

Autorità per l'energia elettrica e il gas

31 May 2006

Dear Sir/Madame,

As you may be aware ERGEG (the European Regulator's Group for Electricity and Gas) launched its "Electricity Regional Initiative" (ERI) on 27 February. The aim of the Initiative is to facilitate the establishment of seven electricity Regional Energy Market (REM) projects in the EU) and to identify and remove barriers to electricity trade and competition, with the overall aim of accelerating the development of a single electricity market in Europe.

Each project will bring together regulators, TSOs/Market Operators, Member State governments, the European Commission as well as producers, traders and other stakeholders. The active participation of all stakeholders is of paramount importance for the success of this process. It is intended that each project identifies and publishes, based on the priority areas in the ERGEG Conclusions Paper¹, the priority identified to be addressed in their region

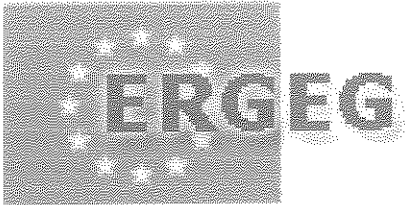
To this end, a Regulatory Coordination Committee (RCC) is established for each region, chaired by a "lead regulator". The co-ordination committee will collaborate and consult with TSOs and Market Operators and Member State governments (in order to further establish and publish timetables for the technical work required to address those areas. This will include allocating responsibility for the tasks, whilst involving network users and other stakeholders as appropriate, through a corresponding stakeholder consultation.

ERGEG's agreed timeframe provides that by end of April initial priorities for each region will be established; in May – June stakeholders' participation and detailed timetables will be defined, in Autumn progress reports should be published, and in 2007 onwards concrete work established in the timetable should be undertaken.

Against this background, I would in my capacity as chairman of the leader regulatory authority for region Central South like to inform you, that the initial meeting of the RCC for our region held on 12 April 2006, represents an important first milestone for the initiation of the actual work in our region among the RCC, the Implementation Group (IG), the stakeholders and the governments.

This meeting was extremely fruitful and provided a good basis for discussions on the way forward in the region, as well as on the key priority issues to be addressed for the

¹ Creation of Regional Electricity Markets – Conclusions Paper February 2006, available on www.erggeg.org.



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region for overcoming barriers that prevent the development of competitive energy markets. Priority topics identified in the region include inter alia: allocation mechanisms, market arrangements, cross-border transparency, co-ordination of calculation of cross border capacity, intra-day and balancing markets.

Furthermore, a timetable for the technical work required to address these topics has been established. The next meeting of the RCC is scheduled for 9 June 2006. The provisional date set for the first meeting of the Mini Forum is as follows: 17 July 2006.

I very much hope that this initiative will be welcomed by you and receive your clear support. Without your support, the broad set of issues that electricity markets across our region face cannot evidently be tackled. I would like, therefore, to highlight the importance of your collaboration for the proper implementation of the concrete work to be undertaken in the region and to invite you to join your efforts with the Regulators.

I look forward to initiating our cooperation with a view to making progress at a practical level in our region. Your active input in this process is vital and we will ensure a regular update to you and all other stakeholders on the relevant developments in a transparent manner. To this end, I would like to kindly ask for your appointed contact person, who will ensure our close collaboration.

I remain at your disposal for any further collaboration on the matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alessandro Ortis'.

Alessandro Ortis
Chairman

Italian Regulatory Authority for Electricity and Gas