



Strategic Plan: Power Generation in Spain

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Generation Business Director

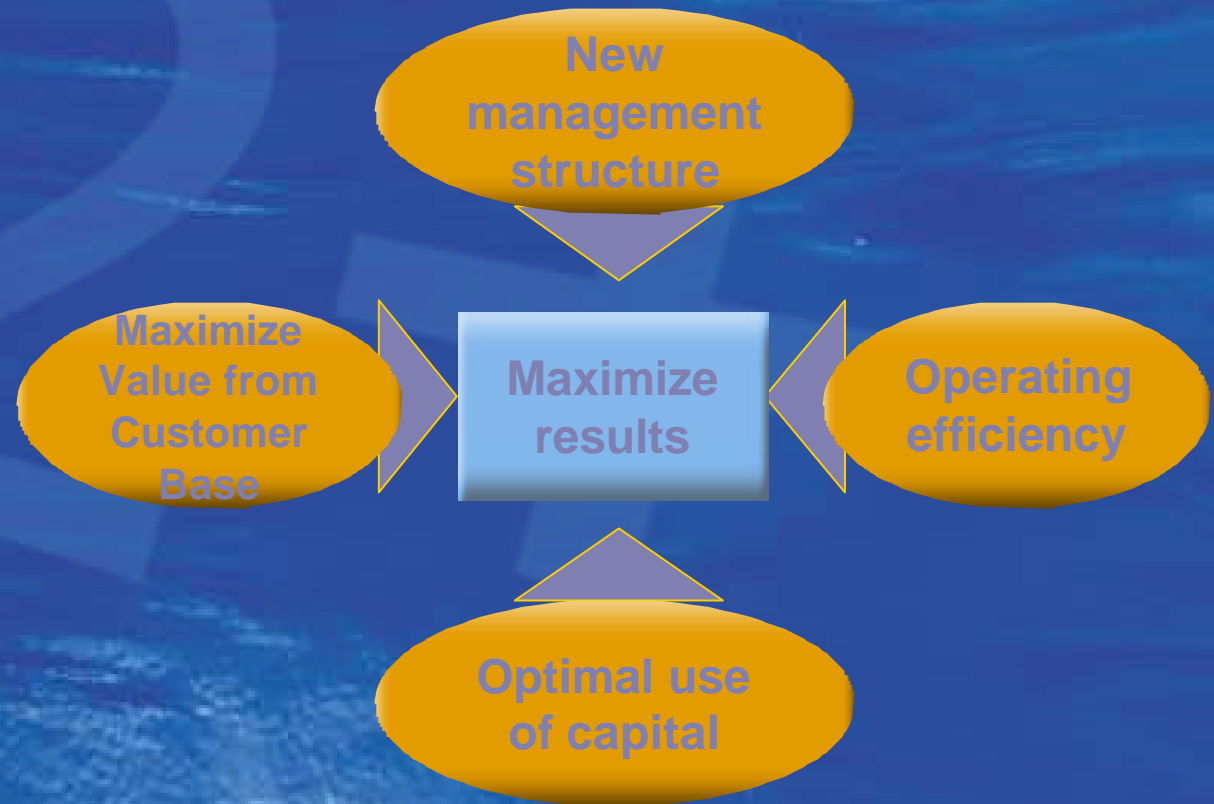
Madrid, 11th of March 2002

Strategic Plan 2002-2006

New Strategic Vision for Iberdrola

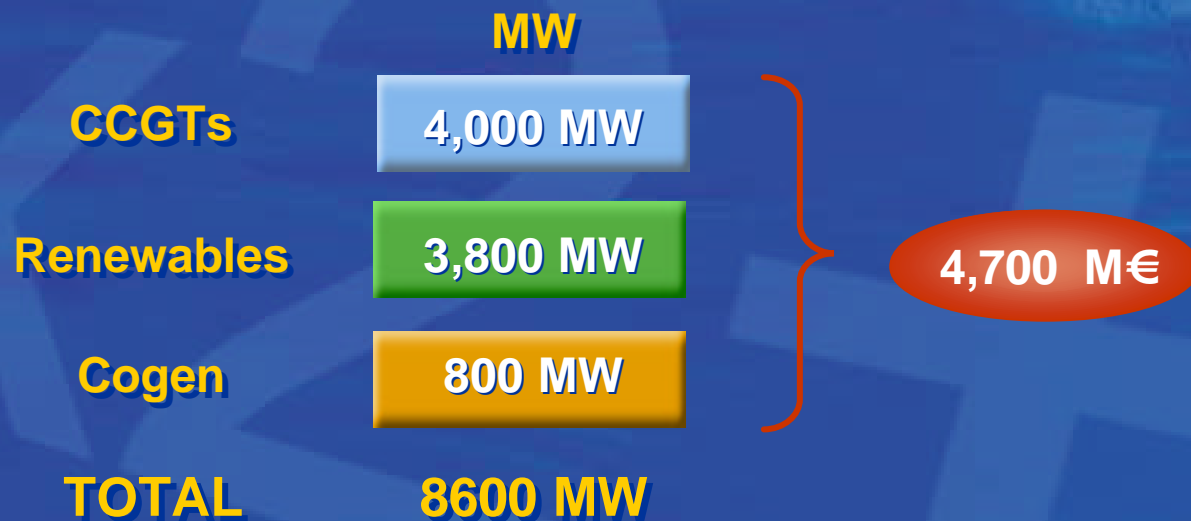
~ Leveraged on ...

- ~ Improving efficiency
- ~ Focusing on core businesses
- ~ Pursuing available growth opportunities
- ~ Taking advantage from strong financial position



Strategic Plan in Spain: Power Generation

Generation investments



	<u>2001</u>	<u>2006</u>
Installed Capacity	16,000 MW	22,600 MW (*)

~A very challenging plan for Generation ... but achievable

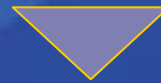
(*) Includes withdrawn capacity

Iberdrola's Power Generation Plan in Spain

Iberdrola's Power Generation Plan in Spain

Iberdrola's Plan to build new generation capacity in Spain has a strong basis and will yield a leader position in the generation market...

Best choice in the current market conditions



A sound Plan in accordance with market fundamentals and Iberdrola's competitive position

Demand Growth

Economics

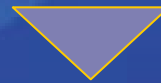
Production market share



The Plan is being fulfilled and pushing hard forward...

Iberdrola's Power Generation Plan in Spain

Best choice in the current market conditions



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Iberdrola's Power Generation Plan in Spain

Best choice within nowadays market environment

A more
suitable
technology
means ...

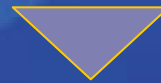
- ~ Competitive Generation
- ~ Lower investment cost
- ~ Lower operation leverage
- ~ Shorter construction period
- ~ Modularity
- ~ Operation flexibility
- ~ Lower environmental impact
- ~ Reducing risks
- ~ Efficiency / energy services

CCGTs
Cogen

Plus selective Hydro and Coal projects when
feasible, well supported and aligned with our strategy

Iberdrola's Power Generation Plan in Spain

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Economics

Production market share



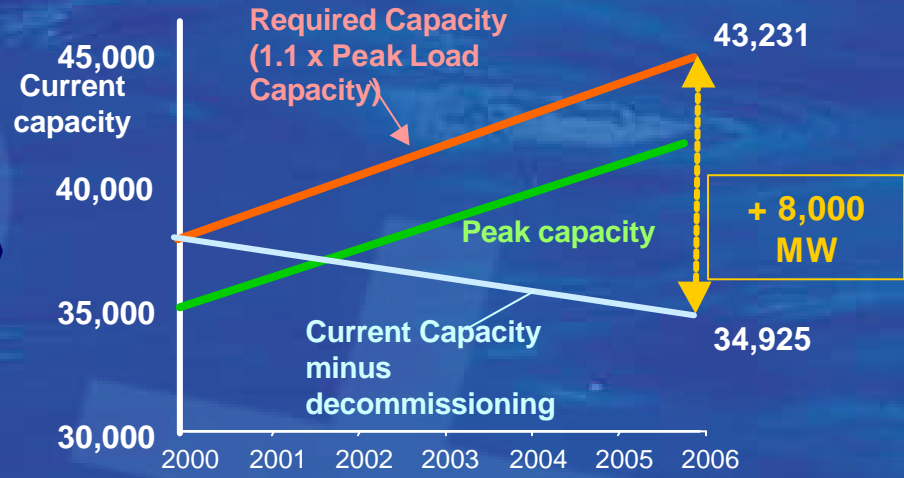
The Plan is being fulfilled and pushing hard forward...

Iberdrola's Power Generation Plan in Spain

Demand Growth

Wholesale market

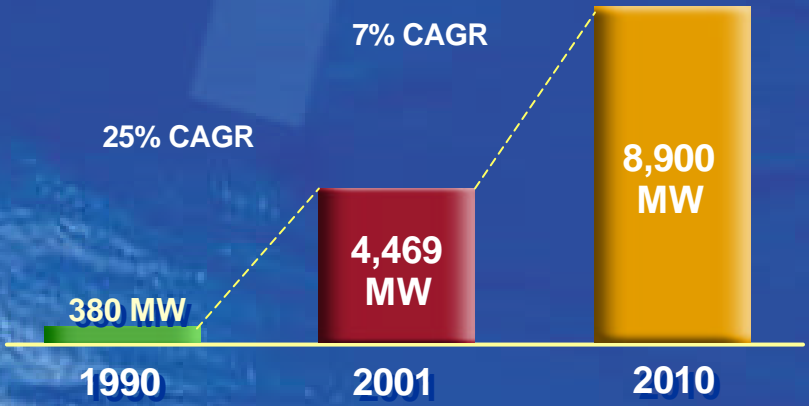
- ~ Intense Demand growth
- ~ Peak load coverage (>1.1 coverage ratio)
- ~ Modernization
- ~ Technological Development



Source: Red Electrica de España, S.A.

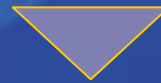
Cogen Market

- ~ Convenient Regulation
- ~ EU Incentives
- ~ 18% Target in Spain
- ~ Customers' needs
- ~ Technological Development



Iberdrola's Power Generation Plan in Spain

Best choice in the current market conditions



A sound Plan in accordance with market fundamentals and Iberdrola's competitive position

Demand Growth

Economics

Production market share

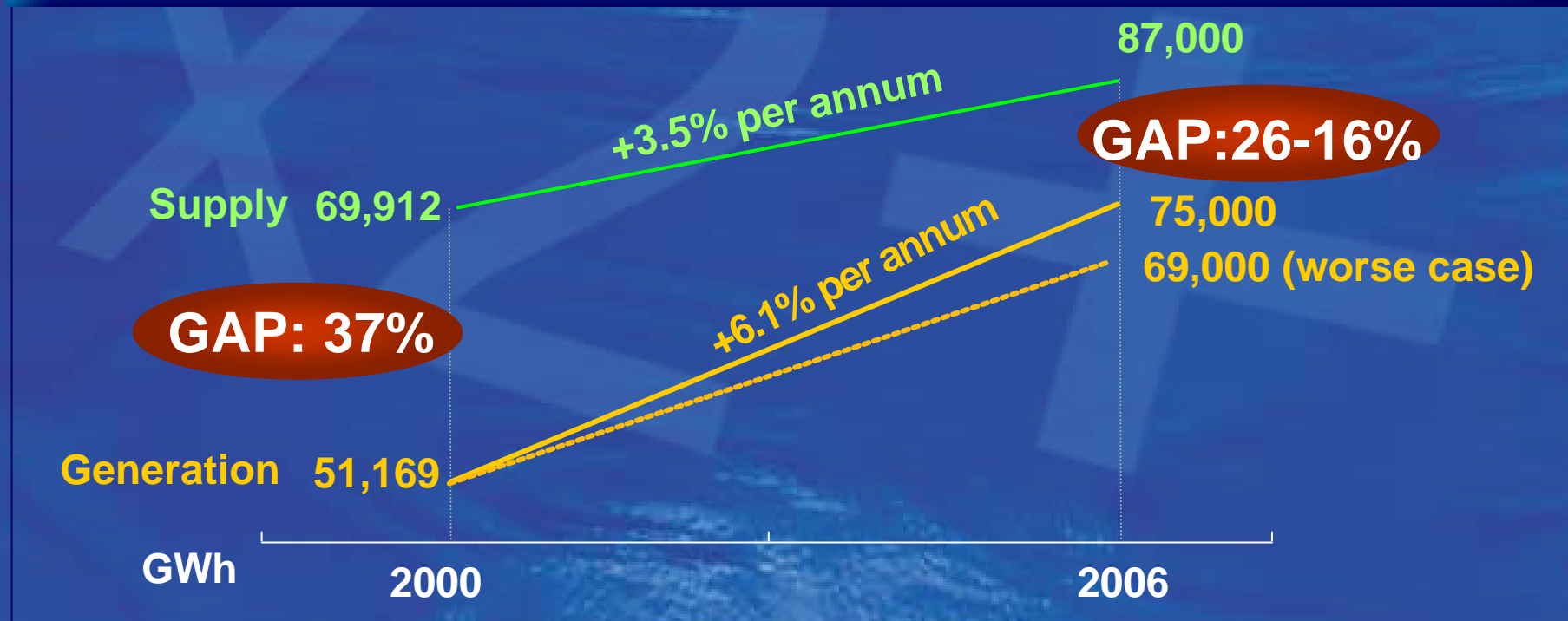


The Plan is being fulfilled and pushing hard forward...

Iberdrola's Power Generation Plan in Spain

Production market share (Wholesale Market)

Iberdrola has the opportunity to increase its production market share and to reduce its "supply - generation gap"

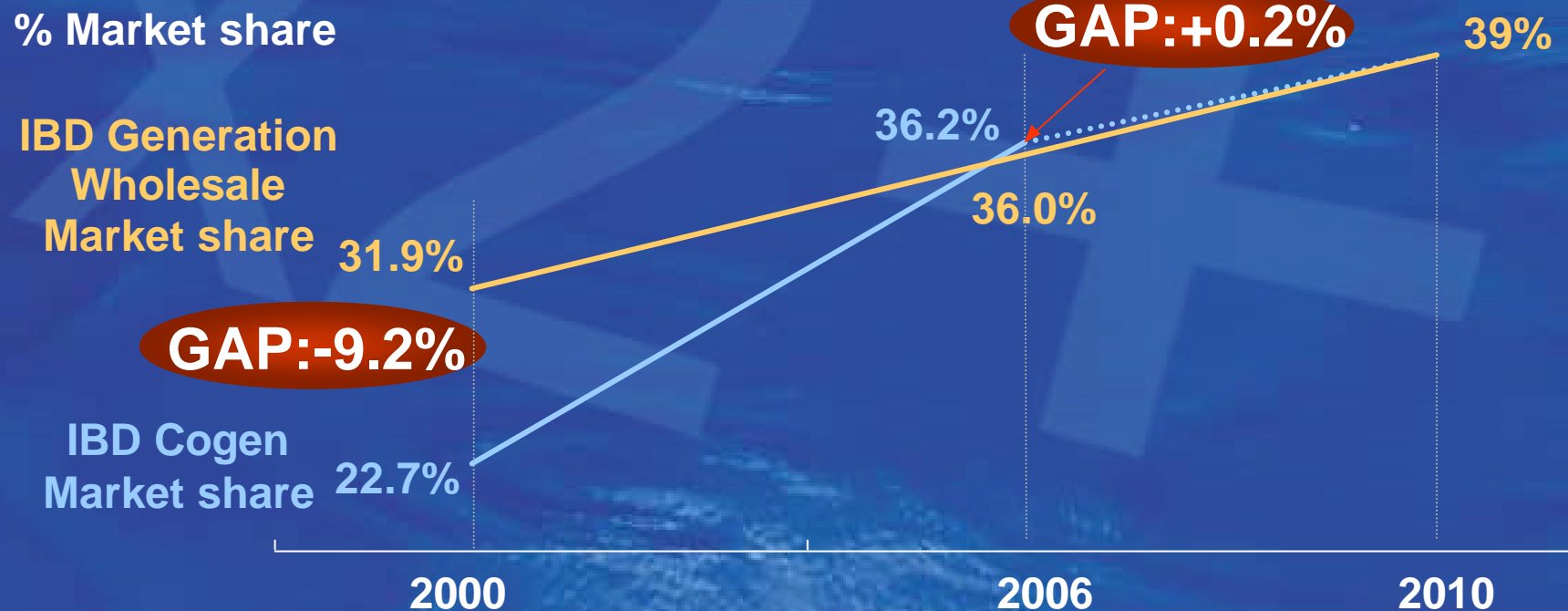


~ With a long term wholesale market share of ? 39%

Iberdrola's Power Generation Plan in Spain

Production market share (Cogen / Energy Services)

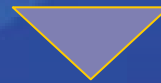
Iberdrola plans to increase its production market share within the cogen business, trying to converge with long term wholesale market share



~ Big efforts concentrated on next five years

Iberdrola's Power Generation Plan in Spain

Best choice in the current market conditions



A sound Plan in accordance with market fundamentals and Iberdrola's competitive position

Demand Growth

Economics

Production market share



The Plan is being fulfilled and pushing hard forward...

Iberdrola's Power Generation Plan in Spain

Economics

- ~ Gas-Electricity convergence
- ~ System generation mix:

~ Hydro and Nuclear



Base load energy

~ Thermal



Determines Marginal Price

~2002 scenario: Fuel/Coal

~2006 scenario : CCGTs/Gas



High electricity - gas prices correlation

~ Iberdrola's position

- ~ Energy Management based on Iberdrola's generation mix
- ~ Gas contracts management



~ A right energy management guarantees CCGT's profitability for different scenarios of gas prices and load factors

~ Operating cash flow to exceed annual investment by 2005

Iberdrola's Power Generation Plan in Spain

Theoretically, there are many different feasible visions but...

What is a realistic scenario?:

Building CCGTs , Cogen and Windfarms instead other technologies

- ~ Less obstacles, less social-political opposition
- ~ More modularity, fits best demand and shortens time to market
- ~ Minimizes environmental impact

Most of new projects being developed by incumbents

- ~ Difficulties to get suitable sites leads to opt for promoting "brownfields" or inside the fence greenfields
- ~ High share of nuclear and hydro capacity plus moderate prices and margins drives to a much higher risk perception for new entrants

Market dynamics led by disposal of obsolete thermal capacity more than by a price war for market share

- ~ All competitors will seek reasonable returns in what is going to be a huge investment program during all of this decade
- ~ Is not sustainable and rational to price below "cost of gas +" and gas represents 80% of CCGT's costs

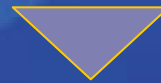
Energy margins related with asset portfolio and market knowledge rather than with size or market share

- ~ Free rider IPPs is a fairy tale for an ideal world
- ~ Base load generation, hydro management and "short in generation" hedge have an important intangible value
- ~ Today's size or market share doesn't guarantee a pleasant life for the future

What can be expected for Iberdrola, having a well-diversified and the lowest cost production mix, from this scenario and Plan ?

Iberdrola's Power Generation Plan in Spain

Best choice in the current market conditions



A sound Plan in accordance with market fundamentals and Iberdrola's competitive position

Demand Growth

Economics

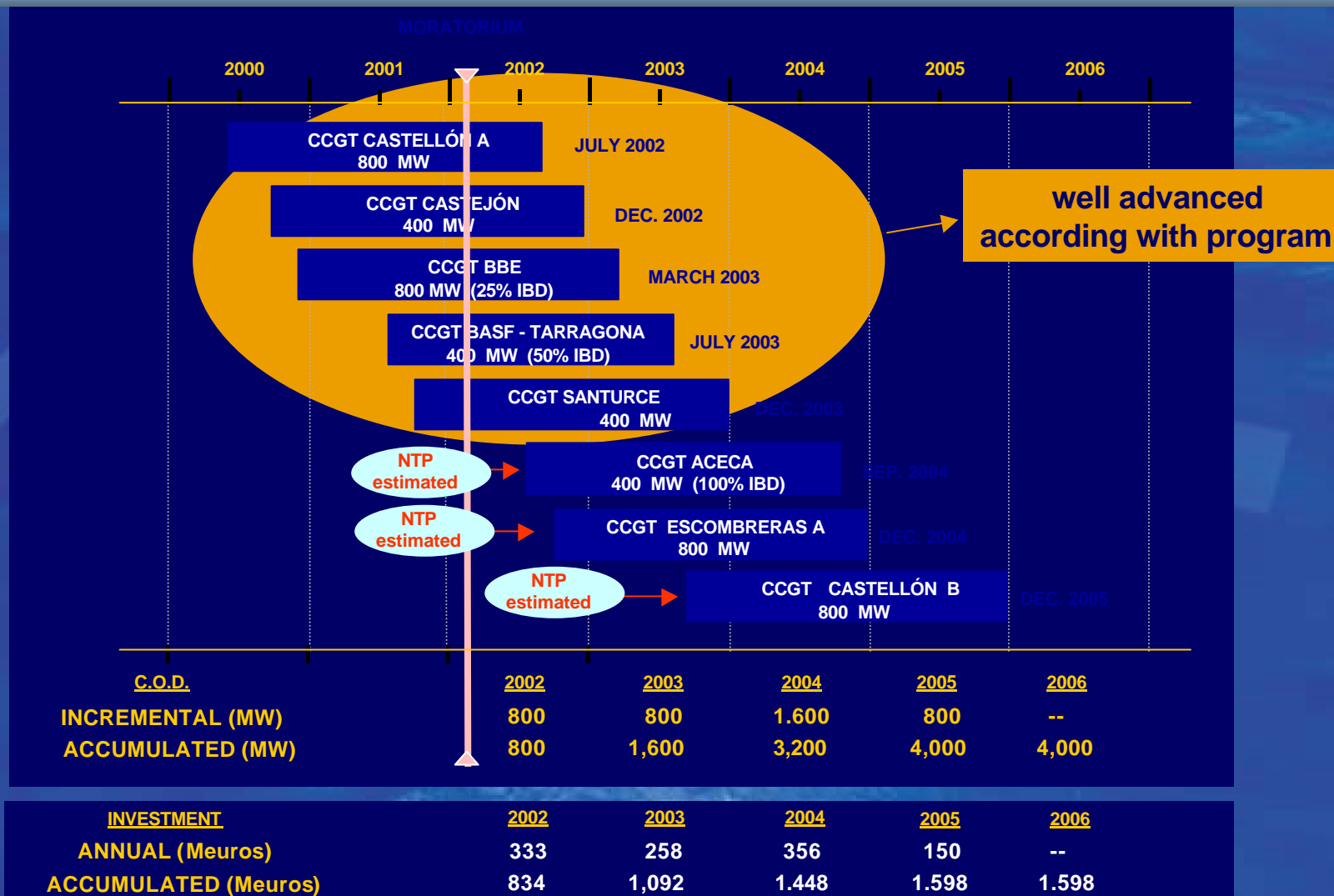
Production market share



The Plan is being fulfilled and pushing hard forward...

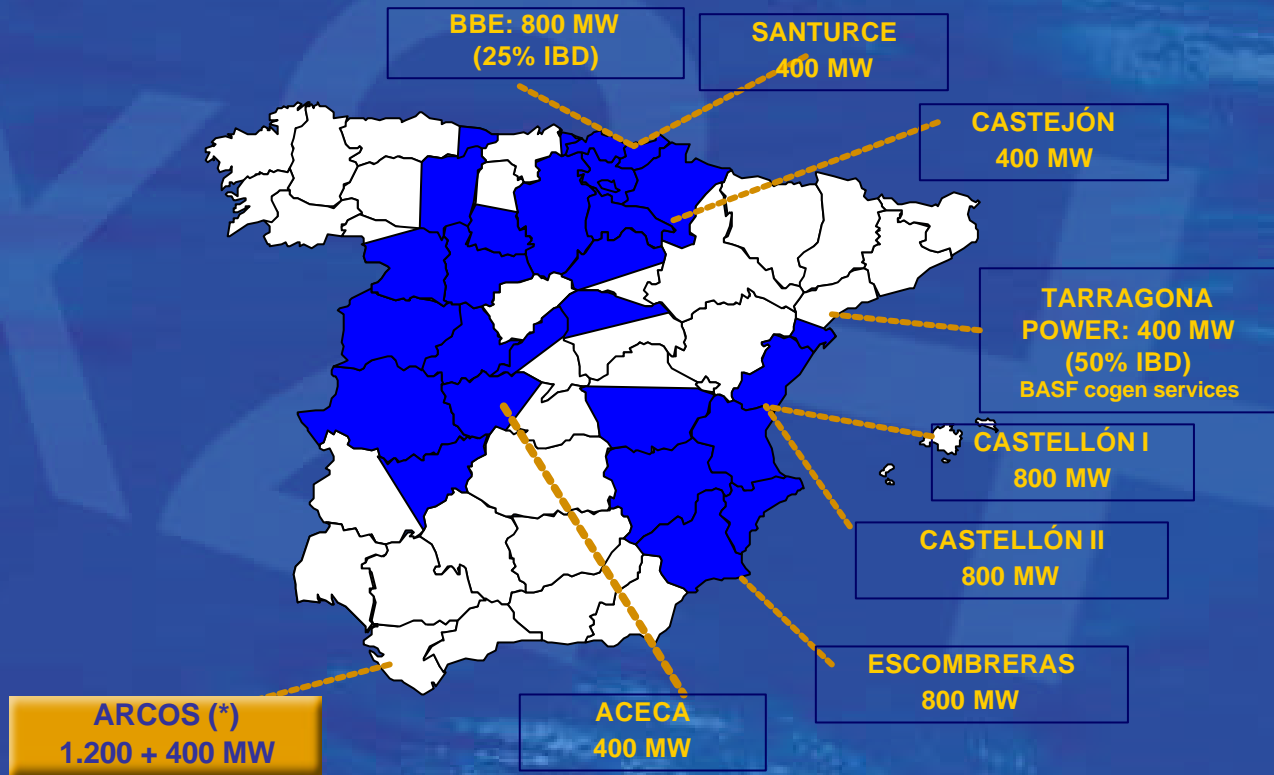
Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...



Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...
CCGT Development program

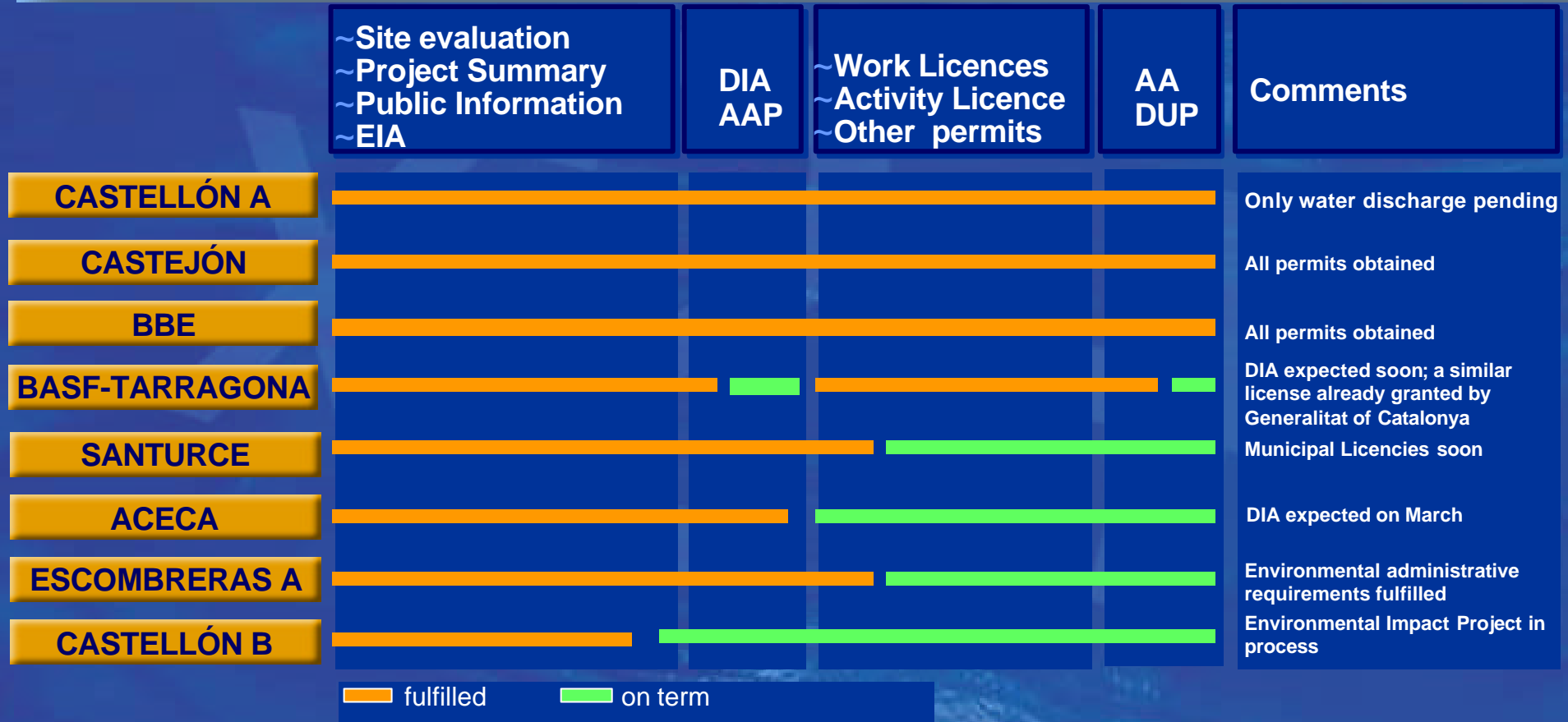


Projects sites in strategic zones for the System, either in Iberdrola's or in the competitors' supply areas.

(*) In the process of purchase and/or authorization

Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...



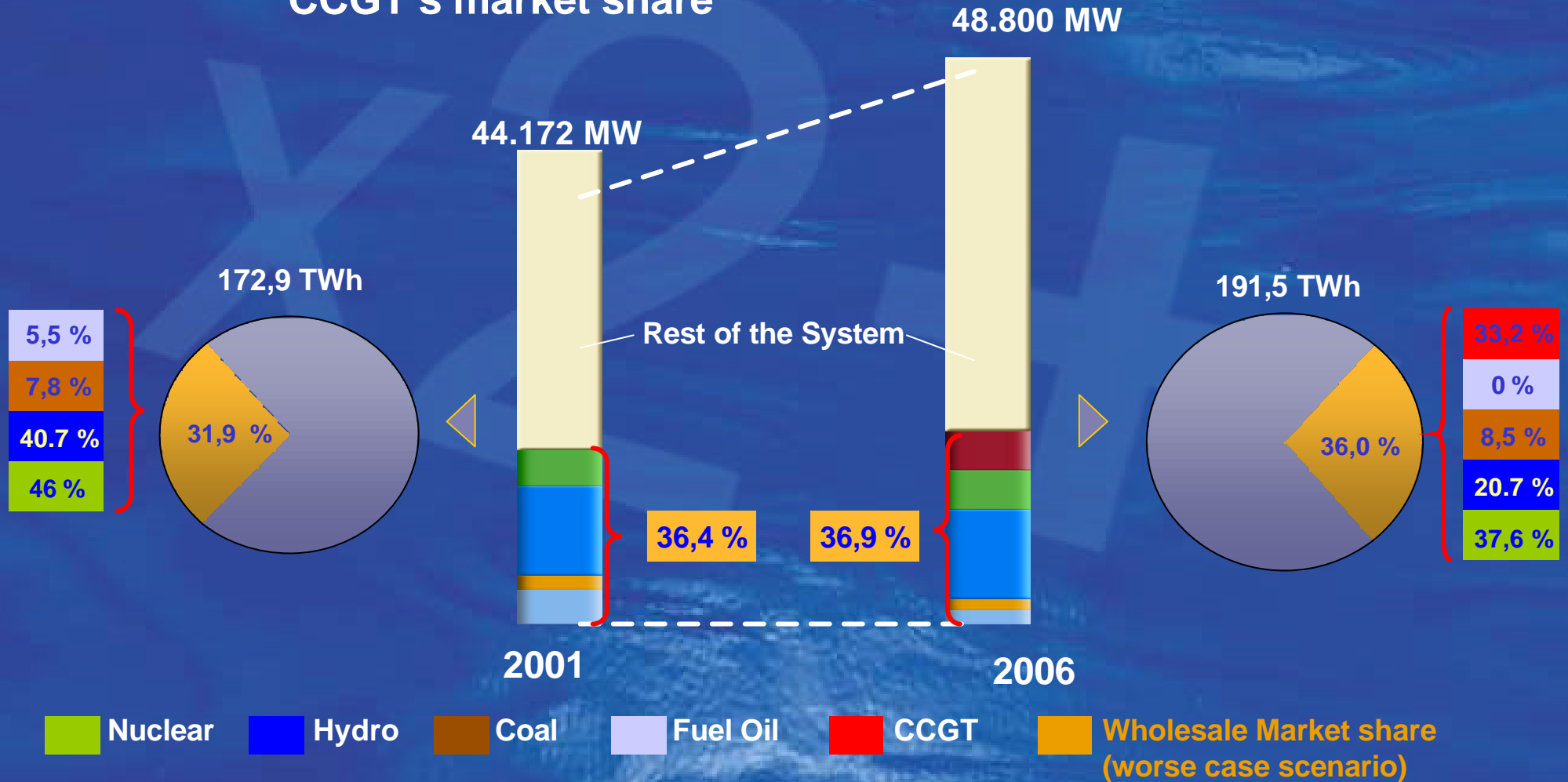
EIA: Environmental Impact Report
 DIA: Environmental Impact Declaration
 AAP: Previous Administrative Authorization
 AA: Administrative Authorization
 DUP:: Declaration of Public Service

More than 85% of the program fulfilled

Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...

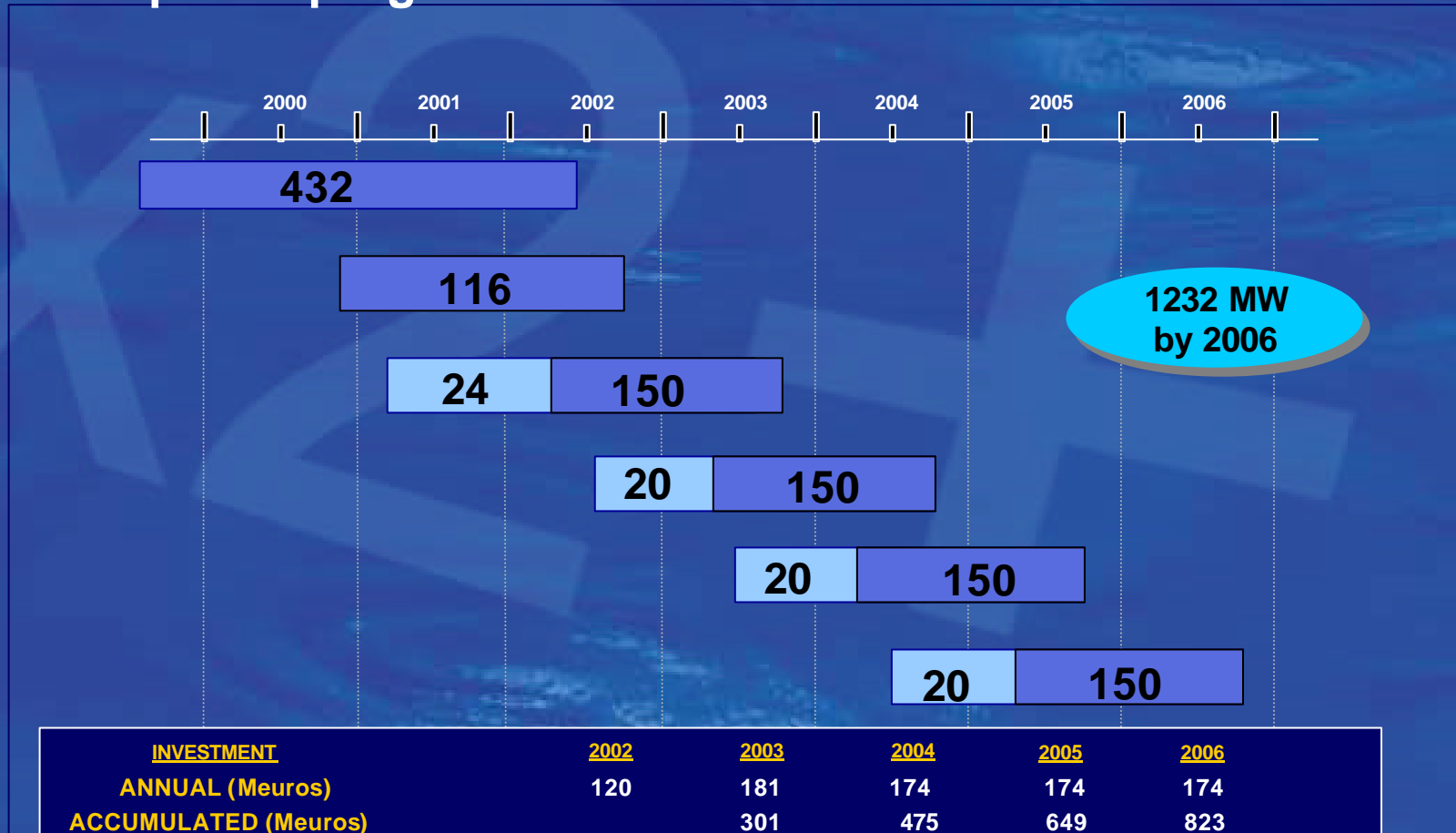
CCGT's market share



Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...

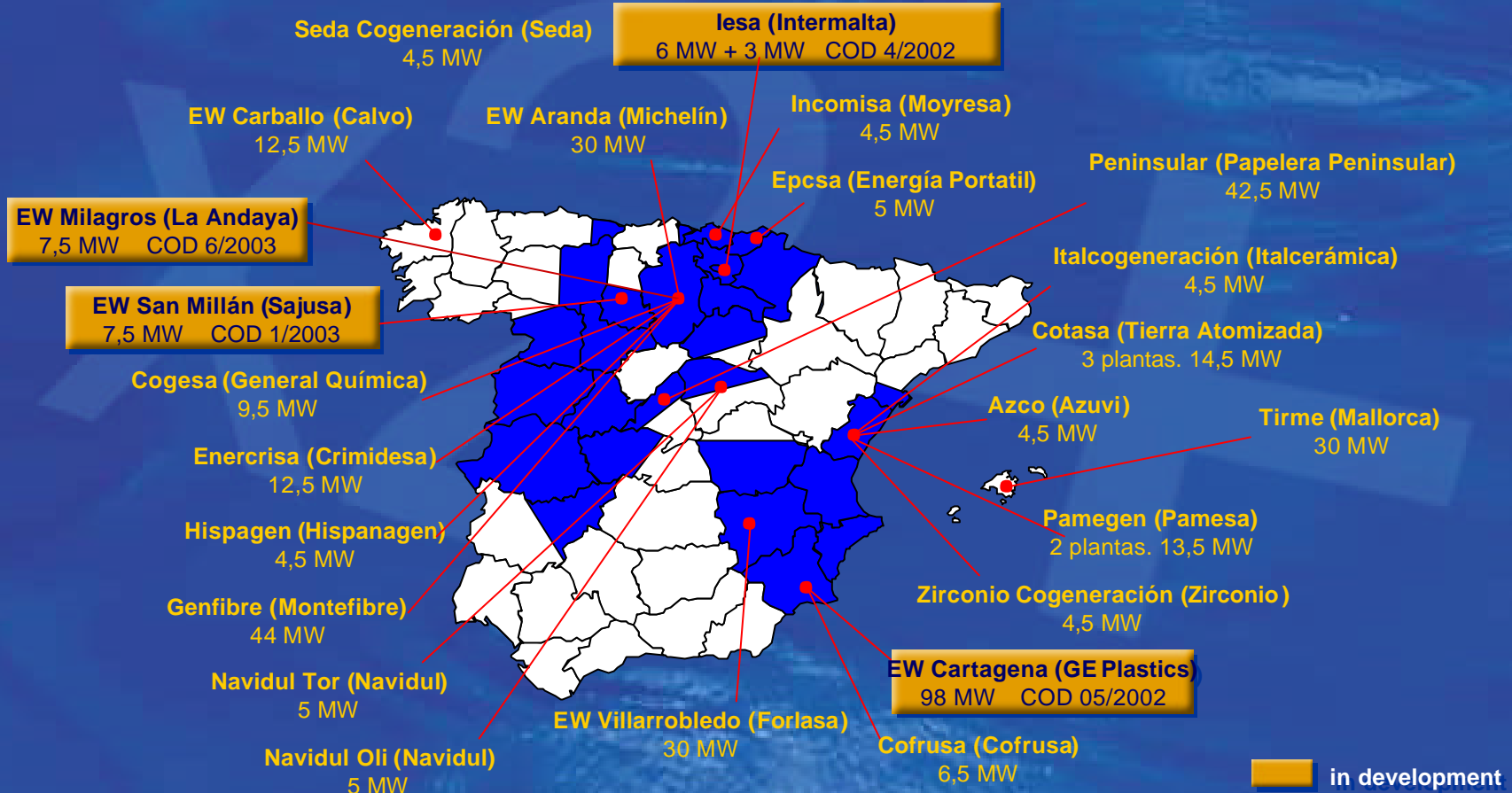
Cogen Development program



Cogen for Industrial Customers
 Cogen for Waste Management

Iberdrola's Power Generation Plan in Spain

**The Plan is being fulfilled...
Cogen business consolidation**



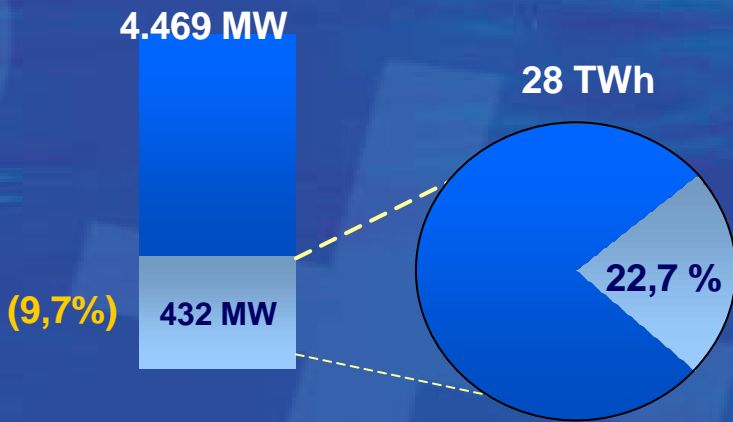
Bringing more visibility and focus to the business: cogen assets restructuring and new projects development within one specialized unit

Iberdrola's Power Generation Plan in Spain

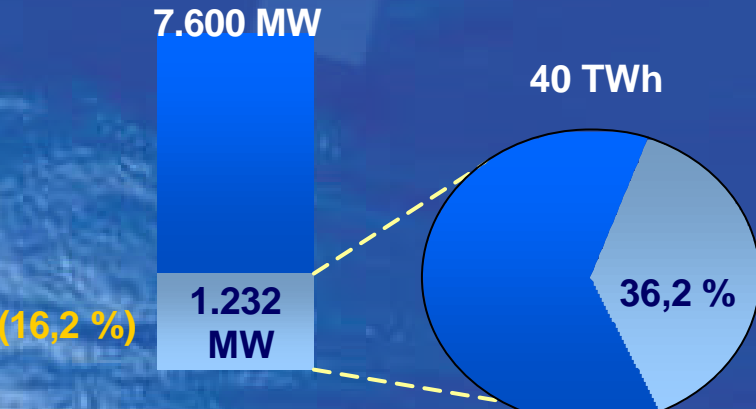
The Plan is being fulfilled...
Cogen's market share

OWNER	MW	SITES	STRATEGY
IBERDROLA	432	27	Energy solution for costumers
Others Energy Players	1.710	158	Financial strategy Selective zonal growth Selective key costumers Diversifying growth's approach
Vendors and Technical firms	180	6	Sinergy with main activity
Construction firms	283	18	Sinergy with main activity
Others	1.864	211	Inside-the-fence costumers

2001



2006



Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...

Our most advanced CCGT projects: Castellón A

Gross Power: 795.6 MW
Net Power : 783.5 MW
Efficiency Rate: 57.14 %
Main Supplier: General Electric

Gas: Contract signed with ENI/SNAM
CSA/LTSA: Contract signed with GE
O&M: Agreement in discussion
Network Connection: Obtained

Construction Program

1. EPC
2. Notice to proceed
3. Civil works
4. Structure
5. Gas Turbine First Fire
6. In Service

November 1999
March 2000
July 2000
June 2001
April 2002
July 2002



Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...

Our most advanced CCGT projects : Castejón

Gross Power: 380,772 MW

Net Power: 372,76 MW

Efficiency Rate: 55,93 %

Main Supplier: GE/ACS

Gas: Contract signed with ENI/SNAM

CSA/LTSA: Contract signed with GE

O&M: Agreement in discussion with Fensa

Network Connection: Obtained

Construction Program

1. EPC
2. Notice to proceed
3. Civil works
4. Structure
5. Gas Turbine First Fire
6. In Service

December 2000

March 2001

June 2001

November 2001

October 2002

Dicember 2002



Iberdrola's Power Generation Plan in Spain

The Plan is being fulfilled...

Our most advanced CCGT projects : BBE

Gross Power: 802 MW
Net Power: 776.8 MW
Efficiency Rate: 56%
Main Suppliers: BWE; ABENGOA; IDOM; GE

Gas: Contract in dicussion with Repsol
CSA/LTSA: Contract signed with GE
O&M: Agreement under discussion
Network Connection: Under discussion with REE

Construction Program

- | | |
|---------------------------|------------|
| 1. EPC | Junio 2000 |
| 2. Notice to proceed | Nov. 2000 |
| 3. Civil works | Feb. 2001 |
| 4. Structure | June 2002 |
| 5. Gas Turbine First Fire | Dic. 2002 |
| 6. In Service | Mar. 2003 |



The Plan is being fulfilled...

Our most advanced CCGT projects : BASF-Tarragona

Gross Power/Net Power: 410 MW/403 MW
Efficiency Rate: 54,2 %
Other equipment: Steam auxiliar boilers, water demineralization plant, air compressors unit, 220 kV GIS substation.
Main suppliers: Babcock Borsig (GE's TG); Babcock Industrial Boilers; Degremont; Tessag; Iberinco.

Gas: Contract in discussion
CSA/LTSA: Contract under discussion
O&M: signed with Iberdrola Generación
Network Connection: 220 kV connection granted

Construction Program

- | | |
|---------------------------|---------------|
| 1. EPC | March 2001 |
| 2. Notice to proceed | Sept. 2001 |
| 3. Civil works | August 2001 |
| 4. Structure | October 2001 |
| 5. Gas Turbine First Fire | February 2003 |
| 6. In Service | July 2003 |



The Plan is being fulfilled...

A new emblematic cogen project: GE Plastics Cartagena

Site: Cartagena (Murcia)

Client: GE Plastics

Industry: Plastic Resine Pellets

Configuration: Cogeneration Combined Cycle

Electricity Output

·GE Frame 6B: 2x41,2 MW ea, 50 Hz, 11kV

·Back pressure steam turbine: 13 MW, 50 Hz, 6.3 kV

Other services: Boiler feed water

Fuel: natural gas

Construction Program

1. EPC
2. Notice to proceed
3. Civil works
4. Structure
6. In Service

March 2000
July 2000
August 2000
June 2001
July/02



Iberdrola's Power Generation Plan in Spain

**The Plan is being fulfilled...
A new energy and CCGT operation management model relaying on....**

Energy Management

- ~ An integrated efficient and agile electricity and gas Trading System
 - ~ A first class dynamic Risk Management System
 - ~ A new monitoring and dispatching Center to capture the whole flexibility of an integrated portfolio management
- All processes and systems redesigning to strengthen the integration all our production and to manage the overall exposure

CCGT Operation

- ~ A new outstanding state-of-the-art CMDS (Simulation, Monitoring and Diagnosis Center, to maximize CCGT's performance
- ~ A new independent CCGT's Operator Company, set up to offer competitive services (More flexibility, lower costs, higher specialization)
- ~ Great advantages derived from our standardized power island and maintenance contracting policy

...will let us build a sustainable competitive advantage and accomplish with our efficiency goals

~The Spanish system is one of the most attractive in Europe

~Iberdrola is leader in the CCGTs expansion with 4000 MW by 2006

~Our Strategic Plan 2002-2006 provides for a strong investment commitment in order to guarantee supply to our customers

~The flexibility and lower cost profile of our production mix, in addition to the fact of being the first to enter, allows us to be extremely competitive

~We are streamlining and developing new management tools and skills to build unbeatable competencies and succeed on our efficiency goals

~We are now pushing forward even harder based on actual electric market circumstances and our conviction than we bet on a very reasonable plan



Analysts' and Investors' Conference

Madrid, 11th of March 2002



Iberdrola's Gas Strategy

Mr. Conrado Navarro

Gas Business Director

Madrid, 11th of March 2002

- ~ Introduction
- ~ Regulation
- ~ Iberdrola's Strategy
 - ~ Gas Purchases
 - ~ Gas Supply
 - ~ Infrastructure Development

~ Introduction

~ Regulation

~ Iberdrola's Strategy

~ Gas Purchases

~ Gas Supply

~ Infrastructure Development

~ **Iberdrola's Gas Business is based on three main pillars:**

Strong increase in CCGT generation

Market liberalisation

9 million customer base

- ~ **Iberdrola becomes a large gas consumer (and purchaser)**
- ~ **Opportunities arising from the process to be concluded in 2003**
- ~ **Growing demand of gas supply from electricity customers**

Objective: 20% Market Share in 2006

~ Introduction

~ Regulation

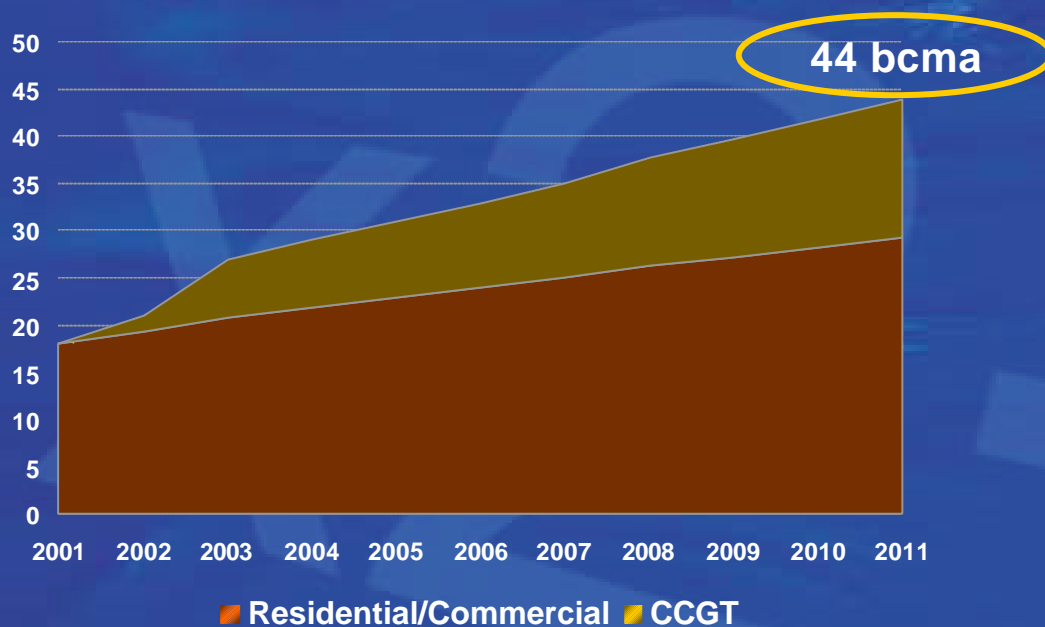
~ Iberdrola's Strategy

~ Gas Purchases

~ Gas Supply

~ Infrastructure Development

Expected growth



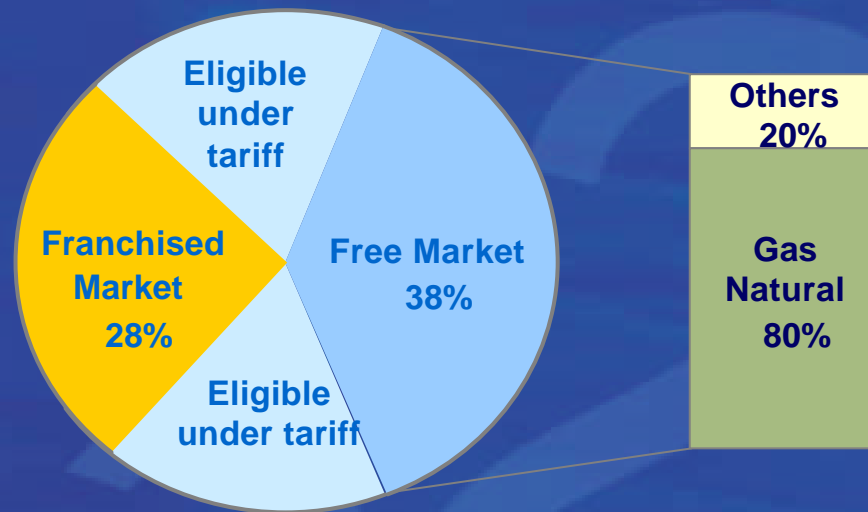
- ~ Starting in 2005, between 25% and a 35% of the demand will come from CCGTs
- ~ Stable growth from other types of customers

Source: Planning and Development of Electricity and Gas Transmission Networks. Ministry of Economy's Working Document . February 2001

- ~ Strong growth in demand. According to the Ministry of Industry, average annual growth will be 9.5% (2001 - 2011)

The market offers opportunities both for the incumbent and the new players

2001



- ~ Gas Natural has an 80% share of the free market (2001)
- ~ 2003: 70% limit on contribution to Spanish gas demand from a sole player

- ~ Since 2002, 80% of total demand is qualified
- ~ By 2003, the whole market will be liberalised
 - ~ In 2001, 38% of the demand played in the free market

Increasing market liberalisation creates opportunities for the new players to gain market share

Need of new infrastructure



CNE estimates of new investments reach 2,500 - 2,700 M€ in the next 5 years

Allocation of Algerian gas

- ~ Approximately 4 bcm has been awarded to 6 suppliers
- ~ Approximately 1 bcm corresponds to Iberdrola
- ~ Supply period: Nov 2001 - Dec 2003



After 3 months of commercial activity, Iberdrola reached a 2.5% share of the liberalised market

Ministerial Orders that develop the Integrated Economic System of the gas sector

- ~ Reduce regulation's uncertainty
- ~ Establish the remuneration of the regulated facilities
- ~ Will TPA tariffs design affect electricity prices?

Partial sale of ENAGÁS (65%)

- ~ New Ministerial Orders of economic system make possible its sale
- ~ It will make possible the independence of the SO

System's Planning

- ~ Very important because of investment's needs
- ~ Its approval is expected before this summer
- ~ Meanwhile, Ministry of Economy will authorise new

Security stocks and diversification of purchases

Planning and Development of Electricity and Gas Transmission Networks. Ministry of Economy's Working Document

- ~ Presented to Congress on 21 February 2002
- ~ Annual average growth of natural gas demand close to 9.5% (2001 - 2011), in the lower band of the CNE estimates
- ~ It includes regasification plants of BBG and Sagunto
- ~ It contains the Algeria-Spain gas pipeline (Medgaz) and its connection to France

~ Introduction

~ Regulation

~ **Iberdrola's Strategy**

~ Gas Purchases

~ Gas Supply

~ Infrastructure Development

Gas Purchases

- ~ Long and short term Contracts
- ~ Logistics
- ~ Trading and Risk Management

Gas Supply

- ~ Sales
 - ~ Residential / Commercial, starting from 2003
 - ~ Industrial since 2001 (2.5% share as of Jan 02)

Gas Infrastructures Development

- ~ Transmission
- ~ Regassification plants

Iberdrola Gas Demand: Spain

Data in bcm

	2002	2006
Final Customers	0.6	3.0
CCGTs	0.3	3.8
Total Demand	1.0	6.8

20% Market Share in 2006

80% of total needs for the next 20 years already covered

- ~ **Guarantee of Supply**
- ~ **Geographic diversification**
- ~ **Price**
 - ~ **Competitive**
 - ~ **Indexation to mitigate risks (Coal, Electricity,...)**
 - ~ **Formulae also include fixed terms and inflation**
 - ~ **US\$ + Euros**
- ~ **Flexibility in contracted amounts**
 - ~ **Reduced Take or Pay**
 - ~ **Make-Up & Carry Forward**
- ~ **Flexibility in destination and use**

Contracts: Spain

Long Term	Situation	Annual amount (bcm)
SNAM	Signed	1.2
STATOIL	Signed	1.5
GAS NAT TRD	Signed	1.3
SONATRACH 1	Under negotiation	1.0
NIGERIA LNG	MOU	1.5
SONATRACH 2 Medgaz	Under negotiation	1.0
REPSOL T&T	-	0.3
Others	Under negotiation	-

Spot / Short Term	Situation	Annual amount (bcm)
GNC-EW	Signed	0.3
SONATRACH	Signed	0 - 0.5
SAGANE	Signed	0.5

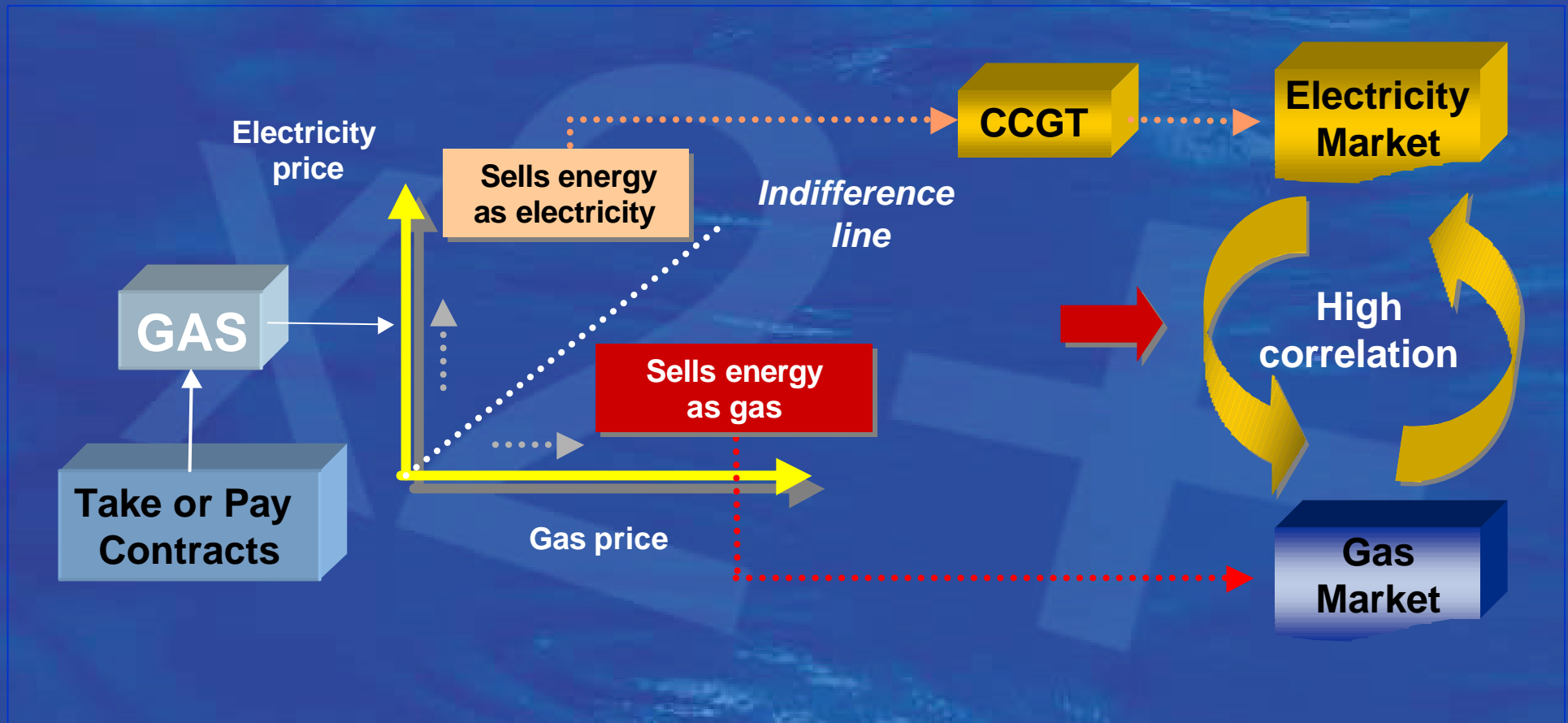
Contracts: Latin America

Long Term	Situation	Annual amount (bcm)
BRASIL - Petrobras		
TERMOPERNAMBUCO	-	0.7
TERMOAÇU	-	0.4
MÉXICO - Pemex		
MONTERREY	Signed	1.2
ALTAMIRA	Signed	1.2
ALFA-PEGI	Signed	0.4
ENERTEK	Signed	0.2

Gas Purchases: Trading and Risk Management

- ~ **Trading activities developed to:**
 - ~ Match offer and demand, optimizing management of our basket of Gas Contracts
 - ~ Adjust CCGTs gas supplies to the hydrologic cycle
 - ~ Profit from arbitrage opportunities between geographical and gas/electricity markets
- ~ **Risk Management**
 - ~ Market risk: use of derivatives on crude oil, products, currency exchange rates, etc.
 - ~ Credit risk: joint rating/scoring systems for electricity and gas customers
 - ~ Linked to Iberdrola's Global Risk Management System

Gas and electricity arbitrage



Arbitrage between markets allows to optimize margins

Objective: to offer a global energy service to customers, in an open and competitive environment

- ~ First step towards a vertical deepening of Iberdrola's Proposal to the customer
- ~ Dual fuel offers as a key tool for commercial success in the new energy market

Gas as a vehicle to reach new clients and as a instrument for increasing loyalty of our current electricity customers

Objectives

- ~ To provide infrastructure capacity to the system for the activity of Gas Supply
- ~ To obtain an adequate profitability in a regulated and stable environment
- ~ To be present in a most important segment (specially in Spain) in the Gas Value Chain

BBG Regas Plant (6 bcm)	2003-04	300	25%
Sagunto Regas Plant (6 bcm)	2005	300	n/a
Enagás	-	1,500-2,500	n/a

Sagunto Regassification Plant



Bahía de Bizkaia Gas Regassification Plant



Summary: Iberdrola in Gas Business





Analysts' and Investors' Conference

Madrid, 11th of March 2002



Iberdrola in México

Mr. Juan Ramón Guzmán

Mexico Platform Development Director

Madrid, 11th of March 2002

Why Mexico today?



Economics

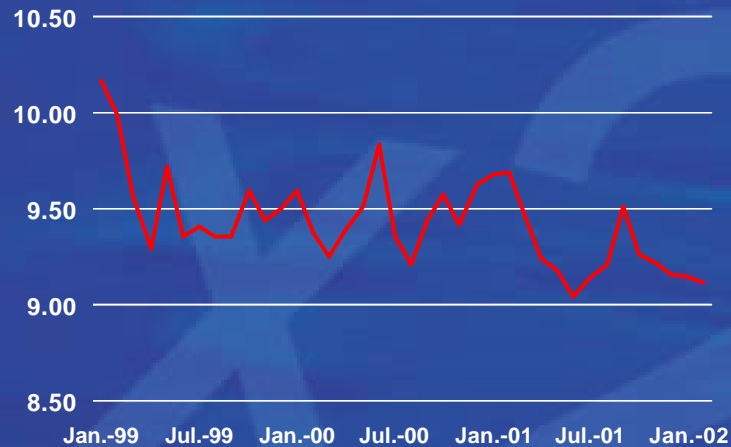


	1996	1997	1998	1999	2000	2001	2002E	2003E
GDP	5,1%	6,8%	4,9%	3,8%	6,9%	-1,4%	1,4%	4,2%
Inflation	27,7%	15,7%	18,6%	12,3%	9,0%	4,4%	4,8%	3,9%
MNXP / \$	7,85	8,08	9,87	9,5	9,65	9,16	9,75	10,15

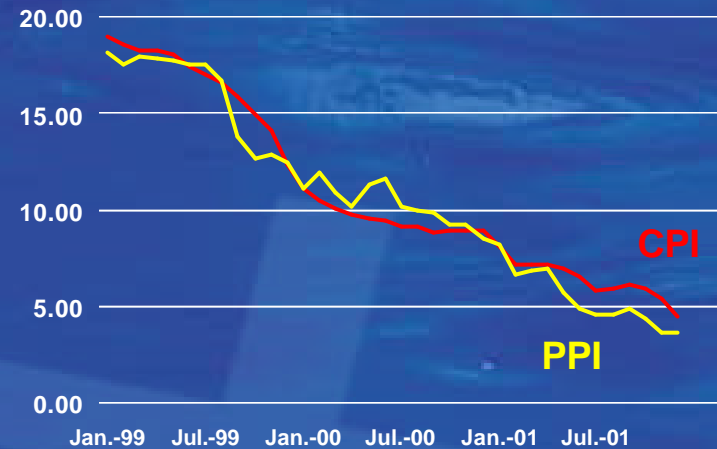
~ Macroeconomic estimates reflect structural reforms undertaken

Why Mexico today?

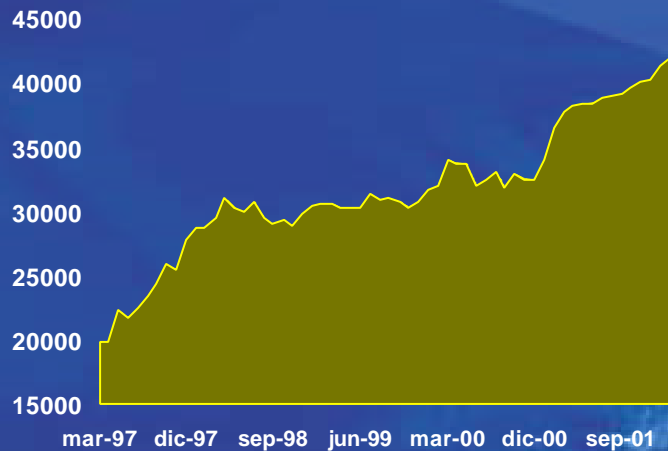
Exchange Rate



Inflation

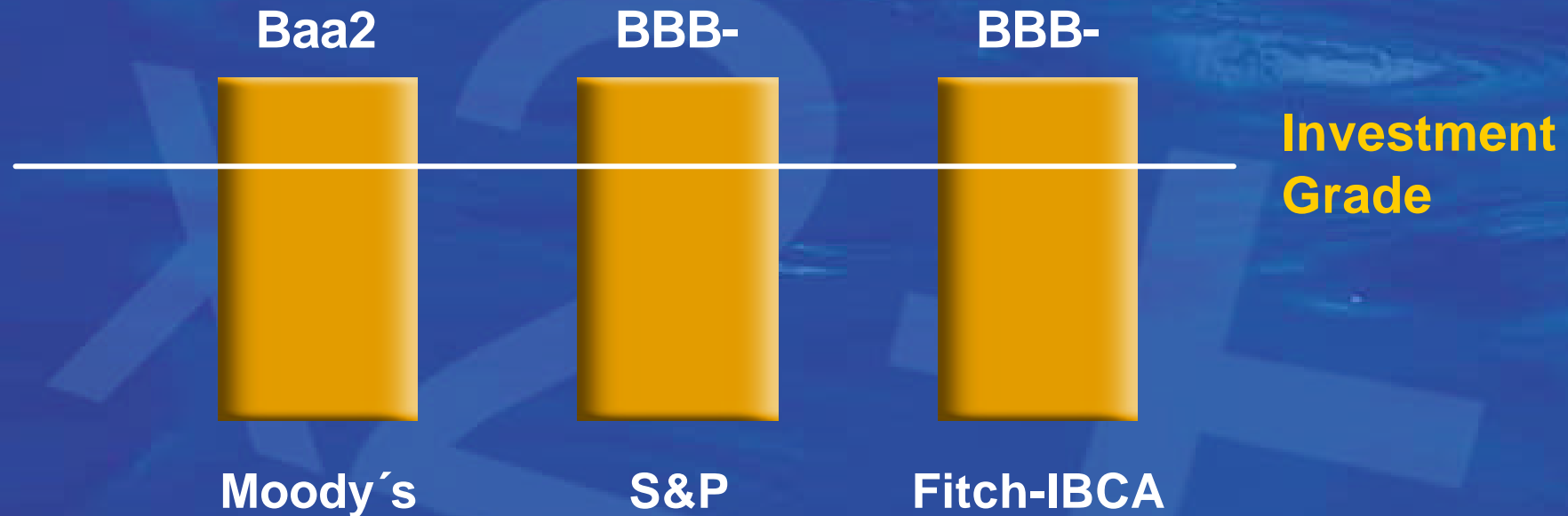


USD REserves



~ Strength and stability as a result of “Tequila effect”

Why Mexico today?



~ Credit Rating Agencies rate Mexico above minimum “Investment Grade” levels

Why Mexico today?



Member of NAFTA

- ~ Open to US markets.
- ~ Low labour costs.
- ~ Electricity deficit in USA.
- ~ USA as an “economic umbrella”.

Political stability and democratic changes after 70 years of PRI government.

The Power Sector in Mexico

Supply of electricity is a Public Service and is considered as a “strategic service”

Since 1992, Generation is open to:

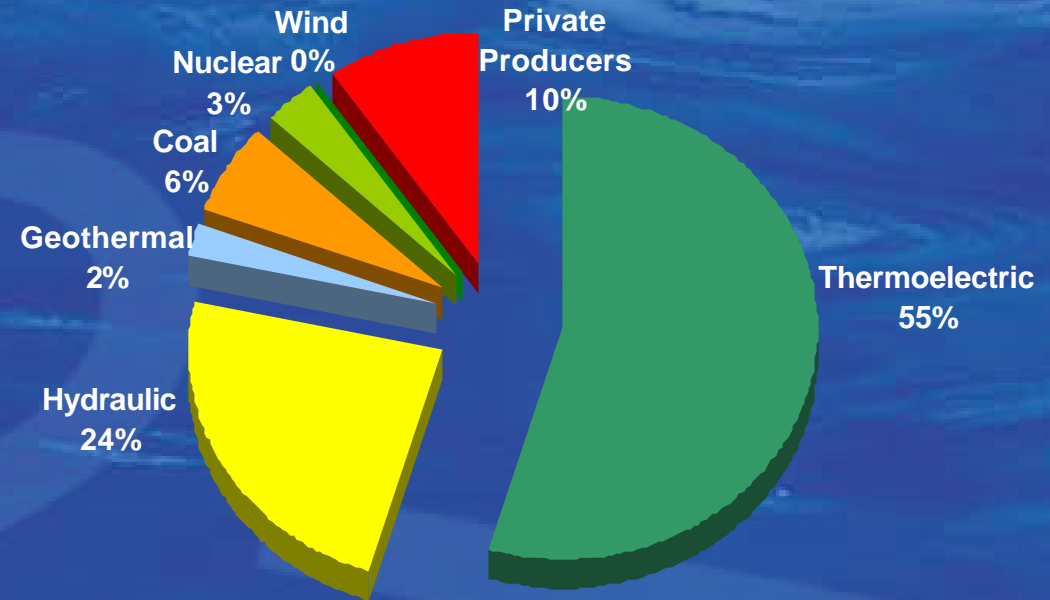
- ~ Self suppliers
- ~ Cogenerators
- ~ IPPs (energy is purchased by CFE, state owned company)

Regulatory bodies:

- ~ **Secretaría de Energía**
 - ~ General Energy policies for the development of the country.
- ~ **Comisión Reguladora de Energía**
 - ~ Regulation for gas and electricity.
- ~ **Comisión Federal de Competencia**
 - ~ Antitrust positions.

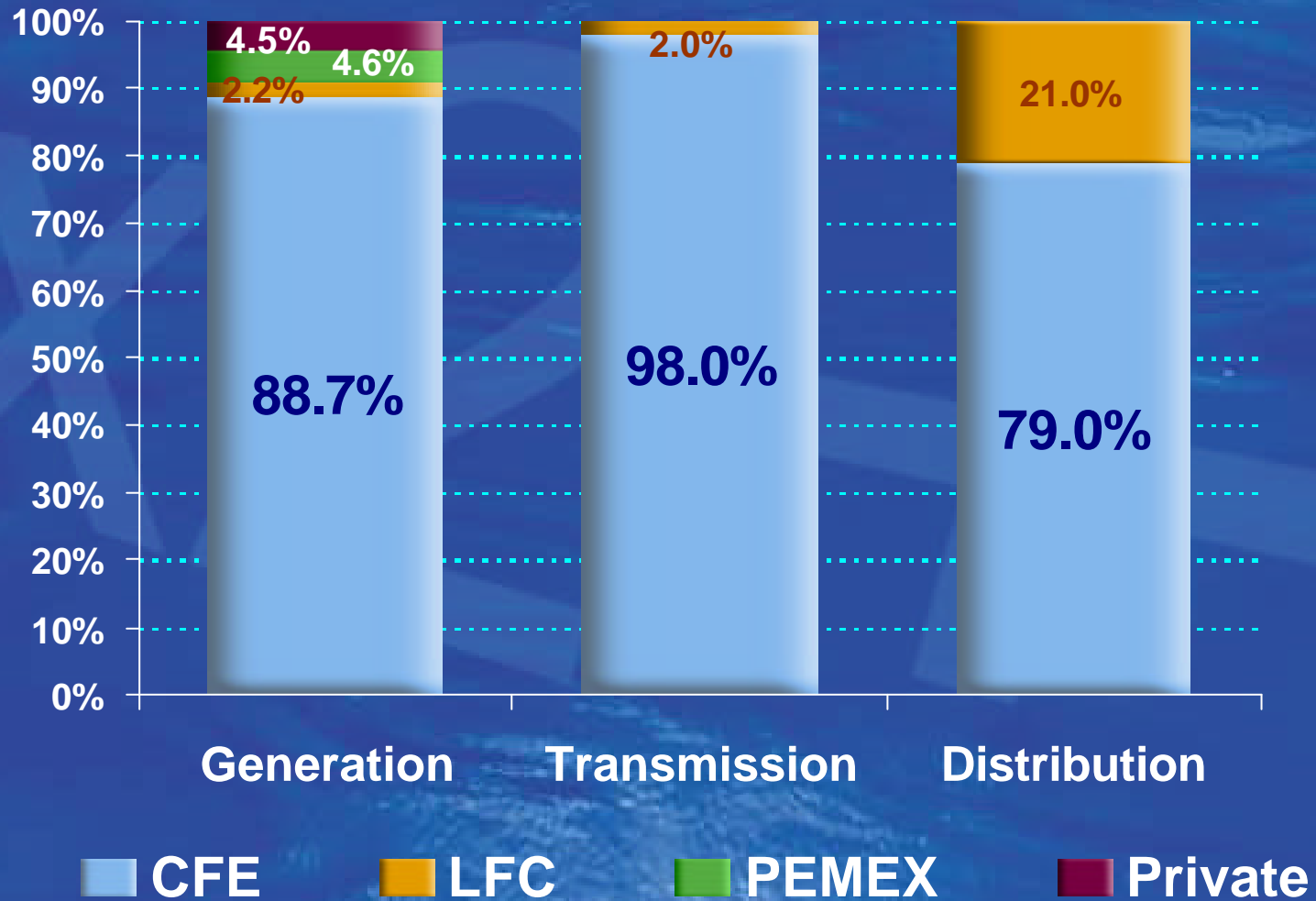
Power Sector in Mexico Highlights

Installed Capacity (MW)



	1996	1997	1998	1999	2000
State-Owned	34,791	34,815	35,255	35,666	36,697
Thermoelectric	20,102	20,120	20,895	21,327	22,256
Hydraulic	10,034	10,034	9,700	9,619	9,619
Geothermal	744	750	750	750	855
Coal	2,600	2,600	2,600	2,600	2,600
Nuclear	1,309	1,309	1,309	1,368	1,365
Wind	2	2	2	2	2
Private Producers	2,490	2,643	2,709	3,343	4,000
TOTAL (Megawatts)	37,281	37,458	37,964	39,009	40,697

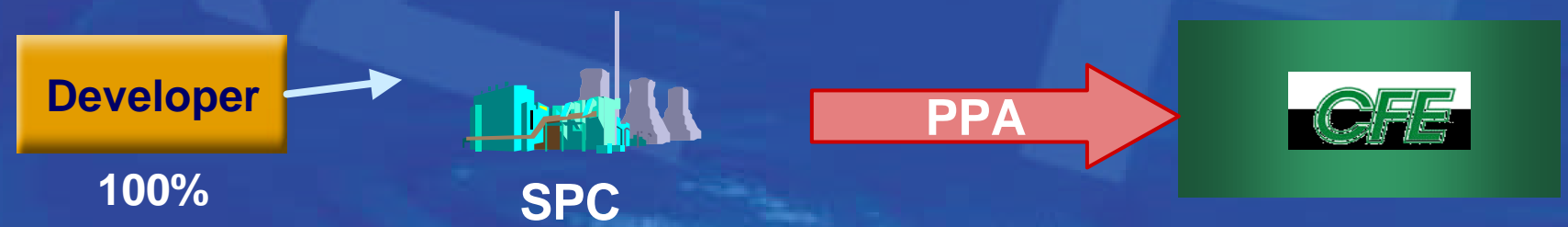
Power Sector in Mexico



“Self supplier” scheme

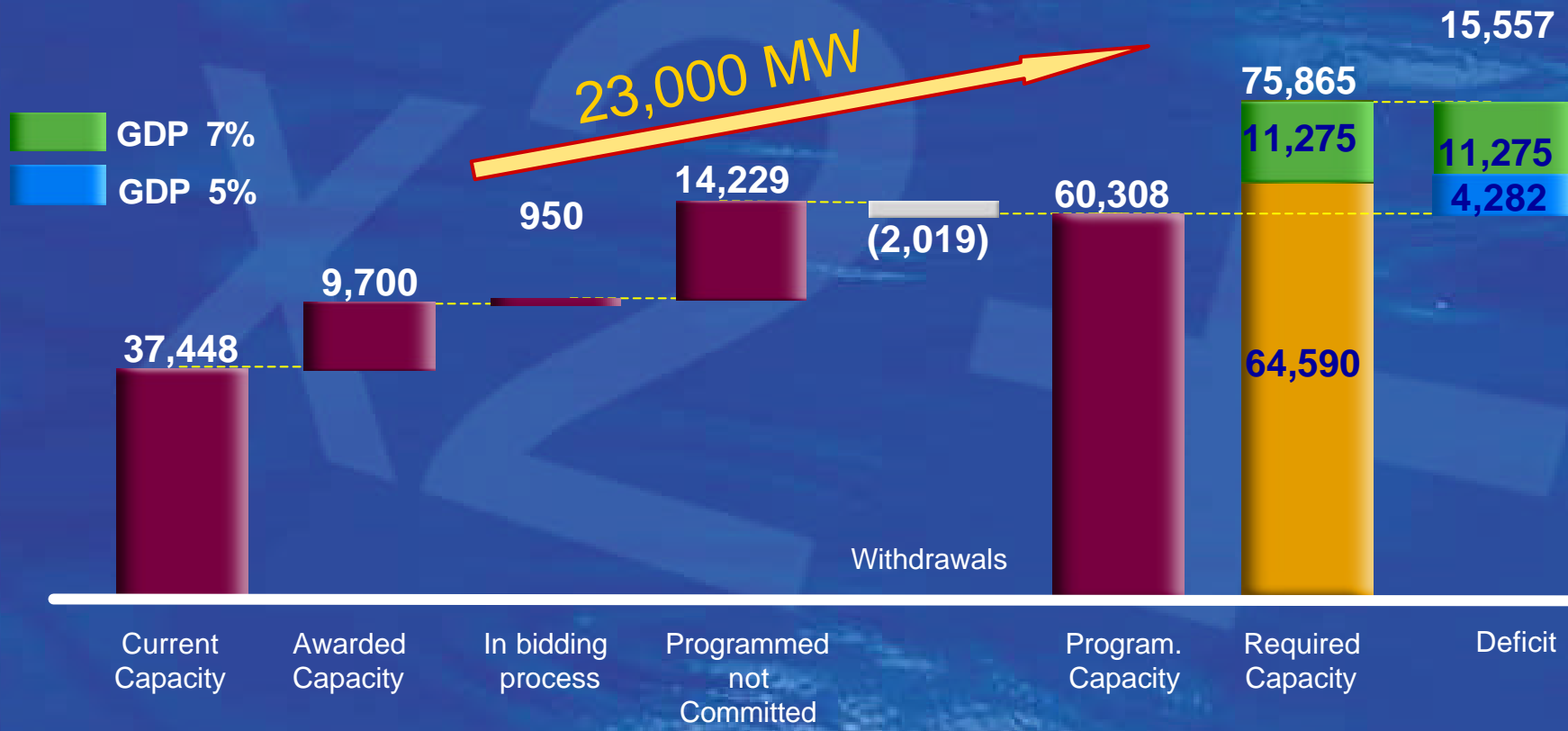


IPP



What's more efficient?

Demand increase forecast



Increase in 2001: 2.5%

Reforms under way

- ~ Open market for generation
- ~ Pool system to match supply and demand
- ~ Transmission & distribution to remain state owned
- ~ Major political challenges

Iberdrola in Mexico

1984: Colaboration of Hidroeléctrica with CFE in nuclear projects

1998: Iberdrola starts current operations in Mexico

- ~ CFE bidding processes
- ~ Current projects:

Name	Type	Installed Capacity MW	Investment MMUSD	% IB	Customers	Location
Monterrey III	CCGT	500	272	100	CFE	Monterrey
Alfa-Pegi	CCGT	500	296	100	Alfa	Monterrey
Femsa&Titan	Cogen.	37	30	100	Femsa	Monterrey
Altamira III y IV	CCGT	1036	590	100	CFE	Altamira
Enertek	Cogen.	120	---	100	4 Industrial Groups	Altamira

IPP's in Mexico



Iberdrola in Mexico Location of the projects

EDF
Saltillo
Río Bravo

MITSUBISHI
Altamira II
Tuxpan II

INTERGEN
El Sauz
Rosarito

TRANSALTA
Campeche
Chihuahua



IBERDROLA
Monterrey III
Alfa-Pegi
Femsa&Titán
Altamira Illy IV
Veracruz

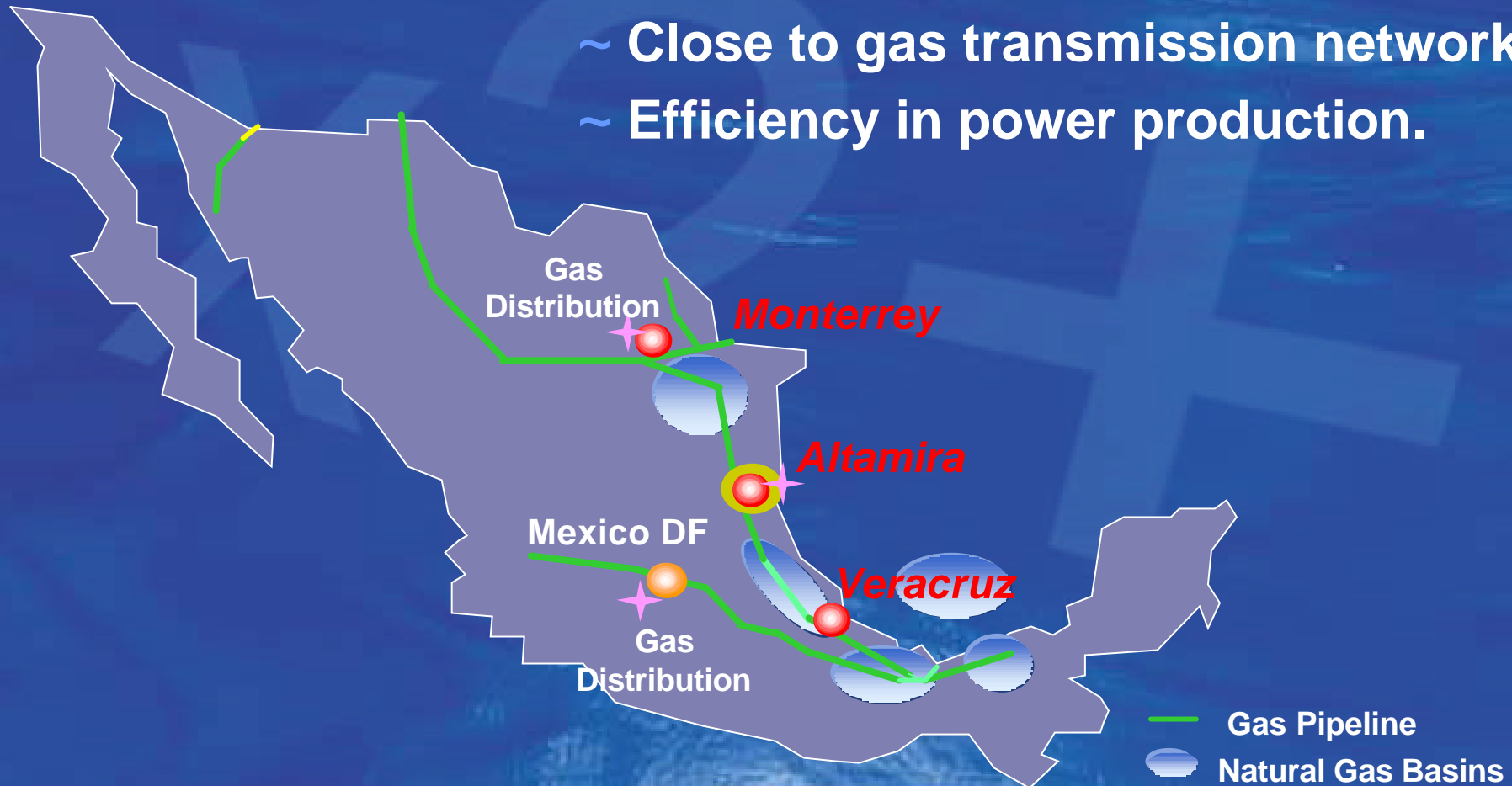
UNIÓN FENOSA
Naco Nogales
Hermosillo
Tuxpan III y IV

AES
Mérida III

SEMPRA
Mexicali

Iberdrola in Mexico Strategic situation

- ~ Projects located in the major growing industrial areas.
- ~ Close to gas transmission networks.
- ~ Efficiency in power production.



Only generation is allowed to be developed by the private sector

Clear and Stable regulatory framework

Strong Growth in Demand

6% average in the last years (2.5% in 2001)

- ~ Scarce international interconnections**
- ~ 22,860 additional MW programmed (9,700 already awarded)**
- ~ Favourable conditions for international investment**

Platform for potential further steps

- ~ Distribution, Gas**

Iberdrola's Projects

Type	Combined Cycle
Investment	272 MM USD
Location	Monterrey, Nuevo León
Output	500 MW
COD	04/2002
Customer	CFE
Contract	PPA 25 years in USD
Iberdrola %	100 %
Financing	IDB & Comercial Banks

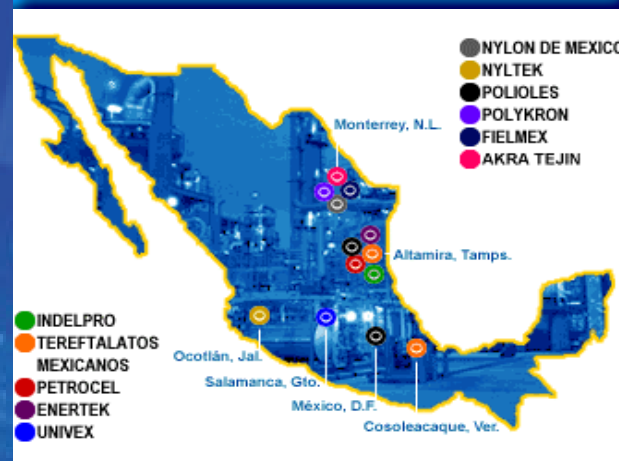


Type	Combined Cycle
Investment	296 MM USD
Location	Monterrey, Nuevo León
Output	387 MW ALFA PEGI 113 MW others
COD	15/05/2002 – 250 MW 31/03/2003 – 250 MW
Customer	PPA for 25 years in USD ALFA PEGI Other mix MT and LT
Iberdrola %	100 %

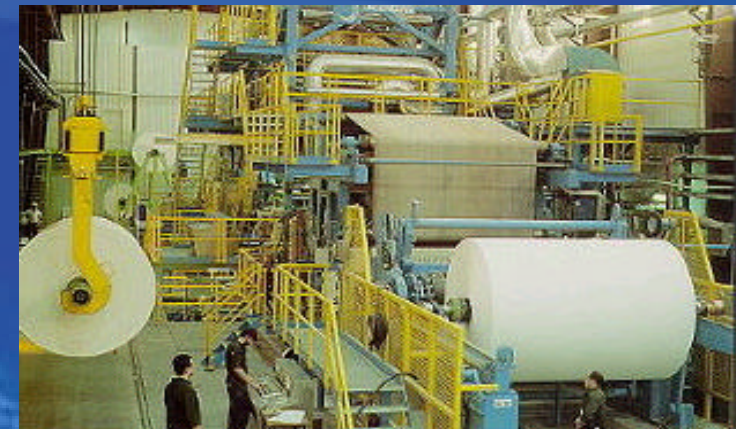
Steel



Petrochemical sector



Type	Cogeneration
Investment	40 MM USD
Location	Monterrey, Nuevo León
Power/Steam	FEMSA 27 MW / 61 Ton-h TITAN 10 MW / 42 Ton-h
COD	07/2002
Contract	PPA 25 years in USD
Iberdrola %	100 %
Financing	IDB, ICO & Comercial Banks



Monterrey Schedule

Ago 26TH : Award Monterrey III (CFE)

Sep 22nd PA with CFE

Mar 16TH : NTP

Mar 28TH : Preaward Alfa-PEGI

Ago 15TH : Financial closing BID

Dec- Apr: PPA Alfa-PEGI



**May, 30TH 2001
PPA with APASCO**

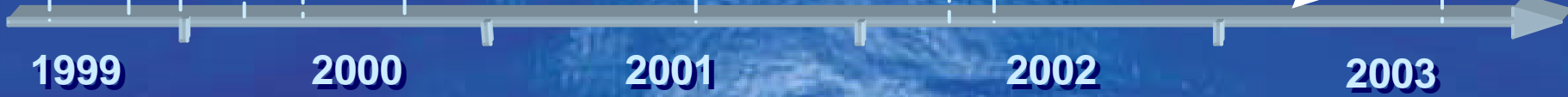
Real
15/3

Apr: COD Units 1&2

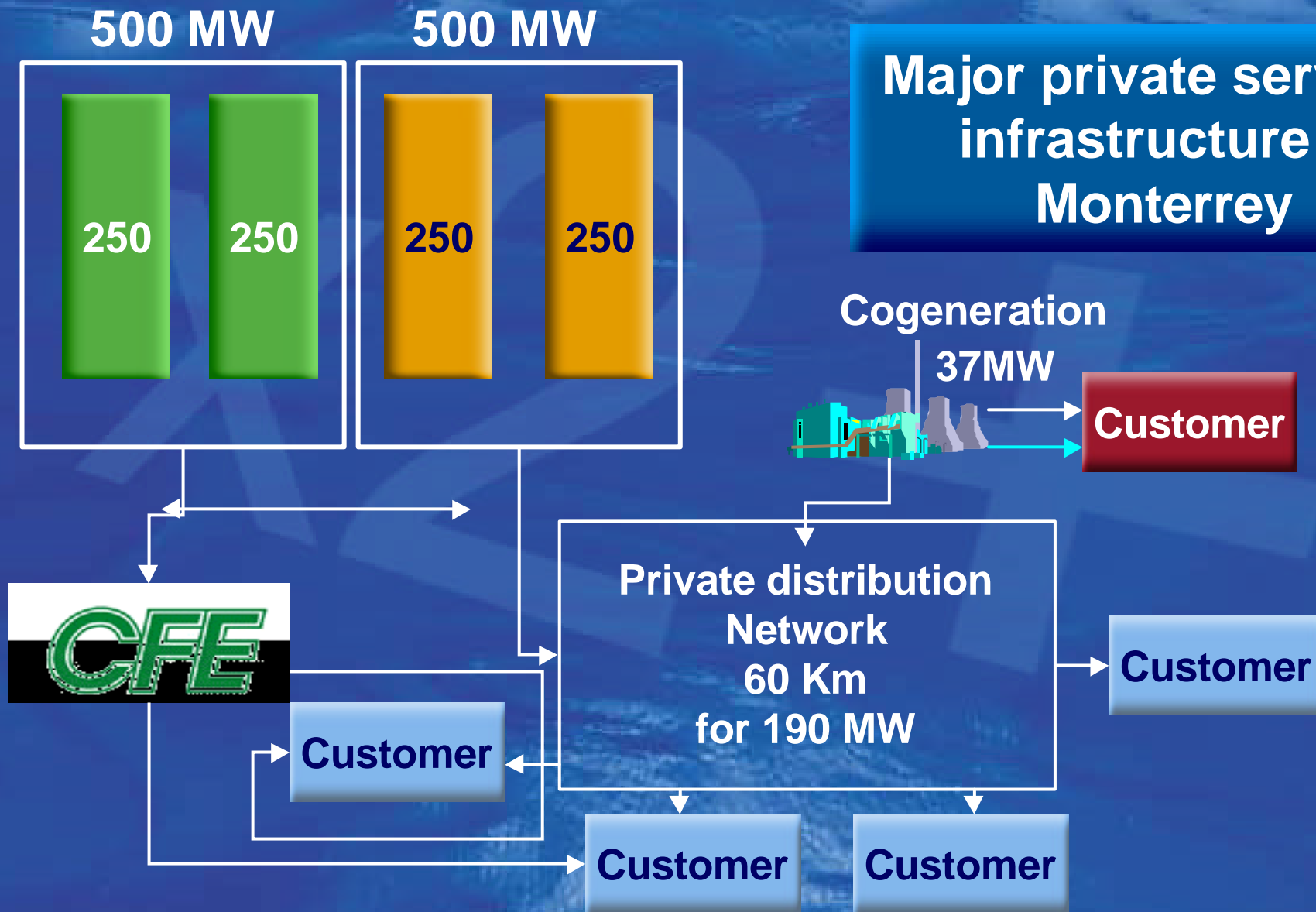
May: COD Units 3

**COD Unit 4
Contractual Ago**

Estimated
Feb



Monterrey Structure



Major private services infrastructure in Monterrey

Type	Combined Cycle
Investment	590 MM USD
Location	Altamira
COD	07/2002
Customer	CFE
Contract	PPA 25 years inUSD
Iberdrola %	100 %
Financing	Exim Bank & Comercial Banks

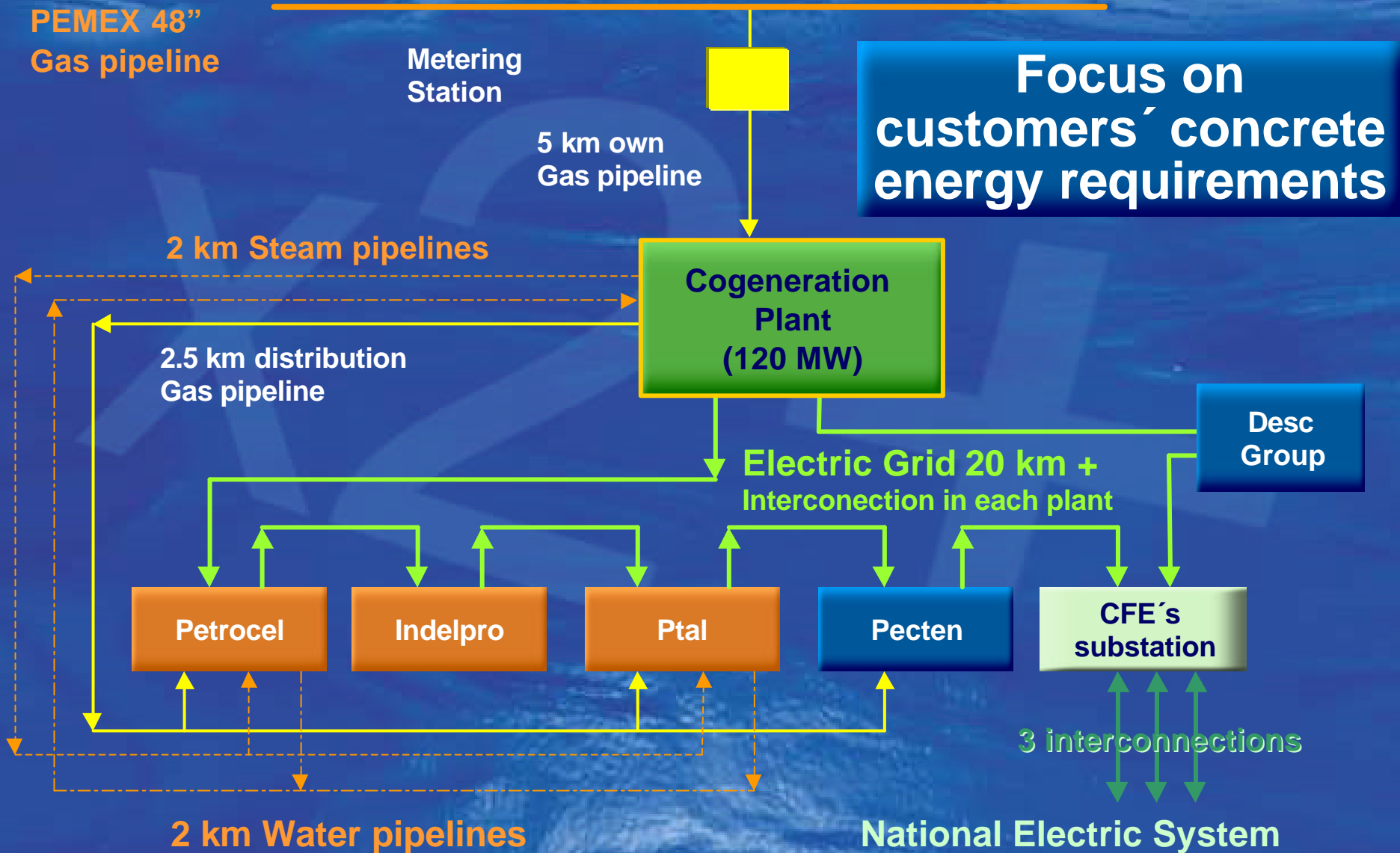




Type	Cogeneration
EBITDA	14.5 MM USD
Location	Altamira, Tamaulipas
Power	120 MW
COD	1/03/1998
Customer	4 Petrochemical Groups
Contracts	Mix MT & LT in USD
Iberdrola %	100 %
Financing	N/D
Acquired	June 30 th , 2001

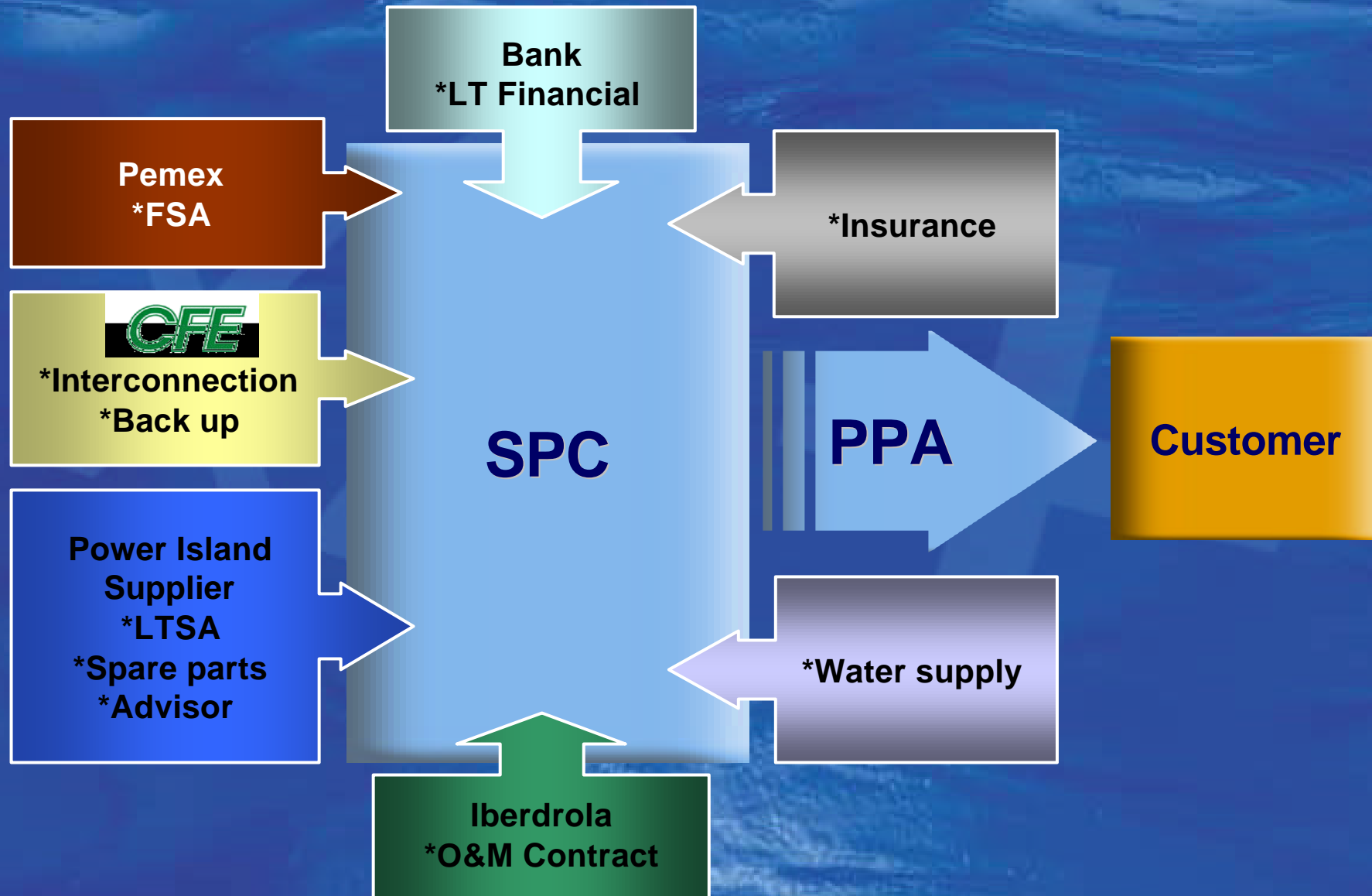


Enertek constitutes the largest service infrastructure in Altamira/Tampico/Madero



Structure of the Contracts

Structure of the Contracts



Contracts Structure

**Variable
Component**

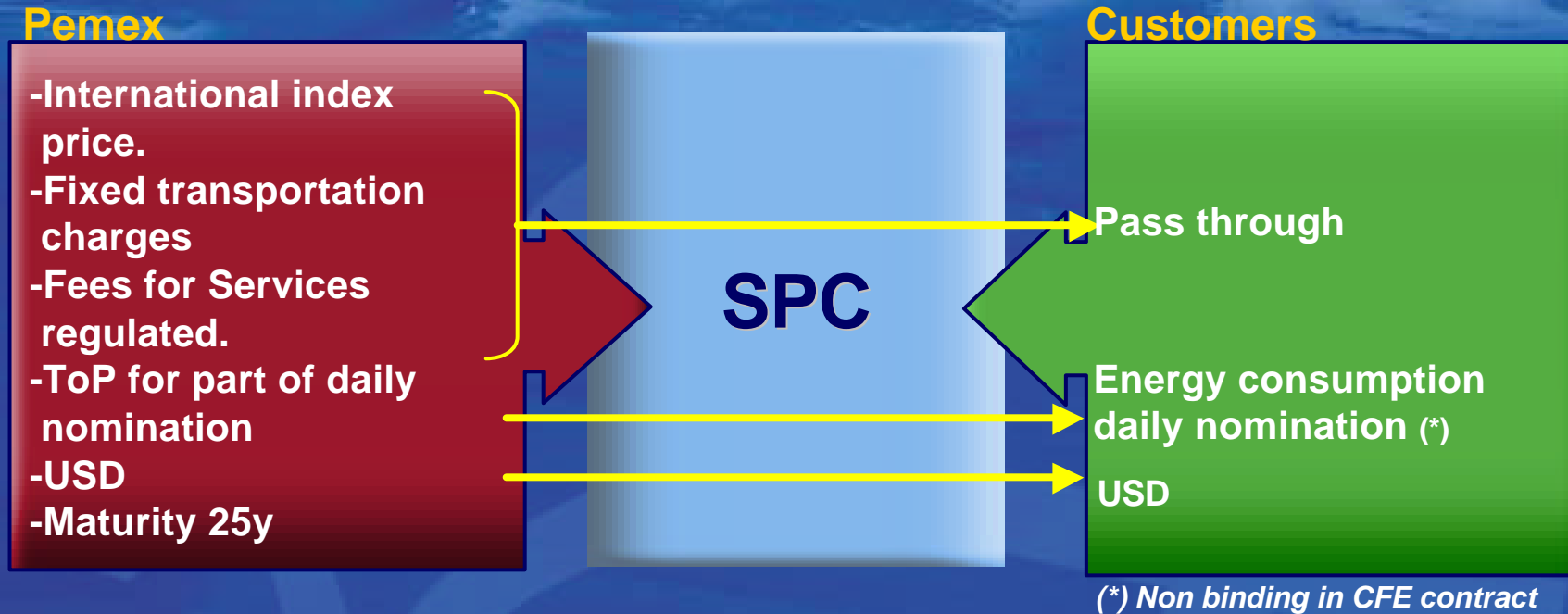
- ~ Covers:
 - ~ Variable Costs (including fuel)

**Fixed
Component
(Take or Pay)**

- ~ Only subject to guaranteed availability
- ~ Covers:
 - ~ Debt Service
 - ~ Return on Equity
 - ~ Fixed Operating Costs

All the charges are nominated in USD making a natural hedge between income and costs

Gas supply contracts



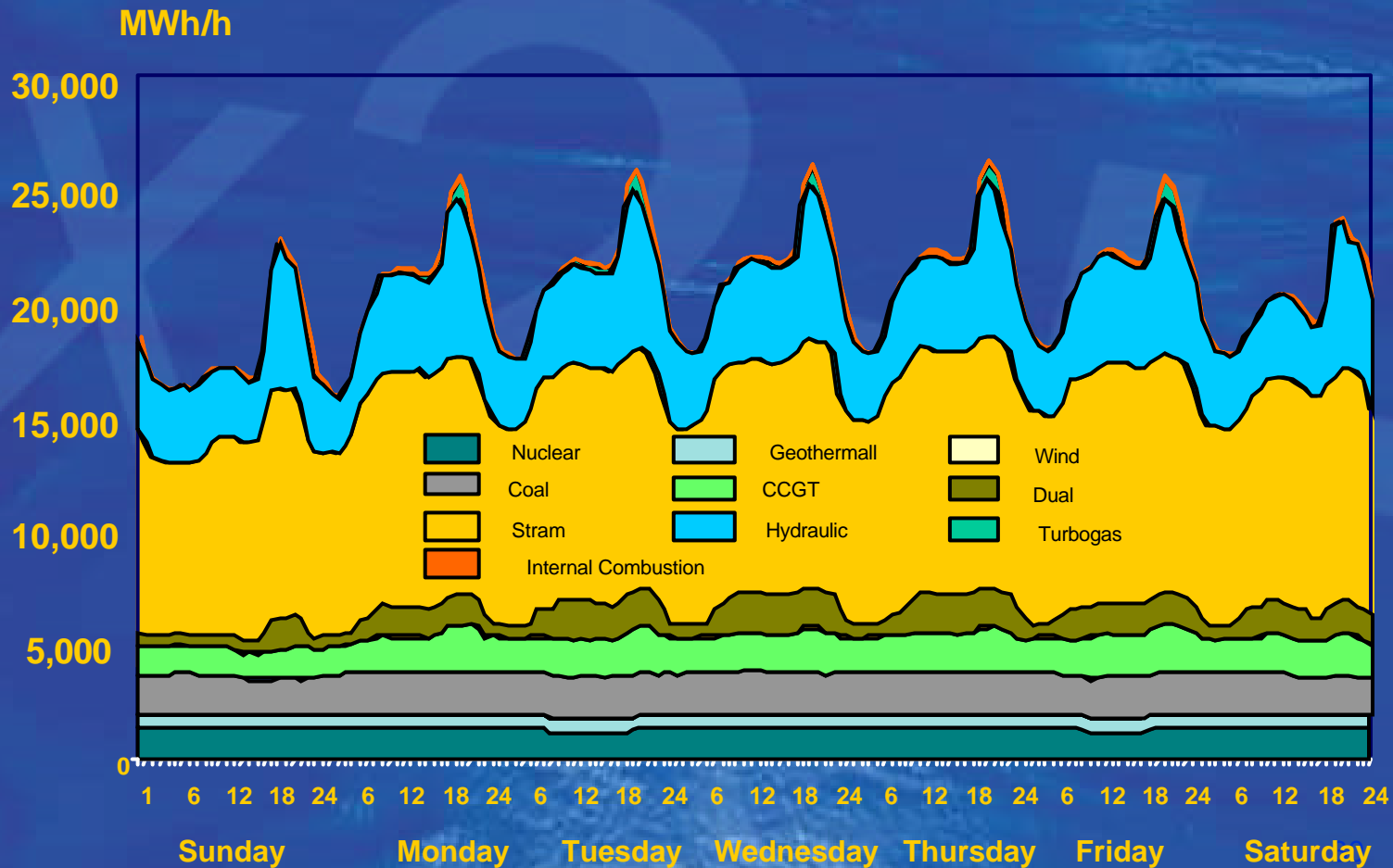
Risks

- ~ Daily ToP for CFE nominations and not dispatch
- ~ Availability
- ~ HR guaranteed lower than real

Mitigation Factors

- ~ Global agreements with PEMEX
- ~ Expected dispatch for CFE
- ~ Unbalanced adjustment services
- ~ Penalties in EPC contract
- ~ Derivatives

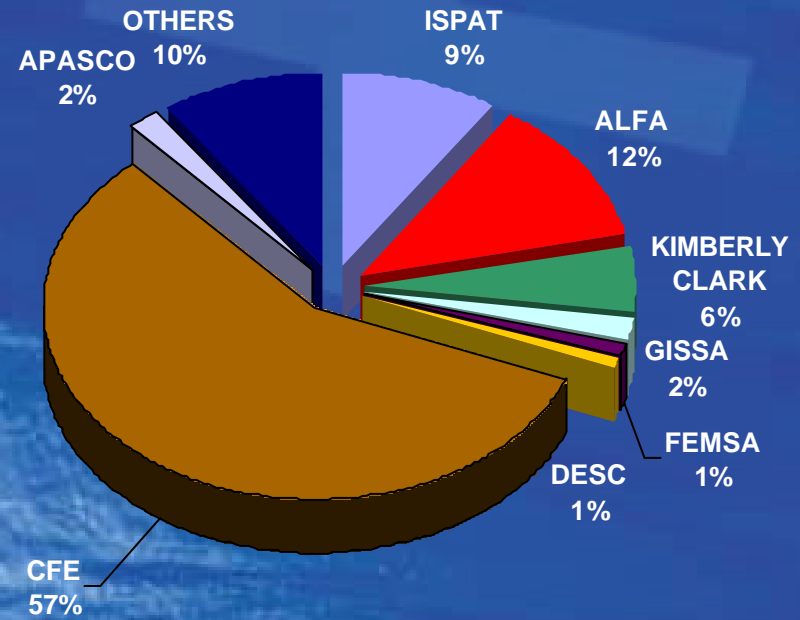
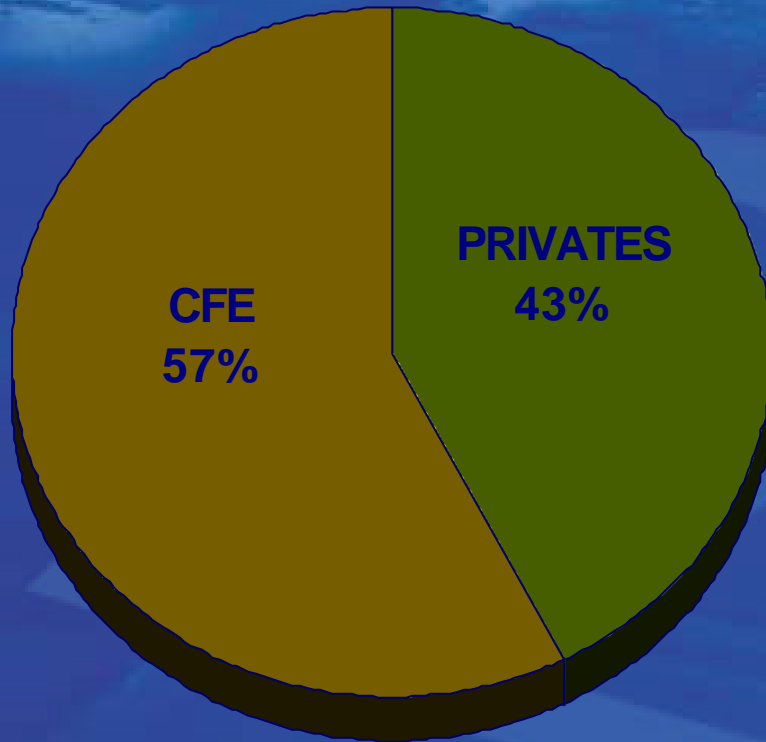
5th to 12th December 1999

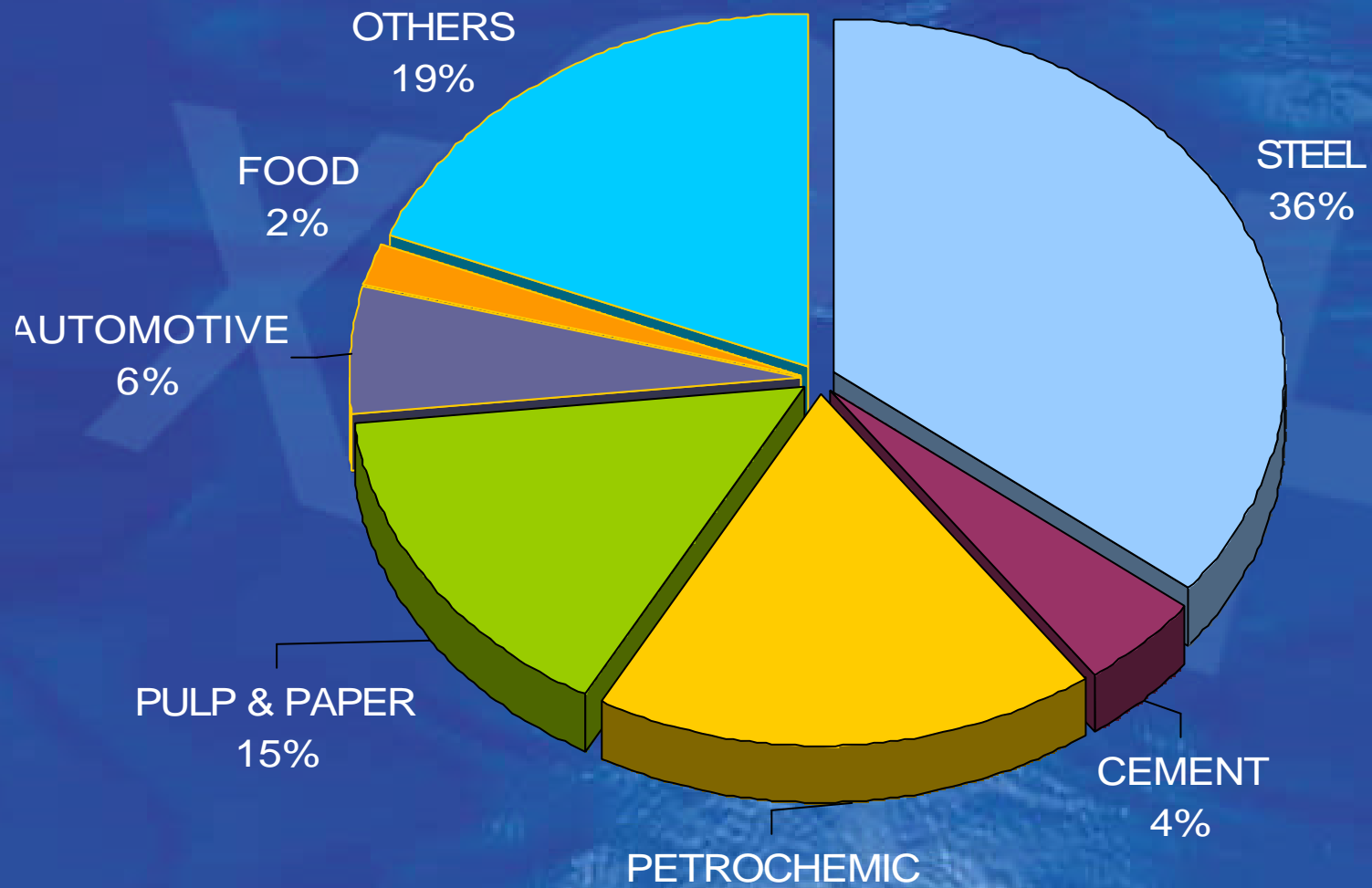


Project	Amount
Monterrey	1.6 bcm
Altamira	1.2 bcm
Enertek	0.2 bcm

- ~ Gas needs for the projects are fully covered
- ~ Iberdrola to become the largest private gas consumer in the country

The Customers





324 MW



One of the largest industrial groups in Mexico with presence in different sectors:

- ~ Petrochemical.
- ~ Steel.
- ~ Automotive.
- ~ Telecommunications.
- ~ Foods.

50 MW



- ~ Second largest cement company in Mexico.
- ~ Member of Holderbank Group.



150 MW

 **Kimberly-Clark** de México

- ~ The largest pulp derivatives maker in the country.
- ~ Investment grade in dollars.

