*Final Draft*

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**Secretary General, Ministers, Excellencies, Ladies and Gentlemen**,

Let me first thank Minister Alekshivili for the very much appreciated invitation to this forum that represents a unique occasion for a discussion among Governments, International Organisations, Multilateral Banks and Private Sector on strategies and ideas for sustainable development.

Allow me to start with a brief description of Enel.

Enel is one of Europe's 4 biggest electricity producers and distributors, with a market cap of 45 billion Euros, over 31 million customers and 138 TWh of electricity production worldwide.

**Enel is fully committed to sustainable development** as demonstrated by its global leadership in "renewables". Let me just mention few figures:

- Enel has invested about 1,6 billion Euros in the 2001 to 2005 period and plans to invest a further 2,3 billion Euros over the next 5 years;
- Company emissions have already been reduced by 20% in relative terms since 1990;
- Our investments in "renewables" encompass not only Italy, but also Spain, Central and Latin America. In El Salvador, for example, we embarked on our new geothermal projects in 2003 and, in just 3 years, we will have reached a generation capacity of about 160 MW, with an investment of 100 million US$, in full respect of the local communities and with their wholehearted support.

- Enel is listed on the Dow Jones Sustainability Index and in the Financial Times Stock Exchange for Good (FTSE4GOOD).

Furthermore, Enel supports initiatives such as the UN Global Compact, the largest voluntary corporate citizenship initiative in the world which encourages Corporations to commit themselves to a more sustainable and inclusive global economy.

Having presented Enel, I would like now to give you a little perspective on the following 3 points:

1. Energy and sustainable development
2. Private-public partnership for development
3. Climate change policies post 2012

**1. Energy and sustainable development**

The **Millennium Declaration** and the **Millennium Development Goals** provide the international community with two basic principles (Goal 7 - Ensure environmental sustainability and Goal 8 - Promote a global partnership for development) that should inform **all** action toward development, in **all** sectors, including energy.

As a player in the energy sector, ENEL reads these two goals as meaning that **every single player** – whether it is an international organization, donor, lender, government or company, has to play its part and participate in shaping a **common, shared and feasible long-term global strategy,** with a firm commitment to the precise roadmap for its implementation.

Our view is that such a strategy needs to comply with the following objectives:

- To fulfill the present and future energy needs of Developed **and** Developing Countries (the World Bank estimates that two thirds of the increase in world energy demand over the next 25 years will come from the developing world)
- To guarantee the right price for investment i.e. at a price that proves affordable for the consumer (*at present 1.6 billion people in Africa and South Asia have no access to electricity while nearly 2.4 billion people still rely on wood, agricultural residues and dung for cooking and heating)* and remains sustainable for industry (which has a responsibility towards all its stakeholders, including its employees)
- To guarantee security of supply and safety for consumer health and the environment
- To establish a **global**, **fair** and **firm** commitment of all the countries for tackling climate change effectively.

In such a framework, **cooperation** and **partnership** between the public and private sector and the developed and the developing countries **are, in Enel's view, the only keys to achieving those common objectives.**

## 2. Private-public partnership for development

Cooperation between the private and the public sector towards sustainable development can be implemented through two different mechanisms:

- Harmonized and predictable public incentives to foster investments in renewable energy

- appropriate regulatory frameworks to attract investments in cleaner production technologies.

As far as the public incentives are concerned, **international financial institutions must do their part** by designing financing schemes that are effective in promoting development in "renewables".

The World Bank's announcement of a new program aimed at promoting the use of clean energy in developing countries, where it is estimated that at least 10 to 40 billion dollars per year are needed to cover the costs of for climate change projects.

**Governments have to contribute too** by promoting the appropriate regulatory and institutional framework and "business climate", and designing appropriate mechanisms to effectively attract investment in "renewables" (e.g., guaranteed off-take and long-term premium prices to compete with other commercial energy).

Enel is keen to continue its efforts in this direction, and to **play its role** in promoting and disseminating the cleanest and most advanced technologies within the appropriate regulatory and investment framework.

## 3. Climate change policies post 2012

As far as the existing international framework is concerned, Enel deems that the Kyoto Protocol and the corresponding EU ETS mechanisms could contribute to sustainable development , although they require some improvement.

Enel is giving its contribution to the activity of the International Energy Agency (IEA) on the identification of alternative approaches to overcome the limits set during the implementation of Kyoto Protocol, following the mission received by the Gleneagles G8 Summit.

In particular, we think that **4 major points** should be considered in order **to improve** the current **Kyoto** regulatory **scheme**:

1. **Wider geographic and sector inclusion in the mechanism**. The Kyoto protocol covers just 1/3 of the world's $CO_2$ emissions, not including important countries like the U.S., China and India. Of course, we should consider that developing countries cannot afford the same burden as the industrialized countries. We should imagine a sort of asymetric convergence between developed and developing countries. Alternative strategies are needed for a few simple reasons. In the first place, the world's biggest emitters ( USA, India, China) have no obligations under the Kyoto Protocol; other major economies, such as Japan and Canada have recently criticized Kyoto's targets and timetables. Secondly, the European Union itself will unlikely meet Kyoto's targets with the present measures, as it is shown by the most recent projections by the European Environment Agency: at the same time it is unlikely that, given Europe's weak economic growth, stronger measures are put in forth in order to achieve the climate treaty's targets.
2. **Fair allocation rules of emission rights across nations**. Allocation rules should be technology-specific rather than country-specific, thereby considering the structural differences among the different countries (i.e., fuel availability and future growth plans).
3. **Stable and long-term regulatory framework**. In order to increase the acceptance, clear and stable incentives should be offered to participants.

4. **Focus cleaner technologies implementation where most effective**. The use of the best available technology should be particularly pursued in those countries with high specific emissions, in order to maximize the contribution of such technologies towards reducing global emissions. The Developing Countries , constitute an important source for achieving cost-effective emissions reductions, as the CDM mechanism is already demonstrating.

In conclusion, we strongly believe that the more committed part of the industry, of which Enel is surely a part, can prove an excellent ally to government and
global efforts towards sustainable development and we invite the international community to take advantage of its experience.

We are confident that if everybody commits firmly and seriously, we can succeed in assuring a better future to this world.

Thank you very much.

May 10th, 2006