

**HD** **China, Australia bids in pole position for Italy grid assets - sources**

**WC** 497 words

**PD** 22 March 2014

**ET** 02:35

**SN** Reuters EU Highlights

**SC** REUNH

**LA** English

**CY** (C) Reuters Limited 2014.

**LP**

MILAN, March 21 (Reuters) - **China's** State Grid Corporation and Australian infrastructure fund IFM are in pole position to take stakes in a **company** that controls Italian **energy** grids, two sources with knowledge of the matter told Reuters.

Italian state lender Cassa Depositi e Prestiti (CDP) is offering up to 49 percent of CDP Reti, a vehicle which controls gas transport **company** Snam and that should soon also control power grid operator Terna.

**TD**

Cash-strapped Italy is trying to sell shares in companies it owns, directly and indirectly, to raise badly-needed cash for its coffers to cut its mammoth 2 trillion euro debt.

"There are two or three bidders. **China** State Grid and IFM are definitely in the race," one of the sources said.

The same sources said Singapore sovereign fund GIC might also be interested. A third source said the price tag for the **stake** was around 2.4 **billion** euros (\$3.3 **billion**).

CDP Reti, fully owned by CDP, already holds 30 percent of Snam, one of Europe's biggest gas transmission players. CDP plans to park a similar **stake** in Terna in the unit.

"The transfer of the Terna **stake** has been held up because of the recent change of government but it's going to happen so the vehicle becomes more appealing for international investors," one of the sources said.

On Wednesday Snam announced it had begun talks with its main owner to buy the TAG gas pipeline that carries Russian gas into Italy. Snam, which has a strategic alliance with Belgium's Fluxys, aims to play a leading role in integrating Europe's patchwork of gas grids.

Some 15 bidders originally expressed interest in buying shares in CDP Reti last year, sources told Reuters. They included sovereign funds from Kuwait, Qatar and Abu Dhabi as well as private **equity** funds such as Canada's Borealis.

But interest cooled off because of perceived political risk attached to the deal and a lack of control over the assets. Rome is introducing special powers for strategic sectors, such as **energy** transmission networks, that will give the government veto powers to safeguard national interests.

In January CDP chairman Franco Bassanini said investors from Canada, the U.S., Australia, **China** and the Gulf had expressed interest.

IFM and CDP declined to comment while **China** State Grid was not immediately available to comment.

Snam and Terna are currently worth around 14 **billion** and 7.8 **billion** euros, respectively, according to ThomsonReuters data.

People familiar with the matter previously told Reuters CDP was seeking to sell the **stake** to a series of investors rather than one single buyer while at the end of last year a source said CDP hoped to complete the deal by the end of June.

(\$1 = 0.7255 Euros) (Reporting by Stephen Jewkes, Francesca Landini, additional reporting by Anjuli Davies in London; Editing by Sophie Walker)

**RF** Released: 2014-3-21T17:35:24.000Z

**CO** stgcoc : State Grid Corporation Of China | snaret : Snam SpA

**IN** i98201 : Beauty/Personal Care | ibcs : Business/Consumer Services | iscsv : Specialized Consumer Services | i16 : Electricity/Gas Utilities | i16102 : Electric Bulk Power Transmission | i162 : Gas Utilities | ieutil : Electric Utilities | iutil : Utilities

**RE** italy : Italy | austr : Australia | china : China | devgcoz : Emerging Market Countries | milan : Milan | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | dvpcoz : Developing Economies | easiaz : Eastern Asia | eecz : European Union Countries | eurz : Europe | lombar : Lombardy | medz : Mediterranean | weurz : Western Europe

**IPD** Business

**IPC** SERVICE:BL

**PUB** Thomson Reuters (Markets) LLC

**AN** Document REUNH00020140321ea3l000dx