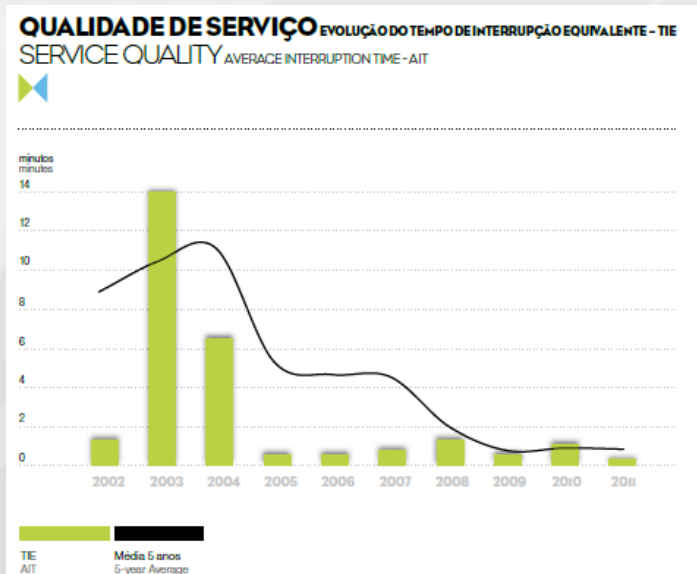
REN IS A TRANSMISSION SYSTEM OPERATOR (TSO) WITH A DISTINCTIVE PROFILE



One of the few European TSO's that operates both electricity and natural gas infrastructure

Very successful case of integration of renewables in the energy system (more than 50% of electricity generation in Portugal in 2011 came from RES)

Excellent quality track record and strong technical skills



REN IS AN INTEGRATED AND RELIABLE ENERGY INFRASTRUCTURES COMPANY



Electricity Network Businesses

Concession of Electricity Transmission until 2057

- 8 400 km of power lines
- 78 substations
- System with 22% of wind and 29% hydro installed capacity
- 0,27 minutes Equivalent Interruption Time (EIT)

Greenfield wave energy transmission network concession until 2055

NG Network Businesses

Concessions of NG until 2046

Transmission, LNG terminal and underground storage

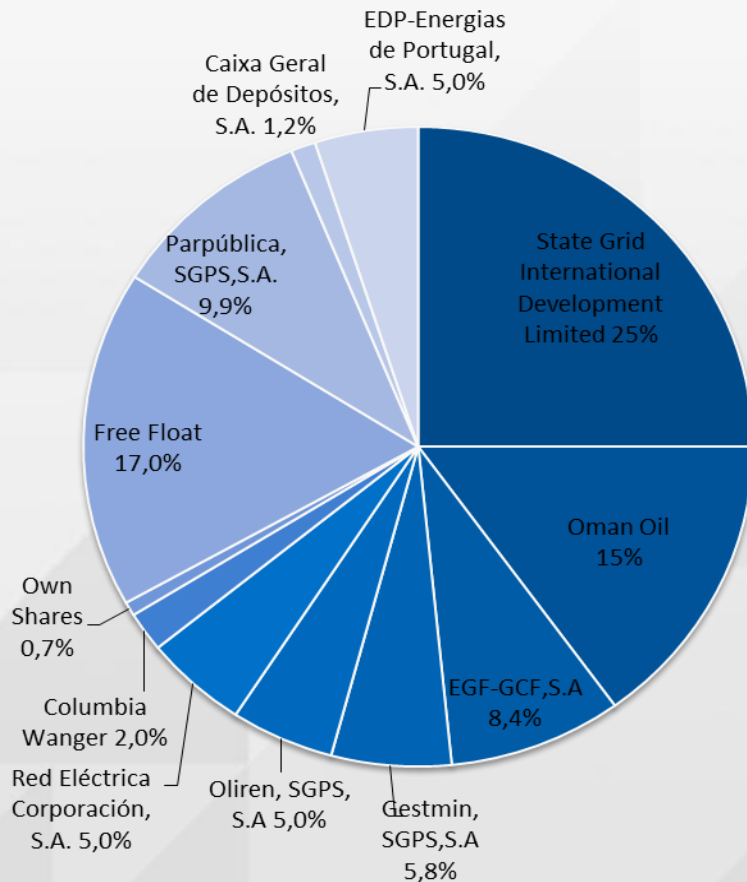
- 1 300 km of NG pipelines
- 84 GRMS
- LNG terminal (390 000m³ LNG storage capacity)
- 3 underground caverns (1,7 GWh capacity)
- 0 minutes EIT 2009-2011

Additional complementary businesses: REN Telecom, etc.

COMPLEMENTARY STRATEGIC PARTNERSHIPS FROM THE PRIVATIZATION TRANSACTION



REN's shareholder structure after privatization II



Strategic partnerships with SGID & OOC

Several key strategic initiatives in Portugal and abroad

- Supporting the development of the Iberian energy market
- Supporting the new trans European network
- Enhancing REN's internationalization process

Cooperation in areas such as exchange of technology skills and R&D initiatives

Significant funding commitments

THE PRIVATIZATION SUPPORTS REN'S INTERNATIONAL GROWTH



New regions for expansion



--- Priority regions previously identified by REN
■ Regions of interest reinforced by Strategic Agreement

▶ Diversification into non-regulated businesses

- ▶ M&A and greenfield growth
- ▶ Covering geographies already identified by REN, as well as new ones

REN is actively engaged in creating new business opportunities in both regulated and non-regulated activities

COM(2011) 658 – Regulation on Guidelines for trans-European Energy Infrastructure

COM(2011) 665 and 500 - Connecting Europe Facility and Multiannual Financial Framework

COM(2011) 660 and 662 – Project-bonds and new financial instruments

COM(2011) 539 and 540 - Agreements with third countries in the field of energy

COM(2011) 885 - Energy Roadmap 2050

REN IS CLEARLY ALIGNED WITH EU ENERGY POLICY



Energy Package 2011

REN'S Strategy

COM(2011) 658 –
Regulation on Guidelines for
trans-European Energy
Infrastructure

COM(2011) 665 & 500
Connecting Europe Facility and
Multiannual Financial Framework

COM(2011) 885 –
Energy Roadmap 2050

COM(2011) 539 & 540 -
Agreements with third countries in the
field of energy

Relevant contribution to the successful integration
of renewables and to a new energy mix

Strong
interest in
contributing
for an Iberian
Gas Hub,
diversifying
gas supply to
Europe



Strong interest
in a direct
investment
(including
equity
investment) in
the new trans
European
network
projects

- Associated member of METSO, MEDGRID, MEDELEC
- Clear overseas investment strategy towards priority geographies to EU (LatAm, Africa, China, ..)

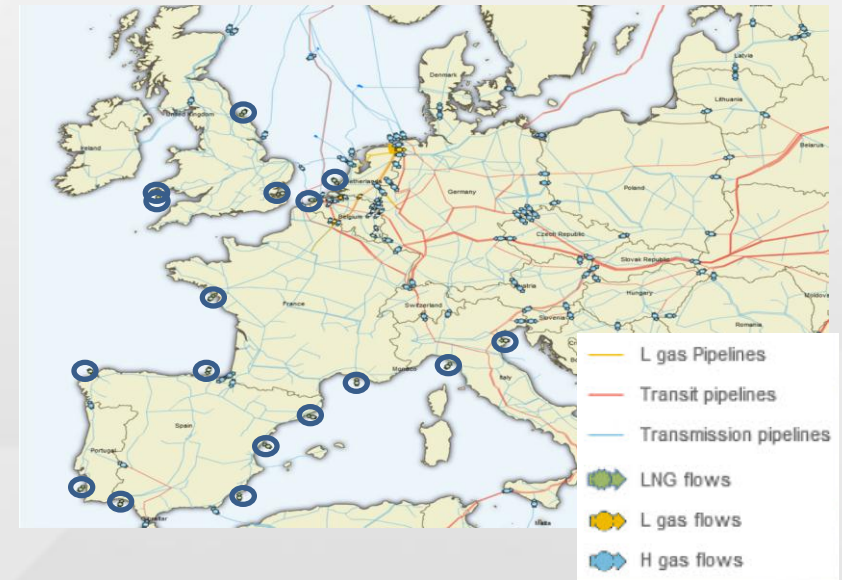
IBERIA SHOULD PLAY A RELEVANT ROLE IN THE NEW REN

TRANS-EU ENERGY INFRASTRUCTURE

Availability of infrastructures in both in electricity and NG

Strong experience in renewable integration and diversifying energy mix

Strategic geographic role for diversification of energy sources



- Natural link with North Africa (Medgrid, Desertec,...)
- Robust and integrated grid to support the management of renewables

- ~1/2 of EU LNG Terminals are in the Iberia
- Alternative entry port to Eastern Europe

DIRECT INVESTMENT IN CONSORTIA FOR NEW TRANS EU ENERGY INFRASTRUCTURE IS PART OF REN'S STRATEGY



Electric cross border interconnection projects
(e.g. Iberia - FR or UK, Irl – UK)

- Strengthens the existing level of system security
- Gives a important boost to EU energy mix integrating significant capacity of RES generation

Internal transmission lines for RES integration

- Critical for new hydro power and wind power stations projects under development in Portugal
- Sustainability of RES integration targets

Iberian NG infrastructure, namely new cross border interconnection Mangualde-Zamora and new storage

- Crucial to guarantee N-1 security rule in PT
- Diversifies imports and gives flexibility to supply

Midcat- Natural Gas Interconnection SP-FR

- Diversifies gas imports to supply EU
- Security of Supply

Critical EU infrastructure

- European wide approach vs. individual project approach
- Iberian corridors for electricity and NG
- Need for NG storage infrastructure
- Balance between EU-level projects vs. regional/national level infrastructure

Project selection

- Detailed methodologies cost-benefit analysis CBA (“profitable” vs. “must have” projects)
- CBA with European wide criteria
- Security of supply
- Complementary contribution to the energy mix reflected in the TYNDP

Regulation

- 27 different realities with divergent incentives
- Need for short term and effective regulatory convergence

Projects/CAPEX funding

- Project-Bonds risks
- Need for positive discrimination measures
- Active EU and EIB roles



Thank you for your attention

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