

PRESS RELEASE

Electricity: with ARERA regulation 112 million euros returned to consumers because of the network outages

Copper theft persists, although it is decreasing.

The 2019 distribution service premium/penalty regulation balance sheet

Milan, 19 November 2020 - **Operators will return over 112 million euros** (compared to 45 in 2018) **to consumers as penalties for disservices** and which will **reduce overall distribution tariffs**, for electricity outages for which distributors were responsible in 2019. The 2019 balance sheet of the premium/penalty regulation for the duration and number of unannounced, long and short outages - with which ARERA has been providing incentives for years to improve the continuity of the electricity distribution service - therefore shows a **worsening of the picture, compared to the constant improvements that occurred from 2000 to 2016**. The mechanism is based on data collection made possible again this year despite the Covid-19 emergency thanks to ARERA's decision to make communication deadlines flexible and to cooperation from companies, which have sent the necessary communications.

Net penalties (difference between premiums and penalties) of 112.2 million euro were applied to the **27 distributors subject to regulation** (those with at least 15,000 low voltage users), of which 31 million for the regulation of the *“long” duration of unannounced outages* (duration > 3 minutes) and 81.2 million for the regulation of the *number of unannounced “long” and “short”* (duration between 1 second and 3 minutes).

In terms of companies, the highest **net penalties** are payable by: **E-Distribuzione with 108.2 million euros** in total in the premium/penalty balance sheet, **Areti with 5.4 million euros and Unareti with 3.4 million**.

The largest **net premiums** are payable to: **Set Distribuzione with 1.7 million euros, Edyna with 1.15, Inrete Distribuzione Energia and Deval both with approximately 570 thousand euros**.

Outages due to **copper thefts** in distribution plants continue to be significant, even if down compared to previous years, especially in the south, with peaks in Sicily and Basilicata in 2019.

*“As we emphasised in the Annual Report - says the President **Stefano Besseghini** - since 2017 we have seen a trend reversal, a gradual worsening of the quality of the service. While we understand the growing complexity of the electrical system, exploring new industrial segments and innovative technological solutions, together with systematic and ongoing work to maintain and expand the network, must enable us to maintain the level of service quality that our country can rightly be proud of”.*

In detail, also considering that 2019 had less severe weather than the previous two years, the annual **overall duration of outages** per low voltage user dropped to **86 minutes** (from 91 in 2018), of these, 39 minutes were related to causes not attributable to distributors (mainly force majeure following exceptional events), while the remaining 47 minutes, the part subject to the bonus/penalty regulation, are those for which the distributor was directly responsible, still worse compared to previous years (45 minutes in 2018), with worse performances in the South (69 minutes against 32 minutes in the North and 45 minutes in Central Italy).

There is also a negative trend for the **total number of long unannounced outages** with 2.39 outages per low voltage user as well as for **short unannounced outages** with 2.25 outages (2.14 and 1.17 respectively in 2018); long and short outages for which distributors were directly responsible

amounted to 3.53 per low voltage user at national level (2.19 outages in Northern Italy, 2.96 in the Centre and 5.83 in the South).

To accompany the continuous evolution of the networks, the Authority has recently introduced new regulatory tools to promote the achievement of objectives through improvement paths related to overcoming "structural" network critical issues that may vary according to geographical location, also aiming at increasing the resilience of the network in relation to climate threats and reducing announced outages.