



IBERDROLA Investors' Day 2008

Gleneagles, Scotland



Regulated Business Spain

July 2nd 2008

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Iberdrola profile

Key features of the new regulatory framework

European Directives' Transposition

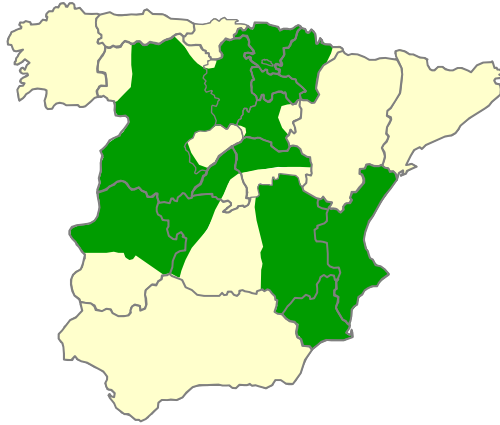
Smart Meters

New Remuneration Methodology

Conclusions

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Iberdrola Distribution Basic Data



2007 Basic Parameters

190.000 km ²
16,7 Mill inhabitants
10,4 Mill points of supply
225.400 km of lines
869 Substations
81.000 Transformer Centers
102,5 TWh delivered

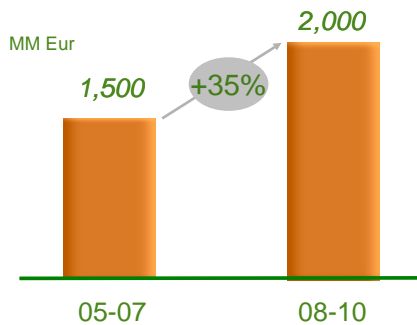
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Strategic Plan 2008-10



Continuing the investment effort: Eur 2.0 Bn

Investments (MM Eur)



New capacity '08-'10

New primary Substations & Capacity increase	+70
Transformers in Secondary Substations	+5,700
Primary Substations MVA	+6,300
Secondary Substat. MVA's	+2,900
Transmission, EHV&HV lines Kms.	+2,200
LV Lines kms.	+3,600
Capacitor Banks´ MVar	+500

Investments focused on quality and security of supply

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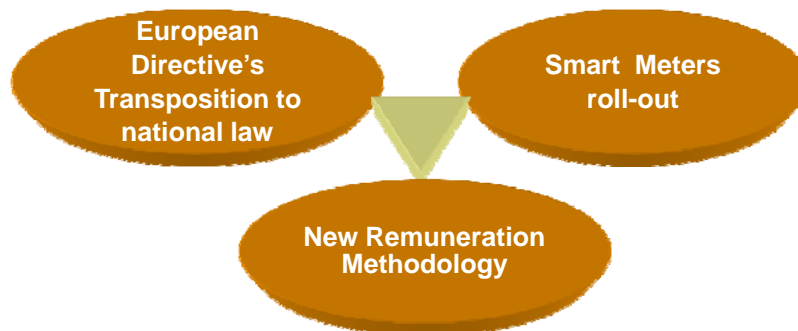
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Key features of the new regulatory framework



Recently passed Spanish legislation...



... provide stability to our Strategic Plan

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European Directive for internal market in electricity Transposition



Implies a focus on core-business

- Distributor no longer supplies
- Manages and develops the grid and is meter operator
- Functional unbundling from the rest of activities

with Quality of Service as main objective

... investing with a predictable profitability

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Smart Meters: Automatic Meter Management



Firm commitment to the technological leap

Project leader for GAD & ADDRESS, PRIME partner

Up to 1.000 M€ Investments for the next 10 years

- ✓ **Business' Added Value driver**
- ✓ **Increase automatization and reduction of operating costs**

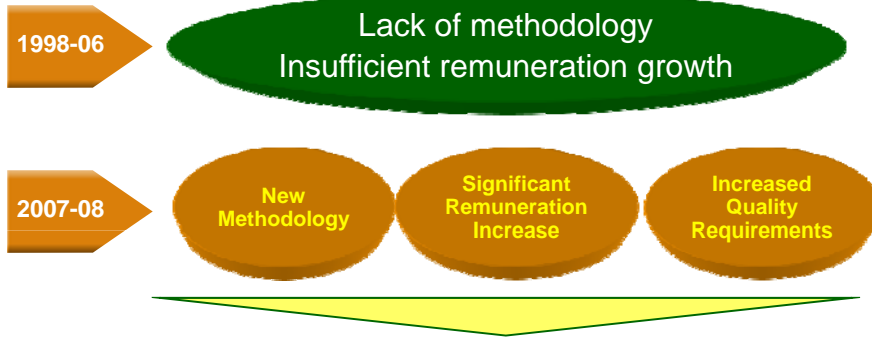
Iberdrola is a technology and innovation leader

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New Remuneration Methodology



Signs from the Administration have changed...

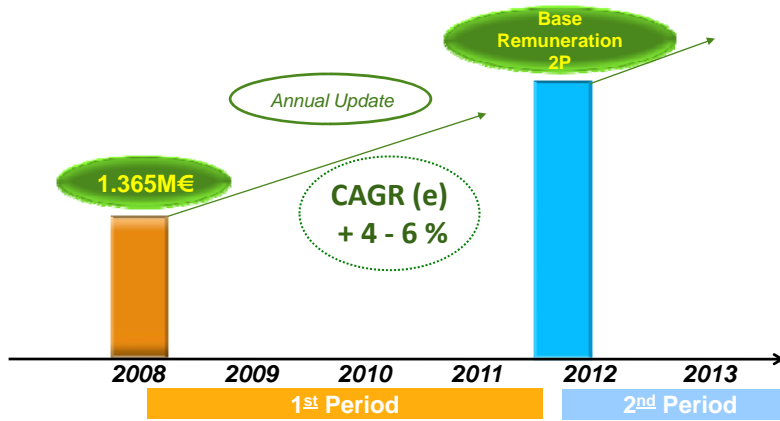


... now committed to quality and investment

Methodology scheme



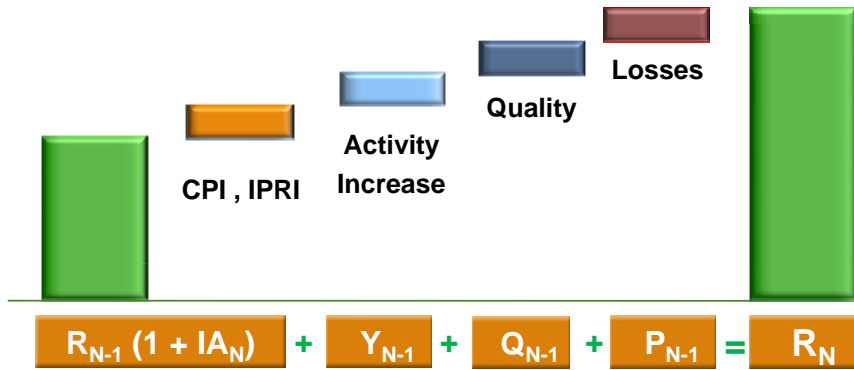
The new methodology will be fully applied for the first time in 2012



Growth increase if compared to previous formula

First period: Annual Update

Encourages Quality improvement and loss reduction...

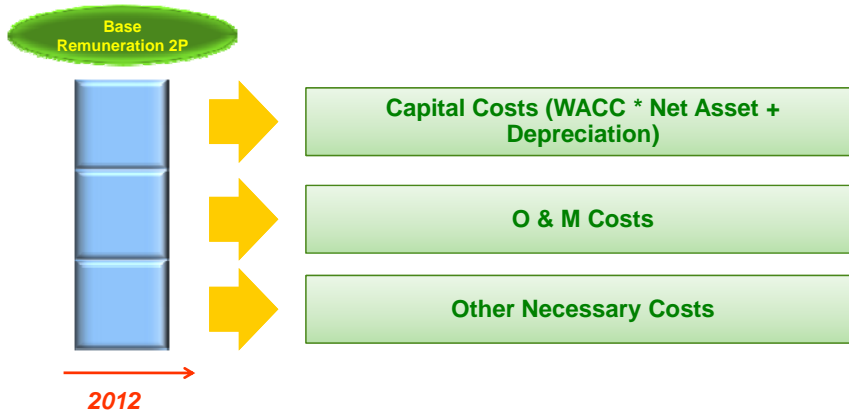


... allowing additional revenues of 55 M€ per year

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Second period: Base Remuneration

Based on good regulation principles...



...applied to other regulated activities in Spain

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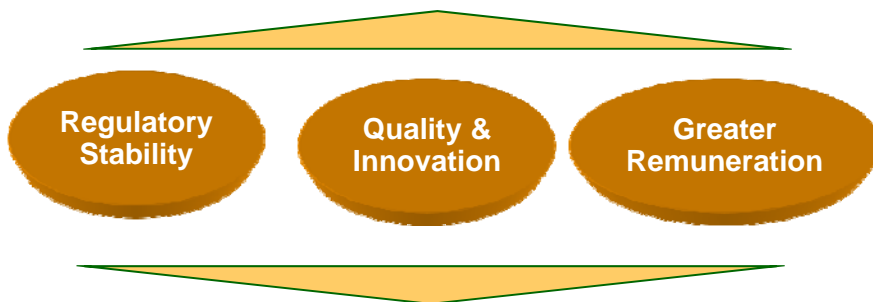
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Conclusions



The new model provides adequate profitability signs



Reinforces our Strategic Plan's Commitments

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