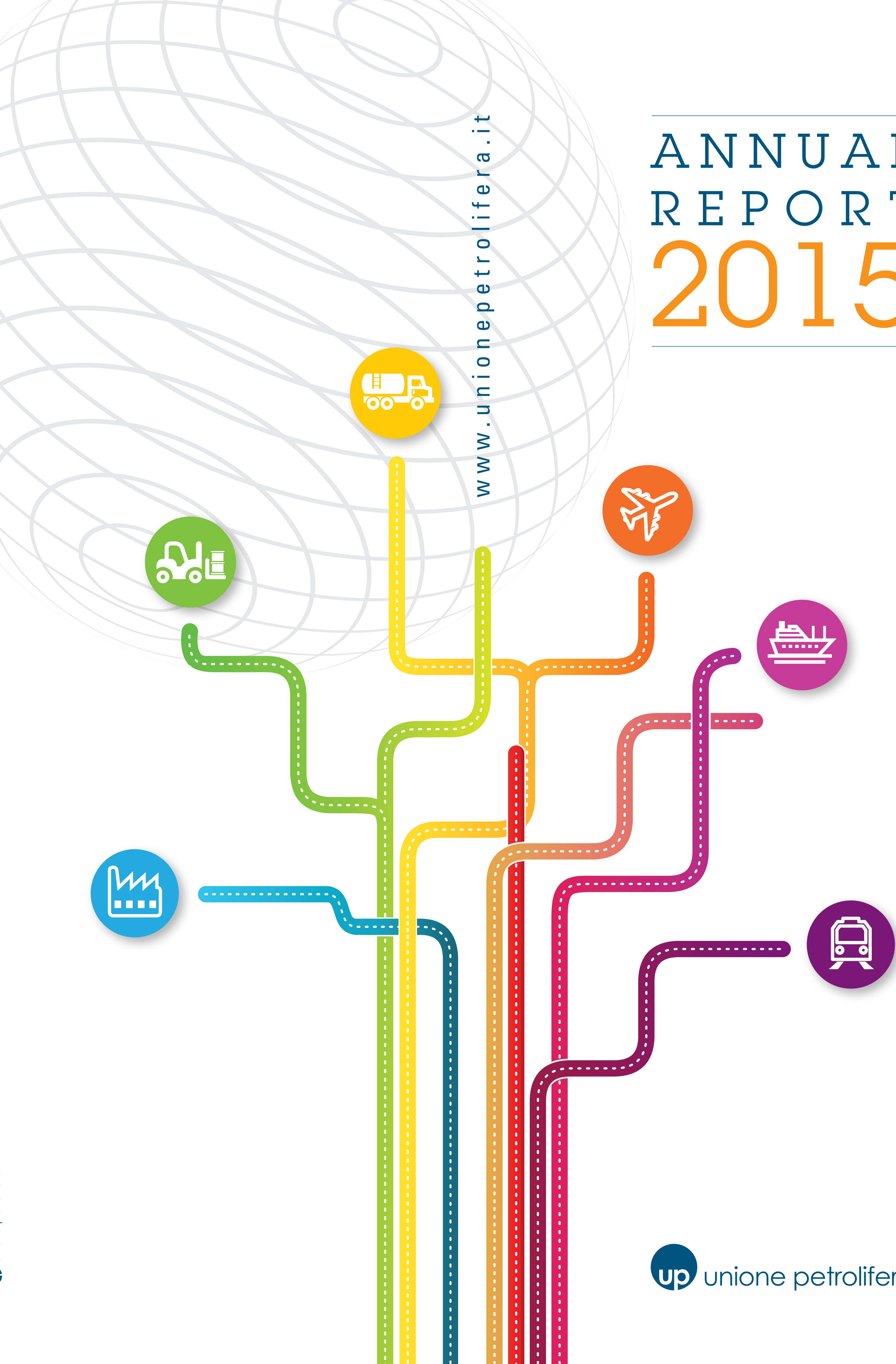
ANNUAL REPORT 2015



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unione petrolifera

ANNUAL REPORT 2015

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Organizational structure

(May 30, 2015)

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General Manager
Pietro DE SIMONE

Member Companies

(May 30, 2015)

ALMA PETROLI

API - ANONIMA PETROLI ITALIANA

API RAFFINERIA DI ANCONA

ATTILIO CARMAGNANI "AC"

BP ITALIA

COSTIERI D'ALESIO

DECAL

DEPOSITI COSTIERI DEL TIRRENO

DISMA

ENI REFINING & MARKETING

ERG SPA

ESSO ITALIANA

GAZPROM NEFT LUBRICANTS

IES- ITALIANA ENERGIA E SERVIZI

IPLOM

ISAB

KRI

KUWAIT PETROLEUM ITALIA

LA PETROLIFERA ITALO-RUMENA

LUKOIL ITALIA

NERI DEPOSITI COSTIERI

PETRA

PETROLIG

PETRONAS LUBRICANTS ITALY

PETROVEN

RAFFINERIA DI MILAZZO

RAFFINERIA DI ROMA

SARAS

S.A.R.P.O.M.
Società a Responsabilità Limitata
Raffineria Padana Oli Minerali

SERAM

SHELL ITALIA OIL PRODUCTS

SIGEMI

S.I.O.T.
Società Italiana per l'Oleodotto Transalpino

SUPERBA

TAMOIL ITALIA

TOSCOPETROL

TOTALERG

VISCOLUBE

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Statistical appendix

The international market

The international economic context

During 2014 world economic growth continued to be marked by uncertainty, in spite of **encouraging signs of improvement and a moderate strengthening of global trade**.

Overall, **global GDP grew by 3.4 per cent in 2014**, practically the same as in 2013. Emerging Countries recorded GDP growth of 4.6 per cent (5.0 per cent in 2013), while advanced economies grew by 1.8 per cent (1.4 per cent in 2013).

Among the former, **for the first time in ten years the Chinese economy may not meet its declared growth targets** and may even slow down over the next years, while India surpassed expectations.

Though less vigorously than in recent years, the emerging economies continue to be the **real driver of global economic development**, with double the growth rates of the advanced economies.

Russia is a different topic, facing serious difficulty because of the sanctions imposed by Europe and the United States, following the annexation of the Crimea, as well as the sharp drop in crude oil prices and the crash of the ruble, whose **impact on public accounts has been devastating**.

On the other hand, the euro area returned to growth for the first time since 2010 (+0.9 per cent, above all thanks to the performance of Countries like Germany (+1.6 per cent) and Spain (+1.4 per cent). **Italy's difficulties were again confirmed**. In 2014 it was the only Country in Europe whose economy shrank (-0.4 per cent).

The U.S. economy is continuing to experience economic improvement and thanks to expansive fiscal and monetary policies it has accelerated significantly in the latter part of 2014, with growth rates that far exceeded forecast estimates.

Global prospects for the short and medium term remain uncertain due to persistent weakness in the Euro zone - weighed down by the situation in Greece – and in Japan, by the continued slowdown in China and the unknown effect represented by Russia, as well as the many geopolitical tensions **that are adding uncertainty to uncertainty**.

According to the International Monetary Fund's (IMF) latest estimates, in 2015 the global economy is expected to grow by 3.5 per cent and 3.8 per cent in 2016, **though much uncertainty remains in the macroeconomic context**, which is marked by a weak recovery of fixed investments and domestic demand in the main consumer regions.

Oil supply and demand

Oil still continued to play a central role in supplying global energy demand, contributing about a 30 per cent share of the total. Altogether, fossil fuels covered more than 80 per cent of total demand for primary energy and supply appeared to be constantly on the rise.

The industrialized Countries Macroeconomic data

	Gross domestic product (% change from previous year)		Consumer price index[1] (% change from previous year)		Unemployment (% of the labour force)		Public deficit[2] (% of the GDP)	
	2013	2014[3]	2013	2014[3]	2013	2014[3]	2013	2014[3]
France	+ 0.3	+ 0.4	+ 1.0	+ 0.6	10.3	10.3	– 4.1	– 4.0
United Kingdom	+ 1.7	+ 2.8	+ 2.6	+ 1.5	7.6	6.1	– 5.7	– 5.7
Germany	+ 0.1	+ 1.6	+ 1.6	+ 0.8	5.2	5.0	+ 0.1	+ 0.7
ITALY	**– 1.7**	**– 0.4**	**+ 1.2**	**+ 0.2**	**12.1**	**12.7**	**– 2.9**	**– 3.0**
Euro Area	– 0.5	+ 1.1	+ 1.3	+ 0.4	12.0	11.6	– 2.9	– 2.4
United States	+ 2.2	+ 2.4	+ 1.5	+ 1.6	7.4	6.2	– 4.7	– 4.1
Japan	+ 1.6	– 0.1	+ 0.4	+ 2.7	4.0	3.6	– 7.1	– 4.9
Oecd Countries	+ 1.4	+ 1.8	+ 1.5	+ 1.6	8.3	7.8	– 3.8	– 3.2

[1] Harmonized index. Private consumption deflator for combined Oecd Countries. [2] Net debt incurred during the course of the year.
[3] Provisional data.

Source: Eurostat, IMF

World Energy consumption
(Millions of toe's)

	1990	1995	2000	2005	2010	2011	2012	2013[*]
Solid fuels	2,231	2,221	2,358	2,972	3,607	3,789	3,878	4,019
Natural gas	1,667	1,812	2,072	2,357	2,737	2,790	2,844	2,895
Oil	3,231	3,372	3,658	4,005	4,130	4,132	4,205	4,253
Nuclear	526	608	676	722	719	674	642	642
Hydro	184	213	225	252	296	302	316	328
Geothermal, Wind and Solar	36	42	60	70	112	127	142	158
Biomass and wastes	905	967	1,029	1,128	1,288	1,314	1,343	1,378
TOTAL	**8,780**	**9,235**	**10,078**	**11,506**	**12,889**	**13,128**	**13,370**	**13,673**

[*] Estimates.
Source: ENI's estimates

World Crude oil production

	1990	1995	2000	2005	2010	2011	2012	2013	2014[*]
				(Millions of tons)					
Opec Countries	1,233	1,393	1,511	1,680	1,668	1,704	1,776	1,740	1,730
Oecd Countries	891	975	1,014	913	857	858	903	951	1,030
Other Countries	1,048	915	1,093	1,323	1,453	1,448	1,441	1,442	1,465
TOTAL	**3,172**	**3,283**	**3,618**	**3,916**	**3,978**	**4,011**	**4,120**	**4,133**	**4,225**
				(Percentages)					
Opec Countries	38.9	42.4	41.8	42.9	41.9	42.5	43.1	42.1	40.9
Oecd Countries	28.1	29.7	28.0	23.3	21.6	21.4	21.9	23.0	24.4
Other Countries	33.0	27.9	30.2	33.8	36.5	36.1	35.0	34.9	34.7
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[*] Provisional data.
Source: Bp Statistical Review; for 2014 estimates Unione Petrolifera on IEA data

The latest International Energy Agency's (IEA) estimates put the world's total recoverable oil reserves at **more than 6,000 billion barrels of which 1,700 billion are proven** (including the so-called non-conventional reserves).

This is an amount that can fully meet the expected demand in each of the IEA's forecast scenarios, where **fossil fuels will continue to play a decisive role with a share of between 60 and 80 per cent** (depending on the scenario taken into account).

Their real availability will very much depend on the production policies adopted, especially by the Opec Countries, given the sharp drop in oil prices. In many cases this will mean making significant **cuts in the level of investments**, even in non-conventional sources.

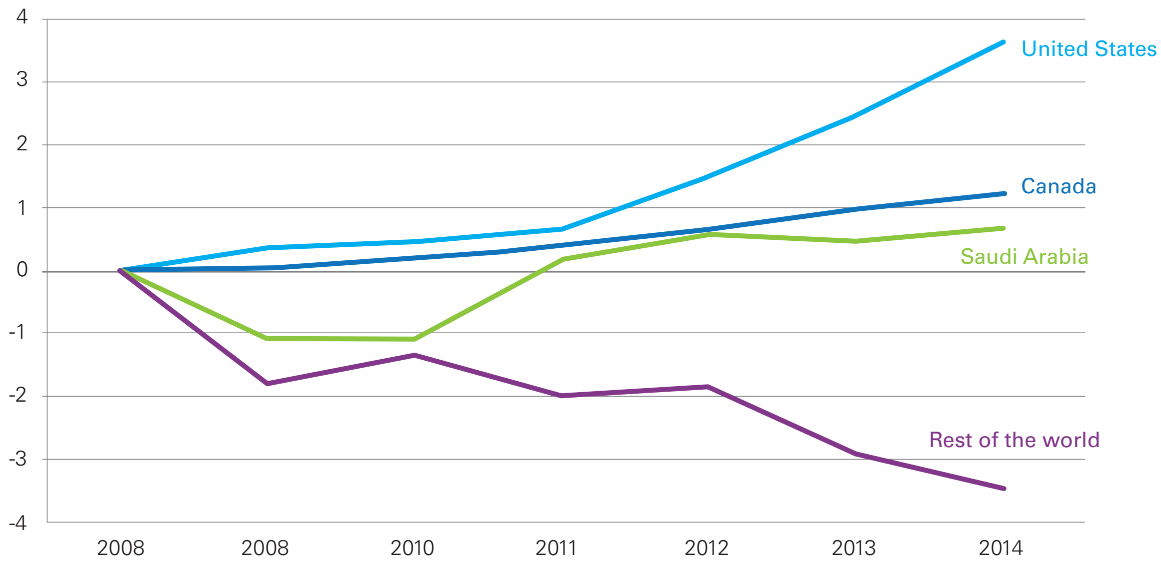
Total supply in 2014 was 93.6 million barrels/day, a substantial increase from 2013 (+2.3 million barrels/day), and far higher than the average of the last five years (+1.4 million).

Opec Countries supplied a little more than 39 per cent of demand, slightly less than in 2013, confirming their policy of defending market share rather than price in the current market phase, even if this decision has so far benefited almost exclusively **the United States, which with 12 million barrels/day, became the world's leading producer** and accounted for 69 per cent of the total supply increase in 2014.

Over the past decade supply has risen by a total of about 12 per cent, or 10.2 million barrels/day, of which 3.4 million were produced by Opec Countries and 6.8 million by non-Opec Countries, whose production of biofuels reached 2.2 million barrels/day.

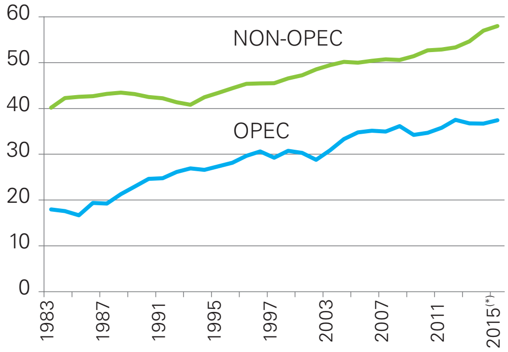
As regards **world oil demand, 2014 saw the lowest average growth of the last decade**, stabilizing at around 92.5 million barrels/day; this was an increase of only 650,000 barrels/day compared to 2013

World - Cumulative change in crude oil production from 2008-2014(*) in the main producing Countries
(Millions of barrels/day)

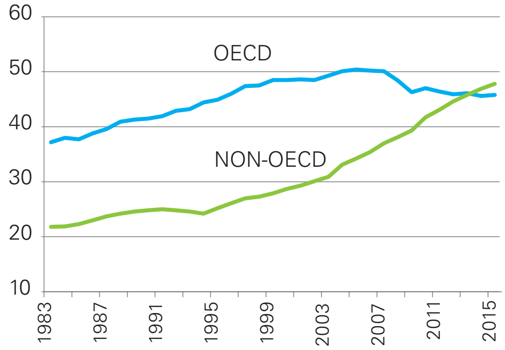


(*)Note: Figures do not include OPEC condensate and non-OPEC NGLs.
Source: IHS Energy

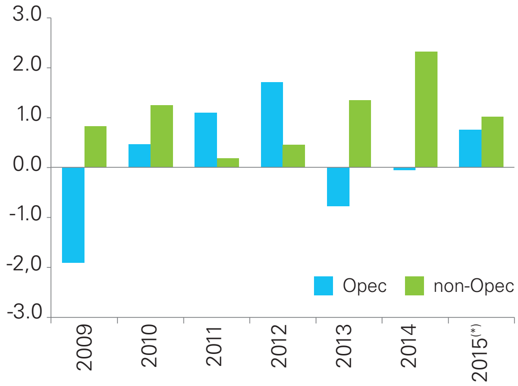
World - Crude oil production between Opec and non-Opec areas *(Millions of barrels/day)*



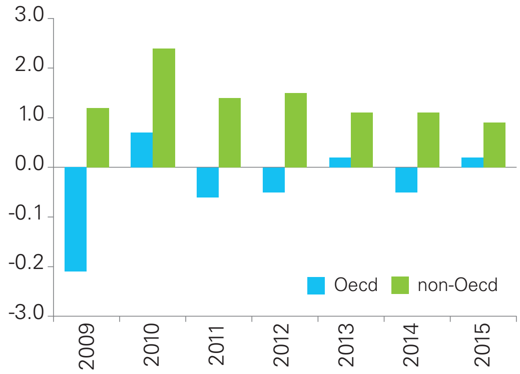
World - Oil demand between Oecd and non-Oecd areas *(Millions of barrels/day)*



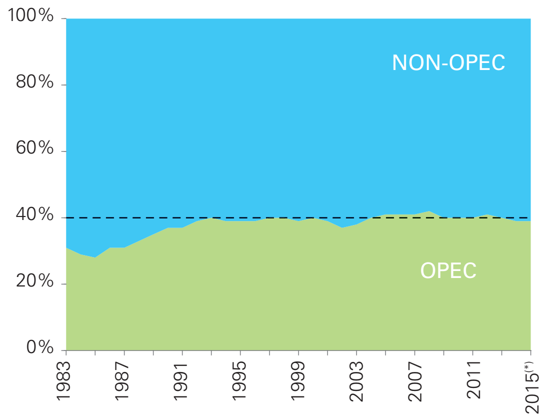
World - Absolute variation in production of Opec and non-Opec areas
(Millions of barrels/day)



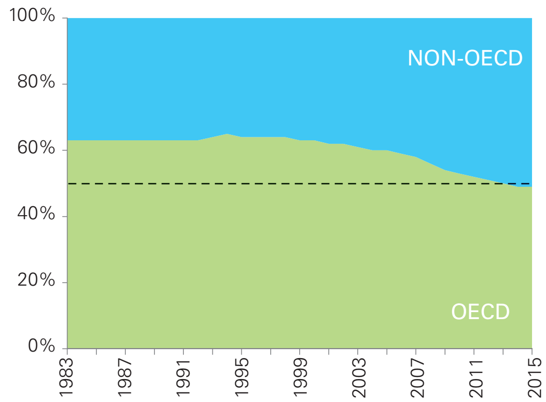
World - Absolute variation in demand of Oecd[1] and non-Oecd areas
(Millions of barrels/day)



World - Share of Opec and non-Opec areas in crude oil production



World - Share of Oecd and non-Oecd areas in oil demand



(*) First quarter.
(1) Since August 2012, Chile, Estonia, Israel and Slovenia have been members of the Oecd.

Source: Unione Petrolifera on IEA data and **entirely due to the contribution of non-Oecd Countries**.

Oecd Countries demand, on the other hand, declined by approximately 500,000 barrels/day, compared to an increase of 1.1 million in the non-Oecd, **which for the first time in 50 years, surpassed the symbolic threshold of 50 per cent of the total**. A decisive contribution came from China and other Asian Countries, which accounted for nearly 50 per cent of this increase.

Over the last decade **demand from the Oecd Countries has declined by 4.8 million barrels/day (-9.4 per cent)**, while in non-Oecd Countries it **has risen by 12.7 million (+37.1 per cent)**.

This is a trend that is supposed to continue and grow stronger in the coming decades, at least according to the IEA's latest forecasts, which **estimate that by 2040 non-Oecd oil demand** will be 63.1 million barrels/day, **double that of Oecd Countries** (31.3 million barrels/day).

Price of crude oil and refined products

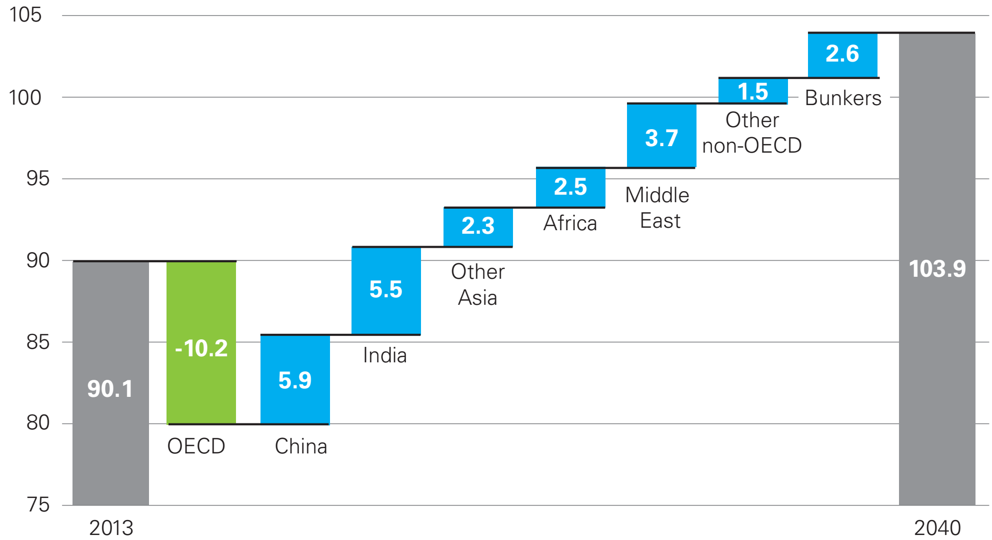
Oil prices in 2014 were affected by relevant and unexpected new developments. In the space of few months prices lost half their value and returned to **the minimum levels of the past ten years** notwithstanding ongoing – and in many cases intensified – geopolitical tensions **which have never been more unpredictable**.

Brent quotations quickly fell from a range of 107-112 dollars/barrel in the first six months of the year to 62 dollars (-45 per cent) in December.

For the first time since 2010 the annual average quotation of Brent fell below the threshold of 100 dollars/barrel, while for the period 2000-2010 the average was 52 dollars (+89 per cent).

A combination of different factors, both on the supply and demand side, contributed to this sharp decline.

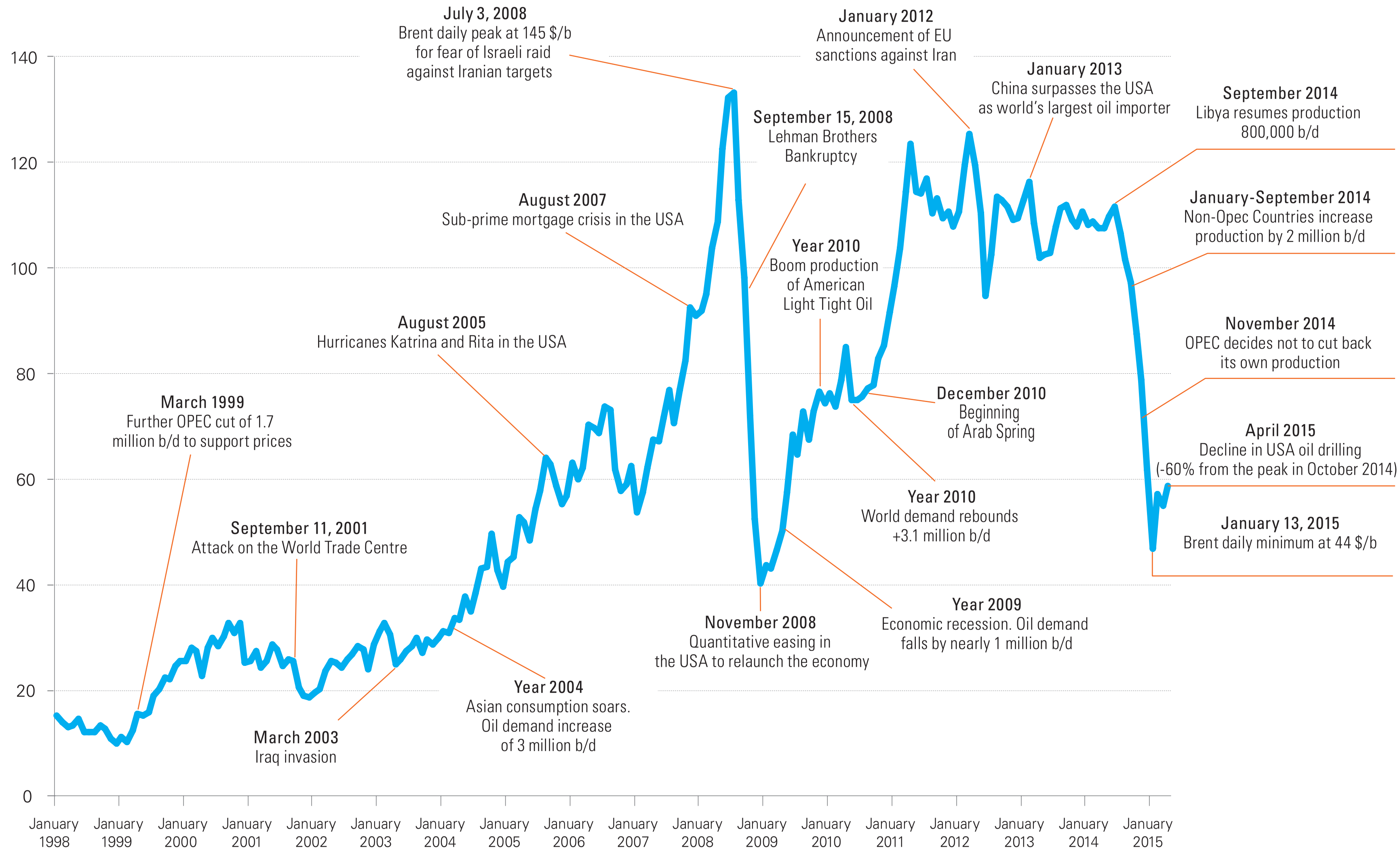
World - Growth in world oil demand by region to 2040 according to the International Energy Agency
(Millions of barrels/day)



Source: IEA, World Energy Outlook, 2014

Oil - Crude oil quotations reflect world history

(Brent dated - Average monthly quotations in current dollars/barrel. January 1998-April 2015)



Source: Eni/Up on Platts data

From the standpoint of demand, a decisive role was the **declining consumption in the Oecd Countries associated with an economic slowdown in leading non-Oecd markets, the main drivers of growth.**

On the **supply side** a key factor was heavy investment in recent years (4,000 billion euros during the period 2007-2013) – especially for non-conventional sources – which led to a **strong increase both in production capacity and current offer**.

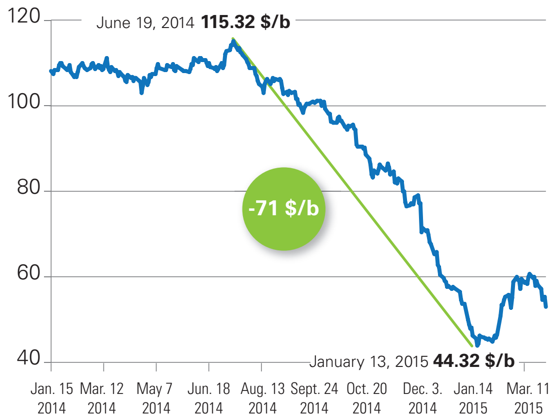
Aggravating this trend was undoubtedly the **decision taken by Opec at its summit in November 2014 to keep its production unchanged** in a context of severely declining prices. The consequence of this was to push Brent down to **a minimum of 44-45 dollars/barrel** during the month of January 2015, before it rose again to 55-60 dollars in February-March.

What room there may be for prices to rebound depends on many variables, but above all on whether non-Opec Countries will make significant cuts in production and/or a noticeable upturn in global demand.

The **general awareness of the current situation of surplus**, which may also be seen by the high level of stocks, not only in the United States but throughout the world (in storage areas and oil tankers) makes it **difficult to foresee any change in the short term** and many observers agree that the current phase is destined to continue longer than it has in the past.

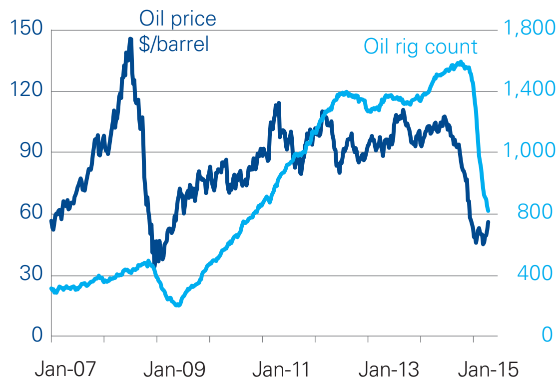
With regard to **oil products** in 2014, the average annual price of **petrol** stood at around 52 eurocents/litre (- 8 per cent compared to 2013), while **gasoil** was 55 eurocents (-9 per cent). During the first three months of 2015 these averages fell to 38 and 40 cents respectively, in spite of the **severe depreciation of the euro/dollar (around 20 per cent)**, which approached parity.

Oil - Brent daily quotations
(Dollars/barrel)



Source: Platts

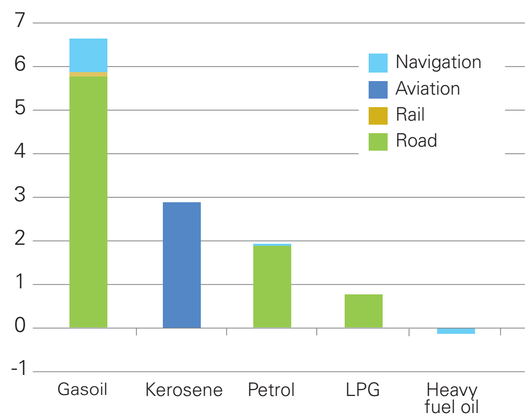
United States - U.S. rig count and WTI quotations



Last observation is April 17, 2015.

Source: World Bank on Baker Hughes data, Commodity Market Outlook, April 2014

World - Transport oil demand change by main products and sub-sectors according to the International Energy Agency in to 2040
(Millions of barrels/day)



Source: IEA, World Energy Outlook, 2014

Developments in refining

Global refining capacity continued to exceed demand by over 10 million barrels/day, even taking into account the growing shares of liquid product flows (NGL, CTL or GTL[1]) that do not pass through the refinery chain.

The surplus is expected to widen over the coming years, according to the IEA, which estimates that **by 2040 "nominal" excess capacity will be more than 21 million barrels/day**.

This excess will be more evident in the Oecd Countries, particularly in Europe, **where more than 2 million barrels/day of capacity risk closing by 2020 and 4.6 million by 2040**.

[1] NGL – Natural gas liquids; CTL – Coal to liquids; GTL – Gas to liquids.

In Europe over the past five years already 1.7 million barrels/day of capacity has been closed, including more than 300,000 (18 per cent of the total) only in Italy, and in spite of **processing rates that were below 80 per cent** as compared to 90 per cent for plants operating in the United States which continue to benefit from lower costs of energy and crude oil than Europe.

It should, however, be mentioned that towards the end of the year **margins improved in many refineries in Northern Europe** – in plants that a few months before looked as if they were on the verge of closing - supported by low oil prices compared to refined products, **while in the Mediterranean the context remains more uncertain.**

World Refining capacity and refinery runs to 2040, according to the International Energy Agency's New Policies Scenario *(Millions of barrels/day)*

	Capacity	Capacity additions	Refinery runs			Capacity at risk(*)	
	2013	2040	2013	2020	2040	2020	2040
Europe	16.8	–0.6	13.3	12.0	10.0	2.3	4.6
North America	20.8	0.9	18.3	18.8	16.5	0.1	2.7
China	11.6	5.6	9.4	12.1	14.6	0.4	0.2
India	4.4	3.2	4.3	4.9	7.4	—	—
Oecd Asia	8.0	–1.4	6.6	5.7	4.7	0.5	1.1
Other Asia	4.8	1.8	3.9	4.2	6.0	0.2	0.1
Russia	6.2	0.3	6.0	6.1	5.2	—	0.4
Middle East	7.7	4.0	6.6	8.5	10.6	—	—
Brazil	2.0	1.3	2.0	2.4	3.0	—	—
Africa	3.5	0.8	1.9	2.4	3.4	0.6	0.4
Others	6.8	0.2	5.0	5.3	5.5	0.6	0.6
TOTAL	**92.6**	**16.1**	**77.3**	**82.4**	**86.9**	**4.7**	**10.1**

(*) "Capacity at risk" is defined for each region as the difference between refinery capacity, on one hand, and refinery runs, on the other, with the latter including a 14 per cent allowance for downtime.

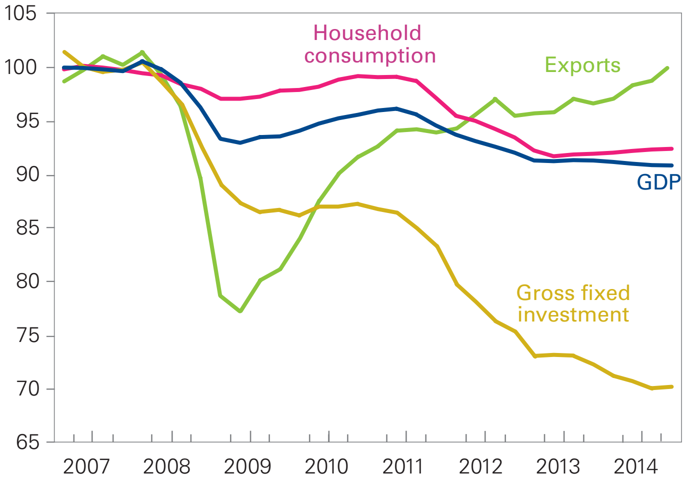
Source: IEA, World Energy Outlook 2014

The macroeconomic context

Based on the latest estimates, the **global economy seems to be heading towards a gradual recovery**, even if there are wide disparities between geographic areas: in the emerging Countries a phase of cyclical slowdown is currently underway, while the advanced Countries, particularly Europe, are experiencing stronger economic activity – thanks to the stimulus of monetary policies, low oil prices and a depreciated euro.

Italy is also showing some signs of recovery **though less vigorous than in other Countries**. In 2014 the average GDP variation declined again (-0.4 per cent), but the drop was less pronounced than it had been the two previous years (-1.7 per cent in 2013 and -2.8 per cent in 2012).

Italy - GDP and the main components of demand(*)
(Quarterly data; indices 2007=100)



(*) Chain-linked volumes adjusted for seasonal and calendar effects.
Source: Bank of Italy on Istat data

Italy GDP, national demand, foreign trade
(Chained linked volumes; percentage changes on previous period; seasonally and working-day adjusted for quarterly data)

		Gross domestic product	Gross fixed investment	Resident household and non-profit institution consumption	Government consumption	Total national demand(1)	Exports of goods and services	Imports of goods and services
2011		0.6	-1.9	—	-1.8	-0.6	5.2	0.5
2012		-2.8	-9.3	-3.9	-1.2	-5.6	2.3	-8.1
2013		-1.7	-5.8	-2.8	-0.3	-2.5	0.5	-2.3
2014		-0.4	-3.3	0.3	-0.9	-0.7	2.7	1.8
2014	I	-0.1	-1.5	0.1	-0.4	-0.3	0.4	-0.1
	II	-0.2	-0.6	0.2	-0.5	-0.2	1.3	1.2
	III	-0.1	-0.7	0.1	0.2	—	0.4	0.8
	IV	—	0.2	0.1	0.4	-0.4	1.8	0.5

(2) Includes the change in stocks and disposal of valuables.
Source: Bank of Italy on Istat data

Italy Macroeconomic data

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014(*)
					PERCENTAGE CHANGE FROM THE PREVIOUS YEAR								
Gross Domestic Product(a)	+0.3	+0.2	+1.6	+0.9	+2.0	+1.5	–1.0	–5.5	+1.7	+0.6	–2.8	–1.7	–0.4
Industrial production(b)	–1.3	–1.0	+0.9	–1.8	+3.1	+2.5	–3.2	–18.7	+6.9	–0.4	–6.1	–3.1	–1.2
Inflation	+2.5	+2.7	+2.2	+1.9	+2.1	+1.8	+3.4	+0.8	+1.5	+2.8	+3.0	+1.2	+0.2
Gross fixed investment(a)	+4.2	–0.3	+2.1	+1.7	+3.2	+1.6	–3.1	–9.9	–0.5	–1.9	–9.3	–5.8	–3.3
					PERCENTAGE OF THE LABOUR FORCE								
Unemployment(c)	8.5	8.4	8.0	7.7	6.8	6.1	6.7	7.7	8.4	8.4	10.7	12.1	12.7
					BILLIONS OF EUROS								
Trade balance	+7.8	+1.6	–1.2	–9.4	–20.5	–8.6	–13.0	–5.9	–30.0	–25.5	+9.9	+29.2	+42.9
Public borrowing requirements in the year	41	47	52	62	56	25	44	83	68	57	48	47	49
Public debt(d)	1,372	1,397	1,450	1,519	1,588	1,606	1,671	1,770	1,851	1,907	1,989	2,069	2,135
GDP at current euros	1,346	1,391	1,449	1,490	1,549	1,610	1,633	1,574	1,606	1,639	1,615	1,609	1,616

(*) Provisional data.
(a) According to chain-linked values with 2010 as base reference.
(b) Unadjusted index 2010 =100.
(c) Revised data based on the Continuous Labour Force Survey, begun in January 2004.
(d) At year end.

Source: ISTAT, Bank of Italy

Persistent decreases in investments (-3.3 per cent), which were held back by wide margins of unused capacity, uncertain prospects for demand and difficulties in the construction sector, were offset by stronger private consumption and exports. **Household consumption** began to rise again moderately (+0.3 per cent) and **exports** (+2.7 per cent) continue to sustain **GDP growth**, in spite fluctuations in world demand.

In the last quarter of the year added value variation, though negative for the three previous quarters, declined at a slower rate. This was the combined result of a **growth from the service sector, no substantial contribution from construction and again a negative contribution from industry strictly defined**, though in the final months of 2014 industrial activity (excluding construction) did manage to record a series of moderately favourable results. At the end of 2014 industrial activity is expected to shrink for the third year in a row (slightly below 1 per cent).

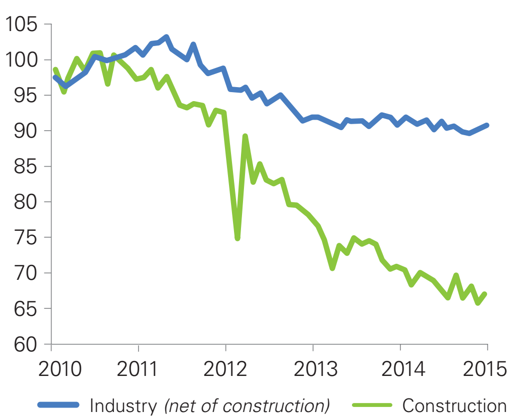
On average in 2014 output by industry net of construction declined for the third consecutive year (-0.8 per cent when calendar adjusted), though this contraction was much less intense than the two previous years. **Differences remain between domestic and foreign markets trends.**

Production rates continue to suffer **from weak domestic demand**. Industrial sales on the domestic market varied between positive and negative, while, by and large, sales to foreign markets remained solid. In particular, **exports to Countries outside the EU accelerated** (+1.8 per cent) in the fourth quarter and this was largely due to higher end prices, the consequence of a weaker euro, in spite of lower volumes of sales.

During **the first months of 2015** trends in industrial production remained uncertain, above all in the manufacturing sector. At the same time there were signs of improvement in the services sector and uncertainties in construction, which gave out mixed signals. However, moderately favourable signs are the number of construction permits issued, which are anticipators to the sector's activity.

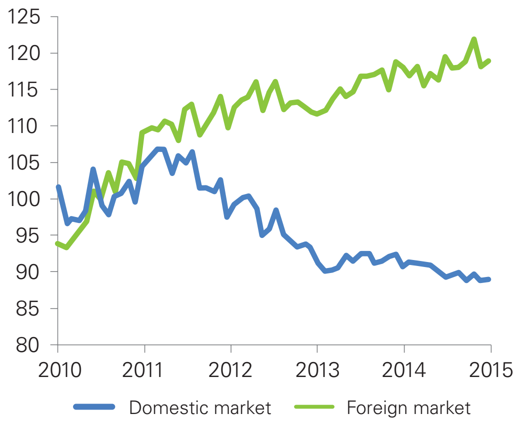
Household spending continues to grow at a modest pace, and is mainly supported by purchases of durable goods. **In the first months of the year consumer confidence improved decisively**, bolstered

Italy - Production indices
(Base 2010=100)



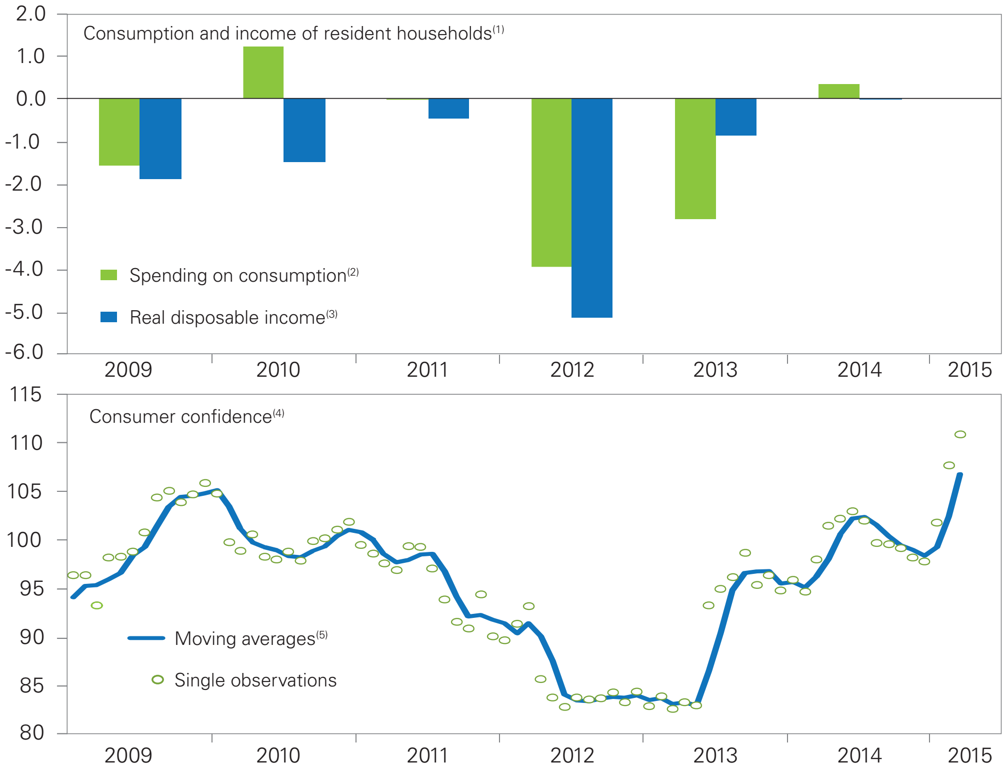
Source: Istat

Italy - Turnover in industry
(Percentage yearly change; 2010=100)



Source: Istat

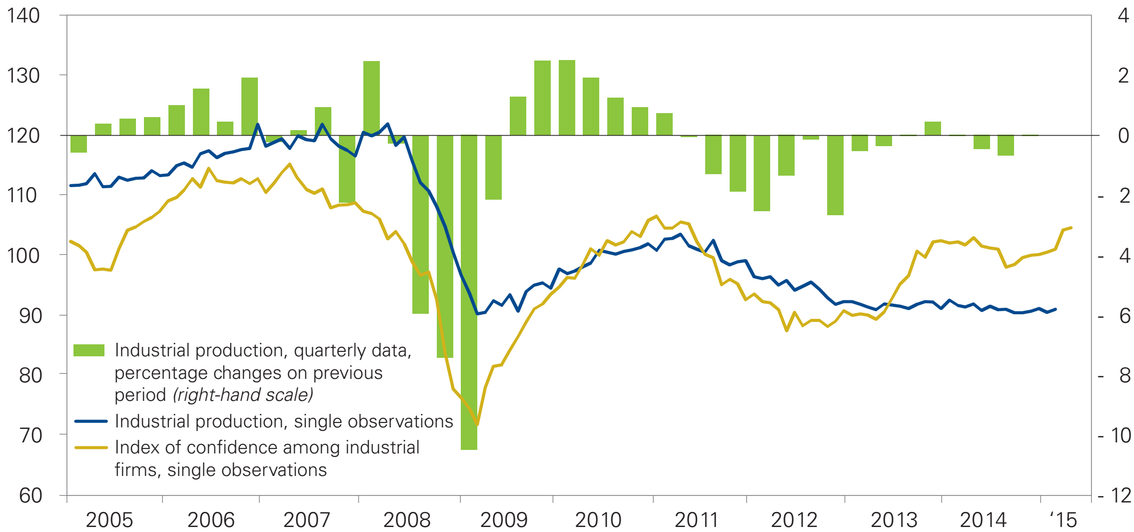
Italy - Consumption, disposable income and consumer confidence
(Percentage changes and indices)



(1) Percentage changes on the previous year. - (2) Chain-linked volumes. - (3) Obtained using the consumption deflator for resident households. *(Chain-linked values, reference year 2010).*
(4) Monthly data seasonally adjusted. Indices 2010=100.
(5) Monthly data; moving averages for the 3 months ending in the reference month.

Source: Bank of Italy on Istat data

Italy - Industrial production and business confidence
(Indices 2010=100; seasonally adjusted data)



Source: Bank of Italy on Istat data

above all by general prospects for the economy. In March confidence reached a peak not recorded since June 2002.

Positive signals for the Italian economy are becoming stronger, with improved expectations among both consumers and businesses. Forecasts by the International Monetary Fund (IMF) published last April also predict that Italy will grow by 0.5 per cent in 2015 and 1.1 per cent in 2016. These forecasts have been adjusted upward by 0.1 and 0.3 per cent respectively from the estimates that came out in January.

Difficulties still remain in the labour market confirming the downward pressure on prices (deflation) though less severe.

The **unemployment rate**, which has been rising since the third quarter of 2011, hit 13.3 per cent in the fourth quarter of 2014 (+0.6 per cent higher than the year before), with an annual average of 12.7 per cent compared to 12.1 per cent in 2013. While the labour market is not showing any clear signs of a turnaround, the number of employed has risen on an annual basis by 156 thousand units (+0.7 per cent).

In 2014 the **Consumer Price Index (NIC)** rose by +0.2 per cent from the previous year: the lowest rise on record since 1959.

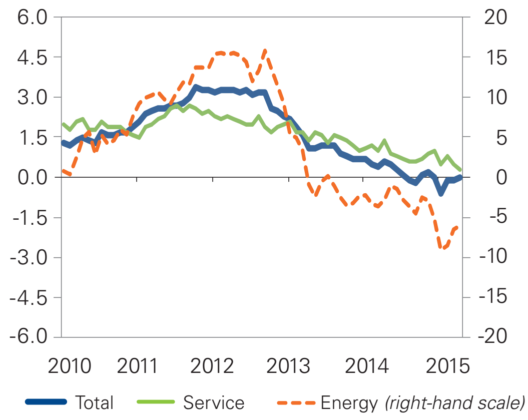
The one percentage point drop in the inflation rate compared to 2013 was the result of prolonged declining costs of raw materials, mostly sharply slumping oil prices that significantly reduced the cost of energy[1].

Weakness in economic activity and demand were reflected in generally moderate price dynamics through every stage of price formation. Potential transfers of increased costs from production through to end distribution were tempered by strong de-inflationary impulses from lower energy costs[2].

In 2014 **the net Public Administration deficit** (-49,056 million euros) remained nearly stationary at 3 per cent of GDP but

Italy - Prices

(Yearly percentage changes)



Source: Istat

Italy - Persons in work and unemployment rate

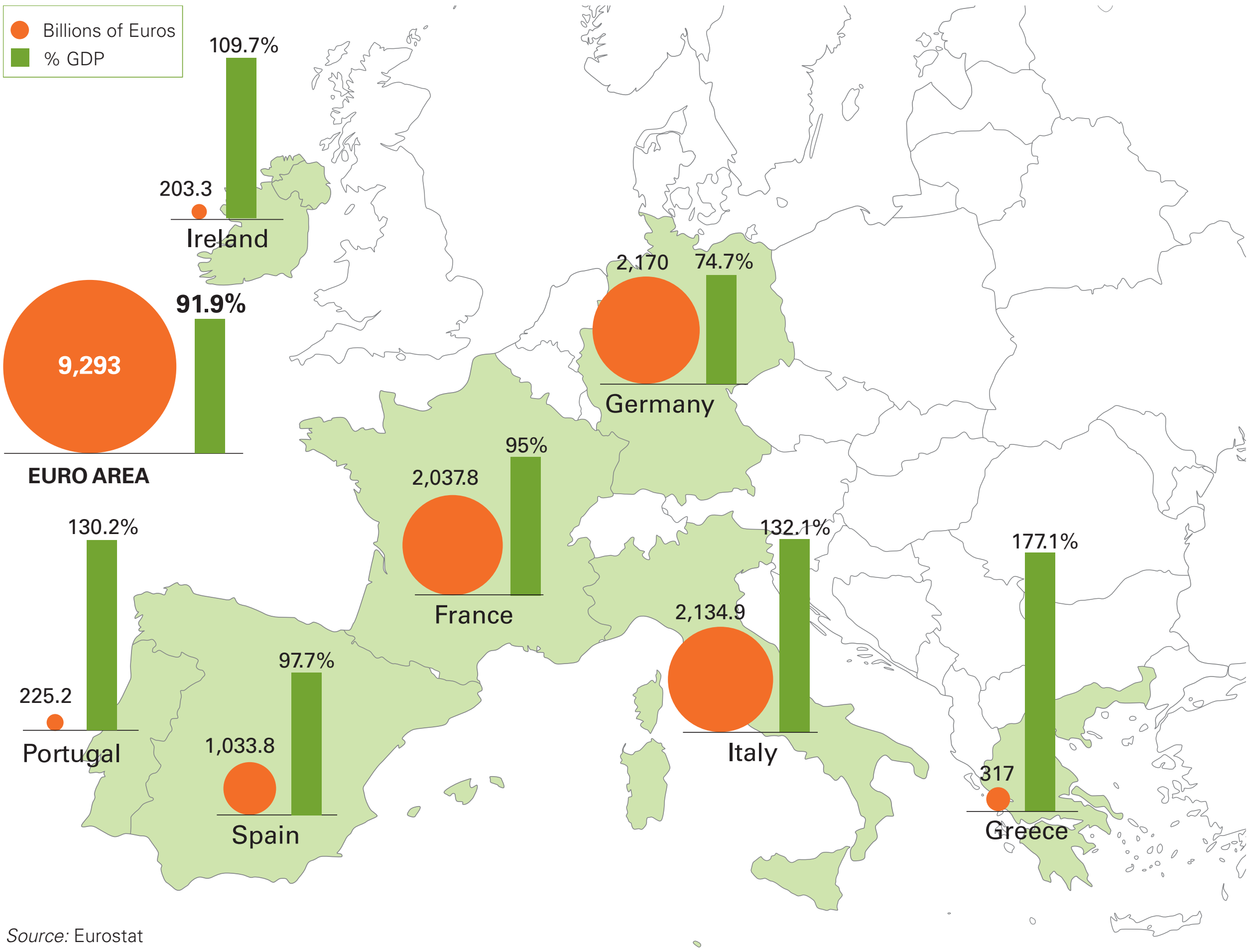
(Seasonally adjusted monthly data, millions of persons and percentages)

Source: Bank of Italy on Istat data

[1] According to the Bank of Italy's estimates ("*Bolletino Economico*" n. 2, April 2015) low crude oil prices should have positive effects on Italy's GDP, estimated in the order of half a percentage point in two years, thanks to the savings resulting from lower expenditures for energy allowing families and businesses to spend more on consumption and investments.

[2] The prices of industrial products sold on the domestic market have been going down for nearly two years (-3.3 per cent on an annual basis in February).

Europe - Public debt in the main Countries and percentage ratio to GDP in 2014



Source: Eurostat

with increased expenditures of approximately 1.6 billion euros compared to 2013 (- 47,455 million euros or 2.9 per cent of GDP). The level of public debt rose by 3.6 per cent to 132.1 per cent as a ratio of GDP, up from 128.5 per cent the previous year, also due to the effect of a nearly stable nominal Gross Domestic Product.

Energy consumption

Also in 2014 energy consumption continued to fall, with a reduction of around **3.8 per cent**: at 166.4 Mtoe it was near the levels recorded in the early Nineties.

Demand for all the **main fossil energy** sources was in decline, though to varying degrees and for various reasons:

- **gas** was down by 11.7 per cent and at 50.7 Mtoe was **similar to consumption at end of the Nineties**. This was due to lower demand from thermoelectric generation and milder temperatures;
- **coal** demand fell by 4.9 per cent and the 13.5 Mtoe are **nearly the same as in 2009**, as a result of the ongoing crisis in the steel industry and less use in thermal power generation;

- **oil** demand dropped by 1.8 per cent to 57.3 Mtoe and was **back to the levels of the mid-Sixties**.

On the other hand, **net electricity imports** rose by 3.7 per cent (9.6 Mtoe).

Demand for **renewable sources** also continued to rise. The 35.3 Mtoe represented **an estimated increase of +4.5 per cent**, also due to the unexpected increase from hydro electricity production (+8.1 per cent).

Domestic energy production, including oil and natural gas, **reduced Italy's dependence on foreign energy**, which went down to 73 per cent compared to 75 per cent in 2013.

Solid fuels

After natural gas, **solid fuels** were the energy source that declined the most in 2014.

The demand for solid fuels of about 13.5 Mtoe fell by 4.9 per cent and **was impacted by a slowdown in consumption from its main sectors of use**: thermoelectric production and the steel industry.

The consequences of yet a further decline in electricity demand (-3.0 per cent compared to 2013), aggravated by an 11 per cent drop in thermoelectric production (which will be discussed below[1]), **led not only to less activity by coal-fired plants, but also to revising scheduled investments for new plants and the announcement that some plants would definitely close**[2].

Due to environmental monitoring and inspection activity, at two 300 MW units in the **Vado Ligure plant** (Tirreno Power) and construction on a new 460 MW unit, with planned investments of 1.2 billion euros, **were suspended in March 2014**.

With regard to the **reconversion project of the Edipower plant in Brindisi**, earlier

[1] See chapter on "The growth of renewables and the electricity market".

[2] The 23 plants, whose closure was announced by Enel, include the coal plants of Genoa and Marghera. In addition, the plan for a CCS reconversion project at Porto Tolle was scrapped (See: Carbone Informazione, November 15, 2014).

Italy Energy consumption
(Millions of toe's)

	2000	2005	2008	2009	2010	2012	2013	2014(*)	% change 2014 vs. 2013	% weight on total 2014
Solid fuels	12.8	17.0	16.7	13.0	14.9	16.6	14.2	13.5	– 4.9%	8.1%
Natural gas(•)	57.9	70.7	69.5	63.9	68.1	61.4	57.4	50.7	– 11.7%	30.5%
Net imports of electricity	9.8	10.8	8.8	9.9	9.7	9.5	9.3	9.6	+ 3.7%	5.8%
Oil	92.0	85.2	79.3	73.3	72.2	62.2	58.3	57.3	– 1.8%	34.4%
Renewable sources	12.9	13.6	17.0	20.2	22.9	26.6	33.8	35.3	+ 4.5%	21.2%
TOTAL	**185.4**	**197.3**	**191.3**	**180.3**	**187.8**	**176.3**	**173.0**	**166.4**	**– 3.8%**	**100.0%**

(*) Provisional data. Variations calculated to three decimal points.
(•) Historical series revised on the coefficient of 8.190 used to convert toe's and adopted from 2008 by the Ministry of Economic Development according to international statistics (Eurostat, IEA).
Source: Ministry of Economic Development

this year the Conference of Services decided to cut the plant's installed capacity in half (from 640 MW to 300 MW) and to partially substitute coal with Secondary Solid Fuels (CSS[1]) produced by the Region. This will mean that nearly 50 per cent of wastes destined for the province of Brindisi's landfill can be recovered.

Finally with regard to Sulcis, **where Italy's coal production of 300 thousand tonnes/year is concentrated**, the Decree "*Destinazione Italia*[2]" contains incentives to produce up to 2,100 GWh/year in an innovative coal-combustion plant resulting in a significant reduction in atmospheric emissions.

The energy and oil bills

In 2014, declining energy consumption (-3.8 per cent), together with lower prices of energy sources (especially of oil -9.0 per cent) led **to a significantly lower energy bill for Italy**, while the largely unvaried average euro/dollar exchange rate for the year (+0.3 per cent) contributed only marginally.

[1] Italian acronym: CSS – Combustibile Solido Secondario.

[2] Decree – law December 23, 2013 n. 145, converted with amendments by Law February 21, 2014, n. 9.

National expenditures on foreign energy (the net difference between expenditures on imports less revenues derived from exports) **went down to 44,250 billion euros, compared to 56,093 in 2013** (-21 per cent) and translated into **savings of more than 11.8 billion euros**.

When **calculated as a percentage of the GDP** the 2014 energy bill was 2.7 per cent, compared to 4 per cent in 2012 and an average of 1.4 per cent in the Nineties: the highest figures were recorded in the period 1980-85, when the average was 5.2 per cent.

Among the energy sources with the largest decreases from the previous year, **net expenditures for natural gas** fell from 20.4 to slightly more than 15 billion euros (-26 per cent). **The over 5.3 billion euro reduction contributed to the second largest share of energy savings after oil**.

Indeed, in 2014 **the oil bill** also went down from **30,450 billion euros in 2013 to 24,917 billion euros** (around 5.5 billion less, or -18 per cent) as a result of an improvement in two of the three factors involved: lower international quotations and a reduced domestic demand (-1.8 per cent).

The average annual cost of a ton of

Italy Estimated "national energy bill"
(Millions of euros)

	1990	1995	2000	2005	2008	2010	2012	2013	2014(1)
Solid fuels	731	991	1,009	1,892	2,927	2,270	2,775	1,812	1,405
Natural gas	1,859	2,661	7,835	12,194	22,253	18,998	24,189	20,421	15,134
Oil(2)	8,561	9,023	18,653	22,412	32,474	28,432	33,908	30,450	24,917
Biofuels and biomass	—	—	67	135	463	1,129	1,616	1,366	1,015
Others(3)	867	1,563	1,523	2,135	1,948	2,409	2,389	2,044	1,779
TOTAL	**12,018**	**14,238**	**29,087**	**38,768**	**60,065**	**53,238**	**64,877**	**56,093**	**44,250**

(1) Provisional data.
(2) Figures from 1995 and after are not homogeneous with those from the previous years because of changes in criteria used in international classification (Ateco 91), the most important of which consists in not considering "on board supplies" as exports.
(3) Includes: electricity, nuclear and other fuels.

Source: Unione Petrolifera on data from ISTAT

crude oil was 548.1 euros compared to 607.5 in 2013, with a **decrease of 9.8 per cent**, the result of a lower cost of imported crude oil (-9.5 per cent in dollars), as well as a slightly stronger euro against the dollar (+0.3 per cent).

When **calculated as a percentage of GDP, the oil bill fell to 1.5 per cent**, compared to 2.1 per cent in 2011-2012, and back to the average recorded in the decade 2000-2010. At its peak (1980-1983) the average annual oil bill was 4.6 per cent of the GDP.

The growth of renewables and the electricity market

In 2014 **total demand for renewable sources** rose by around 4.5 per cent (+ 6 per cent only for electricity production) reaching 35.3 Mtoe and providing more than 21 per cent of domestic energy demand[1].

Gross electricity generation from renewables, which represents nearly all domestic renewables consumption, rose from 112.0 TWh in 2013 to 119.4 TWh (+6.6 per cent), with positive contributions from all sources: above all **solar energy** (23.7 TWh, +9.8 per cent) and **hydroelectricity** (57.0 TWh, +8.1 per cent).

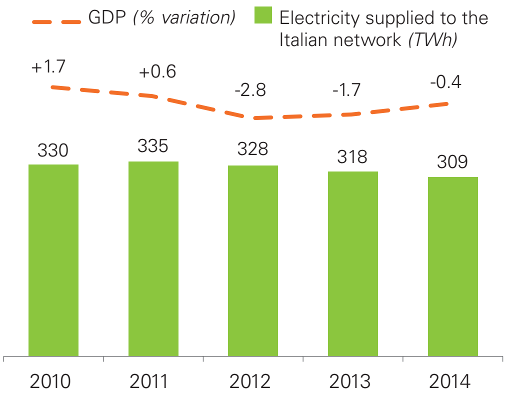
Although Gross Domestic Product declined less in 2014 (0.4 per cent) than in 2013 (-1.7 per cent), electricity demand closed 2014 with a 3.0 per cent drop, similar to the previous year. On the other hand, installed capacity continues to rise causing growing renewables development, which is resulting in wider reserve margins, compared to peak demand, up from 39 per cent in 2011 to 50 per cent in 2014: a significant overcapacity for the electricity system.

14 per cent of the 309.0 TWh consumed were covered by **net electricity imports** (up by 3.7 per cent from 2013), 37 per cent by **renewables** and 49 per cent by **fossil fuels** in thermal plants.

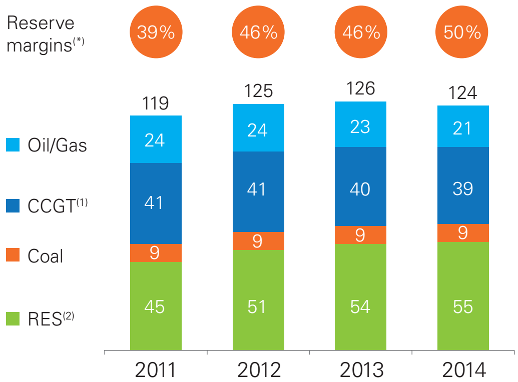
Lower demand, back to 2002 levels, aggravated the **economic difficulties** in the electricity market, as has already been evident for some years.

The 31 TWh contraction of the electricity supplied to the Italian network (-9.1 per

Italy - GDP trends and electricity consumption



Italy - Installed capacity by source *(GW)*



(*) Calculated on available capacity of all plants considering availability factors of different sources.
(1) CCGT – Combined Cycle Gas Turbine.
(2) RES – Renewable Energy Sources.
Source: Enel on Terna data

[1] With regard to share of end consumption of energy covered by renewables, considering that this was 16.7 per cent in 2013, based on some preliminary estimates it may be assumed that in 2014 it will further approach 17 per cent.

Italy Renewable sources in 2014

	INSTALLED CAPACITY (MW)			ELECTRICITY PRODUCTION (GWh)		
	2013	2014(*)	% variation	2013	2014(*)	% variation
Hydro (1)	22,400	22,400	—	52,773	57,025	8.1%
Wind	8,561	8,700	1.6%	14,897	15,052	1.0%
Photovoltaic	18,400	18,800	2.2%	21,589	23,694	9.8%
Biomass and wastes(2)	4,033	4,450	10.3%	17,090	17,693	3.5%
Geothermal	773	800	3.5%	5,659	5,894	4.2%
TOTAL	**54,167**	**55,150**	**1.8%**	**112,008**	**119,358**	**6.6%**

(*) Provisional data.
(1) From natural in flows.
(2) Solid biomass, biogas and bioliquids.
Source: Terna "La domanda e offerta elettrica 2014", AIEE Seminar, April 2015

FOCUS

ITALY ALSO IN THE "MARKET COUPLING" SYSTEM

Since the end of February of the current year, the Italian electricity system is also linked to the Market Coupling system along with another 18 Countries in Europe.

This success, obtained by European market and platform operators (for Italy the Market Operator is Terna) means that our borders are now coupled with France, Austria and Slovenia through the **Multi-Regional Coupling**[1] (MRC) and linked with the majority of EU power markets – from Finland to Portugal.

For the first time, capacity for the Italian-Austrian, Italian-French and Italian-Slovenian borders is being implicitly allocated through the Price Coupling of Regions (PCR) for the Day-Ahead markets, making those borders part of the MRC area.

This full price coupling allows the simultaneous calculation of electricity prices and cross-border flows across the region with benefits for end-consumers derived from a more efficient use of the power system and cross-border infrastructures as a consequence of a stronger coordination between power markets.

The cross-border capacity of all interconnectors within and between the following Countries is now allocated in the day-ahead timeframe: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Great Britain, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland (via the SwePol Link), Portugal, Slovenia, Spain and Sweden.

The daily average cleared volume over these 19 Countries amounts to over 4 TWh, with an average daily value of over €150 million.

[1] The MRC is a Pan European initiative dedicated to the integration of power spot markets in Europe. Thanks to this coupling, 19 European power markets are now integrated in a single market platform.

cent) between 2007 and 2014 occurred just at the time when Renewable Energy Sources (RES) were in a phase of sudden development, doubling their production (+71.5 TWh, +149 per cent). This led to an equivalent reduction of thermoelectric production, which guaranteed primary reserve service to the electricity system.

The consequences of this context are particularly serious for combined cycle plants[1] which are operating only 2,000 hours per year (and even less in the case of some non-cogenerative combined cycle plants). This is no longer economically sustainable and has resulted in the announcement of plant closures or closures that are underway.

Electricity market operators are currently in the process of rationalizing their assets and management structures. According to the most recent data from the Ministry of Economic Development, between 2013 and 2014 5.8 GW of capacity were taken out of service and plans are underway for a further 4.1 GW. Enel has also announced the closure of 23 plants for a total of 11 GW.

With regard to operators' structure, at the end of 2014, Dolomiti Energia liquidated its holdings in Edipower, and A2A now has a larger stake in the company, while in the first months of the year E.ON sold its coal and gas plants (4,500 MW) to the Czech Group Energeticky' a Prumyslovy Holding (EPH).

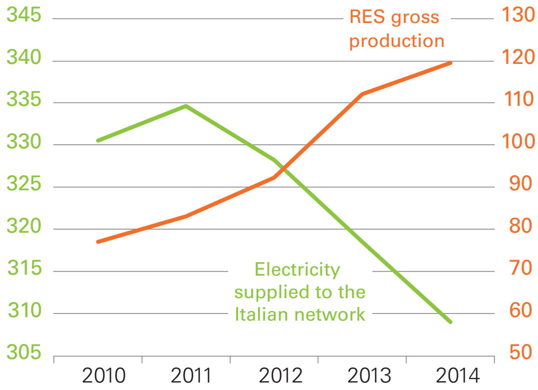
In 2014 RES were also beset by difficulties, due to the distortions that incentive mechanisms caused to the development of new capacity and also because of the retroactive amendments of the incentives, especially for solar power[2].

Indeed, during 2014 only 107 MW of new wind power plants were installed. This represents a 76 per cent reduction from the previous year and was due to procedures involved in the auction mechanism, so that only 20 per cent of approved capacity has actually been realized.

[1] Combined Cycle Gas Turbine (CCGT).

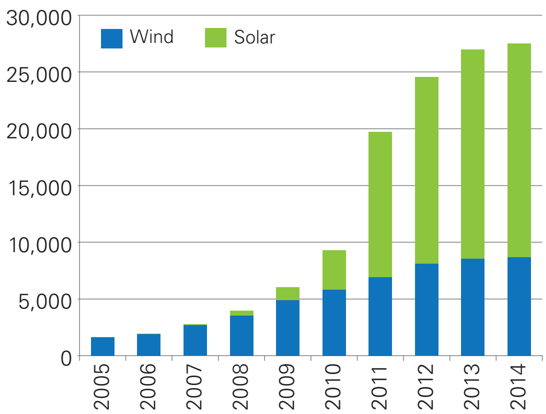
[2] See Focus "The *Spalma – Incentive* Decrees" on page 28.

Italy - Total electricity consumption and RES production *(TWh)*



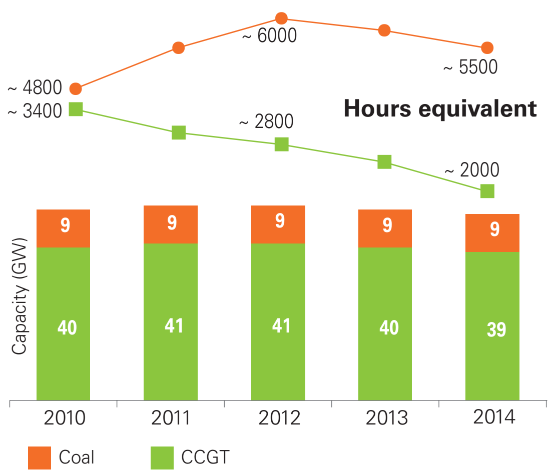
Source: UP on Terna data

Italy - Installed capacity of non-schedulable Renewables *(GW)*



Source: Terna

Italy - Thermal generation installed capacity and operating hours equivalent of CCGT and Coal



Source: Enel report "Sistema elettrico italiano, risorse per la competitività e lo sviluppo sostenibile", Annual General Meeting of Assocarboni, Rome, March 27, 2015

FOCUS

THE "*SPALMA-INCENTIVE*" DECREES

In order to increase the electricity market's efficiency by cutting incentives of between 500-700 million euros/year for electricity produced by PhotoVoltaic (PV) plants and by other Renewable sources starting in 2015, the Ministry of Economic Development adopted, at the end of 2014, two implementing Decrees that are contained in article 26 of the Decree-law on Competitiveness (Law August 11, 2014, n. 116), known as the "*Spalma-Incentivi Fotovoltaico*" (Spreading Incentives PV Decrees):

• Ministerial Decree October 16, 2014, which approves the operational procedures for the disbursement of feed-in tariffs by the GSE[1] for electricity produced by PV plants, in implementation of par. 2 of the aforementioned article 26 and.

• Ministerial Decree October 17, 2014, which establishes the terms and condition in which feed-in tariffs assigned to PV plants shall be modified in implementation of par. 3 letter b) of the aforementioned article 26.

In order to reduce and program financial outflows, which are particularly relevant for the PV sector, it was decided that the GSE will, from the second half of 2014, disburse **feed-in tariff payments in constant monthly instalments, equivalent to 90 per cent of the average annual electricity production estimated for each plant, during the year of production** and pay the balance based on the real production by June 30 of the following year.

From January 1st, 2015 **changes will also take effect to the feed-in tariffs incentivizing plants with a nominal peak power exceeding 200 kW,** already incentivized from them, on the basis of a choice every operator will be required to make and to notify the GSE by November 30, 2014. There will be three options:

a) extension of the incentive period from 20 to 24 years, together with a reduction of the level of the feed in tariff, whose amount will depend on the remaining duration of the incentive period;

b) maintain the incentive period at 20 years, with an initial reduction of the incentive payment and later adjustment;

c) maintenance of the incentive period at 20 years with a percent reduction of the payment established by the Decree, rising in relation to the plant capacity (this option will be applied in the absence of communication by the operator).

With regard to incentives for non-PhotoVoltaic renewables, the Ministry of Economic Development adopted Ministerial Decree November 6, 2014 in implementation of art. 1 par. 3 to 5 of Decree-law 145/13 (also known as Decree-law "*Destinazione Italia*", Law February 21, 2014 n. 9) which establishes that the recipients of incentives for electricity production from non-Photovoltaic RES may voluntarily opt for a spread out of the incentive received: in case they agree (notification must be made by February 17, 2015) the total of the sums they receive will be the same but it will be disbursed over a period that is 7 years longer. The Ministry estimates that savings will amount to 150 million euros.

[1] Italian acronym: GSE - Gestore Servizi Energetici.

ANNUAL EXPECTED SAVINGS (Millions of euros)

	Total	For small medium firms	For all other consumers	Already on the January 2015 bill	Bill in the course of 2015
Change to incentives for PhotoVoltaic	420	420	—	X	—
Change to payment mechanisms to PhotoVoltaic	600	287	313	X	—
Change to incentives for non-PhotoVoltaic renewables	150	150	—	—	X
TOTAL	**1,170**	**857**	**313**	**—**	**—**

Source: Ministry of Economic Development

The contribution of natural gas

In 2014 natural gas remained Italy's second largest energy source, satisfying around 31 per cent of the Country's energy demand. The decline in consumption (-8.2 billion cubic metres less than in 2013, -11.7 per cent) was the largest drop in the past six years of crisis and gas demand of 62 billion cubic metres was slightly higher than in 1998.

This was the result of the continued declining demand observed also last year from the three main sectors of use of natural gas: power generation (-13.7 per cent), industry (-2.1 per cent) and households (-16.9 per cent): in the latter case this was also due to milder than average seasonal temperatures. On the other hand, demand was + 6 per cent higher in the transport sector, which surpassed 1 billion cubic metres, also thanks to favourable prices of Compressed Natural Gas (CNG) for motor vehicles.

Since 2008 demand for natural gas has fallen by approximately 23 billion cubic metres (-27.0 per cent).

Demand from **industry** fell by more than 3 billion cubic metres (-17.7 per cent), though this was less than the decline in industrial production itself (-24 per cent).

A further 4.4 billion cubic metres were reduced by the **household** sector, also as a result of the gradual penetration of biomasses in the thermal sector.

The sharper decline was mainly the result of changes in the mix of energy sources used for **power generation**, which is now permanent.

Since 2008 demand for gas in power generation has, indeed, fallen by 16.1 billion cubic metres (-47.6 per cent) and this is due to the following phenomena:

1. a more than 30 TWh decline in demand for electricity (-9.0 per cent);
2. increased generation from non-schedulable renewables, due to growing availability of their new capacity;
3. weather conditions that were particularly favourable for hydroelectricity production, which in 2014 exceeded 57 TWh.

These factors have rapidly reduced the contestable space on the wholesale electricity market for thermal power generation, even for the most efficient combined cycle plants, which are vital for the stability and security of the power system.

About the wholesale market, Over the Counter Transactions (OTC) in 2014 surpassed 524 TWh (around 49 billion cubic metres), nearly doubling the volumes recorded in 2013 (282 TWh, corresponding to roughly 26 billion cubic metres). This development was also viewed favourably by the Italian Regulatory Authority for Electricity, Energy and Water (AEEG). Even if the PSV[1]'s liquidity in terms of negotiated volumes is far from that of the two most liquid European markets, the NBP[2] and TTF[3], British and the Dutch respectively, the PSV's position improved considerably compared to the continent's other main markets.

Among the important events concerning **gas market operators**, during the first months of 2014 the State Grid of China assumed an operative participation in the board of Snam (as well as in the Italian grid operator for electricity transmission Terna).

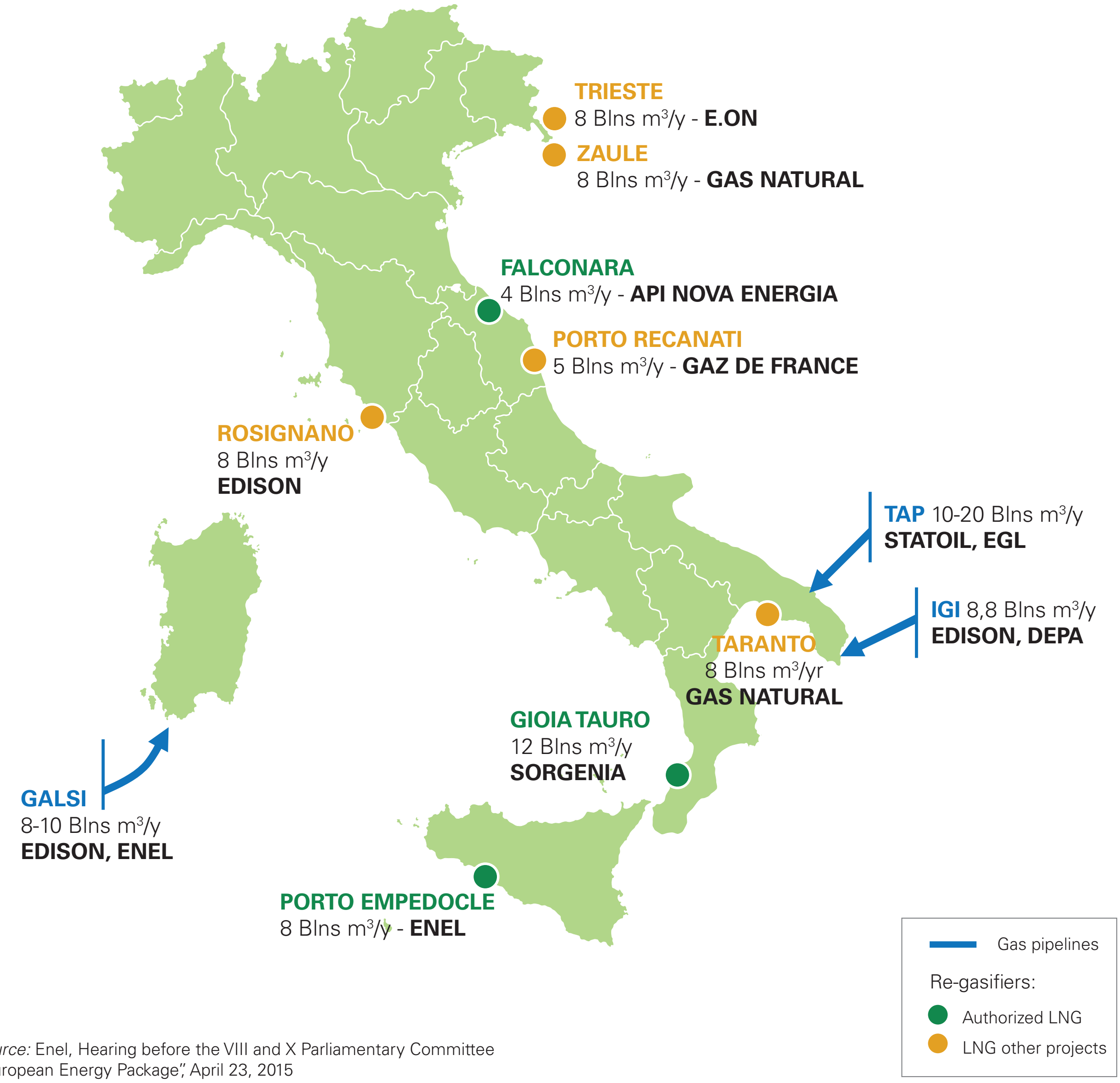
The company State Grid Europe Limited (SGEL), wholly owned by State Grid Corporation of China, acquired a 35 per cent stake in Cassa Depositi e Prestiti Reti

[1] Virtual Trading Point. Italian acronym: PSV - Punto di Scambio Virtuale.

[2] NBP – National Balancing Point.

[3] TTF –Title Transfer Facility.

Italy - Natural gas planned infrastructure and main investors
(Capacity in billions of cubic metres/year)



Source: Enel, Hearing before the VIII and X Parliamentary Committee "European Energy Package", April 23, 2015

(CDP Reti), an Italian network holding Company and the major shareholder in Terna and Snam.

Italian operators are also tending to expand internationally through the development of a "**European natural gas transmission network project**":

- in strategic partnership with the Belgian public company Fluxys, Snam is making investments to complete the reverse flow capacity of the gas pipelines along the North-South transmission axis by the end of summer 2018, that is, to reverse the direction of currently planned North to South methane flows;
- in the case of Snam, the gas pipelines concerned are those in the Po Valley and the interconnection point with Switzerland at the Passo Gries, while Fluxys will intervene on the Tenp and Transitgas pipelines, that cross Germany and Switzerland into Italy. Already by the end of this year it will be possible to export 5 million cubic metres a day to Switzerland according to Snam's development plans;
- along the East-West axis Snam completed the acquisition of CDP GAS' stake in Trans Austria Gasleitung GmbH, thus joining the management of the TAG gas pipeline; the most important infrastructure importing Russian gas to the Italian market, also thanks to its potential reverse flow capacity towards eastern Europe and southern Germany, is a strategic asset for the integration of a single European market.

At the end of 2014 Russia **unilaterally decided to abandon the South Stream project** towards Europe, and replace it with a gas pipeline of the same capacity towards Turkey; and in April Gazprom paid a billion dollars to acquire shares owned by its European partners Eni (20 per cent), Edf and Wintershall (15 per cent each).

Finally, the Government declared the planned **Trans Adriatic Pipeline** (TAP) to be a work of strategic importance. The TAP, connecting Greece to Italy via Albania, will bring gas from Azerbaijan to the coast of Apulia from 2020. The decision will definitely accelerate the project, which has been held up by local Communities. With an initial capacity of 10 billion cubic metres the project will involve 40 billion euros of investments and will also receive 700 million euros from the European Bank for Reconstruction and Development (EBRD).

With regard to **re-gasification** terminals:

- 2014 marked the fifth year of activity for the terminal **Adriatic LNG** (Exxon-Mobil 71 per cent, Qatar Petroleum 22 per cent, Edison 7 per cent). During this period it has received 30 billion cubic metres of gas - of which 4.3 billion last year – from 370 LNG[1] loads from 5 Countries: Qatar, Egypt, Trinidad and Tobago, Equitorial Guinea and Norway. 54 per cent of its 8 billion cubic metre capacity was utilized, compared to a European average of 22 per cent and a world average of 33 per cent. In addition, together with the terminal GNL Italia in Panigaglia and OLT in Livorno, it offered the peak shaving service[2] provided for in the Ministry of Economic Development's emergency Plan;
- in the first months of this year the Municipality of Trieste submitted its appeal against the decision taken by the Ministry of the Environment's Environmental Impact Assessment [EIA] Commission, to reopen authorization procedures for Gas Natural's planned 8 billion cubic metre re-gasification terminal in ZAULE;
- in 2014 there were no significant developments for other planned re-gasification terminals.

[1] LNG – Liquefied Natural Gas.

[2] Peak Shaving is one of the measures provided for by the Ministry of Economic Development's Emergency Plan for the thermal year 2014-2015. The plan aims to supply a temporary storage service making available, from January 1st, 2015, the previously stored gas, in order to face a possible exceeding request.

Oil in Italy

Domestic production of hydrocarbons

In 2014 Italy's **crude oil production rose for the fifth year in a row** increasing by 4.8 per cent and reaching 5.7 million tons; on the contrary, **production of natural gas declined again** to 7.1 billion cubic metres (-7.6 per cent).

Currently **domestic oil production covers 10.1 per cent of national demand, while gas contributes 11.5 per cent**. At the moment there are a total of 894 producing wells, 92 onshore processing plants and 133 offshore wells. Around **67 per cent of the gas and 13 per cent of the crude oil has been extracted from the offshore wells**.

The **leading Region in the Italian productive context continues to be Basilicata**, which contributed 69 per cent of total crude oil production (equal to 4 million tons, +1.0 per cent) and around 16 per cent of natural gas (1.5 billion cubic metres; +15.8 per cent).

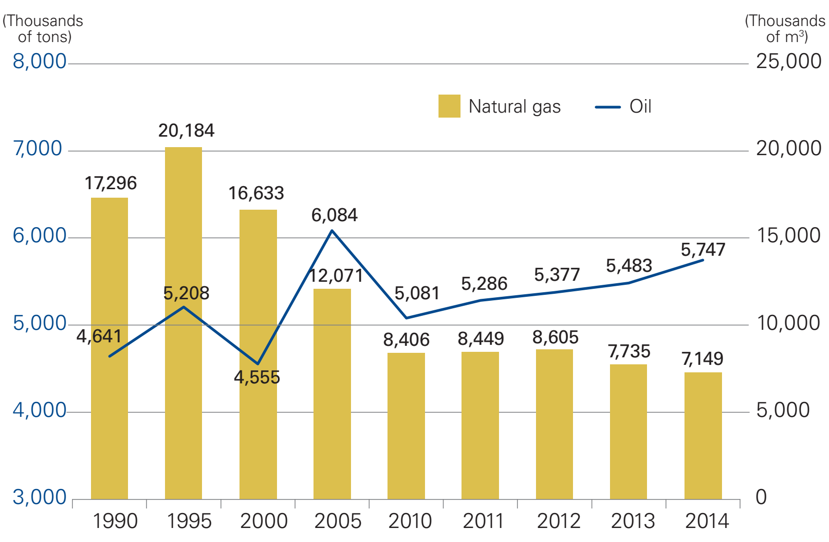
According to a study by the Bank of Italy published in 2014[1], in Basilicata, oil spin off companies recorded better revenues and investments in the 2000s than the Region's other businesses.

Indeed, based on data of the Cerved Group, from 2000 to 2012, the added value of Basilicata's hydrocarbon spin off firms rose by an annual average of 1.1 per cent in nominal terms, compared to stagnation (+0.2 per cent) for all the other Region's companies.

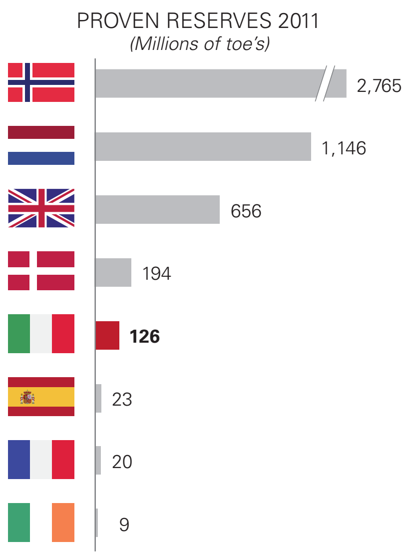
Not only was investment in relation to sales much livelier for these firms than the regional average, but the exploitation of local

[1] Banca d'Italia, Economie regionali n. 17, "L'economia della Basilicata", June 2014.

Italy - Domestic production of hydrocarbons and proven reserves



Source: Ministry of Economic Development



Source: National Energy Strategy 2013

oil resources led to higher employment in industry and services in the eleven Municipalities in the Val d'Agri, where extraction activities are concentrated.

With regard to the main Italian fields:

a. activity is underway to create a fifth gas treatment line in the **Centro Olio Val d'Agri** (joint venture Eni-Shell) to reduce SO_2 emissions. The project involves investments of approximately 250 million euros. Work is nearing completion and is expected to boost production from the current 80 thousand barrels/day of crude oil **to the 104 thousand** as set out in the 1998 Protocol of Understanding with the Region;

b. the **Tempa Rossa** field (Total operator 50 per cent, Mitsui 25 per cent, Shell 25 per cent) is expected to start operating at the beginning of 2016 with a daily production of 50,000 barrels of crude oil, 230,000 cubic metres of gas (which will be ceded freely to Basilicata), 240 tons of LPG and 80 tons of sulphur; it will result in a 40 per cent increase in domestic oil production.

In spite of our Country's potential, the obstacles remain that led some operators to abandon activities in Italy: excessive bureaucracy, local oppositions and regulations that risk holding up necessary investments.

Furthermore, the nearly total absence of new exploration in the last 5 years (in 2014 not a single new exploratory well was drilled) jeopardizes the replacement of depleted reserves and does not allow us to increase knowledge about the Country's production potential, which is still believed to be considerable and able to meet the SEN's targets[1].

Moreover, foreign companies (Schlumberger, Tgs-Nopec Geophysical Company Asa) and national ones (Saras) have submitted requests for authorization to carry out hydrocarbon exploration in other Regions, like Sardinia, but they are being held up by complicated bureaucratic procedures and local oppositions (Nimby Syndrome). Croatia, on the other hand, is fast tracking its projects to exploit deposits in the Adriatic sea.

New legislation has met with positive expectations: in order to provide new impetus

[1] The National Energy Strategy (Italian acronym: SEN – Strategia Energetica Nazionale) was approved on March 8, 2013, with a Decree by the Ministry of Economic Development and the Ministry of the Environment, Land and Sea. It estimates Italy's total oil and gas reserves (between proven, probable and possible) at 700 Mtoe and calls for investments of approximately 15 billion euros in order to double the share of national demand covered by domestic resources by 2020.

Basilicata **Local economic impact of hydrocarbons: balance sheet figures (2000-2012)[(1)]**
(Percentage values)

	Businesses impacted by Hydrocarbons			Total Businesses in Basilicata		
	Growth of revenues	Growth of added value	Ratio investment and sales[(2)]	Growth of revenues	Growth of added value	Ratio investment and sales[(2)]
TOTAL FIRMS	**0.8**	**1.1**	**0.2**	**0.1**	**0.2**	—
– of which Manufacturing	1.4	1.9	0.5	-0.1	-0.1	—
Construction	0.7	0.8	0.1	0.5	0.5	0.2
Services	0.7	2.1	0.3	0.4	0.6	0.1
Other activities	1.0	0.6	0.1	0.5	0.6	0.5

(1) Annual averages between 2001 and 2012, adjusted for number of companies. Annual rates only calculated for firms present for two consecutive years.
(2) Investments are calculated as an annual variation of fixed and financial assets.

Source: Bank of Italy on Cerved Group and Budget Centre

Italy Oil products demand
(Millions of tons)

	2000	2005	2010	2013	2014[1]	% change[2] 2014 vs. 2013
LPG	3.9	3.5	3.4	3.3	3.1	– 6.2
Leaded petrol	4.6	—	—	—	—	...
Unleaded petrol	12.2	13.5	10.0	8.0	7.9	– 1.5
TOTAL PETROL	16.8	13.5	10.0	8.0	7.9	– 1.5
Jet fuels	3.6	3.8	3.9	3.7	3.8	+ 2.1
Diesel gasoil	18.3	24.4	25.3	22.4	22.8	+ 1.9
Heating oil	3.6	2.9	1.9	1.4	1.1	– 17.8
Gasoil other uses	2.6	2.6	2.4	2.2	2.2	+ 0.6
TOTAL GASOIL	24.5	29.9	29.6	25.9	26.1	+ 0.7
Fuel oil for power generation	13.7	5.6	1.0	0.5	0.5	– 3.9
Fuel oil for other uses	3.0	2.5	1.2	1.0	0.9	– 8.7
TOTAL FUEL OIL	16.7	8.1	2.2	1.5	1.4	– 7.1
– of which low sulphur	10.7	6.4	1.4	1.2	0.6	– 50.1
Bitumens	2.4	2.8	2.0	1.4	1.5	+ 2.7
Other products[3]	6.5	4.7	3.6	2.6	2.4	– 9.8
Petrochemicals (net load)	7.0	6.5	5.8	4.1	2.7	– 33.0
Bunkers	2.8	3.5	3.5	2.5	2.3	– 5.7
TOTAL DELIVERIES TO MARKET	84.2	76.3	64.0	53.0	51.2	– 3.5
Refinery consumptions and losses	9.1	10.0	9.4	6.9	6.2	– 10.2
Stock reduction (increase)	0.2	0.4	0.3	0.3	0.2	...
TOTAL CONSUMPTION	**93.5**	**86.7**	**73.7**	**60.2**	**57.6**	**– 4.4**

[1] Provisional data.
[2] Calculated on thousands of tons.
[3] Includes Petroleum Coke, Kerosene, Lubricants and others.
Source: Ministry of Economic Development

Italy Costs of imported crude

	1990	2000	2005	2010	2011	2012	2013	2014 [1]	% change 2014 vs. 2013
$/barrel Fob	22.5	26.9	50.4	78.0	109.4	111.1	108.6	98.2	-9.5
$/ton Cif	172.2	205.0	379.9	581.0	806.5	825.2	806.8	730.4	-9.5
Exchange rate $/euro[2]	1.2887	0.9174	1.2359	1.3246	1.3929	1.2840	1.3281	1.3326	0.3
Euro/ton Cif	133.6	223.5	307.4	438.6	579.3	642.6	607.5	548.1	-9.8

[1] Provisional data.
[2] Exchange rate average on the basis of volume imported monthly. Not exactly corresponding to the UIC average.
Source: Ministry of Economic Development and Unione Petrolifera

to the exploration, development and production of hydrocarbons, as well as the underground storage of natural gas, article 38 of Decree-law n. 133/2014 "*Sblocca Italia*" **designated these activities as being of "urgent strategic interest and public use that cannot be postponed"**. The Law aims to align Italy's authorization procedures with those in other European Countries, without impairing the prerogatives of the Regions and local Authorities. In addition, Directive 2013/30/EU, regulating offshore operations, is in its implementation phase.

Of particular importance for oil producers was the Report released in 2014 by the Laboratorio Cavone, which marked a significant step forward in relations between Industry and Science. The Report conclusively exonerated oil producers from any involvement in the earthquakes that struck Emilia in 2012. This will have important consequences on all similar cases.

Considering the quotations of crude oil and natural gas, total domestic production in 2014, equivalent to 11.6 Mtoe, **covered 11 per cent of the Country's total demand for hydrocarbons, translating into a savings 4.5 billion euros** on our energy bill.

Demand for oil products

The gradually improving economic crisis, combined with lower final prices, had the effect of slowing down declining **demand for oil products**. In 2014 consumption stood at 57.6 million tons, down -4.4 per cent from 2013[1] as compared to drops of -6.2 per cent and -9.6 per cent in the two previous years.

Domestic consumption began to decline at the end of the Nineties as a result of gas replacing oil products in power generation and the decline accelerated especially during the second phase of the recession. In 2012 this led to the sharpest annual drop in the history of Italian oil products consumption (-6.8 million tons of which 3.7 were only petrol and diesel).

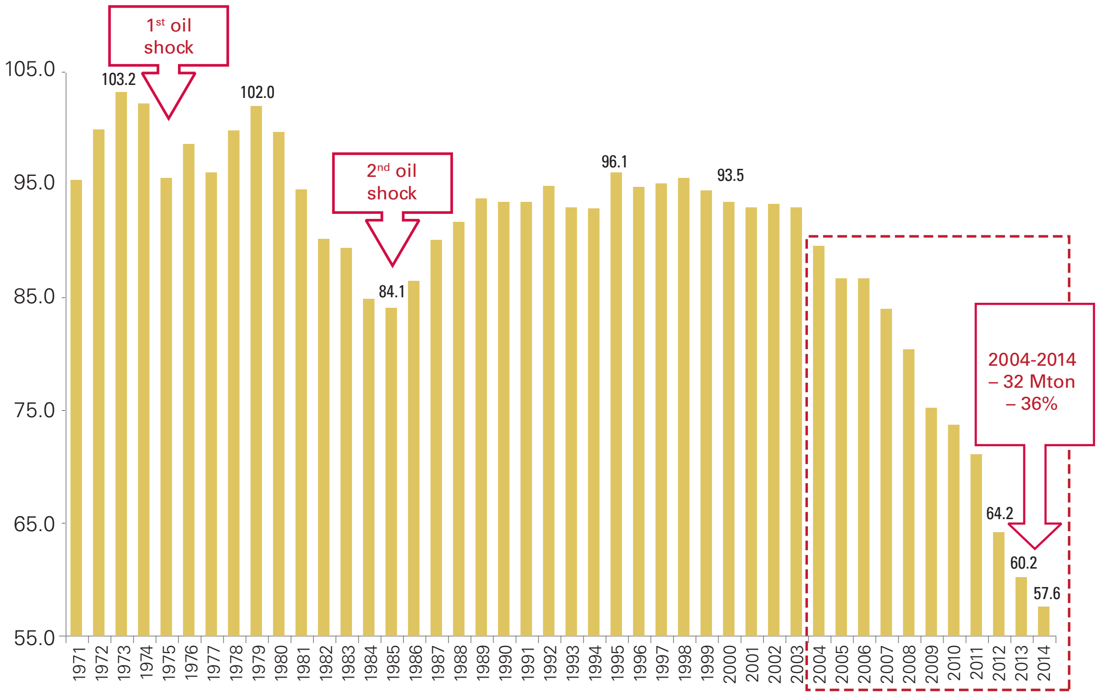
The approximately 2.6 million tons less than in 2013 were mainly the consequence of **lower demand from Petrochemicals net load (-1.4 million tons) and Refineries consumption and losses (-0.7 million tons). Consumption of fuels was slightly up** (petrol, diesel gasoil, LPG for transportation) which together rose by +1 per cent, supported by lower consumer prices.

Trends for the various products were as follows:

- ✓ demand for **petrols** (around 7.9 million tons) continued to contract **with a negative variation of 1.5 per cent**;
- ✓ demand for **diesel gasoil** (22.8 million tons) recorded **an increase of 1.9 per cent** (approximately 0.4 million tons more), also reflecting a certain recovery in industrial activities;
- ✓ demand for gasoils for other purposes **declined**: in particular, **heating gasoil** lost 17.8 per cent as a result of mild temperatures, while demand for **gasoil for farms** rose by 0.4 per cent;
- ✓ total demand for **gasoils** stood at 26.1 million tons, an increase of 0.2 million tons compared to 2013 (+0.7 per cent);
- ✓ total **LPG** demand fell by 6.2 per cent, in spite of higher demand from the transport sector which rose by 1.8 per cent;
- ✓ demand for **fuel oil** (1.4 million tons) went down by 7.1 per cent compared to 2013. In particular, of **the approxi-**

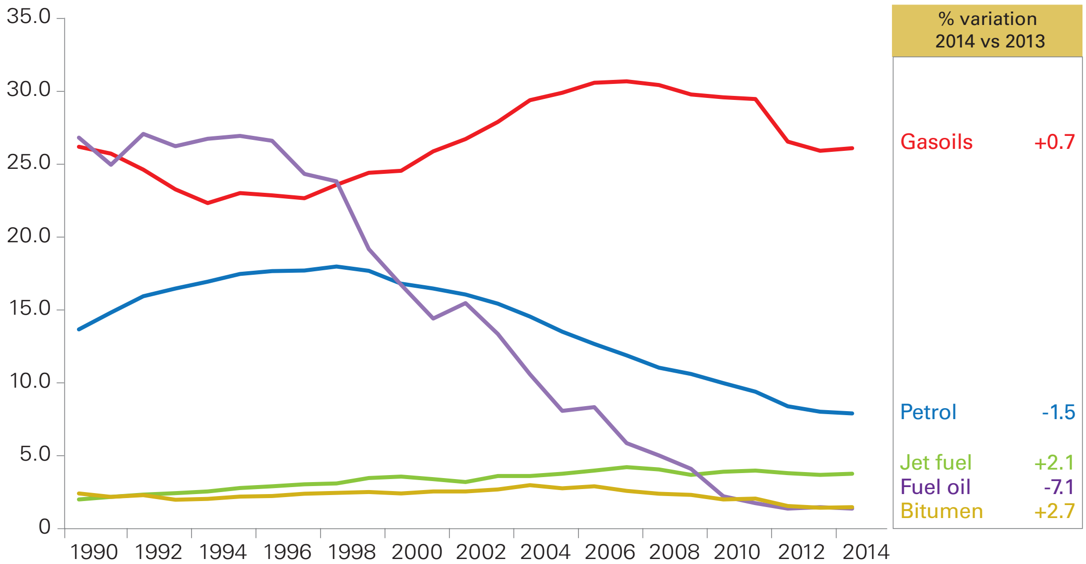
[1] According to the provisional data, the decline when measured in Mtoe (tonnes of oil equivalent) was only -1.8 per cent due to each product's different calorific power.

Italy – Consumption of oil products
(Millions of tons)



Source: Unione Petrolifera on data from the Ministry of Economic Development

Italy – Trends in the main oil products
(Millions of tons)



Source: Unione Petrolifera on data from the Ministry of Economic Development

mately **0.5 million tonnes of fuel oil destined for power generation** (excluding quantities used by industrial autoproducers), about 6.8 per cent was imported. All this amount had a sulphur content of less than 1 per cent;

✓ negative trends were also recorded for: **petrochemicals net load** (-33.0 per cent); **refineries consumption and losses** (including those for electricity and thermal production), which slumped by 10.2 per cent; **other products** (-9.8 per cent) and **bunkers** (-5.7 per cent). However, positive variations were recorded for **bitumens** (+2.7 per cent) and **jet fuels** (+2.1 per cent).

The prices of oil products

In 2014 **international oil quotations were marked by a downward trend**, especially during the last quarter. Compared to 2013, the average price in dollar values **was down by 7.7 per cent for petrols and 8.5 per cent for gasoil**.

During the year prices, after having peaked in the month of June, began to come down sharply. In line with trends in international quotations and European averages, **industrial prices** (retail price minus tax) of the main oil products, expressed as 2014 averages compared to the previous year, **recorded the following percentage variations**:

unleaded petrol -5.6 %
diesel gasoil -6.8 %
heating oil -6.7 %
fuel oil (low sulphur) -6.3 %

following average variations in **international prices**, which were **substantially similar**.

Average consumer prices for 2014 were 1.713 euros/litre for petrol and 1.609 euros/litre for diesel gasoil.

The decreases of 2 per cent for petrol and 3 per cent for gasoil were determined by lower international quotations, which **were partly offset by higher taxes on fuels**.

In 2014 taxes on petrol rose to 1.039 euros/litre compared to 1.035 in 2013 (+0.4 per cent), while for gasoil they rose from 0.908 to 0.910 euro/litre (+0.2 per cent): these increases were connected to slightly higher excise rates on fuels in March 2014.

In total, taxes amount to 61 per cent of the end price of petrol and 57 per cent of gasoil.

Italy Average prices of main oil products

		Price including taxes			Tax			Price net of taxes		
		2012	2013	2014	2012	2013	2014	2012	2013	2014
Premium petrol	euro/litre	1.787	1.749	1.713	1.027	1.035	1.039	0.759	0.714	0.674
Diesel gasoil	euro/litre	1.705	1.659	1.609	0.902	0.908	0.910	0.803	0.750	0.700
LPG motorfuel	euro/litre	0.823	0.806	0.769	0.290	0.288	0.286	0.533	0.517	0.483
Heating oil	euro/litre	1.454	1.421	1.367	0.656	0.652	0.650	0.799	0.768	0.718
Heavy fuel oil low sulphur	euro/kg	0.711	0.632	0.594	0.096	0.089	0.085	0.615	0.543	0.508

Source: Unione Petrolifera on data from the Ministry of Economic Development

Italy Oil supply
(Millions of tons)

	1990	1995	2000	2005	2010	2012	2013	2014[1]
Imports of crude	74.7	73.6	83.7	89.3	78.6	68.8	58.4	53.8
– of which on "own account"	63.1	70.4	77.1	85.3	72.2	62.3	52.5	53.8
– of which for "foreign clients"	11.6	3.2	6.6	4.0	6.4	6.5	5.9	—
Imports of semi-finished products	12.1	8.6	6.6	5.9	6.9	6.8	8.1	5.9
Imports of products[2]	23.5	25.1	22.3	14.0	12.7	11.2	12.9	12.5

[1] Provisional data.
[2] From 1999 until 2004 they include both imports of low cost fuels (heavy oil emulsion with a high sulphur content) and Petroleum Coke.
Source: Ministry of Economic Development and Istat

Italy Crude imports by area of origin

	Millions of tons							Percentage weight						
	1990	2000	2005	2010	2012	2013	2014	1990	2000	2005	2010	2012	2013	2014
MIDDLE EAST	26.8	30.6	30.8	25.9	19.1	13.3	12.8	35.9	36.6	34.5	33.0	27.8	22.7	23.8
– of which: Saudi Arabia	8.1	8.4	12.6	5.6	10.0	8.1	5.8							
Iran	9.5	10.4	9.6	10.4	3.2	—	0.4							
Iraq	3.4	8.2	5.9	7.4	5.9	4.9	6.3							
AFRICA	40.4	32.2	30.6	24.6	23.0	16.9	13.4	54.1	38.5	34.2	31.3	33.5	28.9	24.9
– of which: Libya	24.5	21.9	23.3	18.2	14.4	8.2	4.2							
Algeria	4.6	3.2	2.9	0.7	0.6	1.7	1.3							
Egypt	6.2	3.3	0.7	1.4	1.5	1.2	1.5							
Angola	—	0.1	0.2	0.6	1.0	0.9	1.8							
Nigeria	1.3	1.1	1.6	0.8	2.4	3.1	1.4							
FORMER USSR	6.2	16.1	24.5	25.9	25.7	26.3	22.3	8.3	19.2	27.4	33.0	37.4	45.0	41.4
– of which: Russia	n.a.	13.9	18.4	11.9	10.3	11.2	8.9							
Azerbaijan	n.a.	1.8	2.9	11.0	10.7	10.7	9.2							
LATIN AMERICA	0.5	0.5	0.1	0.3	—	0.6	3.8	0.7	0.6	0.2	0.4	—	1.0	7.1
EUROPE	0.6	4.3	3.3	1.9	0.9	1.4	1.5	0.8	5.1	3.7	2.4	1.3	2.4	2.8
OTHER ORIGINS	0.2	—	—	—	—	—	—	0.2	—	—	—	—	—	—
TOTAL	**74.7**	**83.7**	**89.3**	**78.6**	**68.8**	**58.4**	**53.8**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
– of which: Opec	*55.5*	*55.0*	*56.1*	*43.7*	*37.6*	*27.1*	*21.6*	*74.3%*	*65.7%*	*62.8%*	*55.6%*	*54.6%*	*46.4%*	*40.1%*

Source: Ministry of Economic Development

Imports and exports

Italy imported slightly less than 54 million tons of crude oil in 2014, a slump of 7.9 per cent from the previous year: this is **the lowest figure since the early Sixties**. For the first time since then there were no imports of oil for "foreign clients".

Imports were down sharply of both **finished products** (12.5 million tons, -3.6 per cent) and foreign **semi-finished products** (5.9 million tons, -26.6 per cent).

In 2014 there were further substantial reductions in exports of crude, semi-finished and finished products, which stood at 21.0 million tons (-14.2 per cent from 2013). Compared to 2007 when exports were 31.2 million tons, this represents a 10.2 million ton decline.

The renewed tension in Libya during 2014 led to a reduction of flows from the Country, that was historically our main supplier of oil.

The missing volumes were made up by the **area of the former Soviet Union, which took Libya's place, with Azerbaijan (17.2 per cent), Russia (16.5 per cent), and Kazakhstan (7.7 per cent), contributing to more than 41 per cent** of the crude oil imported into Italy.

Finally, imports from Canada increased significantly quintupling (from 376 thousand to around 2 million tons) in 2014.

Compared to 2010, when the level of imports from our three main supply areas (Africa, former Soviet Union and Middle East) was absolutely balanced (around 33 per cent each), **geopolitical turmoil has reduced both Africa's share (24.8 per cent) and the Middle East** (23.8 per cent), making Italy more vulnerable to recent events in the former Soviet area.

The Italian downstream

Refining

During 2014 the refining sector in Italy and Europe continued to operate under extremely difficult conditions, in an **oil market still characterized by severely distorted competition** between Countries inside and outside Europe, with the latter being particularly favoured. **Higher costs of energy and raw materials, together with the costs derived from community legislation, remained the leading factors** for these distortions. These factors were investigated in depth by Unione Petrolifera, which in 2014 **completed the study commissioned to IHS, that had**

Italy The impact of the crisis on the refining industry (2011-2015)

Refinery	Location	Notes
ALMA	Ravenna	
API	Falconara M. (AN)	*Activity suspended from January 1st, 2013 to July 1st, 2013*
ENI Refining & Marketing Div.	*P. Marghera (VE)*	*Activity suspended from November 2011 to April 2012. Ceased in August 2013 to be transformed into a Green Refining plant (Biofuels production)*
ENI Refining & Marketing Div.	Sannazzaro (PV)	
ENI Refining & Marketing Div.	Livorno	
ENI Refining & Marketing Div.	Taranto	
ISAB	Priolo G. (SR)	
ESSO	Augusta (SR)	
IES	*Mantua*	*Activity suspended at the beginning of 2014 to be transformed into a supply hub*
IPLOM	Busalla (GE)	
RAFFINERIA DI GELA	*Gela (CL)*	*Activity suspended from June 2012 to April 2013. Ceased in April 2014 to be converted into a Green Refining plant (Biofuels production)*
RAFF. DI MILAZZO	Milazzo (ME)	
RAFFINERIA DI ROMA	*Pantano (RM)*	*Converted into a supply hub for the storage of oil products in September 2012*
SARAS	Sarroch (CA)	
SARPOM	Trecate (NO)	
TAMOIL	*Cremona*	*Converted into an integrated supply hub at the end of 2011*

TOTAL EFFECTIVE CAPACITY(*) ON JANUARY 1ST	
2011	106.3
2012	103.1
2013	99.1
2014	98.1
2015	87.5

(*) Capacity defined "technically-balanced" supported by secondary processing plants to produce petrol and gasoil according to specifications. Millions of tons.
Souce: Unione Petrolifera

begun at the end of 2013. The study not only analysed the current situation but looked at future prospects for refining in Italy. It was publicly discussed during a high level international meeting (General Directors of Energy of EU member States Ministries and refining sector operators), which was organized and hosted in Rome in July 2014 by Unione Petrolifera.
The study was also taken into consideration in **the Fitness Check assessments** which are going on at the **European level** to estimate the cumulative impact of legislation on the refining sector. These assessments are expected to conclude in September 2015. It is recommended that their results, but even more the undeniable difficulty faced by European refiners, will orient the **Commission's decisions toward appropriate measures to deal with the sector's crisis**. From the perspective of results, while refining margins improved gradually in the second half of the 2014, due to slumping crude oil prices, they remained slender for much of the year. In addition, the continuing low plant utilization rates and related **problems of**

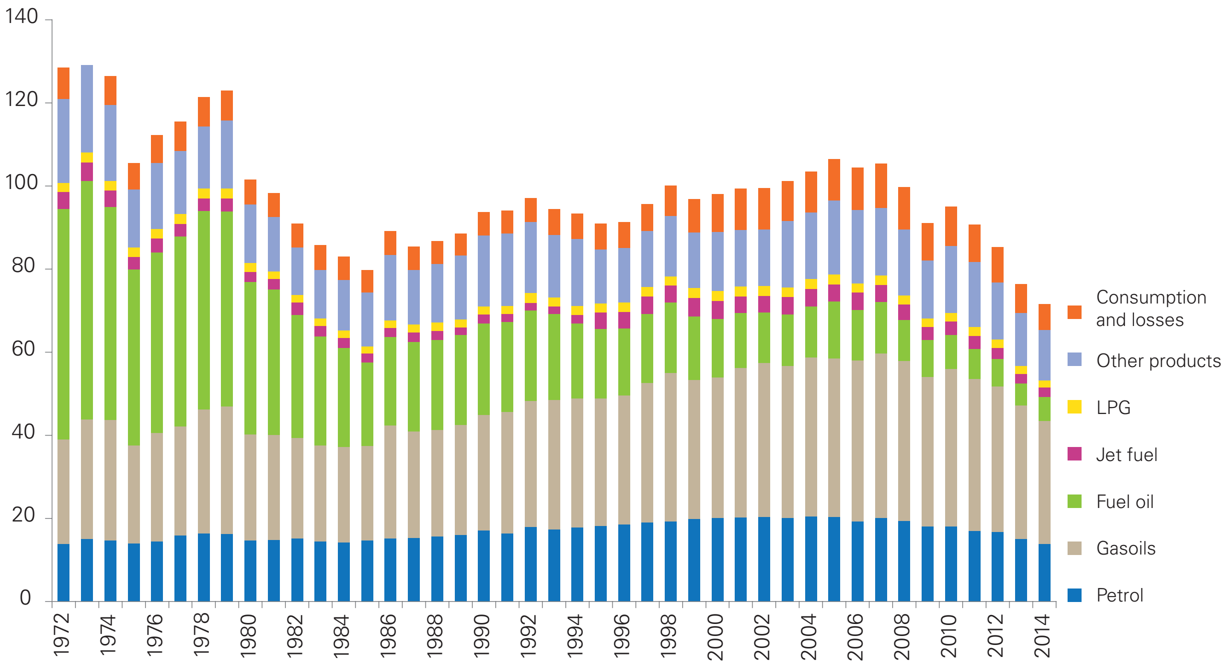
Italy Refineries activities *(Millions of tons)*

	2000	2005	2010	2012	2013	2014
Runs	94.2	101.0	90.3	80.5	70.8	66.2
– Italian crude	4.5	5.5	5.0	4.9	5.0	5.2
– foreign crude	82.9	88.7	78.5	68.8	57.9	54.4
– semi-finished imported	6.8	6.8	6.8	6.8	7.9	6.6
Other semi-finished, additives/oxygenates, methane	3.8	5.5	4.6	4.8	5.5	5.4
Total raw materials	98.0	106.5	94.9	85.3	76.3	71.6
– of which for "foreign clients"	6.7	3.9	6.9	8.4	8.2	–
Refining capacity(1)	100.2	100.2	106.6	103.1	99.1	98.1
% plants utilisation(2)	94	100	85	78	72	68

(1) Capacity supported by secondary processing plants to produce petrol and gasoil according to specification, on January 1st.
(2) With regard to total runs, excluded other semi-finished, additives, oxygenates and methane.

Source: Ministry of Economic Development and ISTAT

Italy - Trends in refineries production *(Millions of tons)*



Source: Unione Petrolifera

FOCUS

CHANGES IN MARKET SHARE AND OPERATORS' STRUCTURE

The context of ongoing economic uncertainty resulting in wide margins of unused capacity and poor profitability of the existing facilities led to several changes in the operators' asset management during 2014 and the early months of 2015, among which the following:

- the merger by incorporation on October 1st, 2014 of **Arcola Petrolifera Srl** into **Saras Spa**, its wholly owned subsidiary. Arcola Petrolifera was specialized in the sale and distribution of oil products on the Italian retail and, above all, wholesale markets. For these activities it made use of a coastal storage facility located at Arcola (La Spezia), with a total capacity of 200,000 cubic metres. In addition, Arcola owns long term rental contracts for storage space in other logistic storage facilities by third parties, located along the entire Italian peninsula (Livorno, Ravenna, Marghera, Civitavecchia, Torre Annunziata, etc.);
- at the end of June, the closing of the transaction of **Erg** with the **Lukoil** controlled subsidiary **Isab** for the sale of Isab Energy and Isab Energy Services business lines. The transaction represented the final chapter in Erg's exit from the Raffineria Isab, a process which began in 2008;
- in addition, at year's end **Erg** also sold to Grs Petroli its 100 percent equity interest in **Erg Oil Sicilia**, a company operating in the fuel distribution network in Sicily and which owns around 200 sales points. **Erg Oil Sicilia** was not part of the Total-Erg joint venture set up with Total in October 2010;
- in April of this year **Petrolifera Italo Rumena (Pir)**, specialized in storage, handling and distribution of oil products, acquired Sittam[1] from Ceva Logistic. Sittam is an international leader in the transport of consolidated groupage services and Pir will thus enter the road logistics business;
- at the end of the year **Saras**, through its wholly owned subsidiary Sarlux Srl, completed the acquisition of a business segment of Versalis SpA, a subsidiary of **Eni**, consisting of approximately 80 per cent of the production units of the Versalis' petrochemical plant in Sarroch, Sardinia. As a consequence of the acquisition, approved by the Antitrust Authority[2], Sarlux Refinery will increase its profitability by exploiting the full potential of the units being acquired, which currently turn out intermediate products for the production of refined products, destined mainly to Sarlux Refinery from which they obtain most of their raw materials. The industrial site of Sarroch (Cagliari) in Sardinia will therefore be operating under an integrated operational management of the two activities.

  On December 30, 2014 Saras Energia SAU (Saras Group) finalised the sale to Musim Mas Europe Pte Ltd (Musim Mas Group) of its own biodiesel business, which had revenues in 2013 of 115 million euros and uses a plant located in Cartagena, Spain;
- at the end of October 2014, **TotalErg** sold its 24.3 per cent share capital in Europam Srl to Black Oils Spa, already owner of the other 75 per cent. Europam, active in the sector of renewables as well, owns about 300 fuel distribution sales points, mainly in the North-West, in addition to Tuscany, Latium, and Veneto, of which 40 are under its own brand, the other under IP. It also owns 12 storage facilities in North Italy and markets refined oil products and methane in Liguria, Piedmont, Lombardy, Emilia Romagna and Tuscany.

1 Italian acronym: SITTAM – Spedizioni Internazionali Trasporti Terrestri Aerei e Marittimi Srl.

2 Italian acronym: AGCM – Autorità Garante della Concorrenza e del Mercato.

sustainability led to a further contraction of refining capacity.

With the decision taken at the end of 2014[1] to transform also the Raffineria di Gela into a Green Refinery, the number of plants either closed or converted since the beginning of the crisis has risen to five (Raffineria Tamoil di Cremona in 2011, Raffineria di Roma in 2012, Raffineria Ies di Mantova and Eni Porto Marghera last year).

In 2014 installed capacity was 98 million tons compared with total refining activities of around 66 million tons, a drop of 6.5 per cent. **The utilization rate was 68 per cent, which goes down to 59 per cent** if calculated on the basis of domestic consumption alone and it appears it will improve only marginally over the short term. Refineries activities both in terms of volumes of crude oil and foreign semi-finished products **have never been at such low levels**.

On January 1st, 2015 available **refining capacity was 87.5 million tons**. Thus, in spite of the reductions made in plant capacity, the contraction of domestic consumption and the decrease of exports are so overwhelming that there **still remains a structural situation of overcapacity.**

The **desulphurization capacity of the refining system**, that is plants able to produce fuel qualities in compliance with the specifications for low sulphur was on January 1st, 2015, 40.5 million tons, 18 per cent below what it was in 2011, before the downsizing of plant capacities.

In 2014 average **refining margins** in Europe made a modest recovery compared to 2013, but **they remain at non-profitable levels** and negative for the less complex operations.

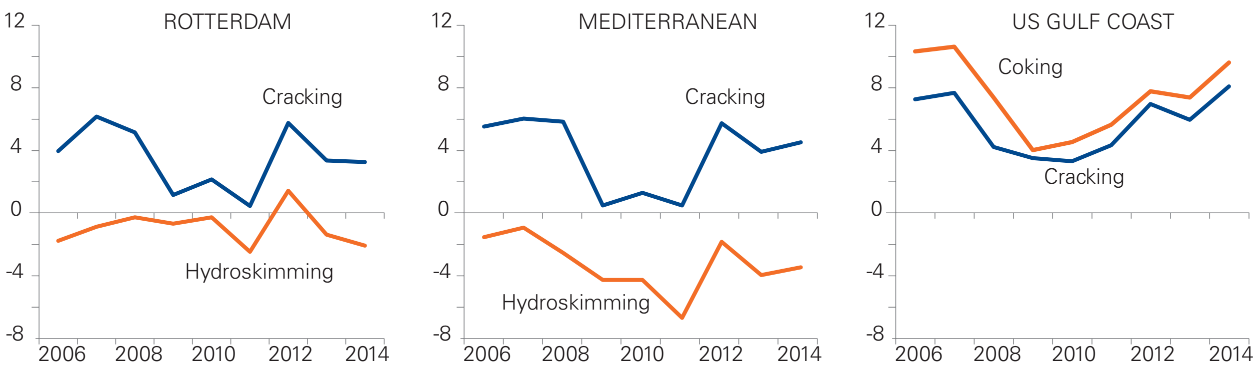
Compared to averages for the period 2006-2008, cracking margins for **Brent fell from 5.2 to 3.4 dollars/barrel** (-36 per cent), while for **Ural they fell from 5.8 to 4.5 dollars/barrel** (-22 per cent).

Nevertheless, **investments were required** during the year to maintain plant reliability, safety standards and optimize energy efficiency, which remain important in the current economic situation.

Investments made in 2014 were around 940 million euros, compared to the **more than 1,400** that had been expected. 59 per cent of the investment went to modernizing plants or converting them.

[1] See Focus "Investments and Industrial Activities" on page 44.

Northern Europe/Mediterranean/ US Gulf Coast
Incremental margins for the refining of a barrel of crude oil *(Dollars/barrel)*



Source: IEA, 2015

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INVESTMENTS AND INDUSTRIAL ACTIVITIES

Energy savings and the environmental sustainability of existing assets were among the main reasons for investments allocated in operator's industrial plans, despite the difficult economic situation.

With regard to refineries:

1. for the **Raffineria API in Falconara**, 15 million euros were invested to modernize the plant and optimize its efficiency, and work has been already underway during the first months of this year. The same amount was also destined for the construction of a new plant. The project calls for a heavy gasoil treatment section to be inserted into the HDS-1 unit, in order to obtain a low sulphur maritime fuel, in compliance with the specifications contained in Directive EU/2012/33, implemented with Legislative Decree July 16, 2014 n. 112;
2. the **Raffineria Esso Italiana in Augusta** continued to invest in environmental protection and in technological and energy improvement. 2014 was the first year of operation for the new 188 MWt Cogeneration plant, a major investment resulting in a significant increase in energy efficiency and a better environmental performance. In addition, in 2014 extensive works of emergency maintenance were carried out in the refinery, making it more modern and efficient;
3. as part of the **Raffineria di Gela's** development plan, signed in agreement with the Region Sicily, the local Institutions, territorial Trade Unions and the Ministry of Economic Development (which on May 20, 2015 issued a Decree declaring the territory of Gela and the areas on which oil related satellite activities are located as "*area of complex industrial crisis*"), Eni planned investments amounting to 2.2 billion euros in November 2014. A key point in the agreement is the conversion of the Gela Refinery into a bio-refinery, according to the Green Refinery model, that has already been tried out in Venice for the production of green diesel from non-conventional and low-cost raw materials of biological origin by using Eni's proprietary Ecofining™ technology and the construction a modern supply hub. The agreement also includes the development of upstream activities in Sicily, as well as environmental remediation activities and it provides for the establishment of a Safety Competence Center (SCC), a center of excellence in matters of security; its purpose will be to coordinate and supervise the safety of subcontractor workers in Eni's industrial sites in Italy and worldwide;
4. 13 million euros were invested at the **Raffineria Isab in Priolo** to build a bunkerized control room, which will increase safety standards within the Refinery itself. Isab is also in the process of investing 25 million 967 thousand euros on the units, in compliance with the Ministry of the Environment's requirements to meet the Integrated Environmental Authorizations;
5. after the 100 million euros invested in 2014 in the Raffineria di Milazzo, a further 135 million will be going this year into projects aimed at increasing plant efficiency and improving safety equipment. This includes revamping the FCC unit with the installation of the Turboexpander, energy saving interventions, completing the revamping of the Tap

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unit, the new sulphur unit, as well as further improving fire protection, modernizing the piers and the SS4 electric substation;

6. at the end of 2014 the Regional Council of Veneto gave its approval for the second phase of the project to upgrade the **Raffineria Eni in Porto Marghera**. The project will increase the current capacity from 400 thousand tons/year to 560 thousand tons/year, create a new section of the plant that will produce Green fuel by processing non-vegetal oleous feedstock (animal fats, food waste, exhausted oils); a new unit will be built to pre-treat crude loads as well as a new Steam Reformer unit with a capacity of 35 thousand Nm^3/h;
7. in 2014 **Saras** spent some 129 million euros of the total of 136 invested during the year, above all on the work required for the five year turnaround of the Fluid Catalytic Cracking unit (FCC) and its main ancillary units: Alkilation (Alky) and Etherification (TAME). Numerous investments were completed on new environmental control systems, fire protection and rainwater storage;
8. at the end of 2014 the **Raffineria SARPOM in Trecate** carried out its turnaround operations which for the first time in the refinery's history involved the simultaneous shutdown of all the plant's units. Enormous resources, both in terms of investments and training went into the extraordinary maintenance activities and improvement work involving around 1,500 workers (with peaks of up to 1,900) and nearly 70 specialized subcontracting companies.

As regards crude oil and products **transportation facilities**:

1. the TAL Group planned a total investment of 120 million euros for the five year period 2015-2020, of which 50 million are to be spent by **Siot** before 2018 on the Italian section of the Transalpine Oil Pipeline that crosses Friuli Venezia Giulia. The investment is intended to enhance safety, protect the environment, relocate the transfer lines to the sea terminal and ensure the highest level of technology. In 2014, besides having its fifty year concession renewed by the Harbour Authority of Trieste, the SIOT Marine Terminal discharged 41.5 million tons of crude oil from 521 tankers (200 thousand more than in 2013). Of this total, 30 million tons were headed for Germany, one third of whose oil imports come through the TAL Oil Pipeline. Trieste remained the Mediterranean's number one oil port;
2. as part of the transformation planned for the port area of Venice, at the end of 2014, **Eni** and the Harbour Authority of Venice confirmed their intention to promote new LNG transport and storage infrastructures, also as part of the European LNG master plan for the Adriatic. In addition, the work has been completed of conditioning the oil pipeline that connects Porto San Leonardo to the Refinery for the reception of diesel oil on the Isola dei Petroli.

Finally, as regards **products** and **new technologies** that were developed during the year, the company Sartec, a subsidiary of **Saras**, created a pilot unit that can also be used for simulations, that assess the possibility of obtaining fuel oil from the pyrolysis of biomasses and wastes from vehicle dismantling.

The fuel distribution network: changes in the regulatory framework and critical issues

On January 1st, 2014 **Italy's fuel distribution network was estimated at 21,800 sales points** compared to 22,400 at the beginning of 2013. Of these **51.3 per cent** were company owned (belonging to the main oil companies), **37 per cent dealer owned** (owned by third parties displaying the brand of an oil company as a result of an exclusive supply contract) and **11.7 per cent other operators** ("white pumps[1]" and large hypermarket retailers[2] brands), whose numbers have risen by more than 16 per cent since the beginning of 2013.

Profit margins on distribution over the retail sales network in 2014 were slightly higher than in 2013, again showing the **low profitability of the sector**, aggravated by slumping demand and continued high taxes on fuels which depressed sales.

However, in spite of the **deep crisis in consumption**, which over the years has made the fuel distribution network increasingly economically difficult to sustain, there was no follow-up to the hoped for requalification measures in the Draft Law connected to the Stability Law that was approved by the Letta Council of Ministers in December 2013.

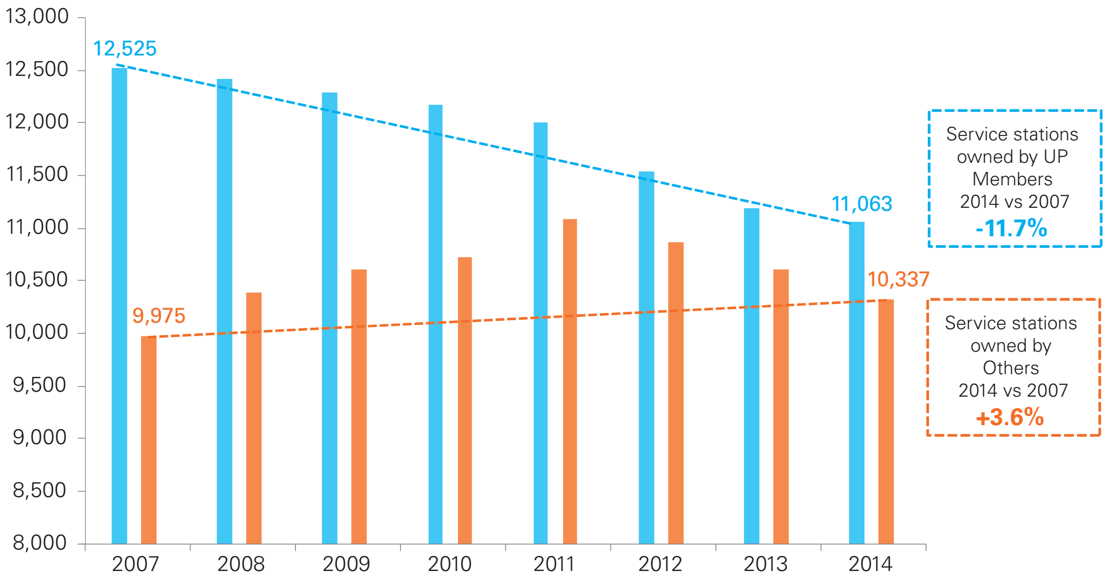
Last year's closures were the product of renewed market dynamics and they were carried out exclusively by the **traditional companies which closed/decommissioned around a thousand sales points** compared to 350 new openings by small retailers.

Taking into account **the need to resume and accelerate a rational restructuring process**, upon the request by the Ministry of Economic Development, during 2014 representatives of the sector launched a lively debate on how to identify a gradual pathway to this aim that all parties can agree on. This would start from the compilation of a detailed registry of all sales points leading to a process that would close those that are

[1] Unbranded sales points.

[2] Italian acronym: GDO – Grande Distribuzione Organizzata.

Italy – Changes in fuel distribution network's ownership profile at year end
(Number of sales points)



Source: UP on Member Companies data and estimates clearly incompatible with road safety. This process should also be facilitated by specific, temporary measures on the **remediation of the sites where the sales points are located**.

The identification of these sales points, based on the proposal under discussion, is for the first time to be **assigned to the owners of the service stations themselves**, who will use the precise and objective criteria taken from the Ministerial Decree October 31, 2001 and related Regional laws.

The sector's representatives submitted a joint proposal to the Ministry of Economic Development, to the Conference of Regions and to ANCI[1] for their preliminary agreement before initiating the legislative process, which might come as part of the Draft Law on competition under examination by Parliament.

A particular **impediment to the closure of inefficient service stations**, whose numbers continue to grow according to the Customs Agency's own data, are the **significant costs associated with closing them**, especially uncertainties about the costs of remediating these sites. Given this problem, in addition to the procedural simplifications brought in just recently by Decree of the Ministry of the Environment February 12, 2015, n. 31, initial aid was also expected to come from the Ministerial Decree April 16, 2013, which provided for a financial grant for **the dismantling and remediation, if necessary, of sales points sites**.

In order to obtain the financial resources for the disbursement of the grant, in April 2014 **a partial advance payment** was made to the Cassa Conguaglio GPL (Equalization Fund), the balance to be paid during the course of 2015.

During this initial phase it emerged that there was a **considerable amount of evasion** going on, **approximately 30 per cent of the expected contributions**, mostly by small operators and retailers. In response to this, the Cassa Conguaglio GPL and the Ministry of Economic Development are taking measures to collect the sums owed, also in view of the upcoming payment of the balance due.

However, a series of **procedural and operational difficulties** emerged connected to the investigation of these cases. In order to overcome these difficulties the Ministry of Economic Development intervened by issuing Ministerial Decree December 3, 2014, aimed at streamlining procedures related to the allocation and collection of these contributions.

In spite of this, after nearly two years since the appearance of the first cases involving more than 750 service stations, the **Cassa Conguaglio's operational difficulties have not resulted in the disbursement of a single grant**.

The study of the cases examined by the Technical Committee for the restructuring of the network nevertheless reveals that **the costs of dismantling and, if necessary, remediating differ significantly** between the oil companies and the small retailers.

During 2014 one of the main constraints to operating service stations was removed. Article 23 of Law n. 161/2014 **eliminated any restriction on the installation and operation of completely automated sales points without the presence of the operator**.

With this measure, Italy avoided an **EU infringement procedure** and implemented the indications provided in EU Pilot 4734/13/MARK[2].

The measure, which deals with the question of competition, is therefore **immediately**

[1] National Association of Italian Municipalities. Italian acronym: ANCI – Associazione Nazionale Comuni Italiani.

[2] First stage of the infringement procedure. In case the State concerned does not comply with indications contained therein, this is followed by the second stage, until the non-complying Country receives a letter of formal notice.

Europe The fuel distribution network on January 1st 2014

	Total sales points	% of self service post pay	Average throughput(*)
Austria	2,640	81	2,460
Belgium	3,158	n.a.	n.a.
Denmark	2,004	100	1,641
France	11,476	n.a.	3,726
Germany	14,622	99	n.a.
Greece	6,500	4	787
ITALY	**21,800**	**41**	**1,301**
The Netherlands	3,922	73	2,031
Norway	1,782	100	2,118
Poland	6,745	98	2,425
Portugal	2,654	57	1,842
United Kingdom	8,611	n.a.	5,100
Czech Republic	3,745	98	1,552
Spain	10,617	70	2,371
Sweden	2,703	100	n.a.
Switzerland	3,547	96	1,582
Hungary	1,568	52	2,089

(*) Value in cubic metres of petrol and diesel gasoil.
Source: Results of the NOIA (National Oil Industries Associations) survey, conducted by Unione Petrolifera

Italy Fuel sales points on January 1st 2014 by Region

	Total sales points(*)	of which: Motorway	of which: with Diesel	of which: with LPG
Piedmont	1,582	64	1,575	169
Valle d'Aosta	71	5	70	3
Liguria	487	34	483	16
Lombardy	2,655	57	2,624	208
Trentino	322	9	322	31
Friuli Venezia Giulia	443	11	438	44
Veneto	1,306	37	1,296	175
Emilia Romagna	1,492	37	1,475	149
Tuscany	1,334	32	1,326	171
Umbria	369	4	365	51
Marche	665	12	656	68
Latium	1,977	42	1,950	220
Molise	154	4	151	17
Abruzzo	547	18	542	45
Campania	1,553	37	1,543	67
Apulia	1,233	22	1,221	144
Basilicata	210	2	209	28
Calabria	735	16	731	54
Sicily	1,534	22	1,511	77
Sardinia	588	–	588	38
TOTAL	**19,257**	**465**	**19,076**	**1,775**

(*) Data refers to operating service stations of the UP sample including: Eni R&M Div., Erg Spa, Esso, IES Italiana Energia e Servizi Spa, IP Gruppo Api, Q8, Shell, Tamoil and TotalErg. The total fuel distribution network at the end of 2013 was estimated at 21,800 sales points.
Source: Unione Petrolifera

effective and does not need to be implemented by the Regions, even in cases where Regional laws severely restrict the opening of so-called "*automat*" sales points.

During the course of 2014 and the beginning of 2015 both the Government and the Antitrust Authority exercised their administrative functions and repeatedly called on the local Administrations to comply with the national Law in matters of competition and safety.

In particular, the Laws of Umbria, Friuli Venezia Giulia, Tuscany and Lombardy, as well as Draft Laws presented in Latium and Sicily have been flagged by the Antitrust Authority and subject to appeals by the Presidency of the Council of Ministers. The Constitutional Court has also expressed its opinion on the persistence of Regional regulations that do not respect national and community legislation on the competitive market.

No progress was made by the sector with regard to the classification of new forms of contracts between the oil companies and the retailers covered under Law n. 27/2012.

The observations made by the Antitrust Authority on the contract form deposited in October 2013 with the Ministry of Economic Development by Assopetroli, Consorzio Grandi Reti, Faib, Fegica and Figisc[1] led the parties to make relevant revisions in April 2014.

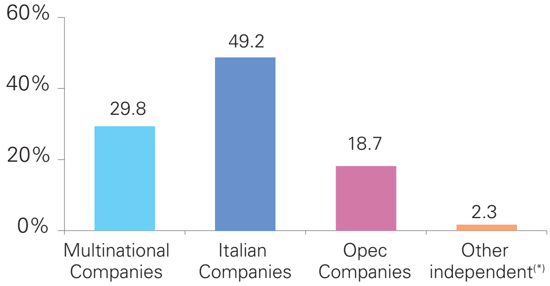
It appears that the new form of Agency Agreements contract, apart from its title, will even more severely distort the figure of the Agent who will be reduced to little more than a retailer.

At the same time, Unione Petrolifera has continued its efforts to arrive at a mutually agreeable form with the Retailers' Associations as a basis for innovative contractual relations that can take advantage of the opportunities and needs of the changed market of the fuel distribution network.

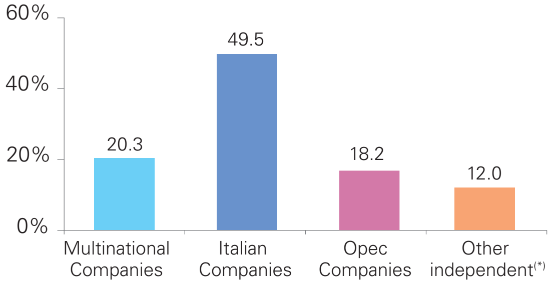
1 Italian Retailers' Associations.

Italy – The role of different groups of operators in the domestic sales of petrol and diesel

2005



2013



(*) Other operators not associated with Unione Petrolifera.

Italy The market share of main operators in 2013

	% of sales to the market of all products	Sales points for motorfuels distribution at year end
Eni R&M Div.	31.2	4,759
Esso	13.1	2,585
TotalErg	8.8	2,933
KPI	6.2(*)	2,584
IP Gruppo Api	6.1	3,532
Tamoil	5.3	1,637
Shell	3.2	795
Others	22.1	2,975
TOTAL	**100.0**	**21,800**

(*) Data refers only to UP Member Companies.
Source: Unione Petrolifera

The crisis of the fuel distribution network along motorways

In order to **completely overhaul the service model for motorways** and to help overcome the serious crisis that for years has been affecting service stations along these routes, in May 2014 the Ministry of Transport extended licenses that had expired or were about to expire until December 31, 2015.

This extension was aimed at restructuring the fuel distribution network along motorways. By reducing the number of sales points, it can make them sustainable while ensuring service along the motorway network.

These aims were also shared by the Antitrust Authority which in its consultation AS1132 of 2014 expressed the hope that **conditions of economic viability and efficiency would be restored**.

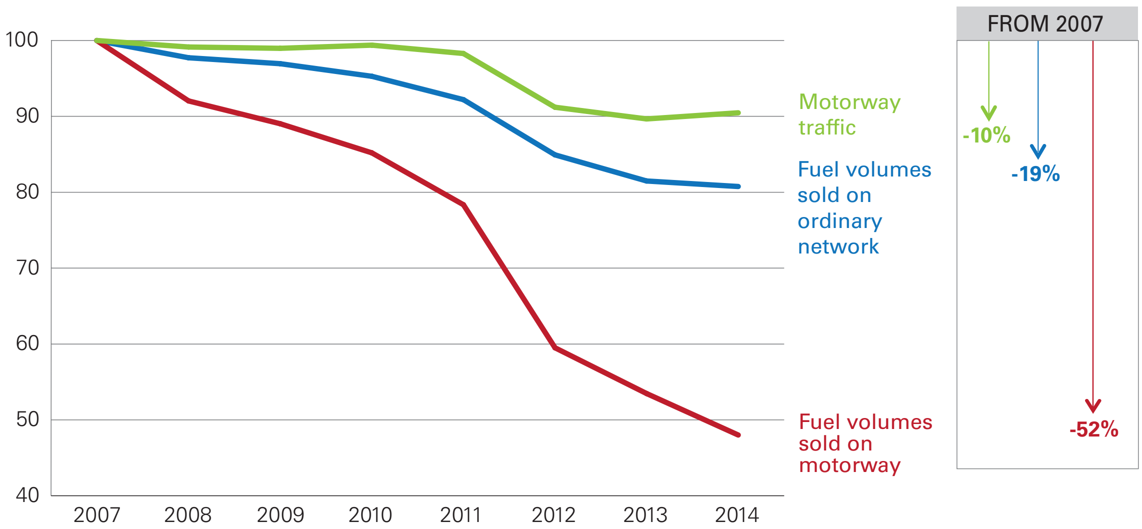
As a preliminary step towards this aim, a **guideline** should have been issued to individual concessionaires of highways for the presentation of a **comprehensive rationalization Plan to be approved by March 15, 2015**, and which the Ministries of Transport and of Economic Development issued nearly nine months later (January 29, 2015).

In reality, this Guideline, which was supposed to ensure a definitive restructuring of the network, appeared to be of **little use in restoring the minimum conditions of economic viability** to the fuel distribution services.

The Guideline itself contains **aspects that tend to limit competitiveness** especially in cases where several areas are unified in a single tender.

Another **critical aspect**, and by no means marginal, is the **scheduling of the tenders**. The delay in issuing the Guideline and the Plan, as well as the numerous areas to be awarded before the deadline of December 31, 2015 **risk preventing interested parties from consciously participating in the tenders.**

Italy - Consequences of the crisis on fuel volumes sold on motorways
(Index 2007=100)



Source: UP on Aiscat and Ministry of Economic Development data

Road haulage: a historic judgement by the EU Court of Justice

On September 4, 2014 the European Court of Justice delivered a judgement on the preliminary ruling requested by the Regional Administrative Court (TAR[1]) of Latium on an appeal made by industrial contractors and the Antitrust Authority against Italian legislation and related provisions that **imposed minimum costs in the road haulage sector**.

With this judgement, pursuant to article 101 of the TFEU[2] – the Court - in addition to expressing its criticism of the nature, the composition and the rulings of the Osservatorio[3] – pointed out the **continued existence in national legislation of conditions restricting competition**. The Court made it clear that laws cannot impose "*minimum costs*", below which the price of haulage services by third parties may not descend.

In particular, the Court specified that the establishment of minimum operating costs **is not justified by the legitimate goal of road safety**, over which there already exist a number of community wide rules.

In line with the EU Court's ruling, the TAR of Latium **issued a judgement on February 20, 2015 upholding the first of the two appeals presented by the contractors** which led to the annulment of the measures that had accompanied the introduction of the minimum costs, and the Osservatorio's decisions, while a sentence by the TAR is still being awaited on the second appeal concerning the Ministry's ruling which over time had substituted the Osservatorio's.

However, before the TAR of Latium issued its ruling, the Italian State passed **Law n. 190/2014 which in effect succeeded the regime of minimum costs**, and as in 2008, again allows **the single contracting parties freedom to negotiate the price of road haulage**.

The Ministry of Infrastructure and Transport (MIT) was only given the authority to publish an online update of "*general recommended costs for road haulage services for third parties*" which was already launched in January 2015 and which **risks surreptitiously introducing a new system of minimum costs** and has therefore been severely criticized by the contractors.

Among other novelties introduced by Law 190/2014 in the area of road haulage, of no small importance was the **abolishment of the transport datasheet or equivalent documents**.

On this aspect, as well as on the contractors' responsibility to ensure that regular social security contributions and tax payments are made by the carriers, a detailed directive will be coming from the Ministry of the Interior, as announced in Circular December 31, 2014.

Compulsory stocks: changes in the law and implementation

The new **compulsory stockholding system**, introduced by Legislative Decree n. 249/2012 in implementation of Directive 2009/111/EC, **entered the fully operational phase after some initial difficulties** that the sector had to deal with in transitioning from the old system to the new.

However, there continue to be **many critical issues stemming from the restrictions Italian legislation places on foreign held stocks**, in spite of the prospects of allowing for some temporary flexibilities like the possibility of holding a part of stocks (only jet fuel) in other European Countries.

[1] Italian acronym: TAR – Tribunale Amministrativo Regionale.

[2] TFEU – Treaty on the Functioning of the European Union.

[3] Entity whose task is to monitor gasoil prices and the minimums allowed to the hauliers. The Osservatorio was set up at the Ministry of Transport pursuant to the Law being contested.

Italy Regions with service stations under large hypermarket retailers brands[1]

	Auchan	Carrefour	Conad Leclerc	Coop	Iperstation	Simply	Other brands	TOTAL
Valle d'Aosta	—	1	—	—	—	—	—	1
Piedmont	3	10	3	2	—	—	1	19
Liguria	—	—	1	1	—	—	—	2
Lombardy	11	7	—	1	6	4	2	31
Veneto	3	2	—	—	2	1	1	9
Friuli Venezia Giulia	—	1	2	—	—	—	—	3
Emilia Romagna	—	—	7	9	—	—	—	16
Tuscany	—	2	6	—	—	—	—	8
Marche	2	1	—	1	1	3	—	8
Umbria	—	—	2	1	—	—	—	3
Latium	1	3	1	—	—	—	—	5
Abruzzo	4	—	1	—	—	—	—	5
Campania	2	—	3	—	—	—	—	5
Basilicata	—	—	1	—	—	—	—	1
Apulia	1	—	—	3	—	—	—	4
Calabria	1	—	—	—	—	—	—	1
Sicily	1	—	—	—	—	—	—	1
Sardinia	—	1	2	—	—	—	—	3
TOTAL	**29**	**28**	**29**	**18**	**9**	**8**	**4**	**125**

(1) So-called "co-branding stations" are included.

Source: Estimates by Unione Petrolifera updated to April 2015

Italy Growth of the CNG distribution network
(Number of filling stations operating at year end)

	2002	2004	2006	2008	2010	2012	2014	2015[1]
Piedmont	12	23	30	43	54	60	75	78
Valle d'Aosta	—	—	—	—	1	1	1	1
Liguria	7	7	7	7	7	7	7	8
Lombardy	29	45	53	67	101	123	141	148
Trentino Alto Adige	3	4	10	8	11	15	16	16
Friuli Venezia Giulia	4	4	4	3	3	3	4	4
Veneto	68	73	80	81	112	123	134	139
Emilia Romagna	81	85	96	112	135	154	180	186
Marche	44	54	65	71	74	80	88	90
Tuscany	51	57	61	67	78	85	98	99
Umbria	16	18	20	22	24	26	31	31
Latium	13	19	28	32	41	46	48	50
Abruzzo	12	13	15	16	17	20	23	23
Molise	3	3	3	3	3	3	3	4
Apulia	20	28	33	39	46	50	62	61
Campania	19	27	41	43	48	53	65	65
Basilicata	3	4	3	5	6	7	8	9
Calabria	1	3	4	6	6	7	9	9
Sardinia	NO METHANE STATIONS							
Sicily	6	10	14	17	20	21	28	26
ITALY	**392**	**477**	**567**	**642**	**787**	**884**	**1,021**	**1,047**

(1) Data referred to April 30, 2015.

Source: FEDERMETANO

In this situation, **the Italian Central Stockholding Entity (OCSIT[1])** consolidated its role with the gradual increase of the reserve of specific stocks (from 1 to 3 days for products in 2015), whose costs are still a significant burden to operators.

In the course of 2014, OCSIT, in fact, **completed tender procedures**, in the first place, for financing and then for the availability of storage and the acquisition of products. In addition, based on Legislative Decree n. 249/2012 OCSIT is currently defining the most correct procedure to acquire **possible proxies from the operators under obligation**, activities whose cost are to be exclusively borne by whoever requests the service.

Still as regards the implementation of this Legislative Decree, consultations proceeded with the aim of finalizing the **oil logistics market Platform that brings together supply and demand of storage** as well as the **wholesale oil product Platform which is a venue for supply and demand of wholesale oil products** and also extended to biofuels. These platforms have been set up at the GME (Gestore dei Mercati Energetici). The GME's annual survey of existing stockholding capacity is now going on regularly.

Security at service stations

In 2014 the **number of crimes committed at service stations continued to rise.** These mostly involved the theft of oil products and cash which affected **more than 20 per cent of the sales points**.

The most common crime was **night attacks on cash acceptors,** where large quantities of cash are present at hours when there are no attendants, very frequent, even more than in other sectors exposed to criminal predation (pharmacies, banks, post offices and tobacconists).

Unione Petrolifera contributed to studying the phenomenon by taking part, for the first time in 2014, **in the drafting of the OSSIF[2] Report** on predatory crime, which is prepared by ABI and the Ministry of the Interior. The document contains data on thefts, robberies in banks and in other vulnerable sites such as: post offices, tobacconists, supermarkets, shops, fuel distribution network and transport of valuables.

Further cause for concern are the recent and repeated attacks on **oil pipelines**, which are numerically limited to a few cases, but are at high risk of causing indirect damage (environmental pollution). Here too, within its limits of competence, the Associations cooperated proactively with **Law Enforcement Agencies** (Police, Carabinieri, Guardia di Finanza) to find solutions aimed at preventing or limiting these types of attacks.

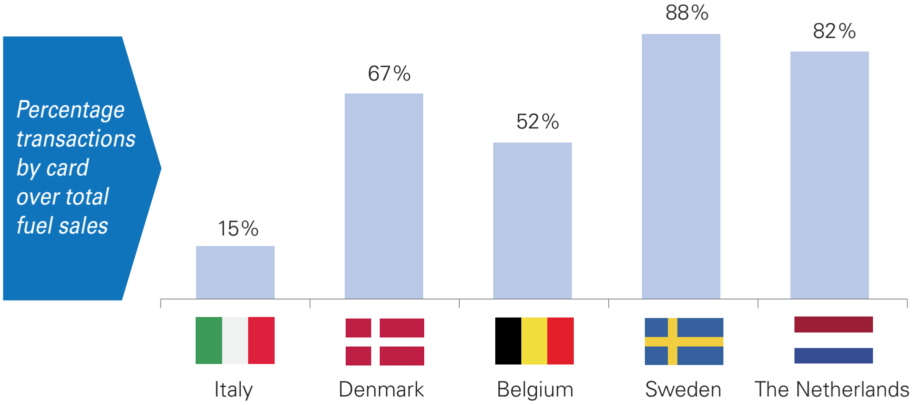
One of the main causes for crime against the sales network is the great availability of cash, around 50 billion euros a year. This is due to **the very limited use of electronic money in Italy**. With the aim of coming up with ways to encourage electronic payments, **Unione Petrolifera carried out a study on electronic payment in Italy and in the leading European Countries**, through the professional service company KPMG. The study concluded in June 2014.

The study showed **that Italy has a much lower penetration of payment cards than in the other European Countries analysed by the survey** (12 per cent of total sales compared to 39 per cent); these figures are even more disadvantageous in the case of service stations (15

[1] Italian acronym: OCSIT – Organismo Centrale di Stoccaggio Italiano.

[2] The OSSIF is the Italian Banking Association's (ABI) research centre on anticrime measures.

Europe – Payment card use in some Countries



Source: KPMG

per cent in Italy and 60 per cent in Europe). With regard to commissions on payment cards, **it emerged that debit commissions charged in Italy were significantly higher** (0.69 per cent compared to 0.40 per cent).

While waiting for initiatives in Italy aimed at promoting electronic payments, the sector welcomes **the proposal for an EU regulation on interbank commissions for payment cards**. The proposal which was presented to the Commission on July 24, 2013 and adopted by the European Parliament last March 10, sets a cap on interchange fees of 0.2 per cent on debit cards and 0.3 per cent on credit cards (the interchange fee is part of the total commission paid by the retailer). In addition, member States are allowed wide room to set lower commissions.

Another aspect connected with the diffusion of self-service regards **modifying cash acceptors so that they can accept the new, more secure "Europa Series" banknotes, which are in the process of replacing** the bills currently circulating in Europe. On September 23, 2014, the 10 euro bill was introduced and the oil sector participated along with other operators in a discussion table organized by the Bank of Italy to facilitate the transition to the new notes.

All the cash acceptors were modified on schedule by December 2014, without any particular inconvenience to customers, **including 95 per cent of the company owned cash acceptors**. The devices are currently being adjusted to take the new 20 euro banknote, which will be introduced by November 25.

FOCUS

OSSIF INTERSECTOR REPORT ON PREDATORY CRIME IN 2014

Last November 28, to mark Safety Day, the OSSIF Report on predatory crime was presented at the ABI offices.

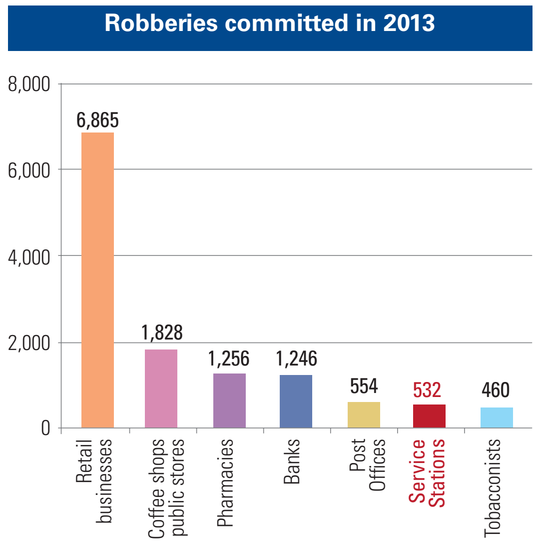
The Report, which was prepared by ABI and the Ministry of the Interior's Crime Analysis Department, contains data on thefts and robberies in bank and in other vulnerable sites such as: post offices, tobacconists, supermarkets, shops, fuel sales points and transport of valuables.

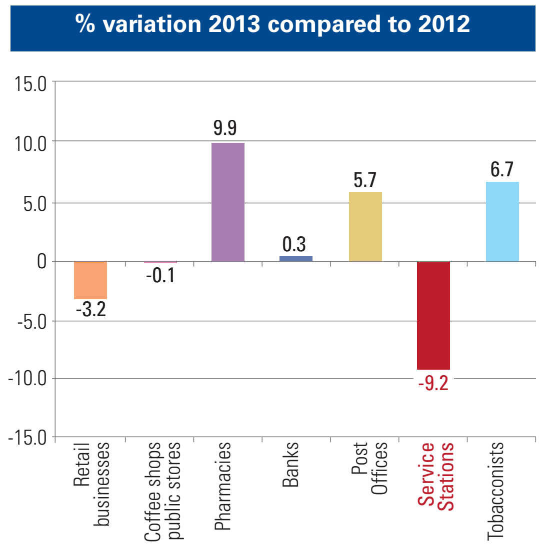
In brief, the data in the report show a general increase in robberies and thefts for the year 2013:

- ♦ 43,754 robberies reported by Law Enforcement Agencies to Judicial Authorities (+2.6 per cent compared to 2012);
- ♦ 1,554,777 thefts reported by Law Enforcement Agencies to Judicial Authorities (+2.2 per cent compared to 2012).

From a comparison of sectors the following figures emerged for the **fuel distribution network**:

- a 9.2 per cent decline in the number of **robberies** from 2012 (532 robberies in 2013);
- a 9 per cent increase in **thefts** (mostly attacks on self-service cash acceptors) (981 cases in the company owned network alone);
- a **risk index** (thefts every 100 sales points) much higher for the fuel distribution network than for the other exposed sectors (8.5).





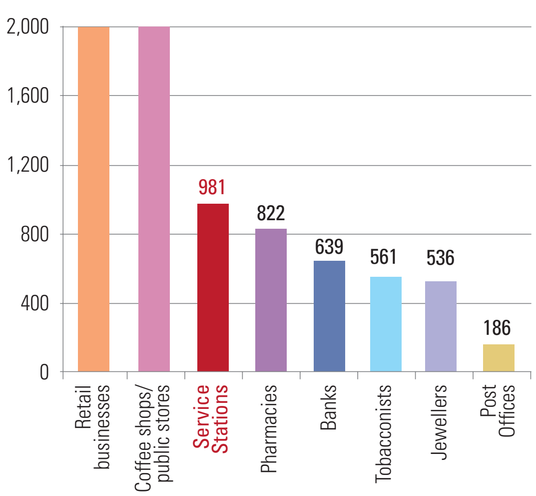
▶ Retail businesses were the most affected with 6,865 robberies (completed and attempted)

▶ Recrudescence of the phenomenon for **pharmacies (+9.9%), tobacconists (+6.7%) and post offices (+5.7%)**

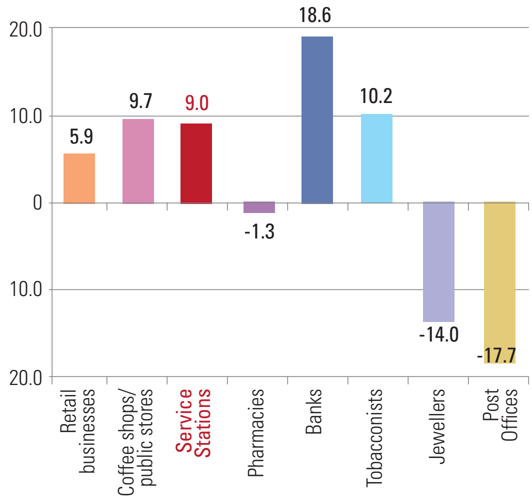
Source: OSSIF on data by Ministry of the Interior, Poste Italiane, Federazione Italiana Tabaccai and Unione Petrolifera

FOCUS

Thefts committed in 2013



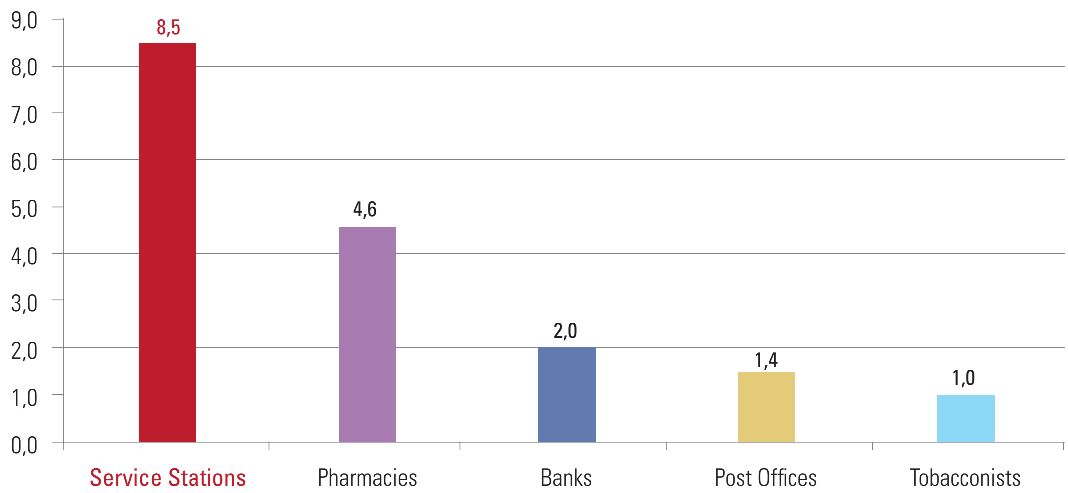
% variation 2013 compared to 2012



- Thefts mainly committed in retail businesses and coffee shops/public stores
- Recrudescence of the phenomenon for **banks (+18.6%), tobacconists (+10.2%), coffee shops/public stores (+9.7%), service stations (+9.0%) and retail businesses (+5.9%)**

Source: OSSIF on data by Ministry of the Interior, Poste Italiane, Federazione Italiana Tabaccai and Unione Petrolifera

Thefts every 100 operating points in 2013



- Service stations have the highest risk index **with 8.5** thefts every **100 service stations**.

Source: OSSIF on data by Ministry of the Interior, Poste Italiane, Federfarma, Federazione Italiana Tabaccai and Unione Petrolifera

Taxation

Fiscal revenues

Legally ascertained **revenues into the Italian treasury** for the period January-December 2014 amounted to **420 billion euros**, a decline of 1.3 per cent (-5,686 billion euros) compared to the previous year.

In particular, revenues from **direct taxes** stood at 225 billion euros, a 3.4 per cent drop from 2013. **Indirect taxes**, on the other hand, rose by 1.2 per cent providing a total revenue of **194** billion euros.

According the Ministry of the Economy and Finance's Bulletin[1], **revenues from excises on energy products** in 2014 were **26 billion** euros (+145 million, or +0.6 per cent).

Contributing to this result was the abrogation at the end of 2013 of a remaining share of excises, of approximately 1.2 billion euros, due to be paid to the ordinary statute Regions.

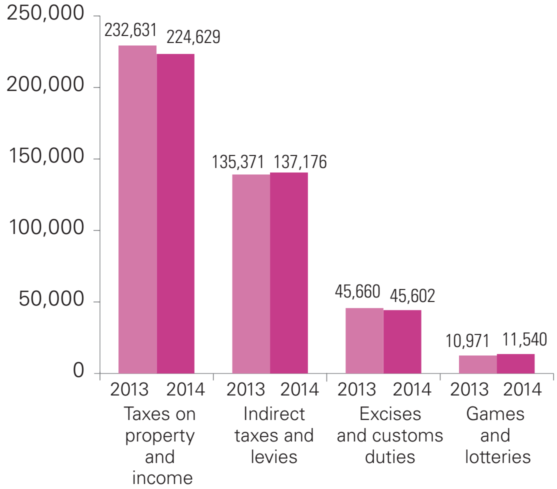
The **excise revenue from electricity** amounted to around 3 billion euros, an increase of 139 million (+5.1 per cent), while excises on **natural gas for heating** generated 4.4 billion euros, 444 million euros more than in 2013 (+12 per cent).

As a result, **taxation on energy products** represented a share of 8 per cent of total tax revenues compared to 7.7 per cent the year before.

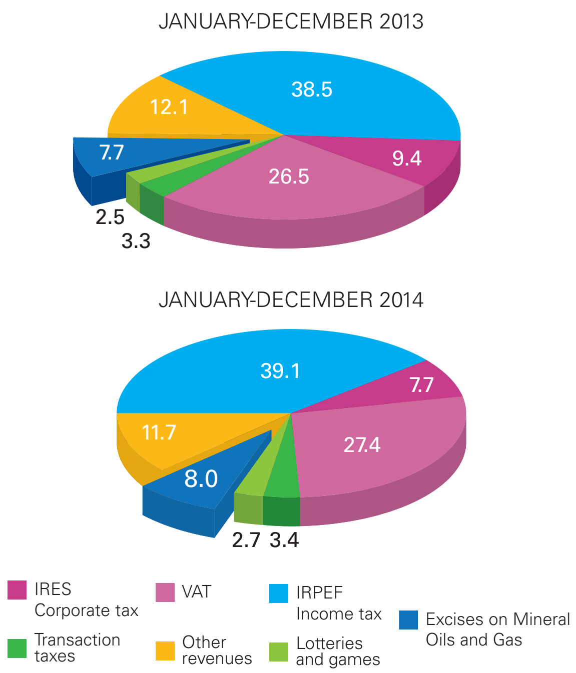
Total tax revenue (excise + VAT) from oil products is estimated at 41.2 billion euros.

[1] *Bolletino Entrate Tributarie* n. 154 published in March 2015.

Italy - Breakdown of revenues by taxation sector
(Thousands of euros)



Italy - Percentage share of fiscal revenues by main group of taxes



Source: Ministry of the Economy and Finance

Italy Estimated fiscal revenues on oil products
(Billions of euros)

	EXCISE TAX								
	on Petrol	of which Region's share[1]	on Gasoil	on Fuel oil	on other products	Total	Customs duty on all products	VAT on all products	TOTAL on all products
1970	0.658		0.123	0.058	0.064	0.903	0.009	0.088	1.000
1975	1.286		0.159	0.023	0.089	1.557	0.010	0.542	2.109
1980	2.957		0.325	0.033	0.173	3.488	0.039	1.963	5.490
1985	5.268		1.669	0.097	0.195	7.229	0.076	4.028	11.333
1990	8.054		7.186	0.400	0.679	16.319	0.300	5.010	21.629
1995	12.586		8.862	0.724	0.738	22.910	0.374	6.972	30.256
1996	12.425	3.961	8.886	0.405	1.170	22.886	0.376	7.489	30.751
1997	13.082	4.032	9.194	0.349	1.040	23.665	0.238	7.850	31.753
1998	13.091	2.946	9.575	0.306	1.070	24.042	0.204	7.902	32.148
1999	13.613	2.930	10.350	0.300	1.150	25.413	0.178	8.367	33.958
2000	11.650	2.794	9.900	0.245	1.186	22.981	0.170	9.813	32.964
2001	11.350	2.530	10.700	0.230	1.955	24.235	0.134	9.658	34.027
2002	11.370	2.648	11.255	0.235	1.383	24.243	0.153	9.813	34.209
2003	11.000	2.379	11.800	0.230	1.527	24.557	0.126	10.050	34.733
2004	10.600	2.174	12.450	0.160	0.683	23.893	0.098	10.650	34.641
2005	9.950	2.032	13.050	0.150	1.186	24.336	0.081	11.630	36.047
2006	9.350	1.921	13.500	0.160	1.477	24.487	0.084	12.300	36.871
2007	8.770	2.084	14.000	0.120	1.559	24.449	0.061	12.100	36.610
2008	8.130	1.942	14.070	0.110	1.164	23.474	0.060	13.200	36.734
2009	7.900	2.019	13.900	0.110	1.112	23.022	0.069	10.850	33.941
2010	7.450	2.034	13.750	0.100	1.903	23.203	0.047	11.750	35.000
2011[2]	7.480	1.915	14.930	0.070	1.028	23.508	0.047	13.600	37.155
2012	8.060	1.728	17.620	0.060	2.162	27.902	0.048	14.400	42.350
2013	7.800	1.252	17.400	0.050	1.944	27.194	0.056	13.880	41.130
2014[3][4]	7.720	n.a.	17.630	0.040	1.910	27.300	0.050	13.850	41.200

[1] Sharing of excise extended to diesel beginning from 2007.
[2] Figure changed, since compared to last year an amount of more than 800 million euros of tax on mineral oils, assessed but not collected, was first assigned to 2011 and later removed from that year.
[3] Provisional data.
[4] Difference with the Ministry of Finance's pre-consumption data is because the amount destined for the ordinary statute Regions was entered as Treasury revenue from December 2013, which is the standard procedure for UP estimates.

Source: Ministry of the Economy and Finance, estimates by Unione Petrolifera from 2001

Tax revenues from oil products

In 2014 total revenues from oil products were estimated at 41.2 billion euros[1], an increase of 0.2 per cent from the previous year (70 million euros more).

The variation is the result of a 0.6 per cent increase in excise revenue, which was 27.3 billion euros (100 million more than in 2013), largely due to the recovery of gasoils, which in 2014 recorded a 0.7 per cent increase or some 200 million tonnes more in 2014.

Revenue from VAT, estimated at 13.9 billion euros, was down by 0.2 per cent (around 30 million euros less), because of lower prices recorded during the year (on average -2.0 per cent for petrol and -3.0 per cent for gasoil).

Tax trends on energy products

2014 was also characterized by the imposition of **numerous tax increases on fuels** (petrol and gasoil), while other fuels (LPG and methane) were intentionally neglected, even if their combined revenues currently amount to 30 per cent of total petrol revenue.

Law n. 116/2014 ("*Urgent measures for the agricultural sector, environmental protection and to relaunch the economy*") **established an increase in the excise rate on petrol and gasoil used as fuel to begin on January 1st, 2019** so as to result in higher net revenues not less than 140.7 million euros in 2019, 146.4 million in 2020 and 148.3 million in 2021.

The measure adopted at the end of the year, known as "*Decreto Milleproroghe*" (Law February 27, 2015, n. 11) **postponed** the scheduled excise rate increase on energy products **until January 1st, 2016**. This, together with the temporary expiry of the excise increase on fuels, pursuant to the Customs Agency's Directorial Notice of December 23, 2013 **determined for the first time in the past 13 years the following reductions in taxation rates**:

- Petrol: from 730.80 to 728.40 per thousand litres;
- Gasoil as fuel: from 619.80 to 617.40 per thousand litres.

Law n. 190/2015 ("*Stability Law for 2015*") also established:

- a **reduction in 2016 in expenditures for gasoil and for LPG used for heating** in mountainous areas amounting to 26.6 million euros;
- **a reduction in the tax break for fuels used by cars in public service** equivalent to 10.5 million euros;
- **the adoption of a "*reverse charge*" system of VAT** on the sale of Green Certificates under the Emission Trading Scheme.

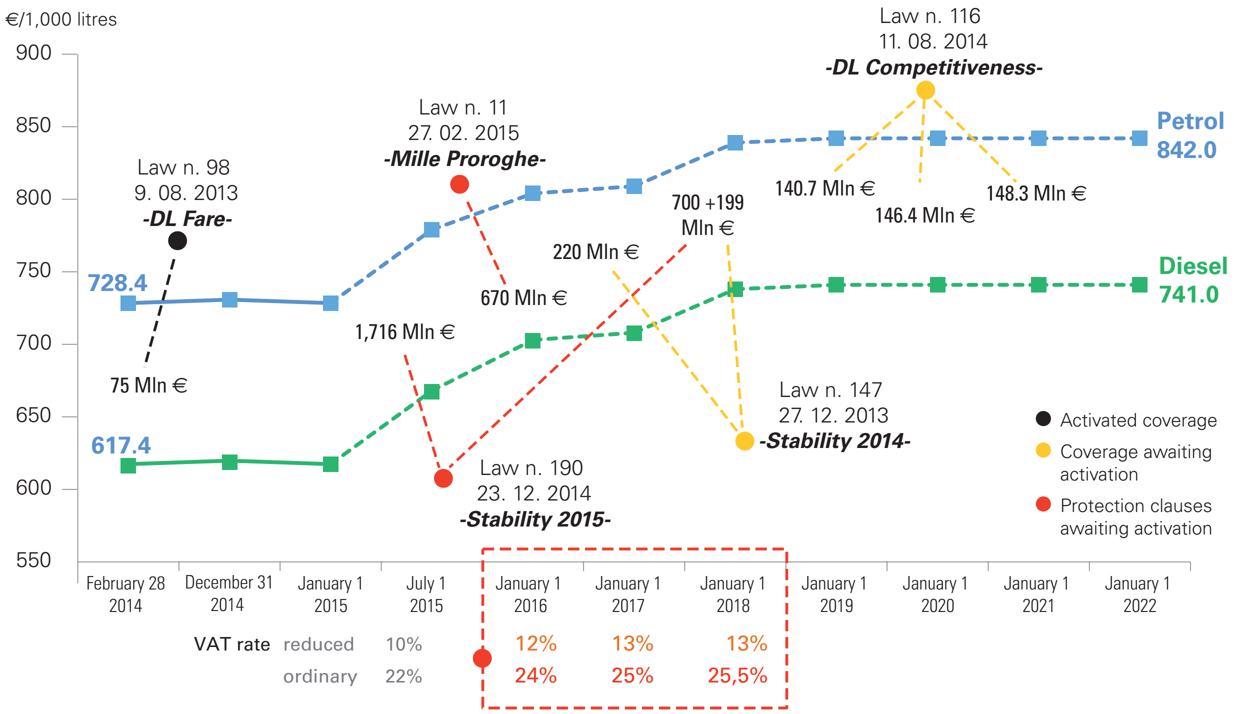
The same Law (article 1, par. 629) made the adoption of the reverse charge mechanism (**protection clause**), also extended to large hypermarket retailers (GDO) and other productive sectors, subject to the European Commission's approval.

In the absence of this approval, increases will automatically take effect in excise rates on petrol and gasoil used as fuel so as to result **in higher revenues of not less than 1,716 million euros beginning in 2015**, all through a Decision by the Director of the Customs Agency to be adopted **by June 30**.

Finally, the following paragraph 719 contains **another protection clause**, which

[1] UP estimate based on consumption trend of oil products which does not consider excise reductions and exemptions for particular uses and includes estimates of excises and taxes on non-condensable gases, lubricants and bitumens.

Italy – Estimated excise and VAT rates from the scheduled revenue increases



Italy Scheduled excise rate increases

1.	**July 1st, 2015:**	December 23, 2014, n. 190, protection clause for 1,716 million euros.
2.	**January 1st, 2016:**	art. 10 February 27, 2015, n. 11, increased excise for 670 million euros.
3.	**January 1st, 2017:**	art. 1 par. 626, Law December 27, 2013, n. 147, increased excise for 220 million euros (2017) and 199 (2018).
4.	**January 1st, 2018:**	art. 1 par. 719 Law December 23, 2014, n. 190, increased excise for 700 million euros.
5.	**January 1st, 2019:**	Law August 11, 2014, n. 116, increased excise for 140.7 million euros (2019), 146.4 (2020), and 148.3 (2021).

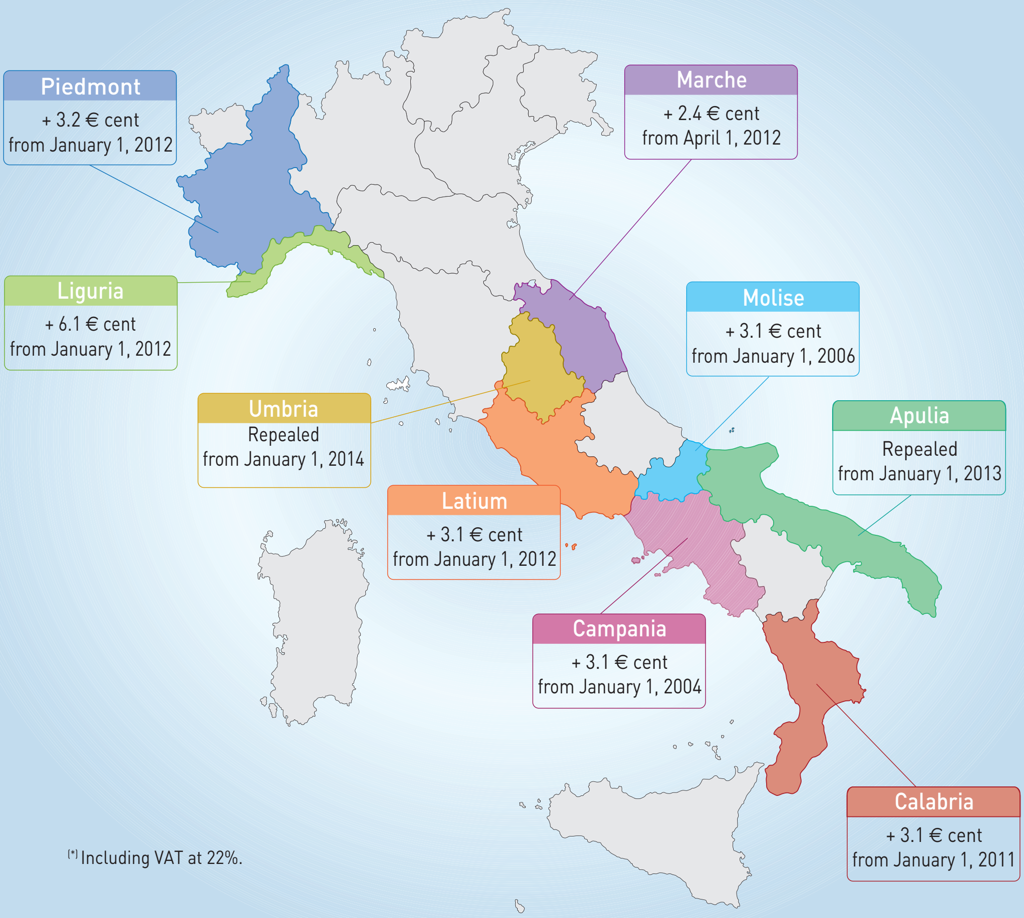
will take effect in the absence of higher revenues or lower expenditures, equal to **3.3 billion euros** in 2016 and approximately 6.3 billion in 2017 and is structured as follows:

- **a VAT rate increase from 10 to 12 per cent** beginning on January 1st, 2016 and rising to 13 per cent on January 1st, 2017;
- **a VAT rate increase from 22 per cent to 23 per cent** beginning on January 1st, 2017 and rising to 23.5 per cent on January 1st, 2018;
- from January 1st, 2018 **an increase in the excise rate** on petrol and gasoil used for fuel so as to result in higher revenues **of not less than 700 million euros per year**.

In this jungle of protection clauses and announced tax increases on fuels, only the **Region Umbria in January 2014 renounced levying the regional surtax on petrol**.

In the last 10 years the regional surtax was adopted by 11 of the ordinary statute Regions of a total of 15 (the 5 special statute Regions did not have this option) and **it is still in force in seven Regions**.

Italy - The situation of Regional surtax(*) on June 1st, 2015



(*) Including VAT at 22%.

Italy The new excises levels

Taxes on the production and consumption of mineral oils in effect from May 1st 2015

Products	Excise	Unit of measurement
a) Premium unleaded	728.40000	1000 lt
b) Gasoil		
as fuel	617.40000	1000 lt
as heating oil	403.21000	1000 lt
c) Kerosene		
as fuel	337.49064	1000 lt
as heating oil	337.49064	1000 lt
d) Liquefied Petroleum Gas (LPG)		
as fuel	267.76364	1000 kg
for heating	189.94458	1000 kg
e) Natural gas		
1) for transportation	0.00331	m^3
2) for industrial purposes	0.01250	m^3
3) for household purposes(*):		
a) for consumption of up to 120 m^3/year	0.04400	m^3
b) or consumption from 120 to 480 m^3/year	0.17500	m^3
c) or consumption from 480 to 1560 m^3/year	0.17000	m^3
d) for consumption of more than 1560 m^3/year	0.18600	m^3
f) Heating fuel oil		
high-sulphur content oil	128.26775	1000 kg
low-sulphur content oil	64.24210	1000 kg
g) Industrial fuel oil		
high-sulphur content oil	63.75351	1000 kg
low-sulphur content oil	31.38870	1000 kg
h) Lubricants	787.81000	1000 kg
i) Bitumens	30.99000	1000 kg

(*) Excise levels different in territories of the former Cassa del Mezzogiorno ex art. 1 DPR n. 218/788.

Implementation of delegated legislation on taxes and criteria for the reform of European taxation

With regard to the **adoption of new principles for the taxation of energy products**, on October 14, 2014 the ECOFIN[1] Council failed to reach a compromise on the proposal, made in 2011, to amend Directive n. 2003/96 on the taxation of the above products.

In acknowledgment of the diverging positions of the member States over the key questions in the measure, **the Commission withdrew the proposed Directive** since the draft compromise would have distorted the original aims of the Directive itself.

All this had a **significant impact on Italy's national Law since it prevented the use of delegated tax legislation**, with particular reference to article 15 of Law n. 21/2014, which provided for a revision of the national tax level (carbon tax) making it subordinate to the adoption of the new Directive.

The above mentioned Legislative Decree, extended until next June 30, 2015 (pursuant to Law n. 34/2015), provides for the revision and simplification of the Legislative Decree n. 504/95 (Single Text on Excises –TUA[2]). On this question, the Department of Finance and the Customs Agency are engaged in intensive discussions with the sector Associations concerned.

Given this situation, **Unione Petrolifera made its own proposal for an amendment to the Single Text**, which may be summarized as follows:

- **amendment of the sanctions** as per articles 47 to 50 of the TUA and introducing the principle of progressive penalties while emphasizing the crime of fraudulent or dissembling behaviours aimed at creating and using forged documents;
- **the adoption** within the European Union **of a suitable system that can trace the movement of certain categories of energy products** exempt from the excise regime;
- assigning the Central Directorate of the Customs Agency the **responsibility of issuing and managing exemptions from paying customs** guarantee deposits of an unlimited amount pursuant to articles 4 and 5 of Legislative Decree n. 504/95;
- **amendment of the principles for issuing authorizations** for fiscal warehouses and for registered cargo-receivers, assigning responsibility for these matters to the Central Directorate of the Customs Agency;
- launching of a process to **further simplify** the INFOIL regime;
- amendment of the sanctions with regard to **taxation solidarity between the tax subject and guarantor**, pursuant to articles 3 and 4 of the TUA and article 25, par. 5 (solidarity between holder of the authorization and the dealer of the service station), specifying that solidarity is not required in cases where the judicial Authorities have determined fraudulent behaviour on the side of the dealer.

Still in the area of the proposed Legislative Decree, work continued on **revising the cadastre registry assessment system** used to estimate the value of dwellings and industrial buildings.

The new regulations will consider buildings based on their specific characteristics and type of construction. **They will be classified into two types of cadastral cat-**

[1] The ECOFIN Council is composed of the Ministers of the Economy and Finance of all the member States.

[2] Italian acronym: TUA – Testo Unico delle Accise.

Europe Excise in effect on May 1st, 2015

	(Euro/000 litres)				(Euro/000 kg)
	Petrol Eurosuper 95	Diesel Gasoil	Heating oil	LPG automotive	Fuel oil low sulphur
Austria	493.36	409.64	109.18	—	67.70
Belgium	615.22	428.84	18.53	—	16.24
Bulgaria	363.02	329.79	25.56	93.96	—
Cyprus	489.70	460.70	135.43	—	17.70
Croatia	509.06	403.56	45.24	7.31	21.10
Denmark	611.96	418.91	328.62	—	404.44
Estonia	422.77	392.92	110.95	69.92	—
Finland	652.78	498.47	187.40	—	—
France	630.50	480.70	76.40	72.40	45.30
Germany	654.50	470.40	61.35	91.80	—
Greece	682.03	341.28	—	—	44.46
Ireland	607.72	499.00	122.28	—	81.73
ITALY	**728.40**	**617.40**	**403.21**	**147.27**	**31.39**
Latvia	423.20	346.03	34.42	97.17	—
Lithuania	434.43	330.17	21.14	161.17	15.06
Luxembourg	462.09	335.00	10.00	54.04	—
Malta	519.38	442.40	202.09	—	—
The Netherlands	774.07	490.06	490.06	184.35	36.15
Poland	412.40	360.44	57.31	115.15	15.81
Portugal	617.51	402.01	342.60	135.48	31.41
United Kingdom	785.36	785.36	150.97	—	—
Czech Republic	469.23	400.16	86.79	78.94	17.25
Romania	459.72	428.48	428.48	69.31	16.05
Slovakia	570.17	406.05	—	98.28	131.15
Slovenia	559.73	468.87	225.69	89.24	146.31
Spain	461.70	367.65	87.23	32.41	16.52
Sweden	603.17	519.28	418.26	—	457.25
Hungary	400.44	373.89	368.32	113.66	19.54

Source: European Union, DG Energy

egories, according to whether their usage category is considered ordinary (Group O) or special (Group S). The latter group comprises industrial buildings, whose value and revenue are to be determined by a direct estimate, that not only takes into account the main factory premises *per se* but also such parts that are closely connected with it, and which mobile sections may access through any form of joining structure for the purpose of creating a single asset compound.

In this way lawmakers appear to want to include **in the new estimates, all the facilities that have been bolted to the ground in the industrial compound**, and are listed among the companies' Register of assets.

This basically would mean moving towards a new system of cadastral estimates that would consider assets directly involved in production activity on the site and which would be subject to local taxation (IMU/TASI). Local taxation would transform into a way of taxing investments based on the principle of "***whoever invests more is taxed more***".

In this regard, Confindustria, together with the other sector Associations have proposed a series of ameliorative measures **in order not to penalize investments** that the companies make so that they can remain competitive on the domestic market and internationally.

Illegality and contraband

During 2014 the problems of **fraud and contraband of oil products in fuel distribution** came out noticeably to the public's attention. These crimes have been denounced on various public occasions and they represent a real plague for those who operate honestly and within the bounds of the law.

Aware of the seriousness of the problem, **already towards the end of 2013 Unione Petrolifera held a series of meetings with the competent Administrations**, especially with the Customs and Revenue Agency to make them aware of the situation and find solutions to a problem that is on the rise.

In particular, Unione Petrolifera **drew attention to anomalies in the permits issued to some service stations**, which had been independently authorized by local Customs offices to exercise the activity of "***registered cargo-receiver***", that is, parties who are authorized to receive fuel exempt from excise and who may pay the tax later.

The financial Administration followed up this report **by issuing several** Procedures aimed at preventing potential fraud, such as **false declarations of intent** made by supposedly habitual exporters. Based on Legislative Decree n. 175/2014, these operators are now subject to cross-checks with the data previously transmitted electronically to the Revenue Agency. More recently, the same Revenue Agency provided further operational instructions with Circular n. 38/E of April 13, 2015.

Another important intervention from the operational standpoint, was the Customs Agency's Circular n. 4/D March 27, 2015, which issued precise instructions **on assessing the quantity and quality of import activities of oil products** and on ensuring that the declared values of these products be coherent with international quotations (Platts CIF Med) as surveyed by the Ministry of Economic Development; the aim of the instructions is to extend control of products imported from States in North Africa or the Middle East where there is serious political instability and so more vulnerability to fraud.

Unione Petrolifera also continued its efforts to make the Customs Agency aware of the verification of the **conditions for issuing permits to warehouses**, the number of which has risen certainly out of measure with the supply needs and could give rise to illegal activities

Effects of the Robin Hood tax's unconstitutionality

Last February 9, the **Constitutional Court with Judgement n. 10/2015 declared the IRES supplementary tax (Robin Hood Tax) and its financial effects to be illegal**, which had been introduced by Law n. 13/2008[1]. The decision took effect only the day after its publication in the *Gazzetta Ufficiale* on February 12, 2015. The fact that the decision was not retroactive was motivated by its potential to seriously infringe on the balanced budget law as required by the new article 81 of the Constitution.

As a result, the **tax remains due only for financial statements ending before February 12, 2015.**

In particular, the Court expressed the view that the IRES supplementary tax, as it had been formulated, was not in compliance with articles 3 and 53 of the Constitution since, **as it had been introduced to tax presumed excess profits** generated by the exceptional rise of crude oil prices in order to balance the public budget, it did **not come equipped with a mechanism that could tax separately** and more heavily only that portion of the presumed excess income deriving from a given economic phase. **In reality, the tax had the characteristics of a mere surtax on company revenue.**

Other criticisms of the Court were **the absence of time frame in defining the application of the tax** or mechanisms able to verify the continuance of an economic phase that would justify the tax, as well as the impossibility of foreseeing suitable ascertainment mechanisms.

[1] Article 81, paragraphs 16,17,18, Decree-law June 25, 2008, n. 112, converted with amendments into Law August 6, 2008, n.13.

On the Climate-Energy Package to 2030

The political agreement reached by the European Council on October 24, 2014 with regard to the "Climate-Energy Package to 2030" is of **strategic importance for the future of Europe's energy system**.

The agreement, indeed, calls for **a binding target of a 40 per cent reduction** of Greenhouse Gas (GHG) emissions from 1990 levels, which will translate into **a 43 per cent reduction for those sectors subject to the Emission Trading System and 30 per cent for non-industrial sectors**.

It also sets a minimum target of **27 per cent energy from renewable energy sources** (the target is only binding for all of Europe) and a recommended **target of 27 per cent for the improvement of energy efficiency**.

The ETS sectors, which include **refineries, will therefore be required to reduce their GHG emissions by 43 per cent to 2030** from 2005 levels, involving **significant extra costs or a drastic cut in production**.

Thus, the Emission Trading Scheme (ETS) will continue to be a fundamental part of European climate strategy, even if intense discussions are going on within the community **to overhaul it completely and consistently**.

Unione Petrolifera agrees with the need to revise the ETS regulations, while keeping the political debate centred on **avoiding the risk of Carbon Leakage** in sectors that have a high energy intensity, such as refining, and on **protecting the competitiveness** of Europe's entire industrial system.

With regard to the **targets of 27 per cent energy from renewables**, binding at the European level but not for individual member States, and of **27 per cent of energy efficiency, it is important to avoid repeating the severe distortions that affected the energy market** during the initial implementation phase of the "20-20-20 Package".

The route towards achieving these objectives of reducing climate-altering gases in the transport sector looks positive. **It will no longer be based on mandatory technological options** (biofuels, electric cars, etc.) but adopts a **comprehensive and technologically neutral approach** in the choices operators will want to make.

Transport is and will remain a key sector of the economy and 90 per cent of transport demand is covered by the oil industry.

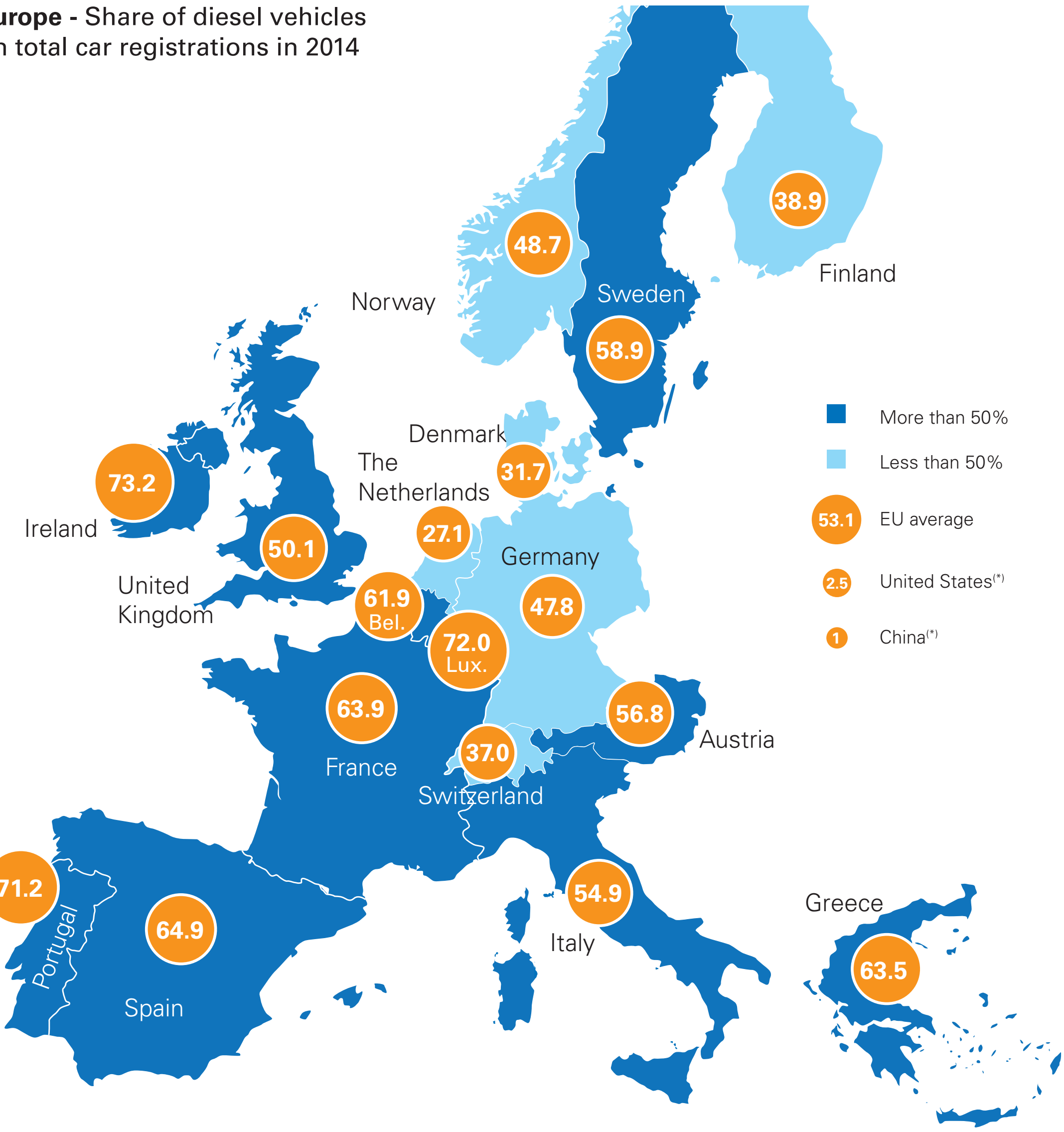
As traditional fuels will continue to play a central role for a long time, **the ambitious targets for 2030 will only be achievable through the fundamental contribution of the refining industry**, which will supply the extremely high quality fuels required by the sophisticated engine technologies of the future.

FOCUS

TOWARDS A SUSTAINABLE MOBILITY: CAR SHARING, ELECTRIC CARS, IMPROVED EFFICIENCY IN TRADITIONAL ENGINES

In 2014 electric, hybrid, methane and LPG cars accounted for a total of 16 per cent of new vehicle registrations in Italy. While their numbers are growing, alternative fuels were only a limited challenge to the first ranked: diesel which remains unquestionably the most chosen fuel not only in Italy but also in the rest of Europe.

Europe - Share of diesel vehicles on total car registrations in 2014



(*) 2013.
Source: CPDP - CCFA

FOCUS

One change in mobility patterns, especially in urban centres, is the spread of **car sharing**: an increasingly common practice in big cities which combines public and private transport by making it possible to use cars that are not privately owned, but that can be simply reserved. The remarkable success of this service has also been encouraged by the popularity of apps, that can be downloaded onto tablets or smartphones, so that users can locate and reserve in advance the nearest available car. In addition to the Municipalities, private operators are also offering car sharing services.

Among these is the Roman car sharing service "Enjoy", which was launched in June 2014 by Eni in partnership with Fiat and Trenitalia. "Enjoy" began in Milan in December 2013, followed by Florence in November 2014 and Turin in April 2015.

Currently, there are more than 290,000 users registered in car sharing, resulting in 3 million rentals on a fleet of 1,800 vehicles. Among the advantages users have from car sharing is free access to the Limited Traffic Zone (LTZ[1]) and free parking on the "blue stripes[2]".

With regard to the spread of **electric cars**, in Italy new vehicle registrations in 2014 surpassed 1,100 units, an increase of 26 per cent from 2013. Nevertheless, electric cars are only a tiny fraction of the fuel choices made by purchasers of new vehicles (0.08 per cent).

There still remain technical and economic limitations associated with these vehicles, however, with regard to recharging times, the first "Fast Recharge Plus" Enel charge point opened in the early months of this year at an ENI service station in Pomezia (Rome): a pilot project in an experimental programme on electric mobility resulting from an agreement between ENI and ENEL signed in March 2013.

[1] Limited Traffic Zones (ZTL) are areas, generally in the historical center, designated to limit the circulation of vehicles in particular hours of the day; access is allowed for residents, public transport, emergency vehicles and people with permission.

[2] "Blue stripes" are referred to the color used to identify the parking areas in which it is necessary to pay a fee to park in, while "white stripes" identify free parking.

Automobile industry Passenger cars emission standards *(g/km)*

	CO		HC		NOx		HC and NOx		PM	Date	
Regulation	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel	Diesel	Approval	New registration
Euro 1 Directive 91/441-93/59	2.72	2.72	—	—	—	—	0.97	0.97	0.140	1 Jul 1992	1 Jan 1993
Euro 2 Directive 94/12-96/69-98/77	2.20	1.00	—	—	—	—	0.50	0.70	0.080	1 Jan 1996	1 Jan 1997
Euro 3(*) Directive 98/69A - 2003/76A	2.30	0.64	0.2	—	0.15	0.50	—	0.56	0.050	1 Jan 2000	1 Jan 2001
Euro 4 Directive 98/69B - 2003/76B	1.00	0.50	0.1	—	0.08	0.25	—	0.30	0.025	1 Jan 2005	1 Jan 2006
Euro 5 Regulation 715/2007	1.00	0.50	0.1	—	0.06	0.18	—	0.23	0.005	1 Sep 2009	1 Jan 2011
Euro 6 Regulation 715/2007	1.00	0.50	0.1	—	0.06	0.08	—	0.17	0.005	1 Sep 2014	1 Sep 2015

(*) Directive Euro 3's required standards have been made stricter.
CO = Carbon Monoxide HC + NOx = Incombusted Hydrocarbons + Nitrogen Oxide Pm =Particulate Matters (PM 10).

Source: Unrae Pocket Emissioni

FOCUS

The Fast Recharge Plus multi-standard charging column is compatible with every electric vehicle currently on the market and can recharge three EV cars simultaneously in less than half an hour, both in direct current and alternating current (22-43 and 50 kW).

The automobile industry continues to carry out integrated research on all engine and car components, a whole range of activities aimed at improving the energy savings and environmental performance of new cars running on traditional fuels, in order to meet the upcoming Euro 6 emission targets.

At the same time the refining industry is working to develop and improve products that will allow the transition towards an increasingly sustainable mobility.

Oil industry Twenty years of progress in fuel quality

	1990	1994	1995	1998	2000	2005	2008
PETROL							
Sulphur ppm m/m	1000	—	500	—	150	50	10
Benzene %vol.	5	—	—	1	1	—	—
Aromatics %vol.	—	—	—	40	40	35	—
Vapour tension kPa	80	—	—	—	60	—	—
DIESEL							
Sulphur ppm m/m	3000	2000	500	—	350	50	10
Cetane number	49	—	—	—	51	—	—
Density kg/m^3	860	—	—	—	845	—	—
T95 °C	370	—	—	—	360	—	—

DEADLINES OFTEN ANTICIPATED BY THE OIL INDUSTRY

1991: Launch of the European Auto-oil Programme
1997: Benzene reduction
1998: Directive 70/90 on Fuel Quality and Directive 68/98 on vehicle emissions
2000: Prime Ministerial Decree 434 of November 23, 2000 elimination of Benzene with Lead and Sulphur reduction
2005: Directive 2003/17, further reduction of Sulphur up to 50 ppm
2006: Directive 2003/17, further reduction of Sulphur up to 10 ppm
2009: Directive 2009/30 reduction of PAH Polycyclic Aromatic Hydrocarbons in Diesel and reduction of GHG Petrol and Diesel

FOCUS

THE NEW EU "*ENERGY UNION PACKAGE*"

A FRAMEWORK STRATEGY FOR A RESILIENT ENERGY UNION WITH A FORWARD-LOOKING CLIMATE CHANGE POLICY

Last February 25, the European Commission adopted the **Energy Union Package**, which defines the European Union's long term strategy and the measures that will need to accompany it.

The Package is composed of three Communications:

1. "***A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy***", defines the Union's aims in five interrelated policy dimensions (EEP) (energy security, solidarity and trust; a fully integrated European energy market; energy efficiency; emissions reduction; research and innovation), and describes in detailed steps the actions the Commission will take to achieve these aims, including new legislation to redesign and overhaul the electricity market, ensuring more transparency in gas supply contracts, substantially developing regional cooperation as a decisive step towards an integrated market, with a stronger regulated framework, new legislation to ensure electricity and gas supply, increased European Union funding to encourage energy efficiency and a new renewable energies package, focusing the European Research and Innovation strategy on the energy sector and an annual report on the "State of the Energy Union";

2. the second Communication "***The Paris Protocol – a Blueprint for tackling global climate change beyond 2020***" deals with the issue of climate change and the global political debate, currently underway to conclude a new climate agreement, which will presumably be reached during the Twenty-first Conference of the Parties (COP21), which will be held in Paris in December 2015 and will take effect after 2020. The Communication sets out the European Union's vision for a new transparent, dynamic and legally binding global agreement, which includes fair and ambitious commitments to be assumed by all Parties;

3. the third Communication "***Achieving the 10 per cent electricity interconnection target. Making Europe's electricity grid fit for 2020***" illustrates the measures needed to achieve the target of 10 per cent electricity interconnection by 2020, which is the minimum necessary for the electricity to flow and be traded between member States. The strategy shows the member States who currently met the target and which projects are necessary to close the gap by 2020. Indeed, the member States have increased their interconnection capacity, twelve, however, including Italy, remain below the 10 per cent target and are thus, isolated from the internal electricity market.

In addition to Italy, various national Parliaments have begun (in some cases jointly) to examine the Package's three Communications: Belgium, Czech Republic, Germany, Lithuania, Poland, Romania, Sweden, Hungary and the Netherlands. Only the Hungarian Parliament and the Dutch Senate concluded the examination without making any specific recommendations.

The Dutch Chamber of Deputies did, however, identify several priority issues within the Framework Strategy, which they will focus their own attention on and on which the Government will report in the course of the year. Among these are the governance of the Energy Union, the role of national Parliaments, collective purchasing of gas, the amendment of the Directive on energy efficiency in buildings, the overhaul of the Emissions Trading Scheme.

ACTION PLAN 2015-2020
ENERGY UNION

1. Energy security, solidarity and trust
2. Integrated European Energy Market
3. Energy Efficiency
4. Decarbonization of the Economy
5. Research, Innovation and Competitiveness

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UNIONE PETROLIFERA'S VIEW OF THE "ENERGY UNION"

Unione Petrolifera agrees with the three fundamental priorities contained in the Community strategy on energy:

- to guarantee a secure and reliable energy supply;
- to create a competitive energy market able to ensure sustainable energy prices;
- to make energy ever more sustainable, reducing the emissions of climate-altering gases.

However, Unione Petrolifera believes that the Package approved last February 25 **is incomplete and may be criticized on the following points**:

1. totally absent is a recognition of the **refining industry's strategic importance** and its crucial role in ensuring energy supplies and energy security to the European Union. **Too little attention is given to the oil industry**, which is considered to be an "*old technology*", whose employees have a low level of specialized skills. The **reality is completely the opposite and the European Commission itself has ranked the oil industry first in process innovation and second for the specialized skills of its employees** (European Competitiveness Report 2013, EU Commission). Moreover, the IEA has stated that oil products will continue to be indispensable for many years to come and replacing them in transport or certain industrial sectors could only happen in the event of technological revolutions, which at the moment are not foreseeable. The IEA's *World Energy Outlook 2014* indicates that oil products currently meet 90 per cent of energy needs of transport and in 2040 they will still cover 70 per cent. For the petrochemical industry 70 per cent of raw materials come from oil;

2. insufficient attention is given to **how to reduce the cost of energy** and, thus, how to restore the competitiveness of the industrial sector, as well as economic growth and employment in the European Union;

3. finally, the future vision of energy is not sufficiently realistic and current forms of energy use are not taken into consideration. There is no correct planning for a **transition route towards future energy that is balanced and economically sustainable**.

In view of the position adopted by the Italian Government, which was the first to recognize the strategic importance of the refining sector and later vigorously defended this position in all the Community Institutions, we hope that the consultation process, currently underway within the Community on the Energy Union's Communication, will confirm the strategic importance of the refining industry in the Energy Union Package.

In our opinion recognition of the refining sector's strategic importance is indispensable for the following reasons.

- **Diversification of sources is necessary to improve Europe's energy security**. In Italy, the primary energy source with a share of 35 per cent is oil, followed by natural gas at 31 per cent. Oil products will remain the main energy source for the transport sector for several decades yet. Italy currently imports crude oil from more than 30 Countries and crude oil supplies continued to arrive during the recent crisis in North Africa without any difficulty. Nonetheless, diversification alone is not enough to ensure energy security. Without a robust national refining industry, it would be very difficult the guarantee the supply of refined products. The finished products market is, in reality, very different from that of crude oil. Currently, Europe imports approximately 30 per cent of refined products, mainly middle distillates from Russia. The situation in Ukraine shows how dangerous it is to rely on a few geopolitically risky suppliers and this could severely compromise supply security. If Russia's middle distillates were to head for the Far East and not Europe, Europe would have a great deal of difficulty finding other sources in a short space of time and would be exposed to serious risks for the availability and price of refined products.

- **Reduction of energy costs and restoring industrial competitiveness**. Creating the conditions for a decisive reduction of energy costs must be the European Union's first priority, since high energy costs represent one of the major causes for the European refining industry's loss of competitiveness. Only by restoring its international competitiveness, will European industry be able to ensure energy security together with economic growth and sustainable development. Consequently, the European Union needs to remove obstacles that prevent access to all forms of energy at competitive prices. In this regard, it is necessary to guarantee free access to all types of crude oil under market conditions and without artificial restrictions. Domestic sources, whether conventional or non-conventional, should be promoted and recognized for their ability to enhance energy security. Barriers to the exploration and production of these national resources must be removed, while fully respecting environmental and safety standards. Finally, subsidy schemes for renewable energy sources which highly impact on the price of energy need to be revised. The imposition of binding targets for these energy sources generates a severely underoptimized use of resources with heavy burdens for the economy and consumers.

- **The decarbonisation of the economy to 2030**. The European refining sector's severe loss of competitiveness in international markets is the result not only of higher energy costs, but also of the strong market distortions with its competitors in the Middle and Far East. In these areas, the refining industry is subject to far lower standards for social and environmental protection than in Europe, besides often benefitting from State subsidies. For this reason, the European Union should always carefully evaluate the impact Community legislation has on the refining sector's competitiveness and remove all those unjustifiable measures that can severely damage competitiveness. Indeed, the ambitious "20-20-20 Package" with its binding and overlapping targets for renewable energies, Greenhouse Gas reductions and energy efficiency has greatly distorted the markets and added burdensome extra costs for industry and consumers. Thus, in order to plan a realistic and coherent context for 2030, multiple and conflicting goals need to be avoided. In our view, the European Union should set a single Greenhouse Gas reduction target. The mechanism should be technologically neutral in order to maximise innovation through market competition, while ensuring that costs are held to a minimum and that their impact is predictable, in order to maintain the stability required for industrial investments.

Biofuels: targets confirmed, but new rules

The legislation on biofuels was substantially modified by Law 21/2014 and the implementing Decree of October 14, 2014, which **mandated blending obligations until 2022**.

For **conventional biofuels the obligation will rise gradually to 10 per cent in 2020**, while beginning in 2018, a new **obligation will take effect for advanced biofuels**, with minimums in energy of 1.2 per cent, 1.6 per cent and 2 per cent for 2018, 2020 and 2022 respectively.

The Ministry of Economic Development will verify the real availability and sustainability of these biofuels with periodic revision clauses. **Italy is the first and only European Country to have introduced an obligation for advanced biofuels, accompanied by a Decree that imposes sanctions if the obligations for advanced biofuels are not met.**

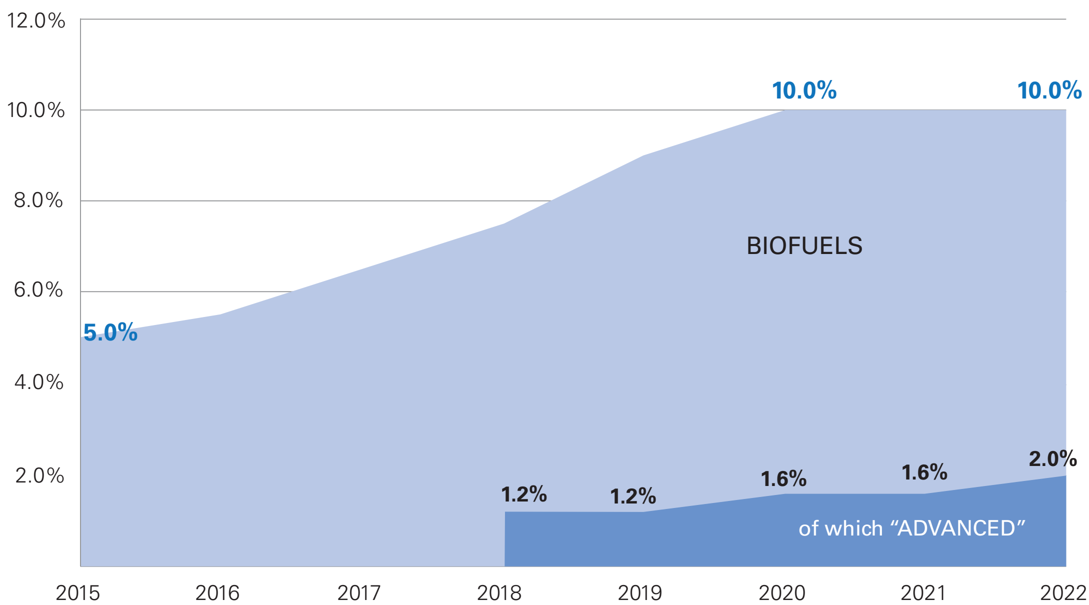
With regard to the proposed ILUC[1] Directive, the EU Council adopted a common position last December whose main points are the following:

- **limit use of conventional biofuels** to a threshold of 7 per cent in energy;
- biofuels **from new installations emit at least 60 per cent less Greenhouse Gas emissions** than from fossil fuels on the date the Directive enters into force;
- **promote the use of advanced biofuels** with the reference value of 0.5 percentage in energy of the general target for renewable energy in transport;
- requirement for member States to **provide data on biofuels emissions** caused by changes in soil use (ILUC).

The proposal has been under examination

[1] ILUC – Indirect Land Use Change. It is the impact of the indirect change of the soil's load on Greenhouse Gas emissions from biofuels.

Italy - Minimum biofuels binding percentages for blends in fuel sold on the Italian market(*)



(*) Minimums required by the Decree of the Ministry of Economic Development, October 10, 2014.

at the European Parliament since last January and from the preliminary debates in the Environment Commission it appears that amendments are planned that will distort the measures contained in the Council's Common Position.

The Parliament's official position was adopted in April 2015 by a vote in plenary sitting. Discussion began in the trilogue (Commission – Parliament – Council) to reach a compromise position and then publish the Directive.

Implementing European Directives

Last October the European Commission adopted **a proposal for a Directive to implement article 7/A of the Fuel Directive**, according to which fuel suppliers will be required to the reduce the life cycle Greenhouse Gas intensity of fuels used in vehicles by 6 per cent in 2020 from the 2010 level.

The proposal defines the method used to calculate the carbon intensity of various types of fuels (Petrol, Gasoil, LPG and CNG[1]) **basing it on default values in line with the positions expressed by the oil industry in Italy and Europe**. In December several members of the European parliament presented a motion to reject the Commission's proposal, which was refused by the Parliament thus making it legally valid.

Another topic of special interest for the sector was the implementation of the **Fuel Sulphur Directive** (Legislative Decree n. 112/2014) on marine fuels, which adopts all the measures introduced by the IMO[2]'s Marpol Convention, as well as those added by Directive 2012/33/EU, that **caps maximum sulphur content at 0.5 per cent for bunkers** in territorial waters, exclusive economic zones and environmentally protected areas from January 1st, 2020, independently of the IMO's decisions.

Among important new developments are that **operators will not be held responsible if they are unable to obtain supplies of fuel that are in compliance with the standards** and the procedural mechanism to ensure that sufficient quantities of suitable fuel are available in Italy. In particular, **wherever these fuels are not available, the emergency procedures** for strategic stocks **will be set into motion**.

The implementing Legislative Decree also introduced a new measure that sets a cap on sulphur at 0.10 per cent per mass from January 1st, 2018 for the Adriatic sea and January 1st, 2020 for the Ionian and other sea areas, **with the condition that member States of the European Union facing the same seas have the same or lower sulphur caps**, and in this it has adopted several suggestions made by the Parliament.

With the publication in July of Legislative Decree n. 102/2014 implementing **Community Directive 2012/27/EU on Energy Efficiency**, discussions began with the competent Authorities to implement measures contained therein. For the oil sector the aspect of greatest interest concerns the **obligations for Large Businesses** (with more than 250 employees and sales of more than 50 million euros), especially **the performing of energy audits** on companies operating on multiple sites.

It was, indeed, observed that, in addition to operating high energy consuming sites, the oil companies also directly or indirectly manage thousands of service stations, whose energy audit is absolutely marginal compared to the industrial sites. In order to regulate the issue, a dialogue **is un-**

[1] CNG – Compressed Natural Gas.

[2] International Maritime Organization.

derway with ENEA[1] **which is preparing specific Guidelines**, aimed at identifying a consumption threshold below which the site may be exempted from diagnosis and in the case of a homogeneous group of sites, will require the energy audit only on one site that is representative of the entire group.

Another measure of particular interest is Legislative Decree n. 46/2014 implementing Directive 2010/75/EU with regard to **Industrial Emissions (integrated pollution prevention and reduction)**. The Decree is structured as an amendment to the measures in Legislative Decree n. 152/2006 (Environmental Code).

Besides imposing much stricter Emission Limit Values (ELV) for Large Combustion Plants, the Directive also introduces **the "BAT Conclusions" into the re-examination of the Integrated Environmental operating Authorizations (EIA**[2]**). The "Bat Conclusions"** is a document that specifies the best available techniques for every industrial sector and it plays a crucial role since the performance levels indicated in it (BAT-AEL[3]) are in fact binding and a common reference for national Authorities.

The BAT document, that deals with the oil and gas **refining sector**, includes the Integrated Management of Emissions, also known as the "***Refineries Bubble Approach***" which the overwhelming majority of member States

[1] ENEA - National Agency for New Technologies, Energy and Sustainable Economic Development.

[2] EIA also known as "Integrated Environmental operating permit".

[3] BAT - Best Available Techniques. AEL –Associated Emission Levels.

FOCUS

UP JOINS FETSA
Federation of European Tank Storage Associations

Unione Petrolifera is collaborating actively with the structures of FETSA on topics of priority interest for oil tank storage. Since May 2014 Unione Petrolifera is FETSA's representative in Italy and the following companies have joined:

Attilio Carmagnani "AC"	PetroLig
Costieri D'Alesio	PetroVen
Decal	Superba
Depositi Costieri del Tirreno	Sigemi
Neri Depositi Costieri	Toscopetrol
Petra	

Unione Petrolifera – which became a member of FETSA in July 2014 – has participated as Italy's representative in many FETSA Task Forces (TF). In particular, it is present on the BREF Storage Task Force (the European reference document on the Best Available Techniques to be applied in the storage sector), in the TF on REACH and in the TF on Port Regulations.

The commitment has also gone on at a national level with various initiatives like the first TF meeting on BREF and on Ports and a meeting between FETSA's Director and the Associated Companies.

Another initiative is the launching of a survey of the Associated Companies' existing storage capacity in order to update information and give an idea of the sector's size to national and community Institutions. The survey will be annual and is in the process of concluding.

had long hoped for and **which Italy adopted more than 20 years ago**.

Supplementing the Bat and in order to evaluate the correct application of the "*Bubble*" technique, on November 1st, 2014 Document 2014/768/EU was published which establishes the **type, format and frequency of information that must be made available to the Commission by the member States** in order to verify that this technique is conceived and implemented in compliance with the principles of equivalent environmental results.

It should be noted that for the refining sector procedures to obtain authorization for Large Combustion Plants (by January 1st, 2016) **are almost simultaneous and overlapping with the procedure to re-examine the EIAs**, which requires compliance with the new BAT-AEL emission performance levels **by October 2018**.

Given this situation and in order to optimize the operators' ability to fulfil the requirements, Unione Petrolifera drew the competent Ministries' attention to **the importance that the two procedures be congruent and as far as possible unified** in the hope of having a dialogue and an exchange of views on the issue, especially on the emission limits to apply within the range set out in the BAT Conclusion.

The lower limits are in fact difficult to apply for existing plants or they are excessively costly to the operators, while the upper limits which totally guarantee the Directive's environmental objectives are more sustainable, **even if they do require very significant investments**.

Still with regard to EIA and the method to implement atmospheric emissions monitoring and inspection plans, ISPRA[1] is in the process of **finalizing calculation, monitoring and inspection procedures** for emissions based on the "*Refineries Bubble*" approach. Unione Petrolifera hopes that the notable technical contributions that have been made will be reflected and that the indications, particularly those included in the BAT conclusions, will be taken into the highest consideration.

Developments in Environmental Management Systems

Still during 2014 in the area of the environment, **work proceeded at the ISO[2] TC 207 level on developing international "*Environmental Management Systems standards*", aimed at mitigating the Greenhouse Gas effect and aligning various environmental management systems of products and quality**. All standards for management systems must now be developed on the basis of an identical structure, known as "*High Level Structure*", with an identical base text and common terms and definitions.

Of particular note is the revision of the standard **ISO 14001/2004 "*Environmental Management Systems*"**, which in 2014 reached the DIS (Draft International Standard) phase and whose preparation was particularly complex because the draft dealt with issues related to future global environmental challenges, such as sustainable development and the implications involved in the products' and services' entire life cycles. The standard **ISO 14001/2004 is the most widely used in the world** and Italy is particularly interested in its revision as a very high number of Italian organizations were certified under the previous norm of 2004. The revision is expected to be published at the end of 2015.

The other most significant ISO standards and of particular interest to the oil sector are: **ISO 14067 published in 2013 "*Carbon Footprint of Products*"** for the quantification and communication of Greenhouse Gases (CO_2) emitted during the entire life cycle of products and the current revision of

[1] ISPRA – Institute for Environmental Protection and Research.

[2] ISO TC – International Standard Organizion Technical Committee.

ISO 14064-1 "*Specification with guidance at the organization level for quantification and reporting of Greenhouse Gas emissions and removals*", which will most probably also have to include the quantification of indirect emissions connected to the entire life cycle of products and services.

Air quality in European policies

(EU Clean Air Quality Package)

On December 18, 2013 the European Commission (COM) submitted to the Council and Parliament a **package of policies to improve air quality**, which updates existing legislation and further and considerably reduces emission ceilings from industry, traffic, energy plants and agriculture.

The package includes:

- a new **Clean Air Programme for Europe**, with measures to ensure that existing targets are met in the short term, and new air quality objectives for the period up to 2030;
- a proposal for a **new Directive to reduce pollution from medium-sized combustion installations from 1 to 50 MWt (MCPD**[1]**)**, such as energy plants for street blocks or large buildings, and small industry installations;
- a revised **National Emission Ceilings Directive (NEC)**, which amends Directive 2003/35/EC (NEC), with stricter national emission ceilings for the six main pollutants;
- a proposal to ratify the **Protocol of Gothenburg** amended in 2012.

During 2014 the Working Parties on the Environment (WPE) examined the **Commission's proposal of December 18, 2013 on the MCPD**. Under the six month Italian presidency substantial progress was made at finding important compromises on the most critical aspects in order to avoid overlapping requirements with other environmental legislation.

The text proposed by the WPE, which included a number of improvements to the initial text, met with the approval of the Council at the end of 2014.

The proposal was presented to the Parliament and during the first six months of 2015 will follow the ordinary legislative course of examination by the Council and the Parliament (ex co-decision Procedure) with the presentation and vote on the amendments. Publication is expected by 2015 or early 2016.

Finally, with regard to the amendment of the NEC Directive, **the Council and EU Parliament are currently examining the proposal**.

New rules on "environmental crimes"

Last May the Law "*Measure regarding environmental crimes*" (Law n. 68, May 22, 2015) was approved and published in the *Gazzetta Ufficiale* n. 122, May 28, 2015. The Law introduces crimes against the environment into the Penal Code with the aim of prosecuting particularly serious offences such as those perpetrated by **organized environmental criminals**.

The industrial sector **has always supported the basic premise behind the measure,** which aims to strengthen the penal sanctions of crimes committed by criminal organizations, but the Law has serious flaws since it does **not sufficiently distinguish between negligent and intentional behaviours**.

During the entire discussion of the Draft Law, it was strongly urged to make the measure more realistic and fair, and to allow damage to be repaired rather than to pun-

[1] MCDP – Medium Combustion Plant Directive.

ish whoever may have caused it during the course of normal business activities.

The Parliament, however, quickly approved the Draft Law without making the necessary corrections, which will be left to later provisions.

Waste management and site remediation

In order to promote a rapid increase of the number of site remediations, a number of changes were made to the regulatory framework oriented along three lines: **simplification of procedures, optimization of resources and compatibility with productive activities**.

On March 23 the long awaited Decree was published **for the simplification of sales points remediation** (Decree of the Ministry of the Environment n. 31, February 12, 2015). The measure was aimed at removing obstacles to sales points closures because of remediation procedures and costs. The simplification consists in **standardizing** procedures through:

- applying **simplified procedures to all sales points**, either active or decommissioned whose area is less than 5,000 square metres (even if located in Sites of National Interest);
- the **possibility of removing land without a project** (as an emergency measure);
- the **perfecting of administrative procedures** (self-certification without a project extended to 60 days);
- the **standardization of technical criteria** for risk analysis, which will make application more uniform throughout the territory;
- the **definition of the aim of remediation** for active sites in relation to the actual use;
- **selection of suitable remediation techniques**, where for reasons of structural stability, road conditions or hazardousness in performing the intervention, it is not possible to remove tanks and underground lines.

Still on the topic of remediations, in 2014 the Industrial Emission Directive (IED) also intervened, introducing new rules regarding the **Reference Report which is the status of the contamination of waters and soils by hazardous substances related to the processing cycle exercised**.

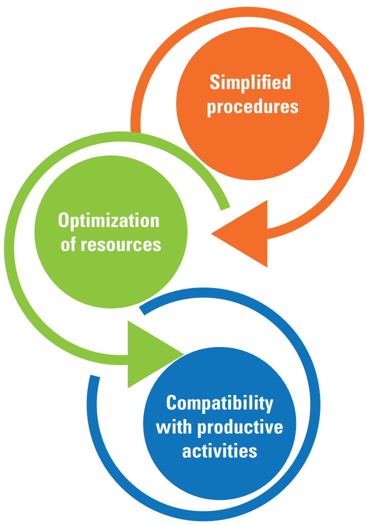
There were new developments also with regard to the **classification of wastes**. The European Commission published its **new criteria for the classification of waste** in order to harmonize them with those for chemical substances (CLP[1] Regulation 1207/2008); the Commission also put out the EWC[2] list of wastes with the aim of using the same terminology as the CLP:

✦ Commission Regulation (EU) n. 1357/2014, December 18, 2014 (published in the EU's Official Gazzette as Law 365 December 19, 2014) replacing Annex III of the European Parliament and Council's Directive 2008/98/EC on wastes which repeals some directives;

[1] CLP - Classification, Labelling and Packaging of substances and mixtures.

[2] EWC – European Waste Catalogue.

Italy - Aims of the simplifications introduced in recent years



✦ Commission Decision 2014/955/EU of December 18, 2014 (published in the EU's Official Gazzette as Law 370 December 30, 2014) amending Decision 2000/532/EC with regard to the list of wastes pursuant to Directive 2008/98/EC of the European Parliament and Council.

Both were applicable from June 1st, 2015, on which date the new CLP classification system became fully operational both for substances and mixtures (previously "*preparations*"). At the same time on February 18, amendments to Italy's national regulations[1] took effect. These rules are very critical because they would tend to classify wastes as hazardous if all their component substances are not known. **These measures differ from the European norms effective on June 1st.**

While waiting for the simplifications required for the functioning of Waste Traceability Monitoring System (SISTRI[2]) the sanctions were postponed for another year, until December 31, 2015.

The SISTRI system has been operational for producers and operators of hazardous wastes since last March, alongside the old paper system of ledgers and forms.

1 Amendment to the premise of Annex D to Part IV of the Legislative Decree n. 152/06 with Law n. 91/2014.

2 Italian acronym: SISTRI - Sistema di Tracciabilità dei Rifiuti.

FOCUS

SIMPLIFIED PROCEDURE FOR LAND REMEDIATION (Art. 242 *bis*)

Decree-law n. 91/14 Art. 13 par. 1 and 2; New simplified procedure. Land remediation to the Concentration Threshold of Contamination (CSC[1]) with communication of the project.

There is a new simplified procedure (art 242 *bis*), alternative to the ordinary procedure, applicable also in Sites of National Interest (SIN). The aim of the procedure is to allow lands to be utilized, even in the presence of contaminated aquifers, along timelines that are certain, by means of remediation performed according to values in tables (CSC). The procedure makes it possible to proceed with interventions, subject to communicating the project to the Authorities, moving away from an inspection phase to a post-intervention evaluation of the results. If ARPA[2] finds that the values reached differ from the CSC, the operator must begin a new project following the ordinary procedures (arts. 242 and 252). In the conversion phase the time to complete the interventions has been extended (from 18 to 24 months).

Conditions under which the new simplified procedure may be applied:

1 matrix to be remediated: soil (also in the presence of contaminated aquifers);
2 objective of the remediation: tabular (Concentration Threshold of Contamination related to the site's destined use);
3 time for completion of the remediation interventions: within 18 months + 6 month extension (except in the case of motivated suspension).

Advantages

✓ Use of the land in compliance with the destined use as foreseen by the urban instruments currently in force, also in the presence of contaminated aquifers, on the condition that an evaluation is made of the health risks from the presence of volatile contaminants for the site's users.

✓ Certain administrative timelines (report and project without authorization necessary beforehand; authorization only required for the execution of remediation plans). From step by step authorizations to communication + final validation of the results.

1 Italian acronym: CSC – Concentrazione Soglia di Contaminazione.

2 Regional Agency for Environmental Protection. Italian acronym: ARPA - Agenzia Regionale per la Protezione Ambientale.

FOCUS

REMEDIATION AND INDUSTRIAL RECONVERSION FOR SITES OF PREEMINENT PUBLIC INTEREST (New 252 *bis*)

Rewrites the rules for the industrial reconversion of polluted sites of preeminent public interest pursuant to article 252 *bis* of the Environmental Code.

The possibility exists for the Ministries of the Environment and Economic Development, together with the Region concerned, to sign programmatic agreements with one or more proprietors of contaminated sites or other interested parties, for the purpose of launching integrated safety restoration or remediation projects and the industrial reconversion and economic development of Sites of National Interest, identified before April 30, 2007.

For the signatories of the agreement incentives exist for the acquisition of new equipment for the reconversion and development of the area.

The programmatic agreements include:

- identification of safety restoration and remediation interventions and industrial reconversion and economic development;
- the economic plan financing the investment, implementation times and the guarantees involved;
- public funding and other measures of available and allocated financial support;
- identification of the party performing the safety restoration or remediation interventions to be distinguished from the monitoring, inspection and management of the safety restoration interventions, whose costs are borne by the interested party;
- training, requalification and updating courses for employees of decommissioned sites, who will be reemployed in remediation work as set out in the programmatic agreement, through the use of funds that have been previously identified at the national and regional levels;
- monitoring methods to verify that the commitments made have been fulfilled and the projects have been completed.

If the party signatory to the agreement is also **the party responsible for the contamination** further conditions apply:

a) the facts that caused the pollution must have transpired before April 30, 2007 (date when the community regulations came into force on the sharing of liability for environmental damage);

b) besides safety restoration and remediation intervention, interventions must be identified for the sharing of liability for environmental damage (with the final deadline for the completion of the interventions of more than ten years).

Italy Recent environmental measures published in the *Gazzetta Ufficiale* – Wastes, remediations and environmental damage

Measure	Topic	Published	
Law Environmental Crime n. 68 of 22.5.2015	Introduced crimes against the environment into the Criminal Code	*Gazzetta Ufficiale* n. 122 of May 28, 2015	IN FORCE
Decree-law "*Mille Proroghe*" n. 192 of 31.12.2014 Law n. 11 of 27.02.2015	Postpones (art. 9) SISTRI sanctions to 31.12.2015 regarding digital records and forms, to 1.4.2015 for failing to enroll or pay the SISTRI contribution, and postpones to 30.6.2015 the prohibition against discharging high calorific power wastes	*Gazzetta Ufficiale* n. 49 of February 28, 2015	
Stability Law 2015 n. 190 of 23.12.2014	Absorbs the DL measure restoring the rule on performance of maintenance in all contaminated sites	Ordinary Supplement n. 99 *Gazzetta Ufficiale* n. 300 of December 29, 2014	
Decree "*Sblocca Italia*" n. 133 of 12.9.2014 converted by Law n. 164 of 11.8.2014	Reorganizes new law on rocks from escavation (art. 8), limits to public sites for maintenance of linear infrastructures in contaminated sites (art. 34)	Ordinary Supplement n. 85 *Gazzetta Ufficiale* n. 262 of November 11, 2014	
European law *bis* n. 161 of 30.10.2014	Environmental damage – article remains suppressed that reintroduced damage to the air, monetary compensation, and authorised legal activity by environmental organizations	Ordinary Supplement n. 83/L to the *Gazzetta Ufficiale* n. 261 of November 10, 2014	
Decree-law on Competitiveness converted by Law n. 116 of 11.8.2014	New art. 242 *bis* simplified procedure for soil remediation (art 13)	*Gazzetta Ufficiale* n. 116 of August 11, 2014	
Legislative Decree implementing IED n. 46 of 4.3.2014	Introduces Reference Report (description of water and soil contamination in EIA plants)	Ordinary Supplement to *Gazzetta Ufficiale* n. 72 of March 27, 2014	
Decree-law "*Destinazione Italia*" converted by Law n. 9 of 9.2.2014	New 252 *bis*. Remediations and industrial reconversion. Incentives to acquire capital goods (art.4)	*Gazzetta Ufficiale* n. 43 of February 21, 2014	
Decree-law "*Terra dei Fuochi*" converted by Law n. 6 of 6.2.2014	Amendment to the Penal Procedure Code with the obligation to report any crime in the field to the Ministry of the Environment (art. 4)	*Gazzetta Ufficiale* n. 32 of February 8, 2014	

Revision of the Seveso Directive

On March 28, 2014, Decree n. 48/2014 was published implementing article 30 of the Seveso Directive (2012/18/EU) on the **control of accident hazards involving dangerous substances**, repealing the Council Directive 96/82/EC.

The Decree is of particular interest for the oil sector and many users, and it **includes heavy fuel oils on the list of other oil products**.

The other obligations contained in the Seveso Directive are scheduled to be implemented by June 1st, 2015. The Directive introduces new important developments among which the most significant are:

- classification of substances and mixtures **in alignment with EC Regulation n. 1272/2008 (CLP)** concerning Classification, Labelling and Packaging;
- more detailed **evaluation of possible accident scenarios**, including those caused by natural events such as earthquakes and floods;
- **more information to the population and public consultation** with participation in decision-making processes for new establishments and significant modifications to existing ones.

In the course of 2014 the Ministry of the Environment prepared a Draft for a Decree to implement the Directive.

The Decree, once published, repeals the measures contained in Legislative Decree n. 334/1999 (Control of Accident Hazards involving Dangerous Substances) and is structured as a "***Single Seveso Text***" including, as Annexes, Guidelines/Updated Measures that had been previously issued as Decrees implementing Legislative Decree n. 334/1999.

The Draft Decree **went through** the Parliamentary Commissions concerned and was examined by the interested parties, including Confindustria, which stressed the need to respect the contents of the Directive without adding more restrictive provisions. The Decree was finally approved by the Cabinet in June 2015 and publication is expected in July.

Still with regard to Seveso, Law n. 125/2013 was published, which states that **establishments at risk of major accident and classified as the upper threshold are eligible, for simplified fire prevention procedures** pursuant to the Decree by the President of the Republic n. 151/2011. In compliance with this mandate, the Ministry of the Interior has finalized the procedures that are included, as Annex L, in the Decree implementing the Seveso Directive (2012/18/EU).

Safety performance in 2014

The oil industry, in pursuing its efforts of continuous improvement in the area of health and safety in the workplace, intensified actions at preventing risks and safeguarding the health of workers through many interventions on equipment and in the area of safety management systems, information, training involving the participation of personnel and cooperation with Contracting companies through initiatives intended to create a more widespread safety culture.

This commitment may be measured in terms of the frequency and seriousness of injuries to workers in the oil sector, which continue to be among the lowest in INAIL[1] rankings. Nevertheless, this commitment needs to be an ongoing one with a constant effort to ensure the goal of "*zero accidents*", which some establishments have already reached, setting significant records in terms of durations and millions of hours without accidents.

1 Italian Workers' Compensation Authority. Italian acronym: INAIL - Istituto Nazionale Infortuni sul Lavoro.

STATISTICAL APPENDIX 2015

unione petrolifera

World/Industrialized Countries Energy consumption in major Countries (2013)

(Millions of toe's)

	Solid fuels	Oil	Natural Gas	Hydro electricity[(1)]	Nuclear[(2)]	Renewable	Total	Toe/capita
World	3,826.7	4,185.1	3,020.4	855.8	563.2	279.3	12,730.4	1.8
OECD Area	1,066.9	2,059.9	1,444.4	319.3	447.0	195.6	5,533.1	4.4
United States	455.7	831.0	671.0	61.5	187.9	58.6	2,265.8	7.1
Former Ussr	178.8	212.2	517.9	59.3	58.5	0.9	1,027.7	3.6
Japan	128.6	208.9	105.2	18.6	3.3	9.4	474.0	3.7
China	1,925.3	507.4	145.5	206.3	25.0	42.9	2,852.4	2.1
India	324.3	175.2	46.3	29.8	7.5	11.7	595.0	0.5
EU Area (27 Countries)	285.4	605.2	394.3	81.9	198.6	110.6	1,675.9	3.3
Belgium/Luxembourg	2.9	31.0	15.1	0.1	9.6	2.8	61.7	5.5
France	12.2	80.3	38.6	15.5	95.9	5.9	248.4	3.9
Germany	81.3	112.1	75.3	4.6	22.0	29.7	325.0	4.0
The Netherlands	8.3	41.4	33.4	—	0.6	3.0	86.8	5.1
United Kingdom	36.5	69.8	65.8	1.1	16.0	10.9	200.0	3.1
Spain	10.3	59.3	26.1	8.3	12.8	16.8	133.7	2.9
ITALY	**14.6**	**61.8**	**57.8**	**11.6**	—	**13.0**	**158.8**	**2.6**

(1) Figure represents output.
(2) Figure significantly different from the official national one, due to calorific power of each kWh produced.

Source: BP Statistical Review

World/Industrialized Countries Energy and oil dependency (2013)

	% energy dependence on foreign sources	% oil share in energy requirements
World	—	32.9
OECD Area	28	37.2
United States	17	36.7
Former Ussr	—	20.7
Japan	93	44.1
China	15	17.8
India	41	29.5
EU Area (27 Countries)	56	36.1
Belgium/Luxembourg	80	50.3
France	53	32.3
Germany	67	34.5
The Netherlands	25	49.6
United Kingdom	45	34.9
Spain	70	44.4
ITALY[(*)]	**77**	**38.9**

(*) Figure not corresponding to the official national one, due to different methodology.

Source: BP Statistical Review

World Crude oil output and reserves
(Millions of tons)

	Output			Reserves(*)		
	2013	2014		at 1/1/2014	at 1/1/2015	
	Quantity	Quantity	%	Quantity	Quantity	%
NORTH AMERICA	639.2	721.0	17.1	27,964	28,703	12.7
– of which: United States	446.2	513.0	12.2	4,335	5,172	2.3
Canada	193.0	208.0	4.9	23,629	23,531	10.4
LATIN AMERICA	516.3	520.0	12.3	45,905	46,281	20.5
– of which: Mexico	141.8	138.0	3.3	1,374	1,339	0.6
Venezuela	135.1	133.0	3.2	40,619	40,703	18.0
Other Countries	239.4	249.0	5.9	3,912	4,239	1.9
MIDDLE EAST	1,329.3	1,351.0	32.0	109,021	109,568	48.5
– of which: Saudi Arabia	165.7	168.0	4.0	36,269	36,260	16.1
Iran	166.1	173.0	4.1	21,460	21,528	9.5
Iraq	153.2	165.5	3.9	19,141	19,674	8.7
Kuwait	151.3	155.0	3.7	13,847	13,847	6.1
U.A.E.	165.7	165.7	3.9	13,342	13,342	5.9
Other Countries	527.3	523.8	12.4	4,962	4,917	2.2
FAR EAST/OCEANIA	392.0	394.0	9.4	6,259	6,282	2.8
– of which: Indonesia	42.7	41.1	1.0	490	504	0.2
China	208.1	210.6	5.0	3,325	3,363	1.5
Other Countries	141.2	142.3	3.4	2,444	2,415	1.1
AFRICA	418.6	391.0	9.3	17,289	17,258	7.6
– of which: Algeria	68.9	67.1	1.6	1,664	1,664	0.7
Libya	46.5	24.0	0.6	6,613	6,598	2.9
Nigeria	111.3	108.4	2.6	5,067	5,057	2.2
Other Countries	191.9	191.5	4.5	3,945	3,939	1.7
EUROPE	156.3	157.0	3.7	1,699	1,602	0.7
– of which: Norway	83.2	85.4	2.0	795	750	0.3
United Kingdom	40.6	39.5	0.9	406	407	0.2
Other Countries	32.5	32.1	0.8	498	445	0.2
EX URSS	681.3	684.2	16.2	16,217	16,217	7.2
– of which: Russia	531.4	537.0	12.7	10,914	10,914	4.8
Azerbaijan	46.2	45.0	1.1	955	955	0.4
Kazakhstan	83.8	82.0	1.9	4,093	4,093	1.8
Other Countries	19.9	20.2	0.5	255	255	0.1
TOTAL	**4,132.9**	**4,218.2**	**100.0**	**224,354**	**225,911**	**100.0**
– of which Opec	1,740.1	1,739.0		163,825	165,000	
% on total	*42.1*	*41.2*		*73.0*	*73.0*	

(*) Reserves include tar sand deposits in Canada (province of Alberta) and in Venezuela (area of the Orinoco Belt).

Source: BP Statistical Review for output (Unione Petrolifera estimates for 2014). US Energy Information Administration for reserves

World Oil consumption

(Millions of tons)

	2013		2014	
	Quantity	%	Quantity	%
NORTH AMERICA	934	22.3	933	22.1
– of which: United States	831	19.9	833	19.7
Canada	103	2.4	100	2.4
LATIN AMERICA	401	9.6	395	9.4
– of which: Brazil	133	3.2	137	3.2
Mexico	90	2.2	87	2.1
Middle East	385	9.2	393	9.3
– of which: Saudi Arabia	135	3.2	144	3.4
AFRICA	171	4.1	175	4.1
– of which: Egypt	36	0.9	36	0.9
MIDDLE EAST	1,361	32.5	1,392	33.0
– of which: China	507	12.1	518	12.3
Japan	209	5.0	199	4.7
India	175	4.2	179	4.2
AUSTRALIA	54	1.3	53	1.3
EUROPE	879	21.0	880	20.8
– of which: France	81	1.9	75	1.8
Germany	112	2.7	110	2.6
Italy	64	1.5	61	1.4
The Netherlands	46	1.1	45	1.1
United Kingdom	71	1.7	70	1.7
Russia	144	3.4	148	3.5
TOTAL	**4,185**	**100.0**	**4,221**	**100.0**

Source: Comitè Professionnel du Pètrole (for 2013); Unione Petrolifera on Iea data; Opec and Cpdp for 2014

World Refining capacity
(Millions of tons/year)

	On January 1st 2010			On January 1st 2015		
	N. of refineries	Capacity	%	N. of refineries	Capacity	%
NORTH AMERICA	146	989	22.5	140	1,001	22.8
– of which: United States	129	894	20.3	123	901	20.5
Canada	17	95	2.2	17	100	2.3
LATIN AMERICA	72	406	9.2	70	370	8.4
– of which: Argentina	10	28	0.6	10	31	0.7
Brazil	13	95	2.2	13	96	2.2
Mexico	6	77	1.7	6	77	1.8
Venezuela	6	64	1.5	5	64	1.5
MIDDLE EAST	44	362	8.2	44	369	8.4
– of which: Saudi Arabia	7	104	2.4	8	125	2.8
Iran	9	73	1.7	8	58	1.3
FAR EAST/OCEANIA	165	1,243	28.2	158	1,272	29.0
– of which: China	54(*)	340	7.7	56(*)	377	8.6
Japan	30	236	5.4	23	197	4.5
South Korea	6	136	3.1	6	148	3.4
India	21	200	4.5	23	232	5.3
Indonesia	8	51	1.2	7	50	1.1
AFRICA	45	161	3.7	46	164	3.8
– of which: Egypt	9	36	0.8	9	36	0.8
EUROPE	132	842	19.1	119	808	18.4
– of which: France	11	96	2.2	9	75	1.7
Germany	15	111	2.5	13	103	2.3
Italy	17	116	2.6	12	102	2.3
The Netherlands	6	59	1.3	6	60	1.4
United Kingdom	10	89	2.0	9	75	1.7
Spain	9	65	1.5	9	77	1.8
FORMER USSR	59	401	9.1	59	404	9.2
– of which: Russia	40	271	6.2	40	275	6.3
TOTAL WORLD	**663**	**4,404**	**100.0**	**636**	**4,388**	**100.0**

(*) Not included the small independent refineries (so called "teapots").
Source: Oil & Gas Journal, IEA, Eni World Oil and Gas Review

World The "SPOT" prices of main crudes (2014)

(Fob $/barrel)

	°API	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Arabian light	34.2	105.74	106.30	104.80	104.87	105.80	108.61	107.15	102.24	97.23	85.93	76.07	60.13
Arabian heavy	28.0	102.21	102.34	101.63	101.61	102.72	104.50	103.69	99.14	93.73	82.45	72.18	56.65
Iranian heavy	31.0	104.89	104.96	104.01	104.32	105.40	107.45	106.21	101.42	96.14	84.61	74.46	58.99
Iranian light	33.9	105.33	106.47	105.63	106.03	107.42	110.27	105.73	101.30	96.41	84.90	76.88	61.32
Kuwait	31.4	103.79	104.17	103.05	103.13	104.21	106.56	105.50	100.57	95.30	83.99	74.04	58.25
Dubai	32.4	104.01	105.04	104.32	104.68	105.55	108.03	106.13	101.73	96.47	86.73	76.33	60.25
Oman	36.3	104.01	105.04	104.34	104.93	105.71	108.06	106.15	102.15	97.18	86.77	77.81	61.16
Bonny light	36.7	110.26	110.77	109.50	110.19	112.22	114.36	109.19	102.26	98.07	88.51	80.10	63.81
Libyan Essider	40.4	107.86	108.47	107.15	107.39	109.42	111.31	106.19	100.56	96.20	86.31	78.90	61.53
Saharan Blend	44.1	109.96	110.52	108.95	108.09	110.36	112.66	106.74	100.86	97.10	87.61	79.60	62.93
Minas	33.9	110.60	108.46	113.60	111.12	107.22	112.13	105.06	99.94	95.07	84.46	75.92	59.95
Isthmus	32.8	96.35	100.47	98.87	101.29	102.59	106.47	102.20	96.78	93.70	85.40	79.04	59.74
W.T.I.	40.0	94.90	100.78	100.53	102.02	102.03	105.24	102.87	96.38	93.36	84.43	76.04	59.50
Merey	32.4	93.72	94.00	93.23	93.99	96.06	98.71	95.06	92.31	88.61	76.17	68.42	51.17
Suez Blend	33.0	103.02	104.77	103.92	104.12	105.14	106.81	103.41	99.34	93.48	83.91	75.58	58.72
Brent	38.0	108.26	108.87	107.55	107.69	109.67	111.66	106.64	101.56	97.30	87.41	78.90	62.53
Ekofisk	43.0	109.06	110.06	108.60	108.65	110.86	112.67	107.33	102.04	97.75	87.87	79.27	63.15
Ural(*)	36.1	106.40	107.43	106.66	106.91	107.84	109.44	106.23	101.98	96.13	86.63	78.92	61.53
Girassol	32.0	107.96	109.54	108.67	108.80	110.21	111.23	107.02	101.52	97.15	86.78	78.68	61.83
OPEC REFERENCE BASKET		**104.71**	**105.38**	**104.15**	**104.27**	**105.44**	**107.89**	**105.61**	**100.75**	**95.98**	**85.06**	**75.57**	**59.46**

(*) Quotation Cif Mediterranean.

Source: Opec Bulletin

International market Barges quotations Fob Rotterdam of main oil products (2014)
($ per tons; average min-max)

	UNLEADED PETROL 10 ppm	VIRGIN NAPHTHA	KEROSENE	DIESEL GASOIL 10 ppm	HEATING OIL 0,1% s	FUEL OIL 1% s	FUEL OIL 3,5% s
January	941.14	914.58	979.11	923.30	912.30	591.17	562.07
February	1,001.06	909.65	979.61	934.30	920.47	624.33	577.81
March	1,009.14	907.40	956.67	917.01	900.23	640.66	574.98
April	1,018.96	921.62	960.79	925.54	904.00	627.66	575.30
May	1,004.13	933.84	969.04	919.14	906.93	631.41	574.51
June	1,039.50	948.45	980.34	921.38	909.36	631.73	587.17
July	1,017.38	931.51	965.01	903.27	887.24	600.01	572.12
August	952.23	861.81	943.33	883.98	866.65	567.31	561.70
September	948.90	837.36	900.25	847.83	829.75	553.59	542.69
October	836.14	707.52	827.82	775.63	751.83	489.60	472.89
November	736.64	624.94	773.03	729.35	706.80	419.50	413.66
December	568.04	487.98	637.41	586.95	572.24	317.35	311.46

Source: Platts

International market Cargoes quotations Cif North Europe of main oil products (2014)
($ per tons; average min-max)

	UNLEADED PETROL 10 ppm	VIRGIN NAPHTHA	KEROSENE	DIESEL GASOIL 10 ppm	HEATING OIL 0,1% s	FUEL OIL 1% s	FUEL OIL 3,5% s
January	945.02	918.58	981.67	925.98	918.83	599.60	557.30
February	974.91	913.65	983.89	938.75	926.66	636.00	573.22
March	983.67	911.40	959.96	922.06	906.96	641.13	570.73
April	1,020.01	925.63	962.75	928.31	910.33	632.19	569.88
May	1,013.10	937.84	967.23	920.01	911.25	635.49	568.08
June	1,049.61	952.45	978.19	925.30	912.60	644.37	580.17
July	1,017.59	935.51	965.85	908.09	895.27	609.10	566.12
August	954.84	865.81	945.19	891.15	874.04	577.75	556.00
September	926.32	841.36	902.51	855.36	837.68	562.31	536.10
October	819.21	711.52	831.48	781.30	758.80	490.76	466.54
November	754.71	628.94	779.46	732.85	712.85	428.01	407.64
December	567.71	491.98	641.83	590.32	579.71	328.98	305.27

Source: Platts

International market Cargoes quotations Fob Mediterranean of main oil products (2014)
($ per tons; average min-max)

	UNLEADED PETROL 10 ppm	VIRGIN NAPHTHA	KEROSENE	DIESEL GASOIL 10 ppm	HEATING OIL 0,1% s	FUEL OIL 1% s	FUEL OIL 3,5% s
January	939.99	888.86	955.96	918.17	903.01	594.81	567.98
February	970.15	886.03	959.85	926.63	908.72	632.81	576.95
March	976.02	880.73	933.43	913.86	889.07	644.40	570.01
April	1,008.12	902.11	942.11	919.36	895.21	631.81	568.09
May	995.24	916.50	948.41	913.80	897.29	638.25	576.74
June	1,021.32	929.68	958.18	917.79	901.80	641.07	580.85
July	1,003.97	913.48	945.48	903.26	883.51	604.72	573.33
August	938.29	844.30	926.29	883.05	863.44	573.96	559.89
September	906.31	818.76	882.59	846.85	826.08	567.01	541.28
October	809.25	683.61	807.22	770.49	745.54	490.00	476.90
November	732.32	595.33	750.48	719.04	694.86	424.50	413.58
December	563.85	452.54	608.02	573.33	555.23	323.98	307.96

Source: Platts

International market Cargoes quotations Cif Mediterranean of main oil products (2014)
($ per tons; average min-max)

	UNLEADED PETROL 10 ppm	VIRGIN NAPHTHA	KEROSENE	DIESEL GASOIL 10 ppm	HEATING OIL 0,1% s	FUEL OIL 1% s	FUEL OIL 3,5% s
January	951.75	905.59	980.17	933.65	920.59	612.22	585.39
February	981.63	901.54	982.39	940.86	925.61	649.04	593.18
March	989.30	898.04	958.46	929.88	908.02	658.16	583.76
April	1,018.10	915.20	961.25	931.39	909.29	644.31	580.59
May	1,004.26	928.30	965.69	924.60	909.59	649.01	587.50
June	1,030.93	942.34	976.69	929.45	914.96	652.55	592.32
July	1,013.24	925.73	964.35	914.53	896.29	618.41	587.02
August	947.30	856.19	943.69	893.94	875.83	587.14	573.06
September	915.82	831.35	901.01	858.60	839.32	577.58	551.85
October	821.25	699.31	829.98	785.05	762.24	499.59	486.49
November	746.92	614.39	777.96	736.78	714.91	437.74	426.81
December	581.14	475.02	640.33	594.24	578.46	339.24	323.23

Source: Platts

Italy Energy consumption by primary source

(Millions of toe's)

	2013		2014[1]	
	Quantity	%	Quantity	%
Solid fuels	14.2	8.2	13.5	8.1
Natural gas[2]	57.4	33.2	50.7	30.5
Oil	58.3	33.7	57.3	34.4
Net import of electricity	9.3	5.4	9.6	5.8
Renewable sources[3]	33.8	19.5	35.3	21.2
TOTAL CONSUMPTION	**173.0**	**100.0**	**166.4**	**100.0**
Toe/capita	2.9		2.7	

[1]Provisional data. [2]For the purpose of uniformity with international statistics (EUROSTAT, IEA) conversion of natural gas into toe's was performed using the lower calorific power of 8.190 and not 8.250 as in the past. [3]Includes: a) electricity from hydro, geothermal, biomass, solid urban waste, wind and photovoltaic; b) heat production for household and industrial sectors deriving from biomass, geothermal, sun and solid urban waste.

Source: Unione Petrolifera on data by the Ministry of Economic Development

Italy Energy consumption by sector of use

(Millions of toe's)

	2013		2014[1]	
	Quantity	%	Quantity	%
Agriculture	2.8	1.6	2.7	1.6
Industrial sector	28.2	16.3	27.7	16.6
Transport	37.8	21.9	39.1	23.5
Household	49.5	28.6	44.2	26.6
Non energy use	5.9	3.4	4.8	2.9
International bunker	2.4	1.4	2.3	1.4
TOTAL END USES	**126.6**	**73.2**	**120.8**	**72.6**
Consumption and losses of energy sector	5.5	3.2	5.3	3.2
Electricity transformation	40.9	23.6	40.3	24.2
TOTAL CONSUMPTION	**173.0**	**100.0**	**166.4**	**100.0**

[1] Provisional data.

Source: Unione Petrolifera on data by the Ministry of Economic Development

Italy The production of hydrocarbons

	1990	1995	2000	2005	2010	2011	2012	2013	2014
Crude oil (Thousands of tons)	4,641	5,208	4,555	6,084	5,081	5,286	5,377	5,483	5,747
Condensates (Thousands of tons)	27	28	31	27	25	23	20	19	17
Natural gas (Millions of cubic metres)[*]	17,296	20,184	16,633	12,071	8,406	8,449	8,605	7,735	7,149

[*] Value represents physical cubic metres of 38.1 MJ since 1995, as converted in the National Energy Balance sheet.

Source: Ministry of Economic Development

Italy The oil supply-demand balance (2014)[*]

(Thousands of tons)

Supply		Demand	
Domestic crude and condensates	5,764	Consumption	57,584
Imports of crude[1]	53,844	Exports	21,000
Imports of unfinished products	5,911		
Imports of finished products	12,463		
Stock decrease	602		
TOTAL	**78,584**	**TOTAL**	**78,584**

[*] Provisional data.
[1] Crude oil imports only refer to "own account" in absence of imports for "foreign clients"

Source: Unione Petrolifera on data by the Ministry of Economic Development and Istat

Italy Crude oil imports - “Summary”

(Thousands of tons)

	2013				2014	
	Total quantity	%	*of which on their own*	%	Total quantity[(*)]	%
Saudi Arabia	8,053	13.8	7,915	15.1	5,825	10.8
Iran	—	—	—	—	446	0.8
Iraq	4,861	8.3	3,905	7.4	6,290	11.7
Israel	3	—	3	—	—	—
Kuwait	79	0.1	79	0.2	211	0.4
Oman	79	0.1	—	—	—	—
U.A.E.	192	0.3	48	0.1	54	0.1
TOTAL MIDDLE EAST	**13,267**	**22.7**	**11,950**	**22.8**	**12,826**	**23.8**
Algeria	1,712	2.9	1,712	3.3	1,316	2.4
Angola	901	1.5	901	1.7	1,832	3.4
Cameroon	—	—	—	—	383	0.7
Congo	68	0.1	68	0.1	861	1.6
Egypt	1,201	2.1	957	1.8	1,514	2.8
Gabon	342	0.6	342	0.7	451	0.8
Ghana	1,043	1.8	1,043	2.0	1,109	2.1
Libya	8,194	14.0	8,035	15.3	4,197	7.8
Mauritania	85	0.1	85	0.2	74	0.1
Nigeria	3,105	5.3	3,092	5.9	1,382	2.6
Tunisia	211	0.4	211	0.4	254	0.5
TOTAL AFRICA	**16,863**	**28.9**	**16,446**	**31.3**	**13,373**	**24.8**
Azerbaijan	10,669	18.3	10,171	19.4	9,239	17.2
Kazakhstan	4,413	7.6	1,895	3.6	4,148	7.7
Russia	11,182	19.1	10,057	19.2	8,898	16.5
TOTAL FORMER USSR	**26,264**	**44.9**	**22,123**	**42.2**	**22,286**	**41.4**
Albania	370	0.6	370	0.7	397	0.7
Greece	70	0.1	70	0.1	81	0.2
Norway	625	1.1	625	1.2	901	1.7
United Kingdom	330	0.6	250	0.5	165	0.3
TOTAL EUROPE	**1,395**	**2.4**	**1,315**	**2.5**	**1,545**	**2.9**
Brazil	—	—	—	—	64	0.1
Canada	376	0.6	376	0.7	1,994	3.7
Colombia	274	0.5	274	0.5	1,242	2.3
Mexico	—	—	—	—	515	1.0
TOTAL AMERICA	**650**	**1.1**	**650**	**1.2**	**3,814**	**7.1**
TOTAL	**58,438**	**100.0**	**52,484**	**100.0**	**53,844**	**100.0**
- of which: OPEC	*27,098*	*46.4*	*25,687*	*48.9*	*21,554*	*40.0*

[(*)] In 2014 crude oil imports only refer to ”own account” in absence of imports for “foreign clients”.

Source: Unione Petrolifera

Italy Imports of products and semi-finished products

(Thousands of tons)

	2013		2014[1]	
	Quantity	%	Quantity	%
LPG	2,322	11.1	2,204	12.0
Unleaded petrol	357	1.7	385	2.1
Virgin naphtha	1,368	6.5	1,058	5.7
Jet fuels/Kerosene	2,044	9.7	2,216	12.1
Gasoil	3,074	14.7	3,198	17.4
Fuel oil	593	2.8	367	2.0
- of which high sulphur	198	0.9	143	0.8
- of which low sulphur	395	1.9	224	1.2
Lubricants	284	1.4	301	1.6
Bitumen	13	—	56	0.3
Others[2]	2,867	13.7	2,678	14.6
TOTAL PRODUCTS[3]	**12,922**	**61.6**	**12,463**	**67.8**
Semi-finished products	8,054	38.4	5,911	32.2
TOTAL PRODUCTS AND SEMI-FINISHED PRODUCTS	**20,976**	**100.0**	**18,374**	**100.0**

[1] Provisional data.
[2] They include imports of Petroleum coke.
[3] Includes imports by the petrochemical sector.

Source: Unione Petrolifera on data by the Ministry of Economic Development and Istat

Italy Exports of products, semi-finished products and crude

(Thousands of tons)

	2013		2014[1]	
	Quantity	%	Quantity	%
LPG	423	1.7	216	1.0
Petrol	7,897	32.2	7,033	33.5
Virgin naphtha	851	3.5	833	4.0
Jet fuel/Kerosene	308	1.3	276	1.3
Gasoil	8,483	34.6	5,498	26.2
Fuel oil	2,180	8.9	2,818	13.4
- of which high sulphur	1,028	4.2	2,095	10.0
- of which low sulphur	1,152	4.7	723	3.4
Lubricants	1,044	4.3	1,106	5.3
Bitumen	1,147	4.7	1,304	6.2
Others	705	2.9	617	2.9
TOTAL PRODUCTS[2]	**23,038**	**94.1**	**19,701**	**93.8**
SEMI-FINISHED PRODUCTS AND CRUDE	**1,451**	**5.9**	**1,299**	**6.2**
TOTAL	**24,489**	**100.0**	**21,000**	**100.0**
- of which deriving from "foreign clients" crude	4,858	19.8	—	—

[1] Provisional data.
[2] Includes exports by the petrochemical sector.

Source: Unione Petrolifera on data by the Ministry of Economic Development and Istat

Italy Crude arrivals by ports

(Thousands of tons)

	1990	1995	2000	2005	2010	2012	2013	2014
Augusta (Syracuse)	11,010	12,390	14,200	14,530	11,320	9,875	7,820	7,160
Cagliari	12,050	12,130	13,200	14,605	14,345	13,005	12,240	12,120
Falconara (Ancona)	2,850	3,340	3,300	3,365	3,250	3,065	1,575	3,250
Fiumicino (Rome)	3,310	3,680	3,580	4,030	3,330	2,230	—	—
Gela (Caltanissetta)	3,570	3,840	2,590	2,050	2,110	720	305	125
Genoa - Multedo(*)	20,320	18,600	14,160	15,605	13,700	11,260	10,770	11,370
La Spezia	130	5	—	—	—	—	—	—
Livorno	3,700	3,175	3,710	4,240	4,550	4,000	3,890	3,530
Milazzo (Messina)	4,400	4,730	6,910	7,385	7,760	7,970	7,400	7,110
Naples	3,620	—	—	—	—	—	—	—
Priolo Melilli (Syracuse)	6,600	8,550	8,850	11,145	7,570	7,440	6,510	7,010
Ravenna	270	235	60	40	165	105	90	115
Savona -Vado Ligure	5,050	5,790	6,490	7,235	5,955	5,940	5,945	5,230
Taranto	3,305	3,405	2,530	1,420	1,480	680	255	165
Trieste(°)	25,865	27,190	34,520	36,990	34,500	34,900	41,930	41,495
Venice Porto Marghera	4,210	4,940	5,600	5,760	5,630	4,610	3,575	—
TOTAL	**110,260**	**112,000**	**119,700**	**128,400**	**115,665**	**105,800**	**102,305**	**98,680**

(*) Crude for the CEL pipeline included until 1996 (starting from 1997 the Genoa-Ingolstadt section is out of service).
(°) Crude of the TAL pipeline included.

Source: Unione Petrolifera

Italy Refineries activities

(Thousands of tons)

Raw material processed	2013	2014
Domestic crude	5,035	5,248
Imported crude	57,921	54,397
Semi-finished products	12,196	10,758
Biofuels/Additives/Oxygenates	1,165	1,149
TOTAL	**76,317**	**71,552**

Products obtained	Quantity	%	Quantity	%
LPG	1,855	2.4	1,608	2.2
Petrol	15,012	19.7	13,964	19.5
Virgin naphtha	3,257	4.3	3,333	4.7
Jet fuel/Kerosene	2,313	3.0	2,355	3.3
Gasoil	32,245	42.2	29,476	41.2
Fuel oil	5,235	6.9	5,770	8.1
- of which low sulphur	2,085	2.7	1,573	2.2
Lubricants	1,165	1.5	1,216	1.7
Bitumen	2,652	3.5	2,660	3.7
Other products	1,322	1.7	1,150	1.6
Semi-finished products	4,348	5.7	3,812	5.3
Consumption and losses	6,913	9.1	6,208	8.7
TOTAL	**76,317**	**100.0**	**71,552**	**100.0**

Source: Unione Petrolifera on data by the Ministry of Economic Development and Istat

Italy Capacities of major refinery plants

	Atmospheric distillation	Thermal processes	Catalytic processes		Isomeriz. naphtha(*)	Alkylation (*)	Mtbe(*)	Hydrogen	Desulph. middle distillates
			Cracking	Reforming					
As on 1st January	Millions of tons/year				Thousands of tons/year				
2009	123.3	26.04	39.17	13.38	3,369	1,730	230	298.8	49,371
2010	123.3	26.03	38.03	13.38	3,245	1,820	230	324.6	47,524
2011	124.1	25.74	38.31	13.39	3,263	2,152	244	329.8	49,204
2012	118.7	23.41	39.69	12.33	2,782	2,165	246	386.0	47,916
2013	112.5	21.16	39.27	11.71	2,482	1,897	256	336.4	46,843
2014	112.4	21.16	37.25	11.04	2,482	1,489	179	351.0	46,150
2015	**100.4**	**15.23**	**36.21**	**11.05**	**1,842**	**1,457**	**179**	**337.5**	**40,470**

(*) Output capacity.

Source: Unione Petrolifera

Italy Refining capacity and raw material processed

	Location	Effective refining capacity(1) on January 1st 2014 (Millions of tons/year)	Raw material processed(2) (Thousands of tons)	
			2013	2014
Eni Refining & Marketing Div.	Sannazzaro (PV)	8.5	9,405	—
Sarpom	Trecate (NO)	9.0	5,973	—
NORTH WEST			**15,378**	**14,651**
Eni Refining & Marketing Div.	P. Marghera (VE)	4.2	2,269	—
IES	Mantova	2.6	2,408	—
NORTH EAST			**4,677**	**1,707**
Eni Refining & Marketing Div.	Livorno	4.3	4,852	—
Iplom	Busalla (GE)	1.8	1,583	—
TYRRHENIAN			**6,435**	**6,372**
Api	Falconara M.(AN)	3.9	1,733	—
Alma	Ravenna	—	274	—
Eni Refining & Marketing Div.	Taranto	6.0	4,223(3)	—
ADRIATIC			**6,230**	**7,879**
Raffineria Isab	Priolo G. (SR)	19.4	10,417(4)	—
Esso	Augusta (SR)	8.8	7,918(5)	—
Raffineria di Gela	Gela (CL)	4.0	1,643(4)	—
Raffineria di Milazzo	Milazzo (ME)	10.6	9,184	—
Saras	Sarroch (CA)	15.0	14,435(4)	—
ISLANDS			**43,597**	**40,943**
TOTAL		**98.1**	**76,317**	**71,552**

(1) Capacity defined "technically-balanced" supported by secondary processing plants to produce petrol and gasoil according to specification. The introduction of this concept of capacity, as the most realistic one for the purpose of calculating plant utilisation, is the result of a detailed analysis of the situation in every single refinery.
(2) Crude, semi-finished products, additives, oxygenates and methane.
(3) Includes imported semi-finished products as input for visbreaking plants.
(4) Includes semi-finished products from petrolchemicals.
(5) Includes imported residuum as input for vacuum plants.

Source: Unione Petrolifera on data by the Ministry of Economic Development and Istat

Italy Sales to local market and consumption of oil products
(Thousands of tons)

	2013	2014[1]		% change 2014 vs. 2013
	Quantity	Quantity	%	
LPG	3,282	3,079	6.3	– 6.2
- of which "retail"	1,537	1,564	3.2	+ 1.8
PETROL[2]	8,025	7,901	16.2	– 1.5
- of which "retail"	7,924	7,652	15.7	– 3.4
Jet fuels	3,696	3,775	7.7	+ 2.1
Kerosene	7	4	—	– 32.4
DIESEL GASOIL	22,360	22,784	46.7	+ 1.9
- of which "retail"	14,644	14,621	30.0	– 0.2
Heating oil	1,385	1,138	2.3	– 17.8
Gasoil for farms	1,861	1,868	3.8	+ 0.4
Marine gasoil	269	280	0.6	+ 4.1
Gasoil for power generation	40	36	0.1	– 10.0
TOTAL GASOIL[3]	25,915	26,106	53.5	+ 0.7
Fuel oil high sulphur	295	785	1.6	+166.1
Fuel oil low sulphur	1,187	592	1.2	– 50.1
TOTAL FUEL OIL	1,482	1,377	2.8	– 7.1
- of which for power generation	491	472	1.0	– 3.9
LUBRICANTS	395	387	0.8	– 2.0
- of which "retail"	4.1	3.7	—	– 9.8
Bitumen	1,446	1,485	3.0	+ 2.7
Other products[4]	2,241	1,993	4.1	– 11.1
Petrochemical net feedstock	4,054	2,718	5.6	– 33.0
TOTAL INLAND SALES	**50,543**	**48,825**	**100.0**	– 3.4
Bunker gasoils	532	452		– 15.0
Bunker fuel oils	1,905	1,845		– 3.1
Bunker lubricants	36	34		– 5.6
TOTAL BUNKERS	2,473	2,331		– 5.7
CONSUMPTION AND LOSSES	6,913	6,207		– 10.2
– of which proper refinery consumption and losses	3,795	3,491		– 8.0
– of which consumption, in refinery, of semi-finished production for gasification and production of electricity	2,403	2,249		– 6.4
– of which consumption, in refinery, for direct production of electric and thermal energy	715	467		– 34.7
Stock change[5]	+291	+221		…
TOTAL CONSUMPTION	**60,220**	**57,584**		**– 4.4**

[1] Provisional data.
[2] Includes ETBE and bioethanol.
[3] Includes biodiesel.
[4] Includes Petroleum coke.
[5] The "+" sign refers to stock reduction, the "-" sign refers to stock increase.

Source: Ministry of Economic Development

Italy The estimated number of sales points for motorfuels distribution and of the average throughput at year's end

	2000	2005	2010	2011	2012	2013
Motorway points	465	457	466	467	469	465
Service stations	8,150	8,628	9,419	9,596	9,538	9,328
Filling stations	7,001	6,250	6,429	6,366	5,909	5,695
Kiosks/Isolated points	7,398	5,963	4,806	4,638	4,296	3,769
TOTAL "SAMPLE"[(1)]	**23,014**	**21,298**	**20,120**	**21,067**	**20,212**	**19,257**
of which: – with gasoil	20,140	20,647	20,854	20,814	19,980	19,076
– with LPG	1,252	1,357	1,537	1,679	1,760	1,775
– with unleaded petrol	22,725	21,174	21,023	20,969	20,076	19,193
– with self-service/pre-pay[(2)]	7,717	11,649	14,789	15,144	15,739	16,561
– with self-service/post-pay[(2)]	3,998	6,162	8,356	8,711	9,550	8,956
TOTAL ITALY[(3)]	**23,900**	**22,400**	**22,900**	**23,100**	**22,400**	**21,800**
Average throughput[(4)]	1,479	1,621	1,486	1,419	1,326	1,301

(1) The sample includes Eni R&M Div., Erg SpA, Esso, IES, IP Gruppo Api, Q8, Shell, Tamoil and TotalErg.
(2) Pre-pay and post-pay services are separately indicated when both present at the same outlet. For years 2005-2011 it is the sum of sales points only with post-pay and with post-pay and service.
(3) Estimated.
(4) Petrol and diesel gasoil, in cubic metres.

Source: Unione Petrolifera

Italy The Cif cost of imported crude "Own account" by Country of origin in 2014

	°Api	% sulphur	Thousands of tons	Cif cost $/ton
Saudi Arabia	33.6	1.9	5,825	734.6
Kuwait	30.4	2.8	211	630.9
Iraq	29.0	2.5	6,290	660.3
Iran	33.2	1.4	446	611.3
U.A.E.	30.0	2.3	54	682.0
TOTAL MIDDLE EAST	**31.3**	**2.2**	**12,826**	**691.9**
Algeria	44.2	0.1	1,316	816.2
Angola	26.5	0.6	1,832	728.8
Cameroon	21.6	0.5	383	654.5
Congo	38.0	0.6	861	782.0
Egypt	34.4	1.1	1,514	721.1
Gabon	30.0	1.1	451	686.2
Ghana	37.0	0.2	1,109	736.7
Libya	33.9	0.6	4,197	679.0
Mauritania	27.0	0.5	74	703.0
Nigeria	35.4	0.3	1,382	828.7
Tunisia	31.6	0.8	254	690.8
TOTAL AFRICA	**34.1**	**0.6**	**13,373**	**730.9**
Azerbaijan	37.1	0.2	9,239	774.1
Kazakhstan	45.3	0.6	4,148	796.0
Russia	31.2	1.0	8,898	713.0
TOTAL FORMER USSR	**36.2**	**0.6**	**22,286**	**753.8**
Albania	10.1	4.2	397	536.9
Greece	29.6	0.5	81	731.4
Norway	32.4	0.4	901	736.8
United Kingdom	36.9	0.8	165	644.2
TOTAL EUROPE	**27.0**	**1.4**	**1,545**	**675.2**
Brazil	21.1	1.1	64	539.8
Canada	33.7	0.7	1,994	772.4
Colombia	25.0	0.9	1,242	686.3
Mexico	33.9	1.2	515	796.1
TOTAL AMERICA	**30.7**	**0.8**	**3,814**	**743.7**
TOTAL	**33.9**	**1.0**	**53,844**	**730.4**

Source: Unione Petrolifera

Italy The Cif monthly cost of imported crude "Own account"

	Year 2013			Year 2014		
		Cif cost			Cif cost	
	Thousands of tons	$/ton	Euro/ton	Thousands of tons	$/ton	Euro/ton
January	4,544	828.70	623.65	4,892	811.57	596.29
February	4,197	858.60	642.71	3,850	800.66	586.20
March	4,299	830.90	640.95	4,300	790.77	572.09
1ST QUARTER	**13,040**	**839.05**	**635.49**	**13,042**	**801.49**	**585.33**
April	4,161	772.66	593.17	3,784	786.02	569.06
May	4,297	767.44	591.01	5,085	813.00	592.04
June	4,562	769.35	583.33	3,882	817.36	601.33
2ND QUARTER	**13,020**	**769.78**	**589.01**	**12,752**	**806.32**	**588.05**
July	4,794	783.82	599.25	4,656	796.54	588.32
August	4,486	817.16	613.97	5,074	757.05	568.52
September	3,850	840.14	629.42	4,174	715.59	554.66
3RD QUARTER	**13,130**	**811.73**	**613.12**	**13,904**	**757.83**	**570.99**
October	4,744	809.14	593.43	4,950	634.30	500.53
November	4,350	802.52	594.77	4,643	584.11	468.33
December	4,200	808.22	589.79	4,552	483.89	392.41
4TH QUARTER	**13,294**	**806.68**	**592.72**	**14,146**	**569.42**	**455.16**
YEAR	**52,484**	**806.83**	**607.53**	**53,844**	**730.39**	**548.07**
% % change 2014 vs. 2013				*2.6*	*-9.5*	*-9.8*

Source: Unione Petrolifera

Italy The Fob and Cif monthly cost of imported crude "Own account"
(Euro/ton)

	Year 2013			Year 2014		
	Fob	Freight	Cif	Fob	Freight	Cif
January	615.20	8.44	623.65	589.05	7.24	596.29
February	637.18	5.53	642.71	578.65	7.55	586.20
March	634.30	6.65	640.95	567.88	4.21	572.09
April	588.19	4.98	593.17	563.85	5.21	569.06
May	586.46	4.56	591.01	586.52	5.52	592.04
June	578.67	4.66	583.33	594.34	6.99	601.33
July	593.93	5.32	599.25	581.21	7.11	588.32
August	607.50	6.47	613.97	561.55	6.97	568.52
September	623.23	6.19	629.42	550.42	4.24	554.66
October	588.14	5.30	593.43	494.19	6.34	500.53
November	589.59	5.18	594.77	462.15	6.18	468.33
December	582.22	7.57	589.79	384.66	7.75	392.41
YEAR	**601.63**	**5.90**	**607.53**	**541.77**	**6.30**	**548.07**

Source: Unione Petrolifera

Italy The monthly average prices of major products (2014)

	Unleaded petrol (Euro/litre)	Diesel gasoil (Euro/litre)	LPG automotive (Euro/litre)	Heating oil (Euro/litre)	Fuel oil low sulphur (Euro/kg)
			CONSUMER PRICE(*)		
January	1.723	1.649	0.872	1.404	0.601
February	1.714	1.638	0.824	1.414	0.634
March	1.714	1.629	0.785	1.403	0.636
April	1.724	1.628	0.768	1.389	0.628
May	1.737	1.631	0.761	1.396	0.624
June	1.744	1.632	0.765	1.399	0.643
July	1.761	1.635	0.770	1.400	0.619
August	1.750	1.622	0.768	1.396	0.600
September	1.735	1.615	0.759	1.392	0.606
October	1.709	1.593	0.750	1.357	0.559
November	1.653	1.554	0.725	1.334	0.509
December	1.585	1.492	0.685	1.265	0.438
YEAR	**1.713**	**1.609**	**0.769**	**1.367**	**0.594**
			INDUSTRIAL PRICE(°)		
January	0.684	0.734	0.568	0.747	0.515
February	0.677	0.725	0.528	0.756	0.545
March	0.674	0.715	0.496	0.747	0.546
April	0.683	0.714	0.483	0.735	0.540
May	0.693	0.717	0.477	0.741	0.536
June	0.699	0.718	0.480	0.743	0.553
July	0.712	0.721	0.484	0.744	0.531
August	0.704	0.710	0.482	0.741	0.514
September	0.691	0.704	0.475	0.738	0.520
October	0.670	0.686	0.468	0.709	0.477
November	0.624	0.654	0.447	0.690	0.431
December	0.568	0.603	0.414	0.634	0.367
YEAR	**0.674**	**0.700**	**0.483**	**0.718**	**0.508**

(*) Data deriving from the weekly survey carried out by the Ministry of Economic Development and communicated to the European Union. The yearly value is the average of the 12 months weighted on the sales.
(°) The industrial price corresponds to the consumer price less taxes.

Source: Unione Petrolifera on data from the Ministry of Economic Development

Europe Pump prices and taxes on motorfuels on May 1st 2015

(Euro/litre)

	UNLEADED PETROL			DIESEL GASOIL		
	Pump price	Taxes	% share of taxes	Pump price	Taxes	% share of taxes
Austria	1.269	0.705	55.5	1.188	0.608	51.1
Belgium	1.456	0.868	59.6	1.250	0.646	51.7
Bulgaria	1.163	0.557	47.9	1.201	0.530	44.1
Cyprus	1.307	0.698	53.4	1.296	0.668	51.5
Croatia	1.369	0.784	57.3	1.264	0.657	52.0
Denmark	1.576	0.927	58.8	1.347	0.688	51.1
Estonia	1.180	0.619	52.5	1.144	0.584	51.0
Finland	1.537	0.950	61.8	1.350	0.760	56.3
France	1.441	0.871	60.4	1.239	0.687	55.5
Germany	1.487	0.892	60.0	1.263	0.672	53.2
Greece	1.562	0.974	62.4	1.246	0.574	46.1
Ireland	1.449	0.879	60.6	1.339	0.749	56.0
Latvia	1.201	0.632	52.6	1.123	0.541	48.2
Lithuania	1.234	0.649	52.6	1.124	0.525	46.7
Luxembourg	1.257	0.645	51.3	1.091	0.494	45.2
Malta	1.350	0.725	53.7	1.260	0.644	51.1
The Netherlands	1.648	1.060	64.3	1.313	0.718	54.7
Poland	1.179	0.631	53.5	1.149	0.574	49.9
Portugal	1.505	0.899	59.7	1.250	0.636	50.9
United Kingdom	1.599	1.072	67.0	1.676	1.085	64.7
Czech Republic	1.191	0.675	56.7	1.197	0.607	50.7
Romania	1.290	0.707	54.8	1.285	0.675	52.5
Slovakia	1.363	0.797	58.5	1.221	0.610	49.9
Slovenia	1.362	0.805	59.1	1.245	0.693	55.7
Spain	1.315	0.690	52.5	1.205	0.577	47.9
Sweden	1.519	0.911	60.0	1.463	0.816	55.7
Hungary	1.251	0.665	53.2	1.252	0.633	50.6
ITALY	**1.617**	**1.020**	**63.1**	**1.482**	**0.885**	**59.7**

Source: Unione Petrolifera based on European Union, DG Energy data

Europe Consumer prices and taxes on heating and fuel oils on May 1st 2015

	HEATING OIL (Euro/litre)			FUEL OIL LOW SULPHUR (INDUSTRIAL USE) (Euro/kg)		
	Pump price	Taxes	% share of taxes	Pump price	Taxes	% share of taxes
Austria	0.785	0.240	30.6	0.510	0.153	30.0
Belgium	0.666	0.134	20.1	0.415	0.088	21.3
Bulgaria	0.708	0.144	20.3	—	—	—
Cyprus	0.860	0.273	31.7	0.546	—	—
Croatia	0.734	0.192	26.2	—	—	—
Denmark	1.323	0.593	44.9	1.102	0.625	56.7
Estonia	0.797	0.244	30.6	—	—	—
Finland	0.952	0.372	39.0	—	—	—
France	0.781	0.207	26.4	0.540	0.135	25.1
Germany	0.713	0.175	24.6	—	—	—
Greece	0.950	0.417	43.9	0.557	0.149	26.7
Ireland	0.745	0.211	28.3	0.849	0.191	22.5
Latvia	0.730	0.161	22.1	—	—	—
Lithuania	0.649	0.134	20.6	0.348	0.075	21.7
Luxembourg	0.634	0.088	13.8	—	—	—
Malta	1.000	0.355	35.5	—	—	—
The Netherlands	1.029	0.669	65.0	0.606	0.141	23.3
Poland	0.793	0.205	25.9	0.571	0.123	21.5
Portugal	1.135	0.555	48.9	0.660	0.107	16.3
United Kingdom	0.707	0.188	26.7	—	—	—
Czech Republic	0.750	0.217	28.9	0.478	0.072	15.1
Romania	1.101	0.639	58.1	0.588	0.130	22.1
Slovakia	—	—	—	0.586	0.229	39.0
Slovenia	0.893	0.387	43.3	0.674	0.268	39.7
Spain	0.745	0.217	29.1	0.510	0.105	20.6
Sweden	1.182	0.658	55.6	1.102	0.678	61.5
Hungary	1.252	0.633	50.6	0.563	0.139	24.7
ITALY	**1.272**	**0.633**	**49.7**	**0.469**	**0.074**	**15.8**

Source: Unione Petrolifera based on European Union, DG Energy data

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