

Aurora's analysis indicates that the *D.L. Bollette* could lead to up to ~32% reduction in power prices and a strong growth in thermal generation

We model the key provisions of **Article 6 of the D.L. Bollette** at the individual power plant level using our proprietary integrated dispatch model, Origin.

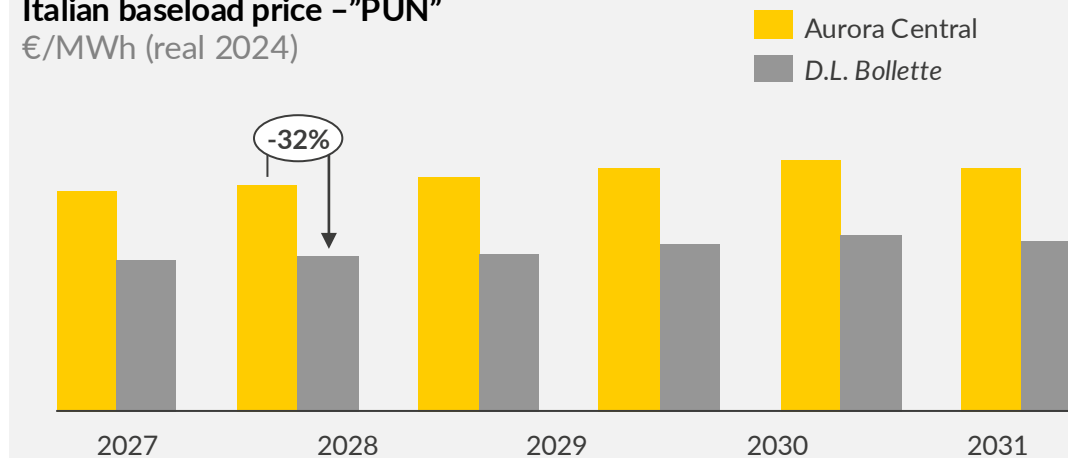
- **Carbon costs for high-efficiency CCGT plants are fully neutralised.** For less efficient thermal plants, reimbursement is capped at the level of carbon cost that an efficient CCGT plant would have incurred.
- **Gas transport costs for thermal generation have been reduced,** reflecting the introduction of discounted gas transport tariffs for power plants.



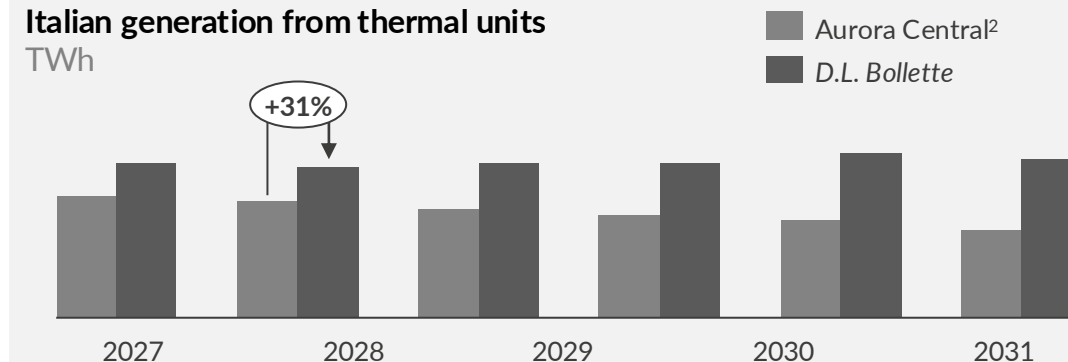
- Supply & Interconnectors
- Demand
- Commodities
- Weather patterns
- Policy development

- System overview
- Capacity mix
- Power prices
- Capacity Market forecast
- Capture prices & IRRs

Italian baseload price – "PUN"
€/MWh (real 2024)



Italian generation from thermal units
TWh

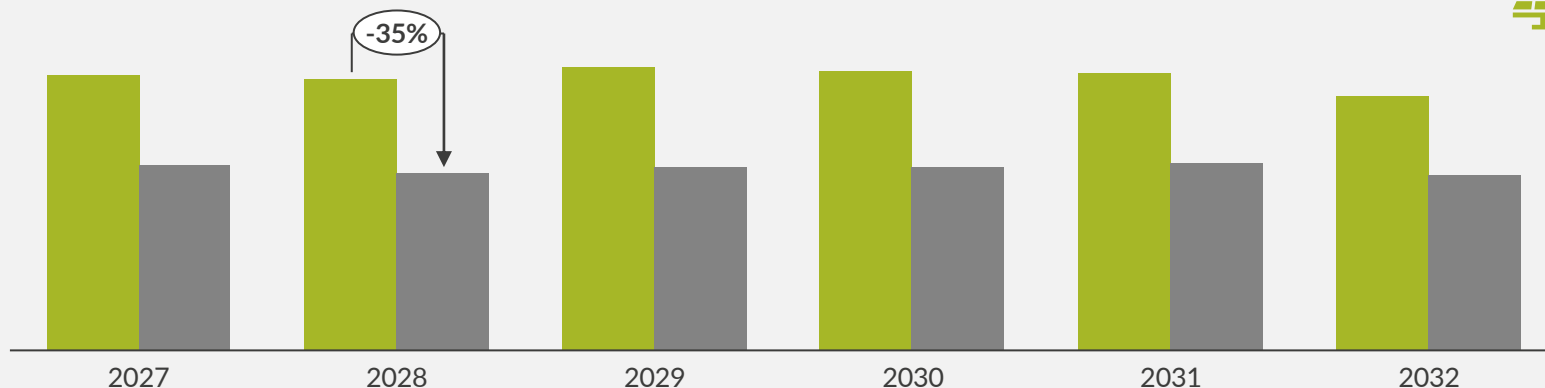


Reduction in CCGT marginal costs leads to significantly lower baseload prices, accompanied by increased thermal generation

RES economics are negatively impacted by the reduction in CCGT marginal costs, leading to capture price potentially dropping over 30%

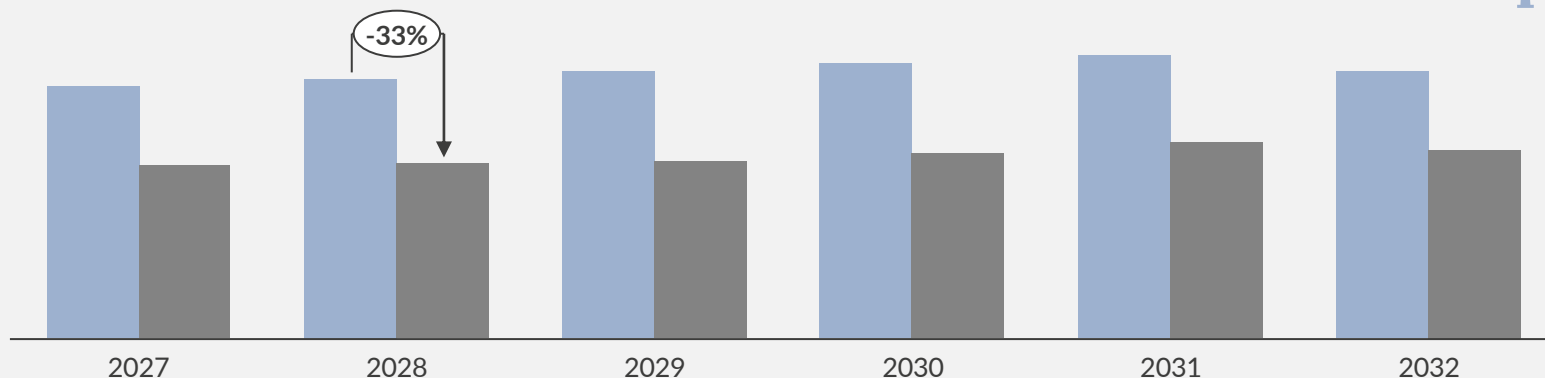
Solar tracking PV capture prices

€/MWh (real 2024)



Onshore wind capture prices¹

€/MWh (real 2024)



 Aurora Central  D.L. Bollette

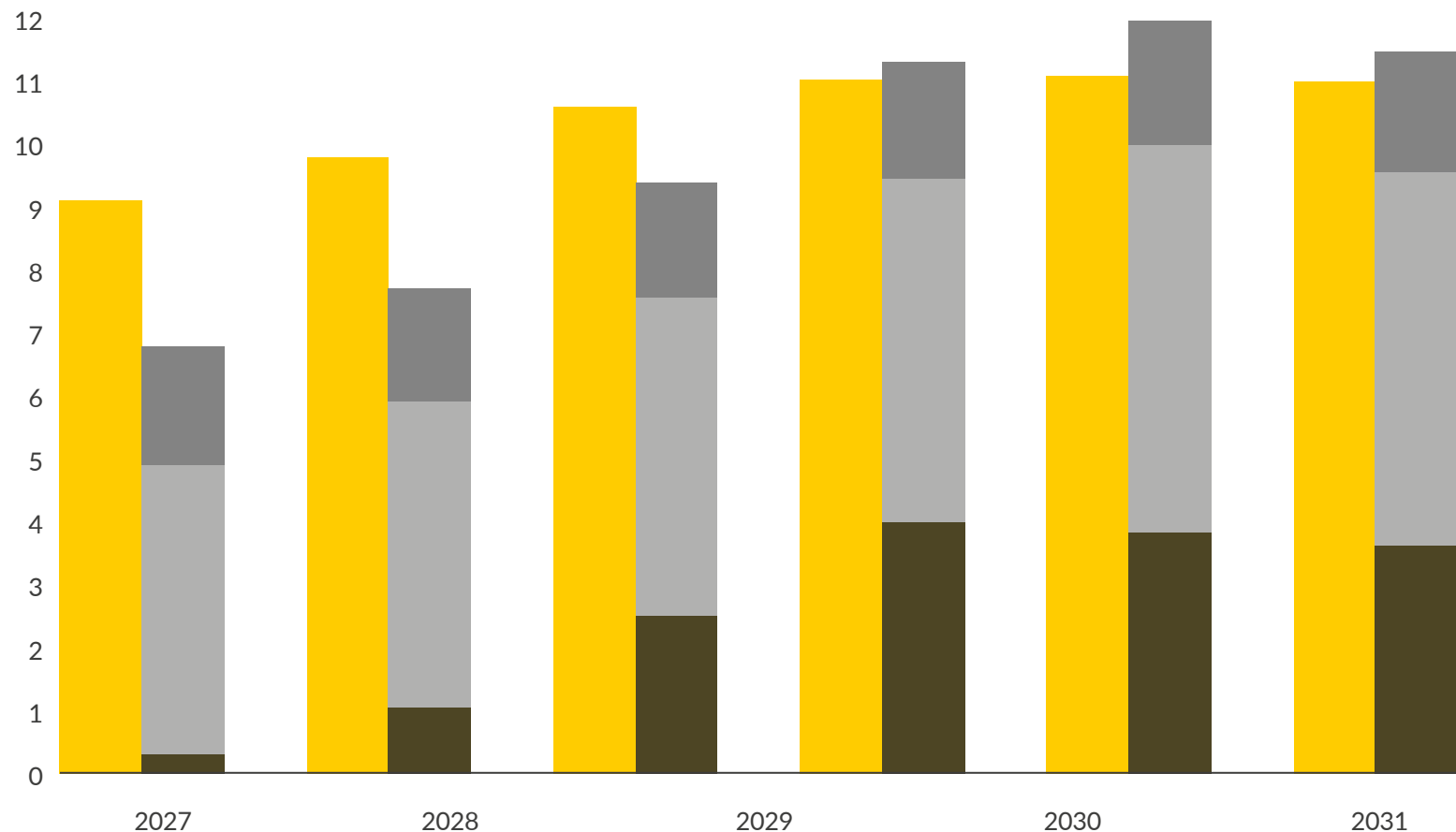
- Average capture prices for the main renewable technologies across all Italian market zones would decline sharply as a result of the *D.L. Bollette*.
- Solar PV capture prices would decrease by approximately 35% in 2028 compared to the Aurora Central scenario.
- Onshore wind captured prices would decrease by approximately 33% compared to the Aurora Central scenario.
- The significant reduction in capture prices materially weakens the economics of renewable projects, risking disruption of ongoing investments and increasing the costs of renewables support schemes.

D.L. Bollette negatively impacts the RES business case, disrupting inframarginal revenues critical to RES profitability

When evaluating benefits on overall power costs, most of the reduction of wholesale prices would be absorbed by additional system charges

D.L. Bollette annual costs and savings¹
B€ (real 2024)

■ Reduction in wholesale prices
 ■ Cost of CO₂ subsidy
 ■ Cost of gas transport subsidy
 ■ Increased cost from existing subsidies



- We estimate **savings from lower wholesale prices**. However, part of this saving is offset by additional system costs reflected in the power bill. In 2028, the cost of **CO₂ subsidy** offsets approximately 49% of the savings, while the cost of **gas transport subsidy** for thermal generation further reduces these savings by an additional 19%.
- In addition, **lower capture prices** and **decreased price volatility** increase payments to the subsidized fleet², eroding a further 11% of the overall benefit.
- Beyond 2028, overall costs would rise more rapidly than the associated benefits.

The savings the *D.L. Bollette* could produce in the electricity wholesale market are almost entirely absorbed by additional system costs – all while increasing risks for renewables and storage investments, as well as overall gas generation

1) The analysis assumes no demand rebound resulting from lower prices and does not account for additional cost components from other support mechanisms, such as potentially higher MACSE auctions clearing prices from lower merchant arbitrage opportunities; 2) The analysis considers the fleet under CfD schemes (FER1, FERX and FER2) and the reduction in the value of MACSE time-shifting products, which contribute to financing the scheme.