



**ERG S.p.A.**  
**“2Q 2021 Results”**  
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**MODERATORS:**  
**PAOLO MERLI, GROUP CEO**  
**MICHELE PEDEMONTI, CFO**

**Operator:**

Good afternoon. This is the Chorus Call conference operator. Welcome, and thank you for joining the ERG 2Q and 1H 2021 Results Conference Call. After the presentation, there will be an opportunity to ask questions. At this time, I would like to turn the conference over to Mr. Paolo Merli, CEO of ERG. Please go ahead, Sir.

**Paolo Merli:**

Good afternoon everybody and welcome to ERG's Webcast. Here with me there is Michele, our CFO.

I will describe here – I am on **page no. 4** - the performance of the Group in a nutshell, focusing on the first half rather than the second quarter, which I think gives you a more comprehensive view of how things are going this year. Then I will let Michele take you through the numbers in more detail, for both the quarter and the first half.

First of all, let me start by expressing my satisfaction with this set of results, which are the highest ever recorded in a semester, at least since we became an Independent Power Producer.

Ebitda in First Half was €281mn, up 7% YoY. Now just a quick comment, segment by segment:

Wind closed with an Ebitda of €157mn (5% down YoY), mainly as a result of much weaker productions abroad (but do not forget last year was an extraordinarily positive year), while we recorded better results in Italy, mainly driven by a much stronger price scenario, both for merchant and incentive price. Productions in Italy were slightly up YoY, but not significantly.

Solar did its job with €34mn of Ebitda: basically, in line YoY, and very stable over time.

Hydro was the real outperformer of the period, with an Ebitda of €84mn, more than doubled compared to the same period last year. That can simply be explained by heavy rains in 2021 against a dry year in 2020. As simple as that.

As far as our CCGT is concerned, here we had the opposite situation, with Ebitda of €15mn, which is half the result recorded in 1H 2020. This drop is mainly due to the end of the CAR period, which means no White Certificates, for 2021. This effect actually explains 12 out of €15mn gap YoY. I shall also remind you that Ebitda of 1H 2020 included a couple of positive one-off items - such as an insurance pay-out and a positive settlement related to captive contracts - which led to a very tough comparison. But let me say that at the end we knew that 2021 was a year in the middle between the end last year of White Certificates and - we think - the recovery of White Certificates as of 2022, because let me remind you that there are important refurbishments investments undergoing, which are expected to bring the Plant back to its normal profitability as of next year.

Then, Net Profit in First Half 2021 is €100mn, so a quite big number: up 42% YoY, which is a really impressive performance and is surely thanks to the Ebitda, but it is also the consequence - on top of the operative results – of all the work done over the last few years to minimize our debt cost and non-cash costs, respectively thanks to the huge Liability programs we launched over the last two years, as well as the Life Time Extension programs which allowed us to reduce our non-cash cost amount.

In the end, let me comment on Net Financial Position, which at the end of June 2021 was €1.692bn, which mainly reflects the dividend paid and the huge investments for development in the semester, with Capex in excess of €300mn and including the M&A in France and Sweden on top of the organic investments. So, we return to invest quite significantly. NFP is also inflated by the negative Mark-to-Market of derivatives on energy prices: this will have an opposite effect going forward, when hedging will enter in delivery, given the settlement against merchant prices. So, it is like an anticipation of cash flow.

Now I am moving to **page no. 5**, commenting on recent developments. I would like to give you a sort of update on the execution of the Business Plan, which was presented just a couple of months ago, or a little bit more than that. Although we presented it only fairly recently, we have made some important steps forward, and I say in the right direction; as such, I feel even more confident today about the solidity of the Plan. Let me summarize these achievements:

We completed – just a couple of weeks after the Plan presentation - the acquisition of a portfolio of Wind and Solar Assets with a total installed capacity of 80MW in France, 58MW Wind and 22MW Solar. We became the 5<sup>th</sup> wind-on-shore player in the Country. The consideration paid for the acquisition (€147mn) is already reflected in the NFP at the end of the period, while its economic consolidation started as of 1 July. So you will see the benefit - economically - in the Second Half of the Year.

There is some other very good news. We obtained the VIA, the Environmental green-light, for a proprietary greenfield Wind project of 47MW located in Sicily, which you may consider an improvement on what we had in our Business Plan. We are now working to bring it forward to the next auctions.

As far as repowering, we are moving forward as well. We took part into the auction for Renewables capacity held last June with 3 projects for a total capacity of 143MW, which means 77MW on a differential basis. Results – I mean, the outcome of the auction - are expected to be published by GSE at the end of September but, fingers crossed, we are optimistic about the outcome. In parallel we are working on other projects of our pipeline.

As far as construction – you know that we have roughly 400MW under construction - all projects are moving forward as scheduled, and in particular we are finalizing the construction of 77MW (70MW in North Ireland - Craiggore and Evishagaran - and 7MW in France, which is an extension of an already existing wind farm, Vallée de l'Aa), which we expect to be up and running by the end of the year, in line with our objectives for 2021.

So, execution is well on track for the time being and, let me say, even ahead of schedule. Now over to Michele for his analysis of 1H and 2Q 2021 results.

**Michele Pedemonte:**

Thank you, Paolo. I am on **page no. 7**.

Power Demand in Italy was up 14% YoY mainly as a result of an easy comparison as 2Q 2020 was negatively impacted by lockdown. You see here that contributions to Production from Wind and Hydro, at the national level, were -0% and -6% YoY respectively. Looking at ERG, our Wind productions in Italy were down 2% (slightly worse than country average), while Hydro one was up 44%, as opposed to the negative trend at national level, due to its location in central Italy which benefited from strong hydro volumes. Solar, almost flat YoY, is in line with the national level. As far as our CCGT plant is concerned, volumes were up 4% YoY, slightly worse than the national level.

Electricity Prices in Italy. In 2Q 2021 there was a strong rise in electricity prices, with the national price at 75€/MWh, strongly up YoY. The all-in price, from 124€/MWh to 184€/MWh, benefited from the rise of electricity prices coupled with the rise in incentive: you know that incentive is calculated on the basis of last year's average national electricity price, that recorded very low levels due to the COVID 19 lockdown. Our CCGT's Clean Spark spread was negative at -2€/MWh, with rising gas and CO2 prices only partially offset by a recovery of prices in Sicily. These numbers reflect a Sicilian premium vs the national price of 6.4€/MWh vs. 2€/MWh last year.

Abroad. You can see in the graph at the bottom-right of the chart the average reference selling prices for our productions, country by country. Here it is worth noting the generalized rise in prices in 2Q, in particular in countries where we have green certificate-type mechanisms, such as in Romania and Poland.

I am now on **page no. 8**. Here as usual a picture of the main drivers per business of the Ebitda evolution in the first half of the year. As we have said before:

Wind in Italy was up €8mn due mainly to better electricity price and a higher value of incentive which, as you know, is inversely correlated with last year very low electricity price.

Wind abroad was down €18mn mainly due to a drop in production (-19%), that was exceptional in 1Q 2020.

Solar was almost in line YoY, with slightly lower volumes offset by better prices in the period.

Hydro up €43mn, thanks mainly to a strong rise in volumes: + 81%. Energy available in lakes is 124GWh (+10GWh vs. the end of 2020) and even higher vs. historical average, due to the heavy rainfalls in the period.

CCGT was down €15mn, as already commented due mainly to the White Certificates phase out and the squeezing of spark spreads in the period, due to CO2 and gas prices increases. Scenario effect - for the CCGT in particular- was mitigated by the hedging policy.

I am on **page no. 9**, I am going to comment on wind results, focussing on the second quarter of the year. Ebitda in 2Q was €63mn, up 11% YoY: 2Q Ebitda was up in Italy (+10%) and abroad (+9%). Productions were substantially in line YoY.

As far as prices, in Italy the average unitary revenue was 129€/MWh, higher than 117€/MWh. Abroad it was 90€/MWh on average, strongly up YoY.

So, in the end the rise here is related to a better scenario, both in Italy and abroad, coupled with a slight rise in production in France in the second quarter of the year.

No more to say here, so let us move on.

I am on **page no. 10**. I am going to speak about Solar results.

Ebitda was almost flat YoY at €22mn, for the following items: slightly lower production and higher Unitary Revenues at 328€/MWh versus 311€/MWh in 2Q 2020, again as a result of the higher merchant price.

Moving on, we are now on **page no. 11**. I am going to comment on Hydro results.

Ebitda was €30mn, 81% up YoY mainly as a result of higher volumes (+44%), coupled with a better price scenario and a higher value of incentives.

As such, unitary revenues were 122€/MWh, higher than the 115€/MWh in 2Q 2020.

The main takeaway here is still the same: strong hydro availability vis-a-vis a particularly dry season in 2Q 2020.

Moving on, I am on **page no. 12**. I am going to comment on Thermo results.

Ebitda in 2Q 2021 was €9mn (down 37% YoY) which of course is a direct consequence of the end in 2020 of the first 10 years of validity of White Certificates.

Let me elaborate a bit more. There were three main effects:

1. White certificates phase out, that accounts for roughly -€6mn
2. a better performance in MSD (+5mn)

3. a comparison YoY with 2Q 2020 which is negatively affected by €5mn of positive one-offs reported in 2Q 2020, related to the sale of steam to captive customers in the site.

Now I am on **page no. 13**, and I am commenting investments.

Here it is worth focusing on first half of the year. We invested €311mn versus €86mn over the same period last year.

During the 1H 2021, Capex are composed as follows:

- about €188mn of M&A in Wind and Solar abroad: I am speaking about the acquisition of a Ready-To-Build project in Sweden for €41mn, and the recent acquisition of Wind and Solar installed capacity in France for €147mn. I remind that the economic effect of this acquisition will start as of second half of the year. We expect a pro-forma full year contribution to the Ebitda in the region of €11mn
- about €109mn related to organic Capex in Wind, referred to construction activities mainly in UK, France, Poland and in Sweden
- about €4mn related to the refurbishment of Module 1 of the CCGT plant, in order to renew its eligibility for another 10-years period of White Certificates as of 2022
- about €10mn of maintenance Capex, spread across all our technologies.

Let us now move on to Financials - I am on **page no. 15** - commenting on P&L on a recurring basis.

I have already commented on Ebitda. So, going down the P&L and looking at the 2Q of the year, in particular, we have a lower depreciation (-€8mn) that reflects the reduction in depreciation of some Wind assets due to the end of amortization period (coupled with a review in depreciation plan of some intangibles Wind assets) and the reduction in depreciation in the consolidated accounts of the Hydro assets, due to an increase of the amortization period, without any tax effect.

Net Financial expenses are at €8mn, vs. €12mn in 2Q 2020, thanks to a lower cost of gross debt (1.7% vs. 2.3%), mainly following the issuance of our second Green Bond in September 2020 and all the liabilities management exercises done in past years.

As far as taxes, the tax rate in the quarter was 23% vs 12% in 2Q 2020. Taxation in the quarter benefited from ACE to the tune of €4.5mn, but taxes were negatively impacted by a tough comparison to the tune of €1.9mn, related to a positive effect on IRAP in 2Q 2020.

As a result of all this, adjusted Net Profit amounted to €35mn in 2Q 2021 (vs €16mn in 2Q 2020), and €100mn in 1H 2021.

Finally - I am on **page no. 16** - let us take a look at the Cash Flow Statement and the Net Financial Position for the 1H 2021.

Net Financial Debt closed at €1.692bn, up by €252mn from the end of 2020.

Starting from the left, we have our Ebitda (€281mn), the Investments made over the period (€311mn), change in working capital (€6mn), Financial charges (€17mn), dividends of €113mn and other items at -€86mn. This item is negatively affected by over €80mn of Mark-To-Market of hedging futures derivatives, that reflect the strong increase of future commodity prices. Overall, the NFP at the end of June accounts for a total amount of €109mn related to Mark-to-Market of derivatives. So, all these effects led to a Net Debt of €1.692bn.

I think I have touched on all the relevant items. Thank you for your attention, I will now hand over to Paolo for his final remarks.

**Paolo Merli:**

Thanks Michele. Here is a comment on 2021 guidance.

The good news here is that things are going on better than previously expected, so we are in a position to revise upwards our guidance for the second time in a row. More specifically:

As far as Ebitda, we revised it upward by €15mn (mid-point) to take into account the better than expected results over the First Half of the year, as well as the stronger price scenario we see now for the remaining months of the year, coupled with the contribution – that is important - we expect from the newly acquired capacity in France, consolidated as of July, 1. So, all the benefit of this will be seen in the second half of the year.

Capex, now: here again we are revising it upward by almost €200mn to take into account the most recent M&A performed in late June for just under €150mn, while the remainder (almost €50mn) is linked to an acceleration in the execution we are having on several organic projects, from repowering in Italy to some development in Sweden, UK, France and Poland. So, in the end very positive news flow.

NFP guidance is up by some €160mn with respect to the previous guidance, when looking at mid-point, mainly as a consequence of the higher investments, partly mitigated by the higher cash flow.

So, we are all very pleased with both results and execution.

Thank you very much for listening. We are now ready to take your questions.

## Questions & Answers

**Operator:**

Excuse me. This is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "\*" and "1" on their

touchtone telephone, to remove yourself from the question queue, please press "\*" and "2." We kindly ask you to use handsets when asking questions. Anyone who has a question may press "\*" and "1" at this time.

The first question is from Sara Piccinini with Mediobanca. Please go ahead.

**Sara Piccinini:**

Hi, good afternoon, and thanks for the presentation. I have 3 questions. The first question is on the guidance: if you can please provide a separate contribution from the higher prices for the upgrading guidance, so how much are the higher prices contributing to the €15mn midpoint guidance revision? And also, can you give an indication of the level of captured prices that you expect for the period 2022 to 2023 for the part of the production that is exposed to power prices? That is the first question.

The second question is on the CCGT: can you remind us the contribution that you expect on the CCGT business from 2022 in terms of capacity market - that should be in the years 2022 and 2023 - and from the White Certificates and eventually from the MSD? So maybe if you could provide a guidance of the normalized contribution in terms of Ebitda for this business, that would be helpful.

And the final question is on the repowering: can you give an update in terms of authorizations in general, and do you have any color more to provide regarding the latest auction? Many thanks.

**Paolo Merli:**

Okay, Sara, thank you for your questions. First of all, the guidance. Yes, we raised by €15mn the Ebitda and let me say: more or less 1/3 is due to the new installed capacity, as already entered on stream since 1<sup>st</sup> July (because that was the date we started consolidating the 80MW we bought recently in France), and 2/3 are mainly due to the scenario, because we have more or less 70% of our production hedged in 2021, but there is still a part floating, and the part floating over the second half is exposed in a positive way to this scenario, which is higher than the one predicted in the previous forecast. We maintained some buffers against the forwards, because right now the forwards - even for the second half of the year - are incredibly high, and in our guidance, as usual, we keep some (you know) conservative approach, anyway.

Then there is the question about 2021. Yes, it is true; we have also some productions hedged for 2022 and 2023, and which are basically in line with our hedging ratio. Now, maybe I cannot remember exactly the figures, but for 2022 we have more or less 70% already hedged, at a price which is between 50 and 60€/MWh (so if you take the average you cannot be wrong), maybe even a little bit higher for 2023... No, I am just looking at the numbers Emanuela is showing me: Okay, the price is just below 60€/MWh for 2022 and 2023. And again, the scenarios are proving to be much, much stronger than we expected before, even though today we just give you some indication for 2021, there

is time then to adjust estimates for 2022 and 2023, so we stick on the numbers we presented in our Business Plan, for the time being.

As far as the CCGT is concerned, especially regarding the White Certificates and capacity market, you are right, the plant last year participated to the auction for capacity market and resulted winner. So, we had part of the capacity in 2022 and 2023, which is subject to revenues from capacity markets, which are more or less in the region of €10mn per year. You can take these as a proxy. And on top of that - as you know, because it was already in our plan - we are going to finalize the investments for the Module 1 (to change the steam system with a very new steam turbine) in the next general shutdown, which is one of the longest in the history of the plant: we are going to start the works early September, and they are going to last couple of months or maybe even more, 70 days, something like that. So, when you analyze the numbers of the CCGT in 2021, you should have very clear in mind that it is a particular year, a year in the middle between two periods of White Certificates, and - why not - you remember us before the stream of revenues coming from capacity market, so I think that 2021 for CCGT should be seen as the lowest year.

The third question was - if I understood well - about how our pipeline is going on, especially for repowering. And the answer is very good, but this was not a piece of news: we had 143MW already fully authorized, because they got the *Autorizzazione Unica* in April. And as such, we arranged everything to make these assets participate to the last recent auction, which was closed at the end of June. We analyzed the market and, according to our understanding, we are very optimistic as the capacity available in this auction was massive - 2,300MW, if I remember well - because you know the mechanism of the decree tends to reallocate the undersubscribed portion of the previous auction to the next one. The outcome of the auction will be released by the GSE by the end of September, so let us wait; but, finger-crossed, we are very positive on the outcome.

I have to underline - I do not know if it is worth, as you know - that the repowering, and especially the projects which, like ours, did not participate to the *Spalmaincentivi* program, are in my opinion unfairly penalized in terms of tariffs because, according to the decree, our tariffs are subject to a further 5% discount compared to the base auction. But given the very high quality of the projects, the economic returns associated to these projects are very satisfactory, anyway. But we are trying to work with institutions to explain them that there is no reason, there is no sense in maintaining this clause, because it is totally unfair, especially in a time where merchant prices are higher than the one awarded through auctions. Sorry to have a little bit extended the question, but I took the chance to say this, because I think it is very important.

And apart from these 143MW, which participated into the auction, we are moving forward even with other projects, and I mentioned in this chart, and this should come as a new surprise, we obtained the VIA green light, the VIA commission green light for a greenfield project, which was not included in our pipeline when we presented the plan, because that was a project we had been working - I do not know - for 10 years, something like that. And in the end, moving this and that, we obtained finally the VIA, and we are now expecting for the resolution of the *Conferenza dei Servizi*, so I mean the *Autorizzazione Unica* and, finger crossed, we expect to have the outcome of this in due time - in case it is approved - to participate to the next auction in October.

But also other projects for repowering – I am moving forward - are moving faster than previously expected. I think the new Ministry for Energy Transition is quite aware of the severe undersubscription especially experienced in the last auction, and they are trying to do their best to accelerate. So far so good. I hope I have addressed your questions.

**Sara Piccinini:**

That is very clear. Many thanks. Sorry, really just a clarification to be sure: regarding the CCGT, the contribution from the energy efficiency certificates in 2022, can you give an indication of how much you expect?

**Paolo Merli:**

It is in the region of €20mn.

**Sara Piccinini:**

Perfect, many thanks.

**Paolo Merli:**

Yes, that is why I think, as of 2022, the profitability of the plant should normalize towards the average of the last 3 years, or something like that.

**Sara Piccinini:**

Thanks a lot.

**Paolo Merli:**

You are welcome.

**Operator:**

The next question is from Roberto Letizia with Equita. Please go ahead.

**Roberto Letizia:**

Thanks for taking my questions. I would like to make a follow up on Sara's question on the repowering by focusing very quickly, if you can, on the Sardinia repowering project. I was wondering if the most recent regulatory indications are speeding up in some way the project you presented in the region. And I would like you, if possible, to elaborate a little bit more on the very big improvement on the financial charges from the Liabilities Management Program. And what is the level of interest and charges we should expect on the full year, considering the advantages that you would have obtained? And I was wondering if there is space and conditions to do more on additional debt outstanding, and if we can assume that additional improvement will come in the next year. Would it be possible to have an update on the timing of the disposal process: market is speculating about you entering in exclusive talks with Enel, and I was wondering if you can provide for a better timing on when you expect them to be closed, whether with Enel or with other players.

You mentioned the Sicilian plant: I was asking myself, when do you expect the COD of that plant is going to be, considering you are going to participate? I guess, maybe it is already in 2022: is that a possible correct assumption? And if possible, a final general comment from you on the recent environments taking into consideration Cingolani's indication, just repeated today from newspaper about the new GSE decree on incentives, which will probably last 5 years, but today we saw also that it will possibly include the agricultural unused lands for solar assets that maybe can participate into tenders, and if you feel this specific element is a positive for you? Thanks a lot.

**Paolo Merli:**

Okay. Thank you, Roberto for your questions. I will try to take note of them, and to follow the order. The first one was on repowering and especially on the impact of the simplification decree, just under approbation right now, is bringing to our pipeline. In reality, we are the least advantaged from this because we started up the process in due time few years ago. So, I think others can reap the benefits, or most of the benefits, but it is still positive. It is still positive for the country, it is still positive also for some of our projects, because according to the simplifications (for instance, in case of repowering) in our opinion - that is the lecture we gave to the decree - we still need the VIA green light, even though there are other operators that are a little bit more aggressive in interpreting, in reading this decree. But we think we still need the VIA decree, in order to go on, but for sure this simplification - which allows you to construct the wind farm without having the *Autorizzazione Unica* in case the geometrical dimension of the plant is within certain threshold compared to the existing one - is positive, and that could accelerate some deployments of our projects, as well. We are studying the application of this Simplification Decree to our projects, in order to see if there is room to bring further megawatts in the next auction. It is a little bit too early to say. But we are working very much and very hard in order to see if we can bring another portfolio of assets to the next

auction. And please consider that this would be totally ahead of the schedule of the plan, because even the participation of the 143MW were already ahead of the timing we expected in the Business Plan. So, we are not changing the targets, but I am saying that those targets can be deployed maybe faster than expected.

In terms of financial charges, yes, you are right, it is quite amazing to see that the financial charges are going down, while net financial position is a little bit higher than last year on average, but this is the result of an amazing job done by our Finance Department. And by my side there is Michele, who is the main actor of this, you know: we issued €1.1bn of green bonds over the last 24 months, and the last one was in September/October last year, and we are now reaping the benefits of all these moves.

And you asked also if there is still room to do something. Yes, I think you have read the press release today, and the Board has given us the power to explore further opportunity from this point of view. And for sure, yes: we have still a part of project financing with a cost higher than the one expected to be raised into debt capital market so why not...

**Roberto Letizia:**

But did you include - sorry for interrupting you - did you include these potential additional benefits already in the plan or, in case you get additional benefit, that will come on top?

**Paolo Merli:**

No, it is as we always did. We raised money in order to close down other loans which are more expensive. So, the idea is always to associate to the issuance of a green bond the closure - or liability program, call it as you want - in order to take the settlement between the cost of the 2 instruments. So, it is not additional debt. I hope that was the question and my answer was...

**Roberto Letizia:**

I was actually asking if you imagine already those additional EMTN and issuance at the time of the plan, or in case the additional lower cost of debt will come on top of the strategy targets?

**Michele Pedemonte:**

No, the issuance could be useful for two reasons. First to finance the Capex that we have in our Business Plan, for sure. And second, we have the possibility to refinance some existing facilities. Just to mention one, we have just acquired a series of assets in France that has a project finance inside, so we can leverage on our financial capability to refinance this project facility with debt capital market at better condition, this is just an

example. Or we can use this debt capital market to fund our new asset in Sweden, that is under construction right now. So this is in line with our Business Plan, and it does not mean any additional debt in comparison to what we have in our Business Plan, in line of principle.

**Paolo Merli:**

Okay. Then you asked for an update on the process. Here I can just say what is written in our press release: we are moving forward. We entered in the very last phase, and you know there is now a confidential agreement so I cannot say more than that, but confirming our willingness to proceed with this asset rotation, because the strategic idea behind all this is the repositioning of ERG as a pure player in the Wind and Solar, maybe storage. And I can tell you that we are going well, and we are again positive that the final outcome will be very satisfactory for us. But let us see.

Then you asked for maybe COD for repowering...

**Roberto Letizia:**

No, it was the COD for the new Sicilian recently authorized plant, the one you mentioned on top of the plan that you just got: when do you expect the COD?

**Paolo Merli:**

You are right, so it depends first of all, for instance, on whether the park will be fully authorized in due time to participate to the next auction because, according to our business model, you know, it is a pre-condition the fact that the plant is awarded with a tariff, because we want to be quasi-regulated, as we defined in our strategy. So, the idea is to first make the project fully authorized with *Autorizzazione Unica*, and then to bring it to the next auction, but - if I remember well - the planned commercial operation date is in 2023. And usually, but it is almost a rule, the bottleneck is the connection. So, for instance, even the largest project (Mineo Militello Vizzini in Sicily, 101MW, which participated to the last auction), has a COD in 2023 because the length of the connection took a lot of time. If not that, the commercial operation would have been much earlier.

And finally, you asked on agriculture, so I tried to figure out the question: it is about the fact that the Ministry of the Energy Transition is pushing for Solar on agricultural territory. For the time being, they gave some green light for the so-called vertical Solar, which means that it is combined with agriculture. This, on one hand, will bring - or should bring - more megawatts to the next auctions. So, this will increase the competition even though, according to our analysis, there is not very much of that kind. The game changer would be if they gave the green light for normal Solar, traditional photovoltaic on agricultural sites: but it is not the case, at least so far.

But, on the other hand, I tried to give it a positive lecture in the sense that we, as well, are interested in understanding more about Solar because you know that, out of our 1.5GW of additional capacity we are targeting for 2025, one-third will come - or should come - from Solar. So, we are now studying the opportunities even in Italy for Solar, and so we are monitoring also the regulatory evolution in order to be ready to seize any opportunity that may arise. I think I completed the list of your questions.

**Roberto Letizia:**

Yes, you did. Thanks a lot.

**Paolo Merli:**

Thanks to you, Roberto.

**Operator:**

Mr. Merli, there are no more questions registered at this time.

**Paolo Merli:**

Perfect. Thank you very much for the attention, and I wish you a very good holiday and see you probably in September.