

Reference context

PERFORMANCE OF THE FINANCIAL MARKETS AND THE ACEA STOCK

Despite a highly volatile environment in 2025, the Eurozone stock market reached all-time highs, with the Euro Stoxx achieving a Total Shareholder Return (TSR) of 25.2%. Stock markets were mainly buoyed by expectations of the implementation of public spending programmes in the EU and Germany in the defence and infrastructure sectors, which have been released from the constraints of the Stability and Growth Pact, as well as prospects of monetary policy easing, including by the Fed, which, following signs of a slowdown in the US labour market, introduced 3 interest rates cuts at the end of the year (following the ECB's 4 cuts in the first 6 months), with expectations of additional cuts in 2026. Important risk factors – related to the protectionist trade policies of the US and the escalation of geopolitical tensions in the Middle East – were respectively contained by the adoption of new trade agreements and the end of Israel-Iran conflict.

The FTSE MIB closed the year with a TSR of 38.1%, 13 percentage points ahead of the overall Eurozone index, thanks to the significant contraction in the sovereign spread, and high exposure to the banking sector, the main beneficiary of the improved Eurozone macroeconomic scenario. In an international comparison, supported by the aforesaid public spending programmes, the eurozone stock market considerably outperformed the US; the S&P 500 showed a rise of only 17.9%, but when adjusted for currency trends, the eurozone's benchmark is 21 percentage points ahead.

German medium- to long-term bond yields rose sharply (10-year Bund +49 bps), supported by the expected growth acceleration and increased debt associated with the aforementioned government spending programmes.

Italian bond yields, on the other hand, remained largely stable, with the BTP-Bund spread down by 46 basis points (to 70 basis points), a 16-year low, thanks to upgraded ratings from the rating agencies (from BBB to BBB+ for both S&P and Fitch, and from Baa3 to Baa2 for Moody's).

Following the slowdown in the labour market and subsequent interest rate cuts implemented by the Fed, the US yield curve showed a significant decline (-40 basis points on the 10-year yield).

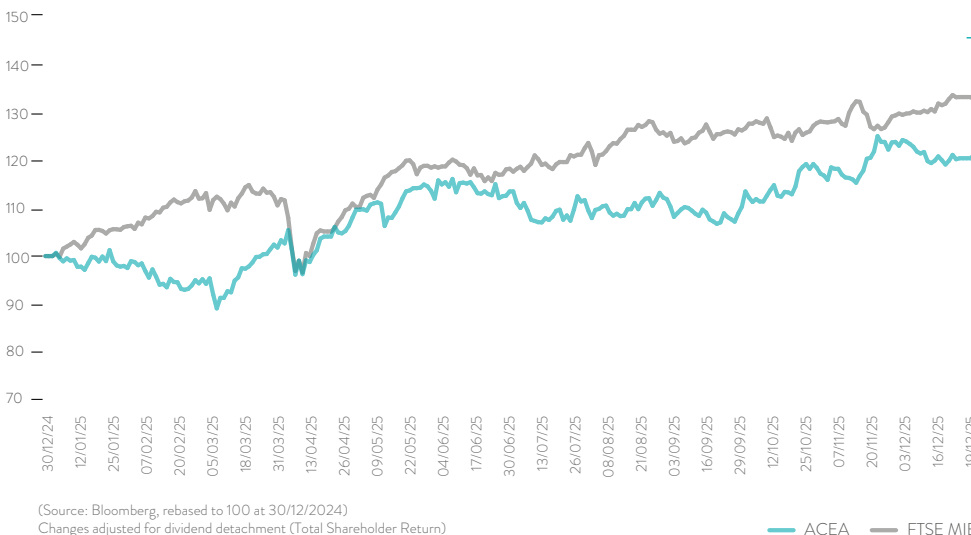
Reflecting the diverging trend in their respective bond yields, the EUR/USD exchange rate appreciated by 13%, to the highest levels in 4 years.

In this context, the Eurozone utilities sector – despite the inverse correlation of bond yields – rose 41.1%, outperforming the overall Eurozone index by 16 percentage points, mainly supported by German E.ON and RWE operators, beneficiaries of the government's energy infrastructure spending programmes.

Acea closed 2025 with 23.8% growth (TSR), mitigating, compared to the eurozone sector index, the strong outperformance achieved in 2024 when the stock had achieved a TSR of 42.9% vs +2.2% for the Euro Stoxx Utilities. On 23 June, the stock paid its €0.95 dividend from the profit for the 2024 period. The closing price for the period (€22.1) corresponds to a market capitalisation of €4,707 million; daily volumes were at 108 thousand units on average. The daily closing prices fluctuated between a minimum of €16.40 on 6 March and a maximum of €22.84 on 20 November, which represented a new historic high in adjusted terms for the ex-dividend and reinvestment.

TSR 31/12/2025
(compared to 31/12/24)

Acea	+23.8%
FTSE Mib	+38.1%





ENERGY MARKET

Throughout 2025, electricity and gas prices experienced an initial period of high volatility, to then gradually stabilise. Following mid-year tensions linked to the Middle East conflict, markets regained a degree of stability in the second half of the year, with prices remaining at moderate levels and without any significant fluctuations compared to the recent past.

In its October 2025 update to the World Economic Outlook, the International Monetary Fund confirmed that the global growth outlook remained weak and subject to predominantly downside risks, emphasising that the economic environment remained fragile: with uncertainty over trade policies, persistently high tariff barriers, weak productivity and risks linked to possible financial market corrections continuing to weigh on the outlook.

Following on from the first six months of the year being buoyed by temporary factors, the IMF forecast global growth at 3.2% in 2025 (0.2 percentage points higher than the July forecast) and 3.1% in 2026 (in line with the July forecast). Advanced economies were expected to grow by around 1.5%, whilst emerging and developing markets were expected to grow by just over 4%.

Among the major economies, growth in the United States was forecast at +2% in 2025 and 2.1% in 2026 (+ 0.1 percentage points for both years), supported by investments in technology and expansionary fiscal policies, whereas the Eurozone was projected at 1.2% in 2025 (+ 0.1 percentage points) and +1.1% in 2026 (-0.1 percentage points), with Italy's July forecast confirmed (+0.5% in 2025 and +0.8% in 2026). Also in the case of China, the IMF confirmed its July growth forecasts at 4.8% in 2025 and 4.2% in 2026.

Moving on to commodities, during 2025, the Brent registered an average level of \$68.25/bbl, down -15% on the previous year. Considering the fourth quarter alone, Oil was at an average level of \$63.2/bbl, down -15% on the fourth quarter of 2024 and down -7% on the third quarter of 2025.

Coal (API2) recorded an average price of \$99.5/t in 2025 (-11% compared to 2024), whilst in the fourth quarter of 2025 alone, it recorded an average price of \$95.95/t (-18% compared to the fourth quarter of 2024 and -4% compared to the third quarter of 2025).

CO₂ closed 2025 at an average value of €74.9/t, up by +12% compared to 2024, with only the fourth quarter of 2024 showing an average value of €81.5/t, up by +23% compared to the fourth quarter of 2024, and +12% with respect to the third quarter of 2025.

Relative to the domestic electricity balance, electricity demand in 2025 totalled 310.4 TWh, (source: Terna), down by -0.6% with respect to 2024. By removing the contribution of the extra day in

February 2024, the positive margin comes down to -0.3%.

Energy production stood at 232.7 TWh (+0.7% compared to the previous year), covering 75% of demand: specifically, the increase in thermal power generation (130.3 TWh, +5.6%) and solar power generation (34 TWh, +24.3%) offset the lower contributions from hydroelectric (41.9 TWh, -20.9%), wind (21.2 TWh, -3.6%) and geothermal (5.2 TWh, -0.4%) sources compared to a year ago. Net imports accounted for 15% of demand (46.9 TWh, -8%). Self-consumption and consumption by pumping closed the balance with 33.1 TWh (+2.3%).

During 2025, the average Single National Price (SNP) was €115.94/MWh, up by +7% compared to the previous year. The fourth quarter alone saw an average value of €114.51/MWh, down -10% compared to the fourth quarter of 2024, but up +4% compared to the first third of 2025.

Other European stock markets also saw prices rising in 2025 compared to 2024, with Germany and the Scandinavian region recording increases of +14% and +10% respectively, whereas France and Spain posted smaller increases of +5% and +4%, respectively.

With regards to the national balance of natural gas, a total of 64.4 billion scm was withdrawn in 2025 (source: Snam Rete Gas), up by +4.4% compared to the previous year. Excluding the distorting effect of the extra day in February 2024, the increase rises to +4.8%. In terms of demand, the thermal power sector consumed more gas than a year ago (22.3 billion scm, +6.7%), followed by slight increases in the industrial sector (11.7 billion scm, +1.1%), whereas the distribution sector recorded a slight decline (27 billion scm, -0.8%).

With regard to gas storage, both injections (10.4 billion scm injected) and withdrawals (11 billion scm withdrawn) were higher than a year ago (+25.5% and +29.1% respectively), with a storage fill rate of 73% at year-end. An increase in LNG imports (20.4 billion scm, +39.6%) more than offset a decline in pipeline imports (40.1 billion scm, -8.9%). National production closed the balance with 3.2 billion scm fed into the grid (+17.2%).

The average value of the TTF during 2025 was at 38.22 c€/scm (+5% compared to the beginning of 2024), while the PSV averaged 40.76 c€/scm in the same period (+6% compared to a year ago). The fourth quarter alone saw an average TTF value of €31.8/MWh (-30% compared to the fourth quarter of 2024, and -7% compared to the third quarter 2025) and an average PSV value of €33.97/MWh (-28% and -10% respectively). The PSV-TTF differential in 2025 recorded an average of +2.54 c€/scm, up by +0.4 c€/scm compared to the average value in 2024.

TARIFFS FOR TRANSPORT SERVICES

The regulatory provisions of the tariff regulation are set out in the "Consolidated Text of the Regulation on Expenditure and Service Objectives (ROSS) for regulated infrastructure services in the electricity and gas sectors for the period 2024-2031 (TIROSS)", annexed to Resolution 163/2023/R/com published on 20 April 2023, and in the Annexes to Resolution 616/2023/R/eel: "Consolidated Text of the Tariff Provisions for the Provision of Electricity Distribution Services (TID)"_Annex A, "Consolidated Text of the provisions for the regulation of electricity metering activities (TIME)"_ Annex B, "Consolidated Text of the economic conditions for the provision of connection services" (TIC)_ Annex C, published on 29 December 2023.

For the distribution service, ARERA confirmed unbundling of the tariff applied to end customers (the so-called compulsory tariff) from the reference tariff for determination of the constraint on revenue permitted to each company (the reference tariff).

On 15 May 2025, ARERA communicated via certified email the provisional reference tariff for the electricity distribution and metering services for the year 2025, subsequently approved with Resolution 217/2025/R/eel of 27 May 2025.

The compulsory tariffs for the year 2025 were published with Resolution 585/2024/R/eel for the electricity distribution and metering services for domestic and non-domestic customers.

In the half-period 2024-2027, the ROSS-base criteria apply with

reference to the distribution and metering activities, except for the recognition of the capital costs of the 2G smart metering systems, which will continue to be recognised according to the PMS2 (Operational Plan for the 2G smart metering system).

The total costs incurred by the company (operating expenditure and capital expenditure) are divided into a “Slow Money” portion and “Fast Money” portion based on a capitalisation rate set by ARERA for each company, using historical data provided via a dedicated survey.

The cost recognised for tariff purposes includes:

- the remuneration and amortisation of investments made up to the cut-off date (year 2023);
- the fast money portion;
- the slow money portion on which the remuneration of the invested capital and amortisation are calculated;
- the incompressible costs recognised “on top” (such as tax expenses);
- greater efficiency recoveries achieved in the previous regulatory period were left to the distribution companies in the four subsequent years, with gradually declining rates (50% the first year, 37.5% the second, 25% the third and 12.5% the fourth).
- the efficiency gains achieved during the new regulatory period (determined by comparing the baseline operating costs – adjusted, where necessary, to account for the Z-factor and Y-factor adjustments provided in the regulations, which are intended to reflect incremental costs associated with the energy transition or costs arising from unforeseeable or exceptional events – with the actual operating costs for each year). Efficiencies in the new regulatory period are left to the DSO based on the incentive scheme selected (SBP low potential or SAP high potential). The choice of the SBP incentive scheme made by Areti is valid for the entire regulatory period.

Based on the ROSS provisions, ARERA recognises in year *t* the remuneration of invested capital relating to the assets that went into operation in year *t-1* and the related portion of amortisation. It should be noted that the investments made until the year 2023 will continue to be recognised in continuation with the criteria, therefore, the amortisation and depreciation of such assets will continue to be recognised with a lag of two years.

In line with the criteria already established under the basic ROSS framework for the recognition of costs applicable to infrastructure services, the Authority published Resolution 390/2025, which adjusts specific provisions of the basic ROSS regulation, such as the criteria for determining the capitalisation rate and the Z-factor for the years 2026-2027, and adopts provisions for the trialling of regulatory tools, such as business plans and cost assessments, to facilitate the transition of the regulatory framework towards the comprehensive ROSS.

With regard to the adjustment of the criteria for determining the capitalisation rate for the two-year period 2026–2027, the Authority set a cap of 8% for the electricity distribution service and a specific, separate rate of 5% for electricity metering activities.

With regard to the adjustment of the Z-factor mechanism, the Authority established that applications may be submitted retrospectively, with potential approval taking place when the final tariffs are determined. Regarding the possible trialling of the full ROSS scheme in 2026-2027, ARERA granted access to this on a voluntary basis to operators, other than the main electricity distribution company that serve more than 500,000 supply points.

During the trial period, the Regulator allows flexibility regarding the format of the business plan, deferring any standardisation requirements to a later date. Business plans must be accompanied

by a cost assessment analysis carried out by the operator during the planning and implementation of the works for at least 70% of the capital expenditure, to reduce the reporting burden on operators whilst ensuring transparency regarding the majority of the expenditure. Furthermore, each operator will be required to establish formalised and certifiable internal procedures for cost assessments, and the Authority may refer these procedures and/or investment cost estimates to independent third parties for review. DSOs participating in the trial must submit their business plans by 31 October 2025 or, if they wish to take advantage of greater flexibility through an extended time frame, by no later than 31 January 2026.

Compared to the incentive schemes proposed in the consultation for operators covered by the pilot scheme:

- in the 2026-2027 period, the introduction of an incentive mechanism to encourage the accurate reporting of investment expenditure was confirmed, comprising: an incentive of 0.3% of actual expenditure where the deviation of actual expenditure from the estimated baseline is less than 1%, an exemption for deviations between 1% and 5% and a penalty for deviations exceeding 5% of 10% of the absolute difference between actual expenditure and the baseline, deducting 5% of the baseline from this difference; a cap on the applicable penalty of 0.5% of actual expenditure; the possibility of updating the expenditure forecasts for 2027 during the course of 2026 within the variability limits identified ex ante in the business plans;
- the implementation of the mechanism for sharing the total efficiency gains allocated to investments was postponed;
- an incentive scheme was introduced to encourage efficiency in implementation or performance, with participation being optional. This scheme requires the submission of clear and objective efficiency targets – relative to historical costs and/or benchmarks – for the management or construction of infrastructure, which will then be assessed by the Authority, where appropriate, also on the basis of third-party expert reports;
- the definition of the mechanisms for monitoring and reporting on capital expenditure at a later stage was deferred.

With Resolution 513/2024/R/com, also provided for the update of the relevant parameters used to determine the rate of return on capital subject to review for the sub-period 2025-2027, pursuant to the TIWACC (Appendix A of Resolution 614/2021/R/com), and of the beta asset parameter, with reference to the electricity and gas infrastructure services, establishing a rate of return on invested capital of 5.6% for electricity distribution and metering services for 2025.

The flat rate connection contributions of each company and the contributions collected by EU bodies (such as the NRRP contributions) will continue to be deducted directly from the invested capital of the company, considering them as equal to MV/LV assets. However, with Resolution 617/2023/R/eel of 27 December 2023, ARERA changed the incentives for obtaining public contributions. The bonus is equal to 10% (instead of the previous 8.6%) of the public contributions collected during the previous year and is ascertained and determined annually by the Authority by 31 October of each year, from 2025 to 2028. Bonuses are paid in three equal amounts, unless otherwise ordered and justified by the Authority at the time the economic items are determined, for reasons of liquidity or the overall impact on the tariff.

As regards marketing, ARERA confirmed a single reference tariff that reflects both the costs for managing the network service and marketing costs (single all-inclusive company tariff for the distribution and marketing service).

With regard to the transmission tariff, the ARERA confirmed the introduction of a binomial tariff (capacity and consumption) for high



voltage customers, and the cost tariff structure for the transmission service to Terna (CTR), also introducing a binomial price. Given the two tariffs, the equalisation mechanism has been confirmed.

The general equalisation mechanisms for distribution and metering costs and revenue for the regulatory cycle in force are:

- equalisation of the revenues from the distribution and metering service;
- equalisation of the transmission costs;
- equalisation of the value of the difference between effective losses and standard losses.

The purpose of equalising the revenues of the distribution service is to equalise the revenues deriving from the comparison between the revenues billed to users through the compulsory tariff and the distributor's allowed revenues, calculated through the company's tariff of reference. For the distributor companies subject to ROSS criteria, advance payment mechanisms are envisaged in relation to the equalisation of the distribution service revenues and in relation to the equalisation of the transmission costs.

Participation in the advance payment mechanism for the equalisation of the distribution service revenues is optional, according to methods defined by CSEA. With reference to the tariff for year t , advances were set at 90% of the value of the amount of the equalisation balance estimated on the basis of the provisional reference tariff for year t and are disbursed in three instalments starting from the second half of year t . The balance is expected 60 days from the date of publication of the definitive reference tariffs.

With Resolution 616/2023, as already defined in the previous period, ARERA confirmed that the equalisation of the revenues from distribution would be reduced by an amount equal to 50% of the net revenues from the use of the electrical infrastructure for purposes additional to the electric service, recorded at the end of year $n-2$ should the aforementioned net revenue exceed 0.5% of total recognised revenue.

The equalisation of the transmission costs has the objective of passing the distributor in terms of the cost recognised to Terna for the transmission service (CTR) with what was paid by the end customer based on the compulsory transmission tariff (TRAS). Participation in the advance payment mechanism for the costs of the transmission service is mandatory. With reference to the tariff for year t , advances are set at 80% of the value of the equalisation amount defined in relation to the tariff for year $t-1$ and are disbursed in year t in six bimonthly instalments with the balance paid by 31 December of year $t+1$.

With Resolution 575/2025, the Authority updated the tariffs for 2026 for using infrastructure for distribution and metering services, the connection charges for domestic and non-domestic customers, and the charges for reactive power in low and medium voltage networks.

With regard to the calculation of costs recognised for distribution companies (ROSS criteria), the following rates of change were defined:

- operating costs: inflation estimated at 1.7% for 2025 and 1.5% for 2026;
- capital costs: revaluation rate set at 1.7% for 2025;
- WACC: the weighted average cost of invested capital for distribution and metering was confirmed at 5.6% for 2026.

Furthermore, with Resolution 587/2025/R/eel, the Authority updated the unit charge covering the recognised costs of Terna's operations for dispatching purposes with effect from 1 January 2026, set at 0.0652 cents per kWh, and the unit charge relating to the costs of essential plants under the cost recovery regime, set at 0.3041 cents per kWh.

NETWORK LOSSES

With Resolution 117/2022/R/eel, the Authority set out the regulation of electricity losses on transmission and distribution networks for the two-year period 2022-2023, focusing on improving efficiency in commercial losses with targets in the Central region of 1.77% for 2022 and 1.72% for 2023, and extending the mechanism for recognising "irrecoverable" fraudulent withdrawals.

With Resolution 336/2023/R/eel, the Authority launched the process to reform the rules governing electricity settlement and network losses, followed by Consultation Document 377/2023/R/eel, which proposed redefining the methods for determining and procuring "residual" energy and revising the current loss equalisation mechanism with a view to defining regulations which better adhere to the actual performance of individual companies.

The Authority subsequently published Resolutions 584/2023 and 535/2024, extending the previous regulatory framework until 2025.

With specific reference to marginal cases, the reinstatement mechanism was confirmed, providing for the submission of an application for an advance payment in May 2025 covering the three-year period 2022-2024, and the submission of a full application covering the entire four-year period 2022-2025 in May 2026.

The Authority published three Consultation Documents for the reform of the Electricity Settlement and Network Losses, with the relevant resolutions pending:

- Consultation no. 268/2025 "Guidelines on the application of standard loss ratios for grid feed-in, procurement of withdrawals for own use and residual energy, and recognition of third-party connection costs for grid operators";
- Consultation no. 269/2025 "New Integrated Text on the regulation of physical and economic items of the electricity dispatching service";
- Consultation no. 270 "Interventions on the Integrated Text on Electricity Metering (TIME) functional to the reform of the Electricity Settlement".

With Resolution 430/2025, the Authority postponed the entry into force of the provisions in Authority Resolutions 325/2024/R/eel and 40/2025/R/eel, relating to the new rules on electricity settlement and network losses, and extended the current regulations in this regard. Specifically, the Authority took on board the comments received during the consultation phase, postponing the entry into force of the new provisions until 1 January 2027, and consequently considers it appropriate to:

amend the provisions of Resolutions 325/2024/R/eel and 40/2025/R/eel accordingly, requiring the SII Operator to carry out an appropriate testing phase involving dry runs to verify the full reliability of the changes introduced to the SII for the purposes of calculating the ER;

- for the year 2026, confirm the general framework regarding network losses and the related compensation mechanisms provided in the current TIV;
- defer the arrangements for extending the mechanism for recognising "irrecoverable" fraudulent withdrawals to the period after 2025, to a subsequent provision.

CONTINUITY OF THE SERVICE

With the Integrated Text on output-based regulation in force from 1 January 2020, the Authority introduced the possibility for the DSOs to present regulatory experiments to improve the service

quality in particularly critical contexts. A specific feature of these experiments is the suspension of the penalties for the experimental period and their non-retroactive application if the target levels for the indicators of number and duration of interruptions without notice, set by the current regulations, are achieved.

In this context, areti presented its proposal, outlining a process for improving the technical quality indicators different from that defined by the ordinary regulation. This proposal was approved by the Authority with Decision 20/2020 of 20 November 2020. With Resolution 588/2024, the Authority set the penalty for areti at approximately €9.7 million due to its failure to meet the target levels, with the first instalment of €6,424,404.85 paid in January 2025. The payment of subsequent instalments is conditional on the target levels set out in the trial being achieved over the next 4 years.

With effect from 2024, with Resolution 617/2023, the Authority established an incentive mechanism to ensure service continuity, with targets tailored to individual companies' performance, setting target levels based on their historical data and offering prospects for improvement to distributors with the highest national figures for the number and duration of outages. The Authority published determination 2/2024 – DINE, which approved the technical instructions for recording and documenting interruptions to the electricity distribution service for the 2024-2027 regulatory period.

Finally, in Consultation 332/2025, ARERA proposed updating the output-based regulation of electricity distribution and metering services with effect from 1 January 2026, with regard to any new mechanisms to incentivise the performance of distribution networks, the individual regulation of continuity for MV users, the possible update of the definition of periods of disrupted conditions, and other specific aspects for technical and commercial quality mechanisms governed by the Integrated Reference Texts.

With Resolution 575/2025/R/eel, the Authority extended the specific service continuity levels for medium-voltage (MV) users until 2026.

With Resolution 511/2025/R/eel, the Authority defined the bonuses and penalties relating to the restoration of continuity in the electricity distribution service for unannounced outages in 2024.

The following were confirmed for areti SpA:

- a penalty of -€197,952.88 for the D1 indicator;
- a bonus of €200,254.50 for indicator N1;

With Resolution 512/2025/R/eel, the Authority determined the financial items relating to regulatory experiments concerning the continuity of the electricity distribution service for 2024. Specifically, the Authority set the deadline of the end of December for areti SpA to make the payment amounting to €758,045.12.

DEVELOPMENT AND RESILIENCE PLAN

The Authority published Resolution 296/2023 in which it defined the methods and timeframe for drawing up and consulting on distribution network development plans. From 2025, each distribution company with at least 100,000 end customers must submit, by 21 March of each odd-numbered year, the outline of its development plan to the Authority, with a public consultation lasting at least 42 days and the submission of the final post-consultation plan by the subsequent 30 June.

With resolution 617/2023, the Authority adopted the integrated text of the output-based regulations of the electricity distribution service 2024-2027 (TIQD) and the regulations on commercial quality of the distribution and metering services (TIQC 2024), also

establishing the new bonus mechanism for benefits associated with network development measures, which provides for:

- a new bonus-only incentive mechanism, for 2024, at the request of the distributor company, with a limit on the amount of eligible investments equal to 15% of the investment spending expected for 2024 in the development plan for 2023 (measures already included in the resilience bonus mechanism are excluded from this mechanism); the envisaged bonus is equal to two years' expected (gross) benefit, for the 2025-2027 period; for 2025, at the request of the distributor company to be submitted by 30 June 2025, with any limits on expected eligible investment spending yet to be set;
- the final calculations by 31 March of each year starting from 2026 with reference to 31 December of the previous year (in odd years, the reporting is carried out during transmission of the draft development plan preceding the related public consultation) with determination of the bonuses by the Authority by 30 September, possibly in several annual instalments up to a maximum of three instalments;
- extension of the benefit categories eligible for bonuses, with several first-time application provisions, without prejudice to the possibility of further changes in the features of the future incentive mechanism, or methodological changes pending discussions with the distributor companies.

The Authority, following up on consultation 239/2024/R/com concerning the guidelines on minimum requirements for preparing development plans for the transmission, transport and distribution of electricity and for defining hypothetical scenarios for development plans of distribution networks, published resolution 392/2024/R/eel on the Provisions on scenarios for the development plans of energy networks. The most significant changes introduced include: a new deadline for scenario documents; a new activity to collect information from current and potential network users; a process for a very long-term discussion on the evolution of the energy system. On the basis of these premises, the Authority published finalised Guidelines in Resolution 521/2024.

With Resolution 472/2024, the Authority provided updates and additions to the regulation for the application of the second phase of incentives for the development of the electricity distribution network. areti took part in this phase, submitting its action plan by June 2025.

Among other provisions, the benefit categories for the application of cost-benefit analysis were updated. The Authority further intervened, with Resolution no. 112/2025, to define the methods of calculation and valuation of other parameters relating to the benefit categories for the cost-benefit analyses of electricity distribution network development interventions.

With Resolution 237/2025, the Authority initiated a procedure to adopt the proposal on extraordinary multi-year investment plans and the criteria for determining the costs arising from the related adjustment of the duration of existing concessions and the possible inclusion of such adjustment costs in network tariffs; this procedure concluded with the submission of the proposal to MASE, as per Resolution 392/2025, also providing for subsequent action by the Authority following specific focus groups to ensure coordination between the investments resulting from the extraordinary multi-year investment plan and the information to be provided in the 2027 edition of the development plan and in the business plans by the distribution companies required to prepare them.

With Resolution 418/2025, the Authority determined the incentives and penalties following the measures to enhance the resilience



of the electricity distribution service completed in 2024, as well as the financial provisions relating to monitoring the effectiveness of the measures completed in 2019.

In line with estimates, areti received a net bonus of €427,073.23 for the 53 resilience projects, completed in 2024, covering both flooding and heatwaves. No penalties were imposed, however, in relation to the monitoring of works completed in 2019 (which are applicable in the event of interruptions lasting more than 8 hours caused by the same critical risk factor that led to the works that the bonus was awarded for).

“2G DIGITAL METER” PROJECT

The Authority published resolution 724/2022 which updates the 2G Directives for the 2023-2025 three-year period, providing for the extension to four years of the performance monitoring period of 2G smart metering systems, with penalties applicable only from 1 January of the fifth year of the PMS2. The same provision also introduced a bonus mechanism in cases where the cumulative number of 2G meters to replace 1G meters exceeds 105%, to be applied if the acceleration is achieved through the use of public subsidies of any kind.

With Determination 3/2023, the Authority established that the distribution companies serving more than 100,000 withdrawal points would communicate to the Energy Infrastructure Directorate of the Authority, by 31 October of each year, the actual progress data of the commissioning and performance indicators of 2G smart metering systems. With Resolution 9/2025, the Authority set out communication obligations regarding the massive commissioning phase of second-generation (2G) smart metering systems for electricity metering. In Consultation 332/2025, the Authority proposed extending the 2G directives for the three-year period 2026–2028.

With Resolution 575/2025/R/eel, the Authority extended the provisions of the 2G directives for the three-year period 2026–2028, confirming their application for 2026.

TRANSMISSION, DISTRIBUTION AND DISPATCHING OF ELECTRICITY WITHDRAWN FOR SUBSEQUENT FEEDING INTO THE GRID

The Authority published Resolution 109/2021/R/eel - which follows up on Consultation Document 345/2019 - in which it defines the procedures for providing the transmission, distribution and dispatching service in the case of electricity withdrawn for consumption relating to ancillary generation services, and in the case of electricity withdrawn and subsequently fed back into the grid from the storage system. The priority objective of the resolution is to standardise regulations for the transmission, distribution dispatching services for electricity withdrawn for subsequent feeding back into the grid and extend the aforementioned regulation to more complex cases, where the withdrawal of electricity via the same connection point is not only intended for storage systems and/or ancillary generation services, but also additional loads separate to these. The resolution stipulated that as from 1 January 2022 on request of the producer, electricity withdrawn for the subsequent feeding into the grid will be handled as negative electricity fed in for the purposes of accessing transport, distribution and dispatching services.

ARERA published Resolution 560/2021/R/eel with which it postponed to 1 January 2023, rather than 1 January 2022, application

of the rules on transmission, distribution and dispatching services for electrochemical storage pursuant to Resolution 109/2021/R/eel, after presentation of the relative application by the producer or entity requesting connection to the network operator, based on the model established in resolution DMEA 5/2022.

The Authority published resolution 472/22, supplementing the regulation introduced by resolution 109/21 on auxiliary services and storage systems, defining its guidelines on:

- determining penalties in cases in which 110% of the power declared in the certified appraisal for auxiliary services and/or storage systems is exceeded;
- redetermining the duration of the time interval to quantify electricity withdrawn, functional to allowing subsequent issuing to the network using a division ratio;
- defining the procedure to replace metering equipment for hourly registration of electricity metering data.

The Authority published resolution 142/2023/R/eel which updates the TIS and TIME so that vendors, on one hand, and distributing companies and Terna, on the other, can properly value electricity withdrawn from system configurations that access the new regulations introduced with resolution 109/2021/R/eel. To that end, with this resolution the Authority governed methods used to send data about electricity withdrawn to power auxiliary generation services and electricity withdrawn and subsequently re-issued to the network by storage systems and net energy withdrawn.

With resolution 596/2023/R/eel, considering the critical issues detected, in order to complete the procedure for accessing the regulations envisaged by resolution 109/2021/R/eel (with particular reference to the activities associated with GAUDI registration and authorisation of production units (UP) and/or auxiliary service production units (UPSA)), the Authority established:

- the extension by one year (until the end of 2024) of the regulations currently envisaged by Article 16 of the TIT 2020-2023;
- the creation at Terna of a technical panel, convened at least monthly, attended by interested stakeholders, in order to discuss critical operating issues;
- monthly reports sent by Terna to ARERA on the proceedings of the technical panel and the solutions identified, in addition to the update status of the GAUDI system and, at aggregate level, the progress status of cases presented by the operators.

With resolution 585/2024/R/eel the Authority supplemented and amended resolution 109/2021, better defining the procedures for providing the transmission, distribution and dispatching service in the case of electricity withdrawn for consumption relating to ancillary generation services, and in the case of electricity withdrawn and subsequently fed back into the grid from the storage system. Consequently, Resolution 585/2024/R/eel extended the provisions of Article 16 of the TIT 2020–2023 until 31 December 2025.

With Resolution 575/2025/R/eel, the Authority extended the transitional period for an additional year (until 31 December 2026), during which the provisions of Resolution 109/2021/R/eel (according to which electricity withdrawn to supply generation ancillary services, as well as withdrawals from storage systems intended for subsequent injection, are treated as negative injected energy) may coexist with the provisions in the then Article 16 of the TIT 2020-2023 (according to which electricity withdrawn to supply generation ancillary services, as well as withdrawals from storage systems intended for subsequent injection, whilst treated as withdrawn energy, are not subject to transmission and distribution tariffs nor to the components covering general system charges).

COLLECTIVE SELF-CONSUMPTION AND RENEWABLE ENERGY COMMUNITIES

In November 2016, the European Commission presented the “Clean Energy for all Europeans Package” (CEP), with the aim of supporting the climate commitments undertaken by the EU in the Paris Agreement. Among the eight directives adopted between 2018 and 2019, specific mention is made of Directive 2018/2001, which introduces the concept of “Renewable Energy Communities”, and Directive 944/2019, which defines “Citizen Energy Communities”.

Italy began transposing these directives through Article 42-bis of Decree-Law No. 162/2019 (the so-called “Milleproroghe” Decree), converted into Law No. 8/2020, which enabled electricity consumers to form Renewable Energy Communities (CERs), thereby promoting collective self-consumption.

In 2021, Legislative Decree No. 199 increased the maximum capacity of plants within the CERs to 1 MW, whilst also updating the incentive schemes. In the same year, Legislative Decree No. 210 defined the characteristics of Citizens’ Energy Communities, specifying their voluntary nature, their openness to all interested parties, the rights and obligations of members, the possibility of operating in various energy sectors, and their environmental, economic or social objectives, whilst excluding profit-making objectives. Following a consultation period, ARERA approved Resolution 727/2022 in 2022, which introduced the Consolidated Text on Widespread Self-Consumption (TIAD). The TIAD provides a comprehensive and up-to-date framework governing the promotion of widespread self-consumption and the structures of Renewable Energy Communities as set out in Legislative Decrees 199/21 and 210/21. The TIAD came into force on 1 March 2023, the date on which the previous regulations on this matter were repealed.

A key aspect of the legislation refers to the geographical boundaries of communities. The TIAD stipulates that distribution system operators (DSOs) must define the geographical area served by a given primary substation, taking into account the structure and operation of the electricity networks, future network development and the territorial boundaries of licences. The aim is to strike a balance between technical criteria and geographical considerations, to facilitate market access and efficiency. The first maps showing the boundaries of the primary stations were published by February 2023, with updates scheduled every two years from October 2023 onwards.

In November 2023, the European Commission approved the Decree issued by the Ministry of Economic Development (MASE) promoting CERs, which provides for a feed-in tariff for renewable energy that is generated and shared, as well as a non-repayable grant. Funding is available to 5 GW, with a deadline of 2027.

Subsequently, with Resolution 15/2024/R/eel, ARERA amended the TIAD to bring it into line with the new Ministerial Decree, introducing changes such as:

- the determination of the effective date for the contract to access the distributed self-consumption service, as established by the GSE with specific Technical Rules;
- the requirement for manufacturers of multi-section systems to register a single production unit in the GAUDI system for each section;
- the amendment of the rules to also ensure the consistency and applicability of the TIAD to existing arrangements, in accordance with the previous Article 42-bis of Decree-Law 162/2019.

Finally, with Ministerial Decree, the Ministry of the Environment and Energy Security approved the GSE’s Operational Rules, which

set out the procedures and time lines for accessing the available incentives, both in terms of feed-in tariffs and non-repayable grants, including within the NRRP framework. The portal to receive applications has been operational since 8 April 2024.

ELECTRIC MOBILITY

With resolution **541/2020/R/eel**, supplemented by Resolution 160/2021/R/eel, the Authority launched national experimentation destined for LV customers, aimed at facilitating the installation of e-car rechargers in private areas.

Acceptance is voluntary and free and access is subordinated to observance of a number of conditions:

- the customer must be at LV with contractually committed power of not more than 4.5 kW and not less than 2 kW;
- the POD must be fitted with a 1G or 2G remotely-managed meter. In this second case, any multi-hour bands set by the vendor must enable identification of the withdrawals made in night, weekend and holiday bands;
- a recharging device must be electrically connected to the meter; this device must at least be capable of:
 - measuring and recording the active recharging power and transmitting this figure to an external subject (e.g. an aggregator);
 - reducing/increasing or reinstating the maximum recharging power.
- customers must give their consent to checks and controls also in their homes and are required to communicate promptly any change to the system or contract that occurs during the experimentation.

Application of the experiments, initially envisaged as from 1 July 2020 through 31 December 2023, was extended to 31 December 2024 with resolution **634/2023/R/eel**, which represents the first result of consultation 540/2023/R/eel. The resolution provides for three measures deemed urgent on electric mobility: a gradual review of the BTVE (low-voltage electric vehicle) regulations from 2025, the confirmation to continue with trial 541/2020, and to establish technical panels.

In Resolution 22/2025, the Authority updated certain key aspects of the regulations to reconcile the development of electric mobility with the needs of the electricity grid. Regarding the charging of electric vehicles on private property, the duration of the pilot scheme launched by Resolution 541/2020 was extended. Regarding charging at publicly accessible locations, the minimum requirements for qualifying for a dedicated tariff were updated.

With Determination 2/2024, ARERA’s aim was to coordinate the activities linked to the topics of decarbonisation of consumption/ electric mobility and the development of the hydrogen and renewable gas supply chain. In particular, ARERA envisaged that, with regard to the topics of decarbonisation of consumption/electric mobility, the following activities would take place:

- establishment of electric mobility focus groups envisaged by resolution 634/2023/R/eel;
- including through collaboration with research centres external to the Authority, the collection and analysis of useful data for updating and/or integrating the investigations already initiated regarding the evolution of technologies and the markets of significance to the electric mobility sector;
- participation in any technical panels established by other Public Administrations pertaining to electric mobility topics;



- support for the preparation of draft measures envisaged by resolution 634/2023/R/eel;
- preparation of reporting schemes such as those required by the AFIR Regulation;
- presentation of an interim summary report of the activities performed to the Division Director.

With regard to the RomeFlex project (Reshaping Operational Methods to run grid FLEXibility) aimed at enhancing local grid flexibility in certain areas in the city of Rome, with Resolution 121/2024/R/eel, the Authority approved the introduction of the spot market and restructuring of service remuneration between capacity and energy. With the same Resolution, ARERA reaffirmed the *areti* 2024 budget of €5M for services to the BSPs, specifying that: “...the fees paid by *areti* to the GME for transactions carried out on the Local Flexibility Market (LFM) will be included among the costs for the remuneration of flexibility resources paid, pursuant to resolution 372/2023/R/eel, by the Fund for exceptional events, resilience and other special projects set out by Article 10, paragraph 10.1, letter l) of the TIPPI”.

The Authority published Resolution 527/2025/R/eel, whereby it approved the procurement regulations for resources for national and local ancillary services proposed by *areti* SpA for 2026, stipulating that the company:

- publish on its website, the regulations and related annexes subject to approval under this measure;
- may adjust the base auction prices for the forward market selection of resources and for the remuneration of the activation of upward and downward services, as well as, where necessary, increase the required demand and hours of effective availability required of flexibility resources.

The Authority further stipulated that the costs incurred by *areti* SpA for the provision of local ancillary services, limited to the trial phase, shall be borne by the Fund for exceptional events, resilience and other special projects referred to in Article 10, paragraph 10.1, letter l), of the TIPPI, with separate disclosure to the Authority as part of the half-yearly reporting referred to in Article 5 of Resolution 352/2021/R/eel.

WATER REGULATION

With **Resolution 639/2023/R/idr** of 28 December 2023, the Regulatory Authority for Energy, Networks and the Environment (ARERA or Authority) approved the water tariff method for the fourth regulatory period 2024-2029 (so-called MTI-4). In accordance with Article 6 of the Resolution itself, with **Resolution 582/2025/R/idr** of 23 December 2025, the Authority defined the criteria for the **first two-year 2026–2027 update of the SII tariff arrangements**. The measure was adopted as part of the procedure initiated by Resolution 426/2025/R/idr and following Consultation Document (DCO) 471/2025, which set out the Authority’s guidelines on the matter with a view to the recalculation of tariffs from the 2026 financial year onwards. The Regulator therefore decided to refine the current regulatory framework to ensure effective coordination with: i) the quality improvement measures (referred to in Resolutions 579/2025/R/idr and 581/2025/R/idr, as set out below); ii) the rules introduced regarding the standard tender notice template, to ensure compliance with the awarding conditions for public procurement procedures (as set out in Resolution 347/2025, referred to below); iii) the activities required as part of the final NRRP implementation phase.

The most significant issues regulated by the Authority are set out below:

- quantification of the **monetary adjustment parameters** pursuant to Article 7 of Annex A to Resolution 639/2023/R/idr (MTI-4). The following were revised: the projected inflation rate used to calculate the cap on the tariff multiplier and the operator’s pre-tax profit ($r_{pi} = 1.9\%$ instead of the 2.7% forecast for the 2024-2025 period); the inflation rates for updating operating costs ($I_{2025} = 2.0\%$ and $I_{2026} = 1.2\%$) and the values of the gross fixed capital formation deflators ($dff_{2024-2025} = 0.999$ and $dff_{2025-2026} = 1.001$);
- the quantification of the parameters used for the purposes of **updating financial and tax liabilities**:
 - r_f^{real} (real risk-free rate) of 2.13%, as forecast for the electricity, gas and waste sectors vs the figure for the 2024–2025 period of 1.58%;
 - WRP (Water Utility Risk Premium) of 1.8%, down by 20 basis points compared to the 2024-2025 period;
 - K_d^{real} (the benchmark return on fixed assets, including the debt risk premium) of 3%, unchanged from the figure for the 2024-2025 period;
 - ERP (market risk premium) updated to 3.1% (compared to 3.50% for the 2024-2025 period), as a result of the adjustment to the change in the r_f^{real} .

Based on this data, the overall rate of financial and tax charges stands at 6.06%, down from the 2024–2025 period (when it stood at 6.13%);

- with regard to **operating costs**, the following is envisaged:
 - the portion of charges relating to systematic changes of a recurring nature, recognised in previous tariff arrangements in the form of OP^{new} (costs not subject to efficiency adjustments) or included in the RC_{other} adjustment component;
 - postal and banking costs attributable to the payment of the social water allowance to indirect users are eligible for reimbursement;
 - there is a higher ceiling for recognising arrears costs, compared with the provisions of MTI-4, in the case of sole service providers taking over pre-existing municipal in-house services characterised by a significant level of arrears (4.4% for northern regions versus the 2.5% provided for; 5.5% for central Italy vs 3.5% and 9.15% for southern Italy vs the 7.9% in MTI-4);
 - the RC_{EE} component, which accounts for the recovery of the difference between the component covering electricity costs calculated for the year $(\alpha - 2)$ and the actual costs incurred, is defined on the basis of the value $Benchmark_{EE(\alpha-2)}$, which is equal to: (i) €0.2150/kWh for 2026, comprising 70% of variable unit prices and 30% of fixed unit prices; (ii) €0.2210/kWh for 2027, comprising 90% of variable unit prices and 10% of fixed unit prices. For 2028, the rate is set at the same level as in 2027, and for the year 2029, the parameters will be set by a subsequent order.

The measure also sets out procedures for recognising the projected operating costs arising from the construction of non-deferrable plants in areas where the operator has not yet acquired the necessary project finance; it confirms the indicators for promoting innovation in the areas of energy reuse and reducing the quantity of electricity purchased; it postpones the deadline to 31 July (instead of 30 April) for submitting the first update of the tariff proposals, in view of the procedural changes regarding the validation and verification of technical quality data referred to in Resolution 581/2025.

With **Resolution 347/2025/R/idr**, the Authority approved the standard tender document for the awarding of integrated water services, applicable to selection procedures launched on or after 1 January 2026. This measure established a set of common and standard rules at national level designed to promote the coordination of all relevant aspects and facilitate a more effective expression of competitive dynamics. The Authority has therefore defined the scope of application, the documentation required for the tender, conditions for participation, subject matter and value of the contract, requirements for the technical and financial bids, and the award criteria. Furthermore, the scheme's applicability to public-private partnerships is regulated, as are the specific provisions for cases where the minimum information requirements are not met.

With regard to the duration of the concession, the Authority states that this is determined in accordance with the relevant environmental regulations and with EU and national principles (maximum 30 years), and is commensurate to the scale of the planned investments. Finally, it clarified that the option to extend the maturity date of credit facilities is currently permitted as an extraordinary measure solely to ensure the maintenance or restoration of economic and financial stability, and subject to the application of a specific procedure.

With regard to water service quality, following the Resolutions initiating the aforementioned proceedings (Resolution 37/2024/R/idr and Resolution 39/2024/R/idr) to assess the bonuses and penalties to assign to operators regarding the contractual and technical quality for the two-year period 2022 – 2023, with **Resolutions 181/2025/R/idr and 203/2025/R/idr**, the Authority published the **Methodological Notes** illustrating the preliminary investigation procedure followed, on the basis of the provisions of the Technical Quality Regulation (RQTI) and the Contractual Quality Regulation (RQSII), respectively, for applying the incentive mechanism (bonuses and penalties) to operators of the integrated water service. Having analysed the various cases relating to shortcomings, omissions or inconsistencies identified in the preliminary assessments of eligibility for the mechanism, and having highlighted the corresponding regulatory outcomes (total exclusion from the incentive scheme, exclusion from bonuses but not from penalties, application of the assessment to the management scope prior to the management merger, etc.), on 20 June 2025, the Authority published Resolution **225/2025/R/idr** on the “Application of the incentive mechanism for the regulation of the technical quality of the Integrated Water Service (RQTI) for the years 2022–2023. Final results”. The measure awards Acea Group companies with bonuses totalling more than €37 million against just over €1 million in penalties. On 25 June 2025, Resolution **277/2025/R/idr** on “**Application of the incentive mechanism** for regulation of the contractual quality of the Integrated Water Service (RQSII) for 2022-2023. Final results”, which awarded the Acea Group companies a total of €0.9 million in bonuses and €0.7 million in penalties.

As part of proceedings running in parallel with those involving the tariff method, with Resolution **581/2025/R/idr** of 23 December 2025, the Authority adopted the “Measures to complete the regulation of technical quality provided by the Authority’s Resolution 637/2023/R/idr”. The 2023 Resolution updated the regulations governing the Technical Quality of the Integrated Water Service (RQTI), stipulating: i) a cumulative assessment on a two-yearly basis of quality objectives (both technical and contractual) with a cap on bonuses, ii) from 2026, the verification and subsequent certification by a pool of EGA experts of the documentation produced by operators, iii) the inclusion of a new macro-indicator ‘MO – Water Resilience’ with the aim of assessing the capacity of water systems

to counteract the frequent situations of stress to which water resources are subjected. both at the level of the managed territorial area and at a higher level. The measure introduced at the end of December 2025 brought in the following changes:

- extension of the deadline for submitting technical quality data to the relevant EGA until 31 March 2026. The EGA will forward the relevant information to ARERA by 30 June;
- definition of the procedures and time lines for verifying the data produced by operators within the EGA Pool;
- the inclusion of measures to complete the MO macro-indicator – Water resilience – and clarification regarding the application of the other macro-indicators (in particular, restrictions on access to incentive schemes where data collection methods and management practices are not comparable).

With regard to **contractual quality**, Resolution 424/2025/R/idr of 24 September 2025 initiated the procedure for updating the regulations governing the contractual quality of the integrated water service (pursuant to Resolution 655/2015/R/idr), followed by DCO 469/2025/R/IDR. The relevant procedure concludes with Resolution **579/2025/R/idr** of 23 December 2025, entitled “Update of the contractual quality standards for the integrated water service or for each of the individual services comprising it”. The main changes introduced include amendments relating to the following areas:

- **Update to the incentive scheme**
 - a review of the classes and objectives from the 2026–2027 assessment period onwards;
 - starting with the 2024–2025 performance assessments, introduction of a phased approach within the incentive scheme to ensure that management teams achieving the same level of quality are rewarded fairly, even if they start from different categories;
 - from the 2026–2027 performance data onwards, validation extension for contractual quality data by a pool of EGAs.
- **Amendments to the RQSII regulations in line with other regulated sectors**
 - changes to the procedures for handling and responding to complaints, written requests for billing corrections and written requests for information;
 - at the user’s request, providing a copy of the inspection report in the event of an inspection and subsequent replacement of the meter carried out ex officio by the operator;
 - guaranteeing free access to provincial service points throughout opening hours, whilst allowing for appointments to be scheduled to better protect the end user;
 - amendment of the regulations governing telephone services where a live agent is available at the Contact Centre regarding the change to the calculation of the relevant simple indicators and the introduction of new service obligations to protect users;
 - restriction of the circumstances when automatic compensation may not be paid, and the introduction of data recording using the unique identification code already provided in the Consolidated Act on the Measuring of the Integrated Water Service (TIMSII).

With regard to the **social water bonus**, it is worth noting Resolution **355/2025/R/rif** which, whilst approving the provisions for the social waste allowance, also introduced a number of amendments to the measures relating to the water (and energy) bonuses. Specifically, the legal status of the water utility operator was redefined (in line with the Data Protection Authority’s Opinion 279/2020), from a data processor (in relation to the identification of eligible customers



and the subsequent payment of the bonus) to an independent data controller. It also stipulates that *“In all cases where the amount of the discount to be credited to the final bill exceeds the amount charged on the bill, the remaining credit must be paid to the end user via a direct refund where possible, it being understood that under no circumstances may amounts not paid to users be retained by the operators.”*

With Resolution 122/2025/R/idr, the Authority initiated the procedure for the amendment and updating of Resolution 586/2012/R/idr on **transparency of billing documents**. In accordance with what had already been established in Objective OS.1 of the Strategic Framework 2022-2025 – concerning consumer empowerment – the Authority intends to strengthen the information, education and transparency tool in favour of consumers in the light of the important and diversified standards and rules that have arisen since the adoption of the aforementioned resolution. The Authority will therefore identify the items to be reported in the “Detailed Framework” of the bill, from the perspective of the stability and consistency of the applicable regulations, consolidating the link between the regulatory action of transparency of the information to be reported in the billing documents and the criteria on the subject of end-user fees for the service. The consultation document is pending.

ELECTRICAL REGULATION

Biennial limitation

In implementation of the provisions set out in resolution 604/2021/R/com, ARERA, with determination 5/2024-DIME, approved the CSEA handbook, which defines the methods for the implementation of the compensation mechanism of the amounts related to the two-year statute of limitations and the implementation of the measures for the incentive of the reduction of the multi-year adjustments for the electricity sector to be borne by the distributors. Through its circulars, CSEA therefore defined in detail the operating procedures and timing of the mechanism which, in its first implementation, envisaged the submission of the 2024 application (for limitations accepted between 2018 and 2023) by 31 May 2025 and the 2025 application (for limitations accepted in 2024) by 3 June 2025 for the offsetting of the amounts for which the seller has accepted the limitation without the distributor having declared the existence of a cause preventing it from being reached.

Update of RCV and DISPbt components and the PCV fee

With resolution 262/2024/R/eel, ARERA updated the RCV and DISPbt components and the PCV fee from July 2024. The value of the central and southern RCVsm was determined to be a little more than €62/POD/year, which is significantly higher than the €40 put into consultation by DCO 169/2024/R/eel. The PCV fee was determined to be €40/POD/year, in line with the national average RCV value. The value of DISPbt was determined to be just over €1.31/POD/year. This component will be applied to all domestic customers (SMT and ML and no longer only to domestic customers entitled to SMT, as this service will be limited to vulnerable customers from July).

With reference to the mechanism set out in Article 21bis of the TIV (Mechanism for adjusting the operating costs of legally separate suppliers operating under the “protected market” regime, as referred to in Article 21bis of the TIV, for the years 2024 and 2025) introduced by Resolution 538/2024 for 2024 and confirmed by Resolution 279/2025 for 2025, ARERA published the “Decision

of 03 July 2025, 6/2025 – DIME”, to specify the items to be included in the calculation of COR operating costs and the operational instructions for their quantification.

The mechanism is designed to ensure that market operators receive adequate remuneration should they experience imbalances resulting from the mass exodus of non-vulnerable domestic customers from the SMT to the STG.

There will be 2 application rounds, with deadlines on 31 October 2025 and 31 January 2026, respectively.

Once CSEA has verified that the requirements for participation in the mechanism have been met, it determines the compensation amount due, notifying the Authority and each operator accordingly:

- by 30 November 2025, provided that the application was submitted by the first deadline;
- by 28 February 2026, provided that the application was submitted by the second deadline.

Gas vendor list

As required by the Competition Law 2022, ARERA has put its guidelines for consultation (DCO 70/2024/R/gas) in order to prepare, similar to the Electricity Vendors List (EVE), a list of sellers authorised to sell natural gas (EVG).

Following the DCO, which illustrated to the various stakeholders the conditions, criteria, methods and technical, financial and good reputation requirements for the registration, permanence and exclusion of the parties included in the List, ARERA sent its proposal regarding the list to the MASE (Resolution 157/2024/R/gas). The list was approved by Ministerial Decree No. 85 of 19 May 2025, which came into force on 4 July 2025.

The provisions of the Ministerial Decree do not differ from those already established for the EVE and discussed at ARERA. The registration procedures are similar to those for EVE: businesses already listed in the old Ministerial Register are automatically included in the new register on a provisional basis and must certify that they meet the requirements to confirm their registration by 31 December 2025.

Cessation of price protection schemes (Annual Market and Competition Law for 2017. Italian Law no. 124 of 4 August 2017)

The “Annual Market and Competition Law”, Art. 1 paragraph 60 of Law no. 124 of 2017, which entered into force on 29 August 2017, provided for the termination of price protection schemes both in the electricity and gas sectors starting from 1 July 2019.

Following an initial postponement to 1 July 2020 (Law 108, which converted Decree-Law No 91 of 25 July 2018), further amendments were made to the relevant regulatory framework, definitively setting the following dates:

- Small businesses: these were transferred to the Gradual Protection scheme from January 2022 (Decree-Law No. 162/2019); on 23 May 2024, a tender was held for the new service contract, running from 1 July 2024 to 31 March 2027;
- Micro-enterprises: these were placed under the Gradual Protection scheme from April 2023 until 31 March 2027 (Decree-Law No. 152 of 6 November 2021); Acea Energia was awarded Area 11 (which includes the provinces of Avellino, Barletta-Andria, Benevento, Brindisi, Trani, Foggia, Lecce, the municipality of Naples and Salerno); in the absence of an explicit choice, at the end of the service period the customer will be supplied by the same operator on the basis of its most compet-

itive open-market offer;

- Non-vulnerable domestic workers: were placed under the Gradual Protection scheme from 1 July 2024 until 31 March 2027 (Decree-Law No. 152 of 6 November 2021);
- Gas: Decree-Law 176/22 postponed the end of the Gas Protection Scheme, with its abolition scheduled for 10 January 2024; non-vulnerable domestic customers have moved to the open market, having either chosen to stay with the same supplier (but on a different tariff) or switched to other suppliers. The protection scheme is nonetheless available only to vulnerable customers who are eligible for a supply contract governed by the Authority;
- Vulnerable electricity customers: such customers (i.e. those aged over 75; those receiving allowances for physical or financial hardship; those with disabilities as defined in Article 3 of Law 104/92; the utility serves emergency accommodation following natural disasters; the connection is located on a minor interconnected island) will be supplied under the enhanced protection scheme until tenders are launched in accordance with MITE guidelines (Decree-Law No. 181 of 09/12/2023).

The law converting Decree-Law 181/2023 (the Energy Security Decree-Law), as amended by Decree-Law 19/2025, stipulates that ARERA will regulate the vulnerability service, stipulating, inter alia:

- the awarding of the service, for a period not exceeding four years, through competitive procedures covering homogeneous geographical areas;
- the requirement for each provider to carry out activities relating to the vulnerability service separately from all other activities;
- the prohibition on the supplier using: (i) the marketing channel used to promote offers on the market for the vulnerability service; (ii) data and information obtained in the course of providing the vulnerability service, for purposes other than the marketing of that service; (iii) the same brand under which it carries out activities outside the scope of that service to provide the vulnerability service;
- when submitting their application to participate in the competitive tendering process, interested parties may indicate their intention to make use of the business or business unit of the operators providing the enhanced protection service well in advance of the tender procedures; this offer will also be taken into account when determining the most economically advantageous tender.

Ministerial Decree of 17 May 2023 stipulated that, from 1 April 2027, the STG will serve solely as a last-resort service for all small-scale customers, such as small businesses, micro-enterprises and non-vulnerable households.

The Annual Market and Competition Law for 2023 (Law No. 193 of 16 December 2024) also established the right for vulnerable domestic customers to apply for access to the tiered protection scheme intended for non-vulnerable domestic customers no later than 30 June 2025. In its Resolutions 10/2025/R/eel and 48/2025/R/eel, ARERA stipulated the implementing procedures for exercising this right, imposing disclosure obligations on both the ESTG and sellers on the ML and EMT, and specifying that:

- by 1 March 2025 at the latest, the necessary functionalities for the transmission of switching requests for access to the STG must be implemented (e.g. updating the technical specifications relating to the processes affected by 10/2025/R/eel);
- vulnerable domestic customers who are supplied under the STG at the end of the allocation period (31 March 2027) will be transferred to the open market on the same terms as other

non-vulnerable customers supplied there, in accordance with procedures that will be specified in a subsequent provision.

The Bills Law Decree (no. 19/2025), implemented by ARERA Resolution no. 110/2025, subsequently provided that domestic customers already served in the STG who acquire, from the date of entry into force of the Bills Decree, one of the vulnerability requirements, may continue to remain in the STG without having to make any request to that effect until the end of the service assignment period.

The Bills Law Decree was converted into Law no. 60 of 24 April 2025 and stipulated that the vulnerability service will start from a date no earlier than the end of the gradual protection service, i.e. no earlier than 31 March 2027. Vulnerable customers who are supplied in the gradual protection service and who, on the date of termination of that service, have not chosen a supplier fall within the scope of the greater protection service, or, if already in operation, within the scope of the vulnerability service.

Disbursement of the extraordinary contribution in bills

With Resolution 132/2025/R/eel, ARERA implemented the provisions of the Bills Decree Law (Decree Law no. 19 of 2025, converted into Law no. 60 of 24 April 2025) regarding the extraordinary contribution of €200 for 2025 in favour of domestic customers with an ISEE up to €25 thousand.

In particular, the Authority first defined the methods for disbursement of the extraordinary contribution for customers already entitled to the social electricity bonus and then, following discussions with INPS, published Resolution 144/2025/R/eel in which it defined the methods for disbursement of the contribution to customers not entitled to the social electricity bonus but only to the extraordinary contribution.

Interventions to update and make the Code of Commercial Conduct more efficient and Urgent measures for the transparency and comparability of offers in the electricity and gas retail markets

On 2 October 2024, the Authority published Resolution 395/2024/R/com. This resolution, which comes into force on 1 January 2025, provides updates and improvements to the pre-contractual and contractual regulations set out in the Code of Commercial Conduct for the benefit of electricity and natural gas end-users, with specific reference to aligning regulatory provisions with Legislative Decree 26/2023, the obligations of suppliers in the event of changes to contractual terms, the provisions on telemarketing and telesales, as well as the consequent harmonisation of the rules governing changes to the contractual terms of PLACET offers and the vulnerability protection service. The provision requiring customers to accept the durable medium in advance in the event of notifications of unilateral changes, renewals and automatic updates applies only to contracts entered into on or after 1 January 2025. With Resolution no. 156/2025/R/com, the Authority adopted a number of initial urgent measures, of a transitional nature, for the implementation of art. 5, paragraph 1 of Decree Law no. 19/25 (known as the Bills Decree Law) on transparency and comparability of offers in retail markets.

With Resolution 386/2025/R/com, ARERA is fully implementing this provision, updating a series of measures with the aim of providing customers with greater clarity regarding the pricing of offers. In summary, the following is envisaged:



- the rationalisation of domestic gas tariff structures, with the introduction of a single annual charge and a consumption-based charge;
- a different presentation of fees in contracts and summary sheets;
- the obligation to send additional notices following the dispatch of notifications of unilateral changes and renewals;
- the obligation to publish all currently valid offers published on the PO on the seller's website.

Given its significant impact, ARERA envisages a different time line from the one proposed in the DCO (1 January 2026). The following timetable has therefore been set for its entry into force:

- 1 April 2026: entry into force of the provisions for all electricity and natural gas supply contracts, including those currently in force on that date;
- by July 2026: with regard to existing contracts, the measures concerning the rationalisation of charges and information requirements for domestic end-users apply in the event of unilateral changes and renewals involving amendments to the financial terms, taking effect by July 2026;
- 1 January 2027: Sellers are in any event required to bring existing contracts into line with the measures relating to the rationalisation of fees, with effect no later than 1 January 2027, regardless of the scheduled renewal date.

Amendment of the Bill 2.0 regulations

The Authority, with Resolution 315/2024/R/com, approved the regulation of “End Customer Energy Bills”.

The new provisions will apply with effect from the first bill issued on or after 1 July 2025. Given the incompatibility between the timetable for the implementation of the new regulation and the time line for the phasing out of the Standard Tariff Scheme, the new regulation will not apply to the Standard Tariff Scheme.

The new summary bill consists of:

- a “unified title page”, i.e. a mandatory front page with the same structure for all domestic customers
- the “receipt”: showing formation of the overall energy cost (average price multiplied by quantity), divided into consumption, fixed and power;
- the “offer box”: containing the elements enabling the customer to reconstruct the application of the chosen offer in the billing period to which the bill refers;
- “Essential information”, grouped into boxes containing standardised and detailed information, with the headings established by ARERA.

On the other hand, with regard to the “Details” provided for in the current Bill 2.0, the Authority does not envisage any changes to the current regulation. On 11 December 2024, the Authority called a technical round table on the new bill with representatives from the associations representing electricity and gas sales operators. During the meeting, the Authority provided some clarifications on the various parts of the new bill and subsequently published Resolutions 12/2025/R/com and 64/2025/R/co with the intention of both correcting some material errors and better specifying some information.

With Resolution 204/2025/R/com, ARERA also approved the new glossary in line with the changes made to Bills.

With Resolution 223/2025/R/com, the Authority extends the previous “Bill 2.0” regulation (Annex A to Resolution 501/2014) limited to the Greater Protection Service.

Beyond the National Single Price

Art. 13 of Legislative Decree 210/2021 set out the conditions and criteria for a gradual transition to zonal pricing defined based on market trends, without prejudice to the calculation by the GME of a reference price for electricity traded on the wholesale market in line with the NPS (*Prezzo Unico Nazionale* - National Single Price). In February 2024, article 13 of Legislative Decree 210/21 was amended by Decree Law 181/23, converted with amendments into Law 11/24: therein, the legislature mandated the Minister for the Environment and Energy Security to establish, by means of a decree issued by the same, the conditions and criteria for the application, as of 1 January 2025, of zonal pricing on the wholesale electricity market and guidelines for the definition by the Authority of a transitional equalisation mechanism, to compensate for any difference between zonal prices and a reference price calculated by the GME in continuity with the calculation of the NSP.

The Authority published resolution 304/2024/R/eel providing that, as of 1 January 2025, the transitional phase away from the National Single Price would begin, maintaining a reference price (the GME Index NSP) calculated in the same way as the current NSP but with an equalisation mechanism that considers zonal prices.

The phasing out of the equalisation mechanism will take place over a period of time determined by criteria yet to be defined, but in any case not before 31 December 2025.

Transfers involving a change of gas supplier, and updating of the information package for the pre-check service and management of incorrect transfer requests in the electricity and gas sectors

With Resolution 323/2025/R/com, ARERA defined the provisions governing the so-called “switching with account transfer” in the gas sector: customers switching suppliers will be able to sign a new supply contract with a supplier of their choice without necessarily having to firstly submit a request to their existing supplier.

The new switching service will come into effect on 1 July 2026, together with a dedicated information service for contract activation and a procedure for managing incorrect switching transfers to the SII that have already been processed (also applicable to the electricity sector).

From 1 May 2026, the scope of information provided in the event of a positive outcome to a pre-check request will be expanded.

ENVIRONMENTAL REGULATION

With Resolution 443/19 of 31 October 2019, the Regulatory Authority For Energy, Networks and Environment (ARERA) approved the first tariff method for the integrated waste management service for the years 2018-2021. The Waste Tariff Method (WTM) defines the new rules for the TARI fees to be applied to users in 2020-2021, the criteria for the costs recognised in the current two-year period 2018-2019 and the reporting obligations.

As in other sectors subject to regulation, the WTM refers to ex-post data referring to certain accounting sources (financial statements) referring to the previous two years (year y-2 and applied to year y) and no longer to forecast data.

Under the new methodology, ARERA applies an approach characterised by a different treatment:

- capital costs recognised according to a regulation scheme of the rate-of-return type;
- operating costs with the application of incentive regulation schemes and the definition of efficiency targets on a multi-annual basis.

Furthermore, the method calls for tariff limits to revenue growth and the introduction of four different schemes that can be adopted by local authorities and operators with respect to the objectives of improving service. It also regulates the phases of the integrated waste service: street sweeping and washing, collection and transport, treatment and recovery, treatment and disposal of municipal waste, tariff management and user relations.

ARERA initially maintained the algebraic structure of the method established by Italian Presidential Decree 158/1999, providing for the inclusion of additional components to determine fees, as follows:

- limit to the overall growth of tariff revenues, with the introduction of a limit factor for annual variation that also takes into account efficiency gains and productivity recovery;
- asymmetrical configuration characterised by a tariff matrix that in the valuation and calculations of the individual cost components, considers service improvement objectives established at local level and a possible extension to the operational perimeter;
- sharing ratio in relation to revenue from the sale of materials and energy derived from waste;
- introduction of an adjustment component for variable and fixed costs, defined as the difference between the revenues defined by ARERA for the variable and/or fixed cost components for year Y-2 and the tariff revenues recognised for year Y;
- introduction of two different rates of return on net invested capital (WACC) for the service of the integrated waste cycle and a differentiated rate of return for the enhancement of current assets: 6.3% for the years 2020-2021; increase of 1% to cover the costs arising from the time lag between the year of recognition of investments (Y-2) and the year of tariff recognition (Y).

The Integrated Text TITR attached to Resolution 444/2019/R/rif “Provisions on transparency in the management of urban and similar waste” defined the provisions on transparency of the management of urban and similar waste for the regulatory period starting 1 April 2020. The scope of the intervention includes the minimum information to be made available by the integrated cycle manager through websites, the minimum information to be included in collection documents (payment notice or bill) and individual communications to users concerning significant changes in operations.

With resolution **363/2021/R/rif**, the Authority approved the new **Waste Tariff Method MTR-2** for the years 2022-2025. The method also establishes criteria for access tariffs for treatment plants owned by operators not integrated into the upstream activities of the supply chain, which apply solely to the “minimum plants” defined by the relevant entities in the context of area planning. On the other hand, plants not classified as “minimum” (known as “additional”) are subject solely to the regulations on transparency in operating information. According to the adopted method, the managers of the minimum plants must prepare the Economic Financial Plan (EFP) for 2022-2025 in line with the indications found in the aforementioned MTR-2 and, pursuant to article 7 of resolution 363/2021/R/rif, send them to the relevant bodies for

validation; these latter then send them to ARERA for verification of regulatory consistency with the documents and subsequent approval of the tariffs.

Resolution **459/2021/R/rif** subsequently completed the tariff regulatory framework defined for the MTR-2, containing the values of parameters to determine capital use costs (i.e. planned inflation rate and the vector expressing the deflator for gross fixed investments for the MTR-2 period of application), and Resolution 68/2022/R/rif which established a WACC value of 6% for managers providing processing activities in a non-integrated format.

With Determination **01/DRIF/2022** of 22 April 2022, on the other hand, ARERA approved the basic schemes for the documents making up the tariff proposal that managers of “minimum” plants submit to the relevant bodies, consisting of the EGATO or the Region.

In 2022, following the sector scheduling documents published by the relevant bodies, in application of the ARERA regulations pursuant to resolution 363/2021/R/rif, Acea Ambiente and the Group companies involved implemented preparatory activities to comply with regulatory activities for plants classified as “minimum” and, subsequently, sent the documents required under Determination 01/DRIF/2022.

On 24 and 27 February, decisions **486/2023** and **501/2023** were respectively published, and on 6 March 2023, decision **557/2023**, with which the Regional Administrative Court of Lombardy, Milan, First Section, **in part annulled resolution 363/2021/R/rif**. Specifically, the Regional Administrative Court found that ARERA’s identification of “minimum” plants fell outside of the government’s area of responsibility, consequently granting Regions powers not due to them and inverting the proper direction of the scheduling process.

On 7 March 2023, ARERA published resolution **91/2023/C/rif** providing information on its appeal made to the Council of State, requesting precautionary suspension of the decisions of the Regional Administrative Court of Lombardy, in that in the Authority’s opinion, “*the referenced decisions [...] are based on an erroneous interpretation of the relevant factual and legal elements*”. The Council of State rejected this precautionary suspension request.

While awaiting the Council of State’s decision on the merits, with consultation document **275/2023/R/rif**, in the context of the procedure begun with resolution 62/2023/R/rif, the Authority provided guidance for the 2024-2025 two-year update for the waste tariff method (MTR-2). In particular, the Authority confirmed its desire to not submit to the referenced Lombardy Regional Administrative Court decisions and proposed updates to the main economic parameters, above all the inflation rate.

Upon completion of the aforementioned procedures, in July 2023 ARERA published the following provisions:

- Resolution **385/2023/R/rif** “Basic service contract scheme to govern relations between awarding entities and urban waste management service operators” which follows (most recently) the guidelines presented with the cited DCO 262/2023/R/rif;
- Resolution **386/2023/R/rif** “Establishment of equalisation systems in the urban waste sector” which takes up the proposals formulated in DCO 611/2022/R/rif without confirming the introduction of the equalisation instrument linked to the waste hierarchy for that going to plans (postponed to the next regulatory period);
- Resolution **387/2023/R/rif** “Monitoring and transparency obligations for efficiency in separated waste and urban waste treatment plants”, which introduced initial regulations for quality for



plants, with reference to both technical aspects (in particular management of processing waste) and contractual/commercial aspects (management of complaints and written requests from users, monitoring of service interruptions) with respect to which the Company adopted specific compliance measures in terms of collecting and recording information and making adjustments to contracts and its website; while establishing initial monitoring and reporting obligations, the provision did not introduce service standards correlated to bonus and penalty mechanisms, which had been announced in DCO 214/2023/R/rif;

- Resolution **389/2023/R/rif** “Two year update (2024-2025) of the waste tariff method (MTR-2)” with which, in line with the proposals in DCO 275/2023/R/rif, confirms and updates (with particular reference to economic parameters and internal inflation rates) the general structure for defining plant access tariffs pursuant to resolution 363/2021/R/rif, specifically the update of the tariff for 2024-2025 (based on updated data relative to 2022-2023) by 30 April 2024. With resolution 465/2023/R/rif ARERA subsequently confirmed the provisions inserted in line with Council of State ruling 7196/23, on the deduction of the tariff recognised for integrated management of costs/revenue attributable to precleaning, preselection or preprocessing of plastic packaging coming from separated waste.

During December 2023, the **Council of State Second Section Rulings 10548, 10550, 10734, and 10775**, rejected the ARERA appeal and confirming the reasoning already expressed by the Regional Administrative Court of Lombardy, which found the classification of plants envisaged in the MTR-2 to be illegitimate, in that the material fell under the areas of planning falling to the government.

With resolution **7/2024/R/rif and 72/2024/R/rif**, ARERA took action to comply with these rulings, confirming the tariff adjustment for “minimum” plants starting from 2024-2025 (as updated by resolutions 389/2023/R/rif and 7/2024/R/rif with reference to time references and the new investment remuneration rate – WACC – which rose from 6% to 6.6%). Confirmation of the structure for “minimum” plants now is based on the criteria identified in the meantime in the PNGR (Ministerial Decree 257 of 24 June 2022).

Additionally, with resolution **27/2024/R/rif** ARERA began the procedure to define directives for accounting and administrative separation in the urban waste sector, with the objective of applying the regulations starting in the next regulatory period, in 2026.

Lastly, with Determination no. 2 of 17 April 2024, ARERA approved the basic schemes for the documents making up the tariff proposal for the 2024-2025 two-year period and the operating methods for the related transmission to the Authority. It also provided clarifications on aspects of application of the tariff regulation on access to treatment plants, pursuant to resolutions 363/2021/r/rif, 7/2024/r/rif and 72/2024/r/rif.

In 2025, ARERA published:

- on 28 January 2025, **Resolution 23/2025/R/ref** “Initiation of proceedings for the updating of technical standards in the urban waste sector and of Resolution 15/2022/R/ref”, with completion expected by 31 July 2025;
- on 18 February 2025, **Resolution 57/2025/R/rif** “Initiation of proceedings for the definition of the Waste Tariff Method for the third regulatory period (MTR-3)”, aimed at defining criteria for recognising efficient operating and investment costs for the integrated waste service, as well as setting access tariffs for

treatment facilities (MTR-3), with completion expected by 31 July 2025.

- on 18 June 2025, Resolution 255/2025/A entitled “Adoption of the regulations governing the conduct of the Authority’s Regulatory Impact Assessment”, thereby concluding the process of reviewing and updating the rules governing the conducting of the Regulatory Impact Assessment (RIA), initiated by Resolution 151/2025/A and DCO 152/2025/A of 1 April 2025. This measure repeals the previous Guide to Regulatory Impact Analysis (GOP 46/08) and introduces new provisions, including a definition of the regulatory cycle and tools for better regulation, as well as a detailed outline of the stages in the regulatory impact assessment (RIA) process.
- on 29 July 2025, **Resolution 373/2025/R/rif** “Provisions regarding accounting separation (unbundling) obligations for the municipal waste sector”, which concludes the relevant consultation procedure (DCO: **146/2025/R/ref** of 1 April 2025 and **247/2025/R/ref** of 10 June 2025) and stipulates that the provisions of the updated TIUC shall apply from the 2026 financial year, with the exception of Title VIII, which deals with specific annual reporting schemes for the municipal waste sector, in which case monitoring is planned for the two-year period 2026–2027 and entry into force from 1 January 2028. Specifically, as from 2026, the provisions of the TIUC will apply to companies operating in regulated sectors: electricity, gas, integrated water services and municipal waste; and as from 2028, there will also be an obligation to break down costs in the municipal waste sector by tariff category and tariff component.

On 29 July 2025, **Resolution 374/2025/R/ref** “Completion of technical quality regulation in the urban waste sector (RQTR) and update of **Resolution 15/2022/R/ref**”, which concluded the consultation procedure (DCO: **147/2025/R/rif** of 2 May 2025 and **235/2025/R/rif** of 3 June 2025) and completed the technical quality regulations with the following new provisions which:

- supplement the guidelines and scope of the quality indicators introduced previously, with a view to improving the efficiency of separate waste collection, technological innovation in facilities, environmental sustainability, and materials and energy recovery;
- shall apply from 1 January 2026; in particular, for Macro-indicator R3, a monitoring phase is planned for 2026–2027, with consultations with stakeholders to determine predefined values – the default option – during 2026, and full entry into force from 1 January 2028;
- will also influence the setting of tariffs, in accordance with the MTR-3 tariff method.

On 5 August 2025, **Resolution 397/2025/R/rif** “Approval of the Waste Tariff Method for the third regulatory period (MTR-3)”, closed off the relevant consultation procedure (**DCO: 180/2025/R/ref** of 2 May 2025 and **249/2025/R/rif** of 3 June 2025), confirming the general approach of MTR-2, including the determination of access tariffs for treatment facilities. Specifically, whilst reiterating that “minimum” cycle-closing facilities must be identified in accordance with the criteria the PNGR, it emphasised that these facilities once identified needed to be communicated to ARERA in good time to determine the tariff revenues, fees and access tariffs. ARERA also stipulated that the loss of eligibility had no effect on the coverage of eligible costs for the period during which the eligibility was valid.

During the four-year period covered by MTR-3, small-scale plant operators are required to apply the tariff structure in force in 2025, adjusting it to take into account the tariff factor determined on the basis of the plant's total costs eligible for tariff recognition and assessments relating to the proximity of incoming flows. For each financial year, the maximum limit on the annual change in the tariff factor is set on the basis of the projected inflation rate and a factor that takes into account the plant's technological and environmental characteristics.

- highlights of the main changes are: the publication of inflation rates for 2025 and 2026, standing at 2% and 1.2% respectively;
- for the years 2025 and 2027, the possibility of recovering the adjustment (in year n+2) attributable to the differences between the operating costs initially recognised (assuming a zero inflation rate) and those that could be recalculated taking into account the updated inflation rate;
- the inclusion, amongst recognised costs, of an adjustment component designed to account for any discrepancy between the revenue relating to the quantities forecast in the planning process and revenue effectively generated on the basis of the quantities delivered in the same financial years;
- the restriction on cases where an interim review may be carried out, excluding cases involving updates to the accounting basis, adjustments to forecast cost components, and updates to the values of macro-indicators (R1 and R2) or tariff coefficients (sharing, benchmark, and specified).

On 9 September 2025, **Resolution 407/2025/R/rif** "Initiation of proceedings to calculate the macro-indicator R3 on the technical and environmental efficiency of management provided by **Resolution 374/2025/R/rif**", which aims to complete the regulation of technical quality in the urban waste sector (RQTR), initiated by **Resolution 387/2023/rif**, in which ARERA confirmed the gradual and asymmetric approach consistently adopted, in accordance with a regulatory logic focusing on the results achieved during the reference period (output-based). Specifically, it expanded the set of indicators introduced, confirming the introduction of the R3 macro-indicator (Article 7-septies of the RQTR) from 1 January 2028, which, thanks to its holistic view of the system, enables a joint assessment of the contributions made at each stage of the supply chain to the overall result achieved through management.

This Resolution initiates the procedure, with the aim of involving the relevant institutions and stakeholders, whilst fully respecting the distinctions between roles and responsibilities, including by organising specific focus groups aimed at carrying out the necessary technical analyses regarding the consolidation of the methodology for calculating the macro-indicator – including with regard to the possible integration of additional elements designed, amongst other things, to capture the specific characteristics of management and ensure data comparability – and the determination of default options. The proceedings are expected to be completed by 31 July 2026.

On 21 October 2025, **Resolution 451/2025/E/com** "Approval of on-site inspections, in collaboration with the CC ARERA Unit, regarding obligations to provide personal data", approved the conducting of on-site inspections for entities failing to comply with personal data reporting obligations, with the assistance of the Carabinieri through the CC ARERA Unit, established by Decree of 9 June 2025 to provide support to ARERA.

On 20 November 2025, **Resolution 450/2025/A** "Provisions on the contribution for the operation of ARERA (Regulatory Authority for Energy, Networks and the Environment), due for the year 2025, from entities operating in the sectors under its jurisdiction",

sets the deadline of 15 December 2025 for the payment of the contribution and 31 January 2026 for the relevant notification. For entities operating in Italy in the waste sector or in one or more of its constituent activities, 0.30 per thousand of the revenue for the year 2024, as shown in the latest approved financial statements, or, for operators providing the service directly, revenue as derived from the PEF. The activities of the integrated waste management service subject to the payment of the fee are listed below: a) street sweeping and washing; b) collection and transport of municipal waste; c) management of charges and relations with users; d) treatment and recovery of municipal waste; e) treatment and disposal of municipal waste; f) cross-border shipments.

On 4 November 2025, **Resolution 480/2025/R/rif** "Revaluation of the parameters underlying the calculation of capital usage costs in the implementation of **Resolution 397/2025/R/rif**, approving the Waste Tariff Method (MTR-3)" approved the values for the parameters underlying the calculation of capital usage costs for the MTR-3 tariff method:

- targeted inflation rate (rp1) of 1.9%;
- gross fixed capital formation deflator, with a base of 1 in 2025 equal to 0.999 and a base of 1 in 2026 equal to 1.001;
- WACC, the rate of return on invested capital for treatment activities, is 6.1%, and the real rate of return on fixed assets under construction (LIC) ranges from 4.7% (WACCRIID = rate of return on net invested capital and a debt-to-equity ratio of 4) to 1.39% (K_d^{real} = benchmark return on fixed assets including the debt risk premium);
- WACC, the rate of return on invested capital for integrated operators, is at 5.9%, whereas the real rate of return on assets under construction (LIC) ranges from 4.5% (WACCRIID) to 1.39% (K_d^{real}).

On 7 November 2025, **Decision 1/DTAC/2025** "Approval of the standard templates for the documents constituting the tariff proposal for the period 2026–2029 and the operational procedures for their submission to ARERA, pursuant to **Resolution 397/2025/R/rif**, as well as the approval of the standard templates for the economic and financial plan for the awarding of the contract and additional operational details" approved the standard templates for the documents comprising the tariff proposal and the operational procedures for its submission, for the integrated urban waste management service for the period 2026–2029.

On 11 November 2025, **Resolution 489/2025/C** "Appeal against the judgments of the Lombardy Regional Administrative Court, First Section, 6 October 2025, nos. 3109, 3110 and 3111; 7 October 2025, Nos. 3147 and 3148; 20 October 2025, Nos. 3320, 3335, 3336, 3337, 3339 and 3341; 30 October 2025, Nos. 3485, 3486, 3487 and 3489", filed an appeal against a series of judgments by the Lombardy Regional Administrative Court, First Section (6 October 2025, Nos. 3109, 3110, 3111; 7 October 2025, Nos. 3147 and 3148; 20 October 2025, Nos. 3320, 3335, 3336, 3337, 3339 and 3341; 30 October 2025, Nos. 3485, 3486, 3487, 3489) concerning ARERA's failure to respond to the 2024–2025 tariff determinations, following their submission by the competent local authority (ETC). The appellants considered that ARERA was obliged to conclude the proceedings within 30 days, given that the Regional Administrative Court had declared the objection to the ETC's decision as inadmissible, holding that only ARERA's decision could be challenged, subject to the possibility of taking action, in the event of prolonged inaction, by appealing against "silence constituting a failure to act". ARERA argued that, insofar as the ETC's decisions fall within its remit (e.g. verifying compliance with eco-



conomic and financial balance), it must be possible to challenge them without waiting for its approval; otherwise, there would be a significant problem with applying the multi-level governance framework established in the sector. Whilst acknowledging the contentious nature of the matter – given that the objections are directed at the ETC – the Regional Administrative Court nonetheless held the ETC’s decisions cannot be challenged as they are procedural in nature.

The Orvieto Waste Treatment Facility is classified as a ‘small-scale’ plant in terms of the volumes of municipal waste and associated treatment residues generated in Umbria, as defined by ARERA. However, the waste streams delivered to the composting plant and special waste delivered to landfill are not subject to tariff regulation (except for the waste produced in the province of Terni), as they operate according to market principles, with economic terms determined by negotiation between the parties.

By Resolutions No. 13 and 14 of 18 July 2025, AURI (the Umbrian Waste and Water Authority), as the competent local authority, determined the access tariffs for the facilities at the Orvieto Waste Treatment Complex, following the first application of the MTR2 tariff method, replacing those previously approved in 2021. The approved rates for 2025 are as follows:

- Municipal Solid Waste (“MSW”) - 2025 rate of €200.24/t (compared with €187.66/t in 2024);
- Organic Fraction (“OF”) - 2025 rate: €164.19/t (compared with €153.88/t in 2024);
- Organic fraction of municipal solid waste (“OFMSW”) ? 2025 rate: €91.53/t (compared with €85.79/t in 2024);
- Biodegradable waste from grass clippings and prunings (“VERDE”) - 2025 rate: €2.29/t (compared with €2.14/t in 2024);
- Dry fraction, biostabilised waste, composting waste and RD waste (sub-category 4) - 2025 rate: €125.86/t (compared to €117.96/t in 2024).

The tariff adjustments reflect the implementation of MTR-2, which introduces updated criteria for recognising efficient operating costs, investments and environmental charges, in accordance with the principles of transparency, economic sustainability and consumer protection, as defined by the national ARERA regulations.

Standards in the reference markets at a local, national and supra-national level

The regulatory context of the Acea Group is wide-ranging and articulated according to the specificity of the businesses managed and the variety of the frameworks within which the legal and regulatory disciplines intervene, which affect the business operations. With regard to domestic legislation in the water sector, it is noted that the 2026 Budget Law, which, in paragraph 479, refers to the duration of the concession for the integrated water service in the optimal territorial area (OTA2 – Central Lazio and Rome – by stipulating that it may be recalculated in proportion to the volume of investments carried by the concessionaire, which are necessary to complete the aforementioned works and were not authorised at the time of the concession’s grant. Furthermore, reference is made to the Ministerial Decree of 16 September 2025 (published in the Official Gazette on 22 October 2025), which adopted the implementation section of the National Plan for Infrastructure and Safety Measures in the Water Sector (PNISSSI) and set out a programme aimed at mitigating drought damage and strengthening climate resilience, with priority given to the completion of works already in progress. Specifically, the plan provides funding for 75

projects totalling €957 million, aimed at tackling the water crisis and reducing water wastage.

With regard to the promotion of renewable energy, the following should be noted: Legislative Decree RED III, which transposes EU Directive 2023/2413 on the promotion of energy from renewable sources and, amongst other things, raises the European Union’s binding target for renewable energy, taking steps to accelerate the installation of new plants through the designation of “acceleration zones” and introducing new binding sector targets for industry and transport, whilst also improving the sustainability of bioenergy; the Infrastructure Decree-Law No. 73 of 21 May 2025 (converted by Conversion Law No. 105 of 18 July 2025), which introduces significantly simplifies administrative procedures for the “acceleration zones” for renewable energy plants; the Legislative Decree amending the Consolidated Law on Renewable Energy of 11 December 2025, which introduces corrective and supplementary provisions to Legislative Decree No. 190 of 25 November 2024, governing the administrative regimes for the production of energy from renewable sources.

On the issue of the environment, of note is the WEEE Legislative Decree, which introduces amendments to the legislation on waste electrical and electronic equipment, particularly with regard to photovoltaic panels.

Finally, with regard to electricity, it is worth noting the Electricity Market Legislative Decree, which implements EU Directive 2024/1711 on improving the functioning of the EU electricity market; amongst other things, addressing the end customer’s right to enter into dynamic pricing contracts.

At European level, a key development in the field of water policy was the provisional agreement reached on 25 September 2025 by the Council and the Parliament, which updated the list of pollutants for surface water and groundwater, introducing stricter limits for PFAS and Directive 2025/2360 (Soil Monitoring Law), serving as a legislative framework dedicated exclusively to soil protection, monitoring and resilience.

Climate change

Sensitivity to the evolution of climate change and its effects on the businesses managed is a well-established theme at international level, which is also reflected in a greater demand for information in the annual financial report. Specifically, ESMA, in its European Common Enforcement Priorities, highlighted that issuers should consider climate risks in the preparation of IFRS financial statements to the extent that they are significant regardless of whether or not these risks are explicitly provided for in the relevant accounting standards.

The Acea Group describes its considerations regarding actions attributable to mitigating the effects of climate change as well as adaptation to climate change in the sustainability section of the non-financial statement, according to the content of the Corporate Sustainability Reporting Directive (CSRD).

Acea has developed an integrated climate strategy that primarily centres on supporting climate change adaptation and mitigation targets by investing significantly to increase infrastructure resilience and security, to increase energy production from renewable sources, to improve energy efficiency, and to reduce greenhouse gas emissions. These targets are formalised in the 2024-2028 Group Sustainability Plan, which sets aside approximately €5.4 billion for projects related to environmental sustainability targets. The sustainability strategy and action plan also incorporate the results of climate risk analyses conducted using the framework

provided by the International Sustainability Board (ISSB) and the Group's Enterprise Risk Management (ERM) method. This analysis aims to identify the physical risks, linked to extreme weather events and climate change over the long term, that may impact infrastructure and the company's operations, and transition risks, linked to changes to the legislative framework, evolving consumer preferences, and the adoption of new low-carbon technologies.

When defining and implementing its strategy, Acea engages constantly with stakeholders, institutions and local communities, promoting awareness-raising and training activities to create a culture of sustainability, collaborating with research institutions to develop innovative solutions, and participating on national and international round tables to help draw up effective environmental policies. Thanks to this integrated strategy, Acea has positioned itself as a key player in the ecological transition, showing a concrete commitment to climate action and to the promotion of a sustainable development model.

The main strategic elements adopted by Acea to pursue climate change risk mitigation include:

- increase in energy production from renewable sources, with a particular focus on solar, hydroelectric and wind power. In this context, Acea has implemented projects to develop new photovoltaic plants and to modernise existing hydroelectric plants, increasing their efficiency and production capacity. Furthermore, projects focused on biogas and biomethane production are being developed, aimed at optimising organic waste and treatment sludge.
- improving energy efficiency at the Group's plants and offices to improve the energy performance of its facilities, reduce resource use, and cut emissions. The most important initiatives include the adoption of smart technologies to manage water and electricity networks, the optimisation of industrial processes, and the use of energy storage systems to balance energy demand and supply;
- increase in the percentage of energy purchased with Guarantees of Origin and the production of renewable energy for self-consumption;
- increase in the quantity of green electricity sold to end customers and offsetting the methane gas volumes sold through the voluntary purchase of certified carbon credits.

Parallel to this, the Group is continuing its commitment to reduce greenhouse gas emissions with a "Well below 2°C" target, in line with the trajectory set by the Paris Agreement. This commitment, validated by the Science Based Targets initiative (SBTi), sets out reduction targets for 2032 in relation to the base year 2020: a 56% reduction in the intensity of direct Scope 1 emissions, a 32% reduction in indirect Scope 2 emissions deriving from purchased energy, and a 30% reduction in indirect Scope 3 emissions (indirect emissions deriving from gas sales). Furthermore, Acea is aiming to reduce Scope 1 and Scope 3 emissions related to the production and sale of electricity by 56%.

The following is a summary of the considerations made by management with reference to the aspects considered significant for the purposes of preparing the financial statements in the sectors of activity in which it operates. For the short term horizon, considering the analyses carried out and the mitigation tools defined by the above-mentioned plans, the management has not identified any specific impacts of significant magnitude deriving from climate-related risks subject to consideration in the application of the accounting standards or requiring special disclosure. This is supported by the Group's constant commitment to pursuing the

highest standards of service in all of its sectors of activity. This entails an ongoing commitment to the development of adequate infrastructures and the evolution of their management, with the application of technological innovation and digitalisation, as well as the preservation and protection of water resources, the development of electricity generation capacity from renewable sources, the energy efficiency of production processes, the pursuit of a circular economy approach, and the implementation of controls on commodities supplied to customers. With reference to the medium/long term, the management, while continuing to define updated development plans, does not foresee any further specific considerations to be taken into account in the application of the accounting standards for the preparation of the financial statements and the relative disclosures.

It should also be noted that the Group's main companies began the process to identify priority physical risks in 2020-2021, analysing them through climate scenarios that consider the regions in which the assets exist, with medium to long term projections, and considering the economic impacts resulting from the increased probability of extreme events. The main physical risks identified are drought and water stress (for water systems), extreme rainfall and flooding (for power distribution networks), and lightning strikes (for power generation assets). For example, the fully consolidated company orei assesses and quantifies the effects of climate change (heat waves/drought and flooding) on its assets and the mitigation projects to implement in the Resilience Plan approved by the Regulatory Authority For Energy, Networks and Environment (ARERA). Management has assessed that these investments do not reduce or modify the expectation of the economic benefits associated with the use of the assets recorded under tangible fixed assets, as they have regulatory relevance and are therefore subject to specific reimbursement mechanisms. Therefore, a critical review of the useful life of fixed assets on the balance sheet was not necessary.

With specific reference to the sale of commodities, the Group monitors the useful life of the customer base and the related accounting assessments as a potential effect of reputational risk.

With reference to the existence of risks of asset impairment, management has considered that, although actions to mitigate/adapt to climate risk entail the need to plan for the maintenance/upgrading of plants in order to guarantee the quality of service, the safety of managed assets and the maintenance of their performance, these activities are in any case considered within the scope of the cash flow forecast used as the basis for determining value in use. More specifically, impacts were identified in terms of sensitivity analysis carried out on CGUs, companies and systems by developing the risk analysis, considering the main external variables indirectly impacted by climate change issues (such as the production price index, energy price index and gas price index), potentially able to impact the relevant economic variables (EBITDA). Trends in raw material purchase costs along with hedging derivatives require a careful policy of monitoring requirements and price hedging. Trends in the cost of commodities as a result of the effects of climate change could make certain sales contracts costly. In addition, the unavailability of commodities could make cash flow hedges from highly probable future transactions ineffective. Finally, with particular reference to regulated sectors, the presence of chronic physical risks could lead to a reduction in service quality resulting in liabilities for penalties. Specifically, extreme events such as floods can cause asset damage and service disruptions (equipment failures, blackouts, etc.) or, for the water network, overflowing of drains connected to wastewater systems and can cause turbidity of water springs. Such impacts may affect the provision of services in compliance with applicable



laws and regulations, resulting in the risk of financial penalties. As indicated previously, also thanks to risk mitigation projects implemented, the potential economic/financial impacts associated with physical risks have been hypothesised as unchanged.

Geopolitical Situation

The start of 2025 continued the trend of increasing economic and geopolitical fragmentation that had characterised previous years, requiring businesses to constantly monitor global developments and carefully manage risks.

The global economic landscape is still being shaped by geopolitical and macroeconomic factors. Despite no decisive developments, the conflict between Russia and Ukraine continues to affect global supply chains, whereas Ukraine's domestic difficulties and the sporadic signs of diplomatic rapprochement are perpetuating uncertainty in the markets. In the meantime, the conflict between Israel and Hamas, escalating in 2024 to a worsening humanitarian crisis and the more direct involvement by Hezbollah, continues to represent a critical factor for regional stability in 2025.

Despite this scenario, the global economy has continued on its path towards normalisation following the shocks of recent years, with many imbalances gradually being resolved:

- **Energy markets:** the stabilisation that began in 2024 is starting to consolidate in 2025. Brent prices remain around \$80 per barrel, reflecting moderate demand (particularly from China), with supply remaining plentiful and continuing to offset geopolitical tensions. In Italy, the national standard electricity price remains below the peaks seen in previous years, even though it is still higher than the pre-crisis levels of 2019.
- **Macroeconomic outlook:** the International Monetary Fund forecasts subdued global growth for 2025, with varying trends across different regions: the United States maintains strong momentum, driven by domestic consumption; Europe is showing a moderate recovery; China continues to face a slowdown caused by challenges in the property sector and weak domestic demand.
- **Inflation:** Eurozone inflation generally remains under control, although there are some signs of a rise linked to energy prices. Core inflation is showing greater stability (with energy prices rising by 1.8% year-on-year in January 2025 and core inflation at around 2.7%). Central banks remain focused on striking a balance between price stability and supporting growth, gradually adjusting monetary policy in this regard.

In this scenario, the geopolitical and macroeconomic context continues to represent a critical variable for businesses, impacting both on asset valuations and budgeting strategies. The Public Statement issued by ESMA on 28 October 2022 remains current, where it had analysed the effects of the Russian invasion of Ukraine on financial reports, continuing to provide a key reference for the impairment testing of non-financial assets.

The shift in corporate, commercial and financial strategies that have become necessary in relation to ongoing geopolitical tensions increase the risk of significantly impacting asset and liability book values. ESMA recommends that regulated firms consistently review and update the assumptions underlying their projected cash flows, ensuring coherency between business strategies, market conditions and macroeconomic expectations. Accordingly, ESMA's European Common Enforcement Priorities for 2025 are particularly relevant, as they draw issuers' attention to the need to reflect in their financial statements the impact of geopolitical and macroeconomic risks on key accounting estimates. ESMA recommends providing specific and consistent disclosures

on the impact of these factors on the impairment of non-financial assets, projected cash flows and discount rates, ensuring consistency between business strategies, the assumptions underlying valuation models, and quantitative and qualitative information in the financial statements.

Estimates for the recoverable amount on non-financial assets must be based on all available internal and external information and reflect the high degree of general uncertainty. It is therefore advisable to adopt forecasting models based on multiple scenarios, underpinned by reasonable and realistic parameters, which adequately reflect market risks, inflation and geopolitical tensions.

A key element in impairment testing is to correctly determine the discount rate, which must reflect market conditions as well as risks specific to the assets being valued, avoiding the duplication of any risks already incorporated into the forecast flows. The rise in interest rates and inflation experienced in recent years may have a significant impact on the discount rate and, consequently, on assets' recoverable amounts. This makes it imperative to ensure that the macroeconomic scenarios adopted and financial assessments are fully consistent, so that financial reporting is transparent, reliable and representative of the effective exposure to risks.

Development and technological innovation

In an increasingly complex context, where Acea operates across the water, energy and environmental sectors, technological innovation is a key enabler for consolidating business growth, optimising operations, enhancing service quality and accelerating the digital and ecological transition.

Based on its business strategy, Acea has made the integration of cutting-edge technologies a key pillar of its strategy, with the aim of redesigning an end-to-end operational model that is more integrated, intelligent and resilient, and capable of supporting the Group's long-term growth.

The impact of technology goes beyond improving the efficiency of assets and processes: it fosters new skills, promotes leaner and more responsive organisational models, and enables more immediate, transparent and personalised interaction with customers, institutions and stakeholders. Acea launched a number of initiatives during the year, adopting innovative technologies, particularly in the fields of artificial intelligence, robotics, IoT sensors and machine learning.

Artificial intelligence is now being applied in a variety of areas: from predictive maintenance to automated workforce scheduling, right through to conversational solutions for customer support, with the aim of combining operational efficiency with high-quality customer relations. In the electricity sector, Acea introduced areti's ADMS platform ("Dante"), which integrates simulation models and artificial intelligence algorithms to monitor the grid in real time, detect anomalies and support rapid decision-making, helping to make infrastructure more efficient, reliable and safe. At the same time, Acea introduced solutions such as Smart Asset Inventory, which automates and speeds up the recording of inventory for equipment in primary and secondary substations through data collection and AI analysis, thereby improving asset management accuracy and reliability.

Robotics is used in operations, with the aim of providing greater protection to people, increasing the efficiency of operations and elevating work quality. The main applications include the inspection and monitoring of infrastructure, operational asset management and site activities. In the water sector, Acea developed the "Robotics for Water" programme, which introduces robotic solutions

to inspect, monitor and carry out maintenance on infrastructure, thereby reducing staff exposure to hazardous environments, with benefits in terms of safety, sustainability and operational efficiency. In the electricity sector, Acea also uses TEDDI, an autonomous quadruped robot deployed for preventive monitoring in primary substations: this solution increases the frequency and quality of inspections, reduces exposure in hazardous environments and enables predictive analytics based on the structured collection of field data. In July 2025, through a.Quantum, Acea entered into a three-year agreement with the Italian Institute of Technology (IIT) to establish the “Robotic Joint Lab”, a joint laboratory dedicated to the design and development of advanced robotic solutions for the construction, management and maintenance of water, energy and environmental infrastructure, with activities based in Genoa and Rome and field trials at the Group’s facilities.

Finally, the potential of IoT sensors and machine learning are used to implement solutions such as: network districting, computer vision for asset inventory, optimisation of energy consumption, digital twins for plant design and management, and real-time demand-optimised flow telecontrol.

To keep pace with technological developments, Acea is in constant contact with the innovation ecosystem. Acea as co-founder, continues to participate in ROAD (Rome Advanced District) – a Roman hub that tests solutions for the energy and ecological transition using a “living lab” approach. Acea is also a member of the Rome Technopole Foundation, promoting training, research and technology transfers in Lazio, and has joined CrossConnect to support infrastructure-focused start-ups.

Sustainable management of the supply chain

Aware of the positive contribution that sustainable supply chain management can offer to protecting the environment, Acea is committed to defining purchasing methods that include intrinsic characteristics of the products and aspects of the process that limit environmental impact and foster initiatives aimed at minimising waste, reusing resources and protecting the social aspects involved in the procurement of goods, services and works. In tackling this green procurement issue, Acea has been using the minimum environmental criteria in force for several years, including non-compulsory bonus aspects in its tender procedures.

More specifically, in tenders based on the Most Economically Advantageous Tender (MEAT) principle, Acea has included the EcoVadis assessment in its award criteria; this is an international tool that measures the environmental, social and ethical sustainability of suppliers. A positive EcoVadis rating results in additional points during the tender process, encouraging suppliers to improve their sustainability performance and promoting the selection of more responsible partners.

From 2025, Acea has subscribed to EcoVadis’ Carbon module, a digital platform designed to collect, manage and monitor data relating to CO₂ emissions and the environmental impact of the supply chain. The Carbon module is used to collect the environmental information provided by suppliers in a structured manner, focusing specifically on direct emissions (Scope 1) and indirect emissions from energy consumption (Scope 2) generated by the suppliers’ activities. This tool facilitates the assessment of environmental performance and identification of areas for improvement, enabling Acea to further integrate sustainability criteria into its procurement processes, promoting a supply chain that is increasingly transparent

and environmentally responsible.

Acea promotes sustainable and responsible supply chain management, fostering transparent relationships and the creation of shared value. The selection and monitoring of suppliers are based on structured criteria, which include:

- EcoVadis assessment
- Green purchases
- Reputational due diligence
- Management Systems – Supply Chain Verifications
- Vendor ratings
- Sustainability and safety
- Cyber risk assessment.

During 2025, three pilot risk assessments were also carried out on IT contracts, involving the classification of suppliers according to risk categories (e.g. financial stability, workplace health and safety, ESG, cyber security, and ethical-reputational factors), the use of specific monitoring tools (financial statement scores, audits, questionnaires, spend analyses, vendor ratings, and cyber assessments), and the weighting assigned to various KPIs thus enabling a quantitative and comparable assessment. Customer companies were directly involved in defining and implementing the mitigation measures, ensuring operational oversight and joint management of the identified risks. These activities have made it possible to identify areas requiring attention, strengthen control measures and implement targeted mitigation actions, where necessary.

Health and safety in the workplace

Acea continuously promotes initiatives aimed at safeguarding health and safety in the workplace, with the aim of fostering a robust and shared culture of prevention, involving the entire workforce. In this regard, the company has adopted an advanced risk assessment model, supplemented by structured control and mitigation measures. Acea also actively promotes health and well-being initiatives, with the aim of balancing health, well-being and quality in a person’s working life. With dedicated programmes and targeted initiatives, the company fosters a working environment that prioritises the physical and mental well-being of its staff, recognising this as an essential component for sustainable performance and a truly integrated safety culture.

As part of the company’s ongoing improvement programme, aimed at preventing and reducing accidents, Acea provides all staff with effective tools to encourage their active involvement in analysing safety indicators. This involvement is a significant indicator of the maturity level of the culture of safety and continuous improvement within the organisation.

At the same time, Acea is extending its awareness-raising activities to contractors and subcontractors, recognising their strategic role in carrying out activities across the value chain. Safety is regarded as a cornerstone of the company’s strategy rather than a mere compliance requirement, and is based on a management approach focusing on measuring and monitoring results. Acea regards safety as an integral part of its operational quality: excelling in the quality of processes and activities naturally leads to higher safety standards. From this perspective, operational quality and safety do not run parallel to one another, but reinforce each other, helping to build a more efficient, reliable organisation that is committed to protecting its people.

Improvement measures (such as reducing the incidence of specific types of accidents) and consolidation measures (such as maintain-



ing positive results and adopting new organisational standards) form the cornerstones of our ongoing commitment to improving health and safety in the workplace.

Finally, Acea closely and proactively monitors the market and the world of innovation, with the aim of combining its existing expertise with the latest technological standards and opportunities offered by artificial intelligence. This approach enables the company to further strengthen its prevention systems, improve decision-making processes and consolidate an increasingly advanced and sustainable safety management model.

NATIONAL RECOVERY AND RESILIENCE PLAN (NRRP) GRANTS

As already highlighted, the Acea Group has been called on to play a key role in Italy's growth within the context of the definition and implementation of the National Recovery and Resilience Plan (NRRP), namely the package of investments and reforms drawn up by the Italian Government and adopted by the European Commission and the Council of the European Union to benefit from the financial support provided by the Recovery and Resilience Facility (RRF), a temporary recovery and resilience instrument at the heart of the 2021-2026 NextGenerationEU Programme.

To date, Italy is the country that has received the largest allocation for the NRRP, with €194.4 billion in European funds (of which €71.8 billion in grants and €122.6 billion in soft loans), which was made available to implement 66 reforms and 150 investment projects. 39% of the funds must be allocated to measures aimed at the ecological transition, and 25.6% to the digital transformation.

In 2022, Italy agreed with the EU to incorporate the REPowerEU plan into the NRRP to tackle the energy crisis, introducing a dedicated chapter (Mission 7) to accelerate the transition to renewable energy sources and reduce energy dependency on Russia, through new reforms (e.g. simplifying the authorisation process for renewable energy projects) and targeted investments.

Specific targets and milestones were set for each NRRP investment and reform, which must be met for the funds to be disbursed. The fulfilment of this condition is verified on a six-monthly basis, from the second half of 2021 to 30 June 2026. The status of Italy's National Recovery and Resilience Plan presents a mixed picture. In December 2025, the European Commission released the eighth

instalment of €12.8 billion, with 32 milestones and targets having been met. Generally, however, the NRRP is experiencing significant delays in actual spending, which at 44% at the end of October 2025, is below the European average, particularly with regard to certain measures such as green technologies.

To address these delays in effective spending less than a year before the end of the implementation period, Italy's National Recovery and Resilience Plan (NRRP) has been revised six times, including a final revision adopted by the Council of the European Union on 27 November 2025 in Brussels. To extend the time frame for the actual disbursement of funds beyond the end of August 2026, new financial instruments were introduced which require that, by the end of the NRRP, only the transfer of funds to a financial manager can be finalised (i.e. Invitalia, CDP, etc.), with the formulation of the investment policy and signing of grant agreements with the final beneficiaries. The use of these financial instruments also covers €1 billion in investments in water supply infrastructure, which will be provided by Invitalia for projects selected in the scope of the PNI-ISSI.

In the last three years, the Acea Group received significant grants in the context of the NRRP, aimed at supporting the investments and strategic initiatives set out in the Plan itself. In this context, Acea Group companies have benefited from a total of €0.89 billion in NRRP funding, of which:

- €0.70 billion of which €0.55 billion for water infrastructure (M2-C4-I4.1 and M2-C4-I4.2) and €0.15 billion for drainage and treatment systems (M2-C4-I4.4);
- €0.174 billion for electricity network resilience (M2-C2-I2.1) and smart grid (M2-C2-I2.2) projects.

The disbursement of NRRP grants is subject to the fulfilment of specific conditions established by the competent authorities, such as:

- the achievement of the targets of the funded project;
- the regular reporting of expenditure.

To date, the Acea Group has met all applicable conditions and continues to closely monitor changes to the regulatory and administrative landscape regarding the implementation of the NRRP, in order to guarantee the correct management and reporting of the funds received.