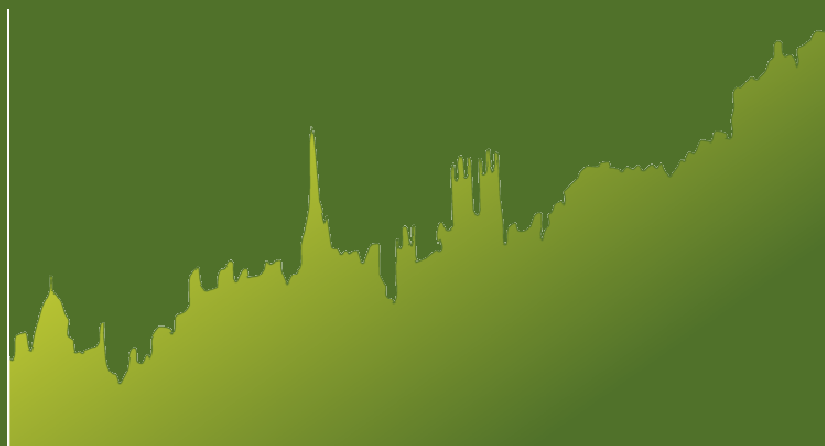




IBERDROLA
RENOVABLES

Investors'
Day 2008

Gleneagles, Scotland



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Offshore Wind & Solar Technologies

Ángeles Santamaría, Director of Markets and Prospectives
Gleneagles, July 3th 2008

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Offshore wind

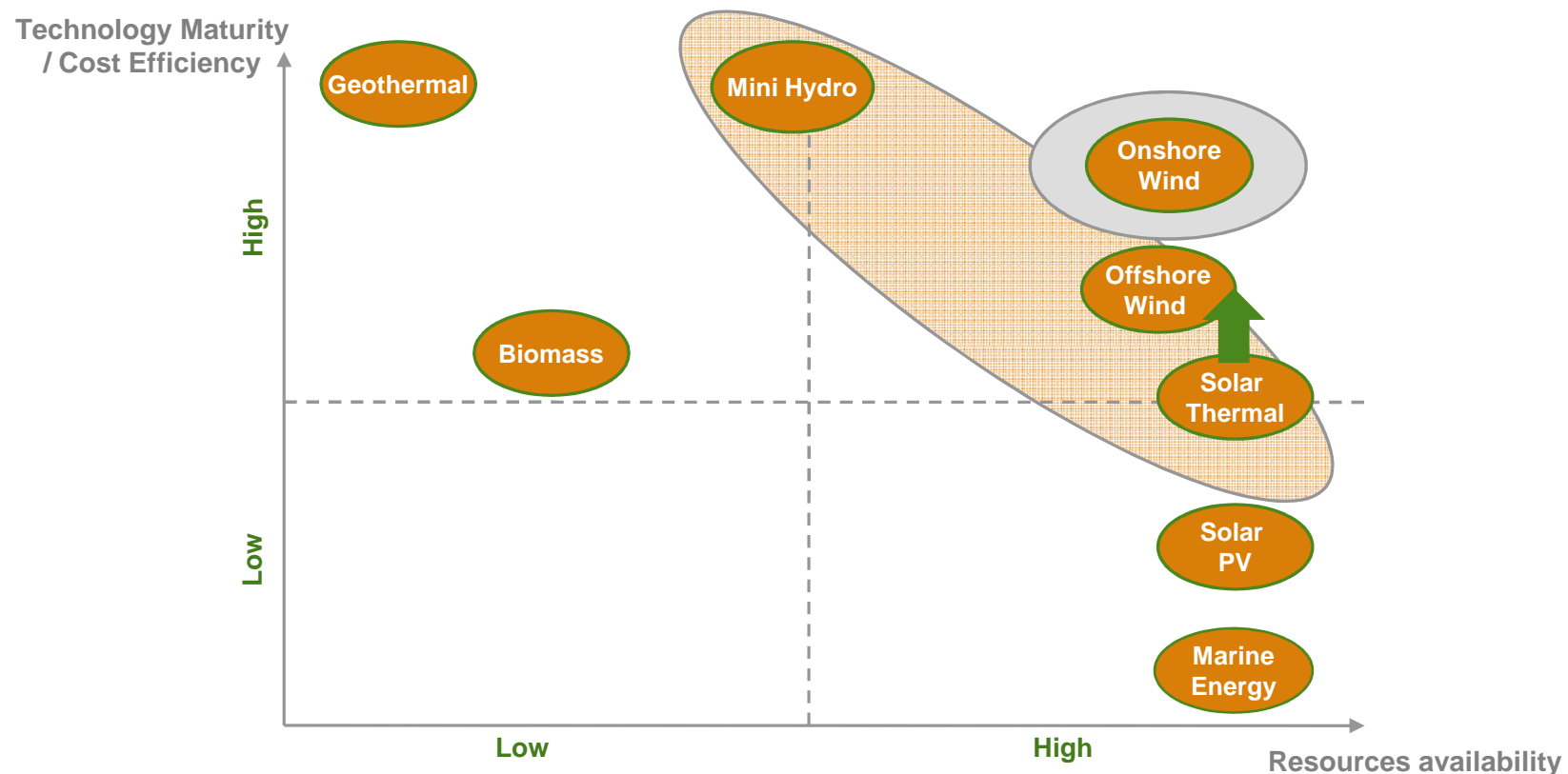
Solar

R & D

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Onshore wind capacity will be the main growth driver in the coming years



With activity in mini-hydro, offshore wind, solar and marine energy (1,341 MW pipeline(1)) to selectively complement future growth

Source Company data

Note (1) Includes 332 MW of offshore wind, 266 MW of mini hydro, 703 MW of solar thermal, 11 MW of solar PV, 25 MW of biomass and 4 MW of wave energy

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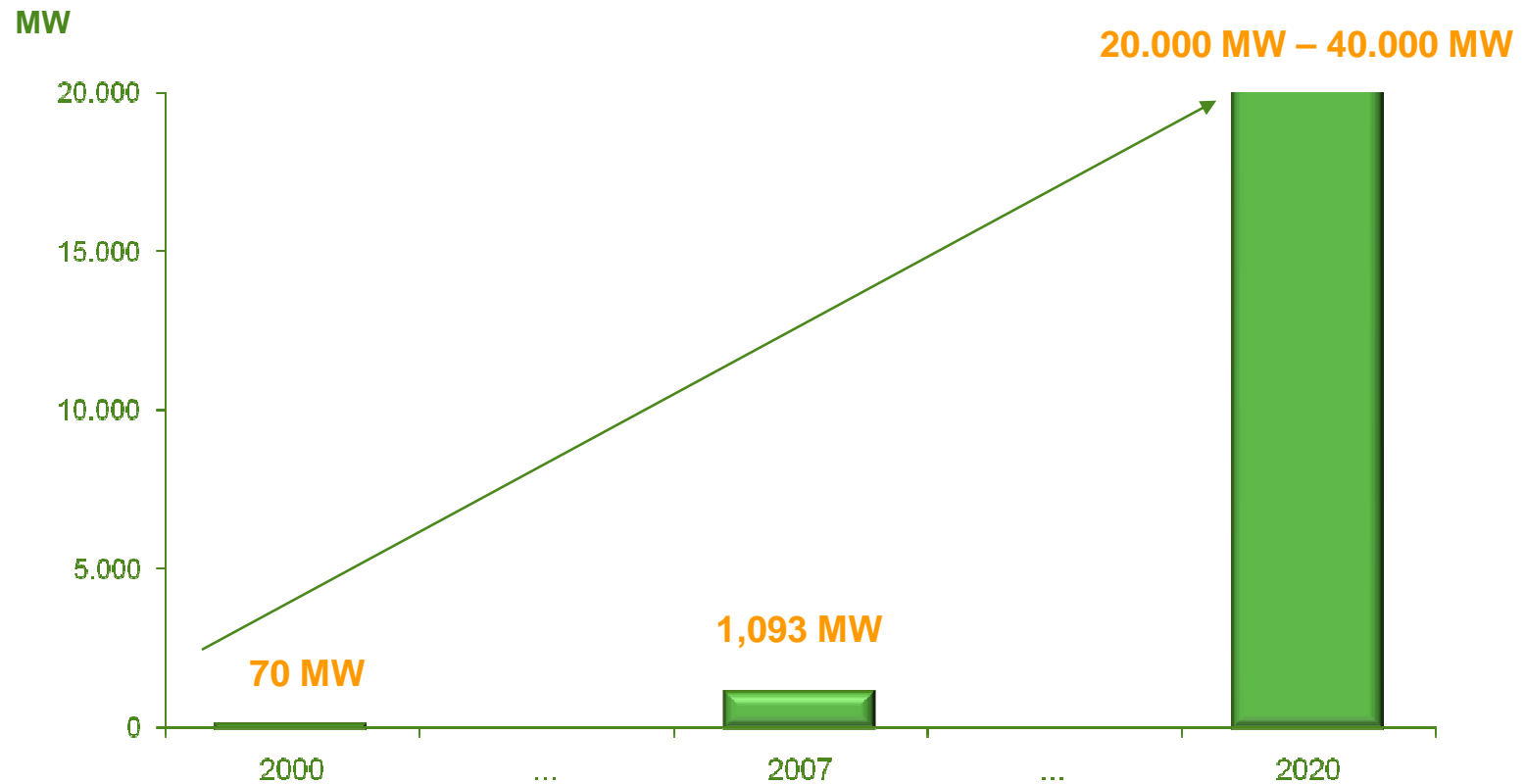
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Offshore wind

1,093 MW installed at the end of 2007, representing just over 1% of global wind power capacity.

Growth Forecast*



In 2020, different forecasts point to 20-40 GW

*Source: BTM: 7.6 GW in 2011; EER: 4.1 GW in 2011, 37.9 GW in 2020; EWEA: 20-40 GW in 2020

Offshore wind



“Next opportunity” for some countries (UK, Germany, Denmark...)

Just behind onshore wind in cost effective renewable energy production

Huge development potential especially in the Baltic Sea, North Sea and around the UK coasts

Permanent and profitable regulatory frameworks are being introduced by Governments

Offshore wind: Limited by some constraints

**Availability of reliable tested offshore
wind turbines**

**Uncertainty due to the scarce experience
in Offshore wind O&M**

Transmission infrastructure cost

**Grid capacity availability, given the generally large output (100-1000 MW) of
Offshore wind projects or areas**

Other aspects like Environment and Aviation



Offshore wind: Key Offshore wind markets

UK	<p>Regulation grants 1.5 ROCs per MWh until 2027</p> <p>400 MW under operation, 460 MW under construction, 2600 MW consented , 5200 MW are under lease option. Round 3 launched in June for the delivery of up to 25 GW.</p>
Germany	<p>New regulation rises tariff to 130 (+20) €/MWh</p> <p>13 MW under operation, 6 GW with a first approval and the development area secured. Targeting up to 25GW in 2030.</p>
Spain	<p>Tariff of up to 164 €/MWh (84.3 €/MWh Premium) and regulated consenting process</p> <p>0 MW under operation. Several companies have applied for developing some areas, but still in an early stage</p>

Offshore wind: IBR positiond in the most attractive markets



**Iberdrola Renovables is currently developing 332 MW
Offshore wind projects in Germany and the UK
(Shell Flats – R1 & West of Duddon – R2)**

**Additionally, in Spain 3,000 MW
have been applied according to the new approval process**

**Preparing Round 3 bidding process in the UK
and studying opportunities in Northern Europe**

Offshore wind: IBR's strategic view



IBR is determined to master the Offshore wind technology and fully understand risks involved prior to making significant investment.

Focused in geographical diversification, separating between short-term and long-term strategy depending on the maturity of each market

Deep knowledge of the onshore technology that should lead to the use of best practices to be applied for the offshore wind

**Full commitment to develop a solid Pipeline
in line with the strategy**

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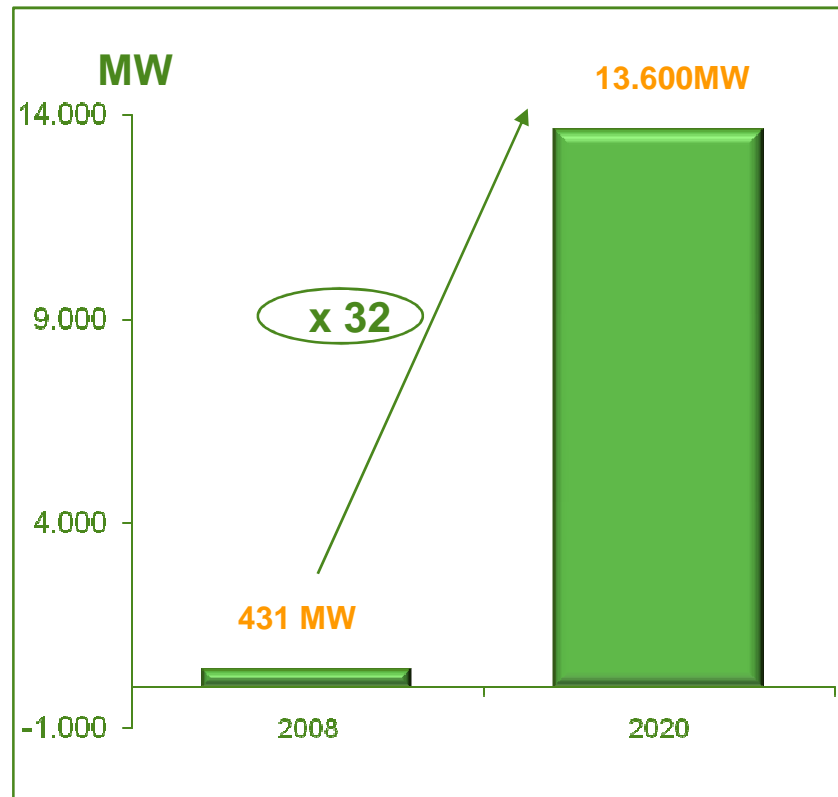
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Estimation of installed capacity during the period 2008-2020: 13.600 MW*...

Growth Forecast *



Key Market Factors

Driven by resource, countries' level of development and land availability

Strengthening of the supply chain, specially for the main components

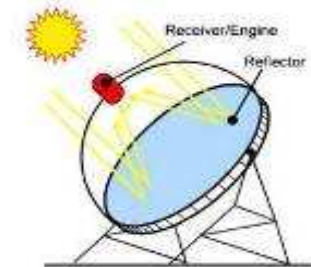
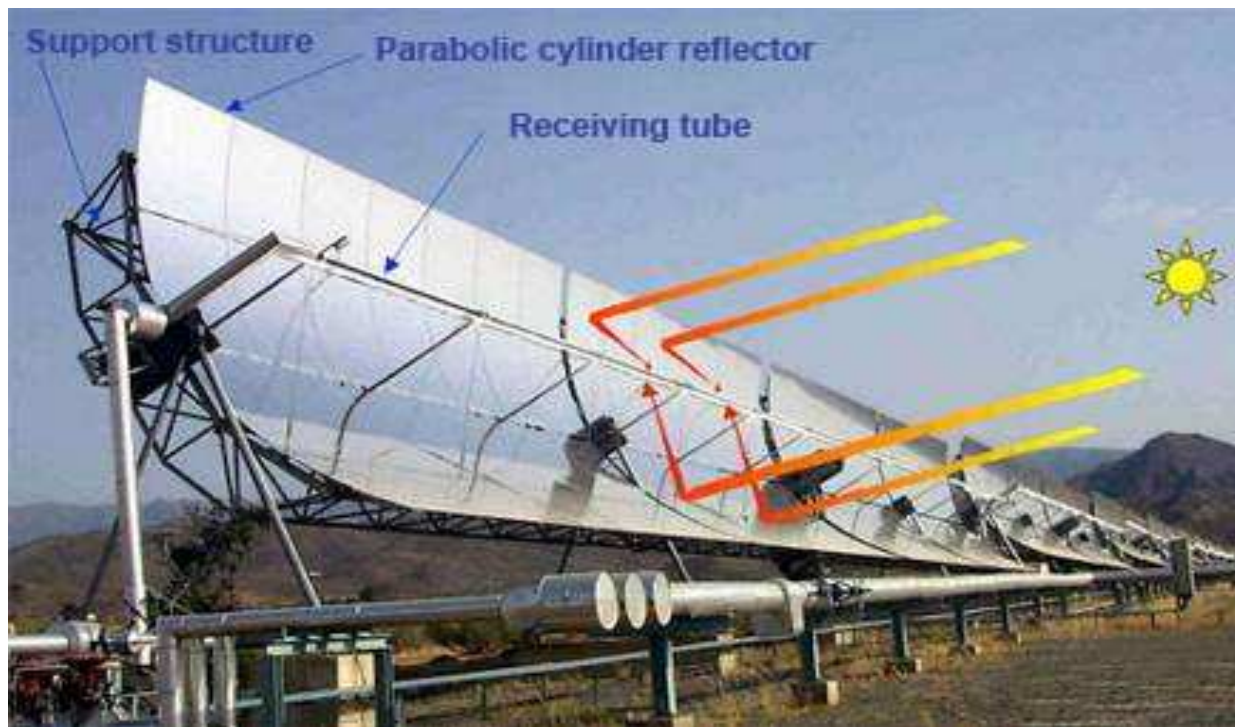
Investment costs: 3.7 - 4.2 M€/MW

...concentrating Solar Power (CSP) development is starting to take off

Solar

Parabolic Trough is the most developed & proven Concentrating Solar Power technology

431 MW installed capacity globally



The development of other technologies is still incipient

Favourable regulations and resource in IBR main markets: Spain and USA

USA

First mover country with 410MW in operation and hundreds of MW under development. Huge potential combined with land availability.

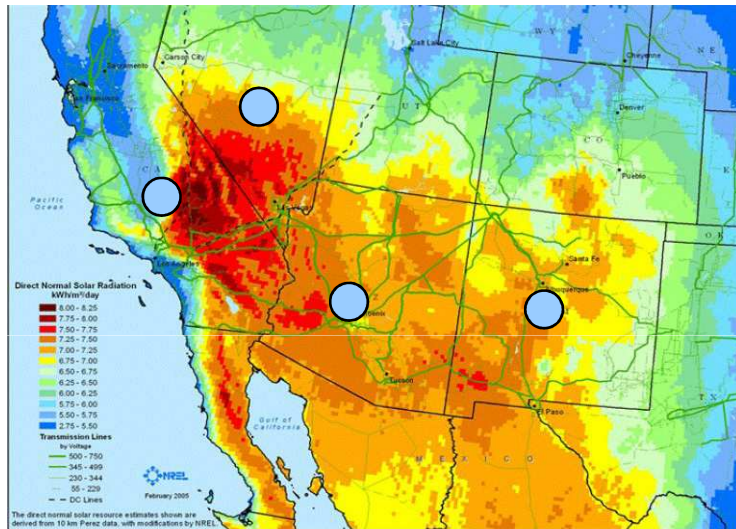
Federal regulation provides Investment tax credit (ITC); 5-year MACRS depreciation (future pending on ITC extension) while state regulation include Renewable portfolio standards (RPS) with solar “carve-outs”.

Spain

Strong industry bet with 11 MW in operation and 390 MW under construction. High solar resource and land availability.

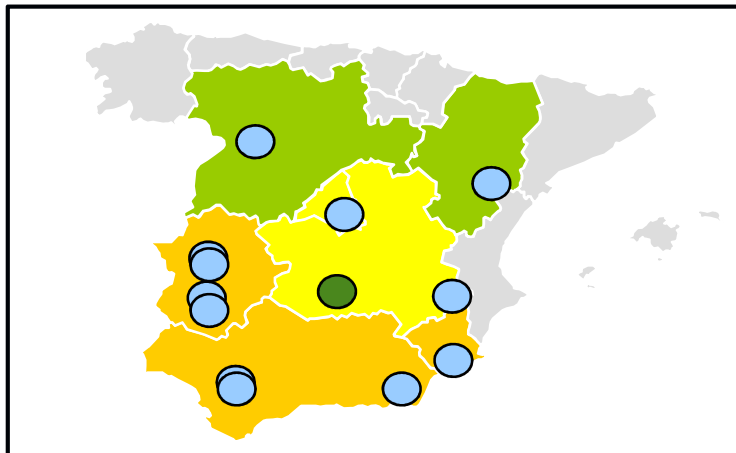
Tariff of 278 €/MWh (262 €/MWh Premium) combined with target of 500MW in 2010 (PER 200 –2010), which is to be increased in the new Plan for EU 20/20 compliance.

Already positioned in Spain and USA



USA

11 sites secured in AZ, CA, NV and NM with excellent solar resource, near major transmission corridors and good consumer access



Spain

50 MW CSP plant under construction and 703 MW in pipeline.

Solar

IBR targets 30% of the market share in Spain and to be in the forefront of innovation investing in projects that guarantee profitability

Master the technology through the development of first facilities

Cost reductions based on experience and R&D (DSG)

Constant follow-up of technology, regulatory and business opportunities

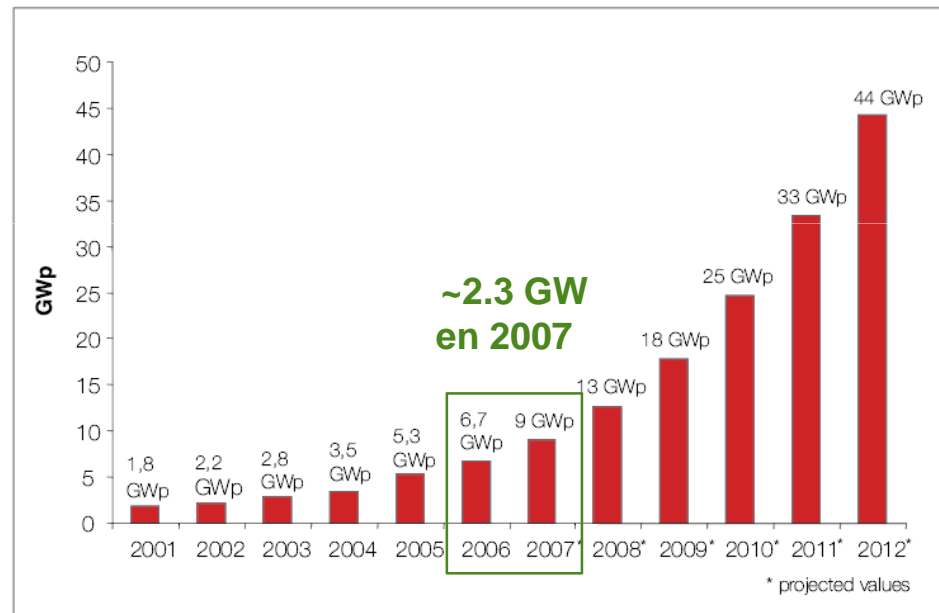


Accelerating foothold today, to be ready to secure future growth as IBR gains experience

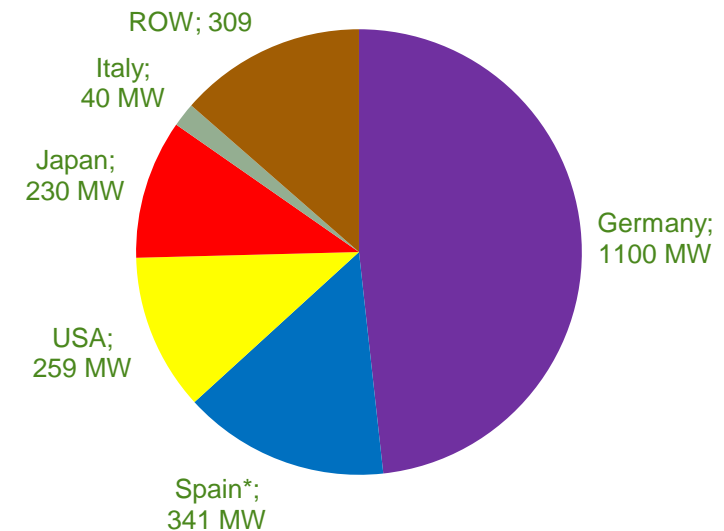
Solar Photovoltaic Market

Uncertainty regarding achievable investment costs and their evolution.

Global cumulative PV capacity



Capacity installed during 2007 (projected values)



- There is no clear “winner technology” at present:
- Crystalline-silicon: Proved technology (~90% market share)
 - Thin-film: Promising technology

Solar Photovoltaic in USA and Spain

Most promising countries due to solar irradiation, available space and level of development.

USA: → Similar incentives to CSP ITC, MACRS depreciation, RPS with solar “carve-outs”



**Spain: → The spread between Feed-In-Tariff and costs is unsustainable.
→ Adjustments are expected when current installed capacity objectives are fulfilled in Sept. 2008**

IBR will develop first 2MW plant in Greece and is positioned as a key player, as soon as the uncertainties are solved and PV becomes sustainable.

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Expectation of falling module prices

Current exaggerated prices, driven by high feed-in tariffs ...

Crystalline silicon PV module price versus total installed capacity,
January 2003 - December 2010: \$/W

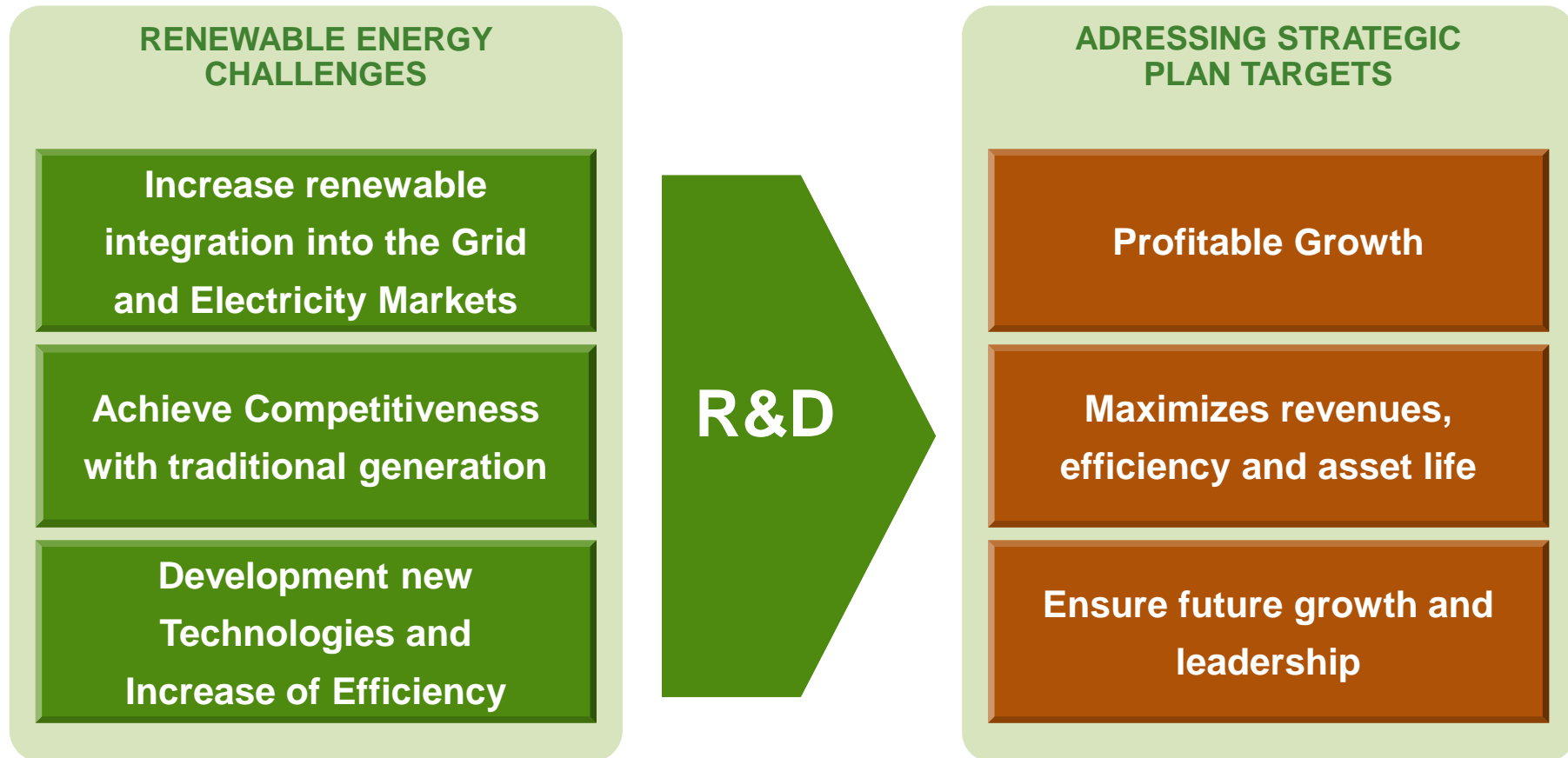


Source: New Energy Finance

... lead to a regulation review in countries like Spain or Germany,
with the subsequent uncertainty

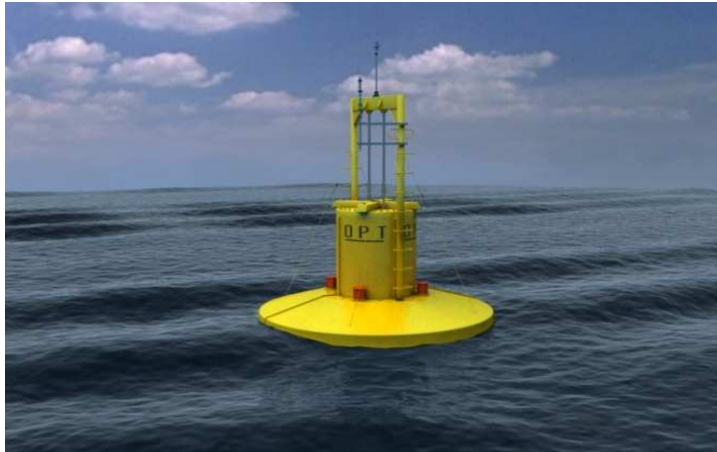
Research & Development

R&D. Tool to achieve the 2008 – 2010 STRATEGIC PLAN



2008 – 2012 → 120 M€

New Generation Technologies



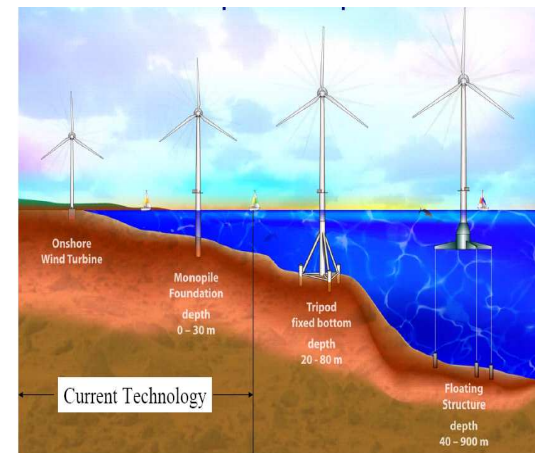
Wave Energy: Vertical power converter



CSP: Direct Steam Generation



Wave Energy: horizontal power converter



OFFSHORE WIND Deep Water Foundations

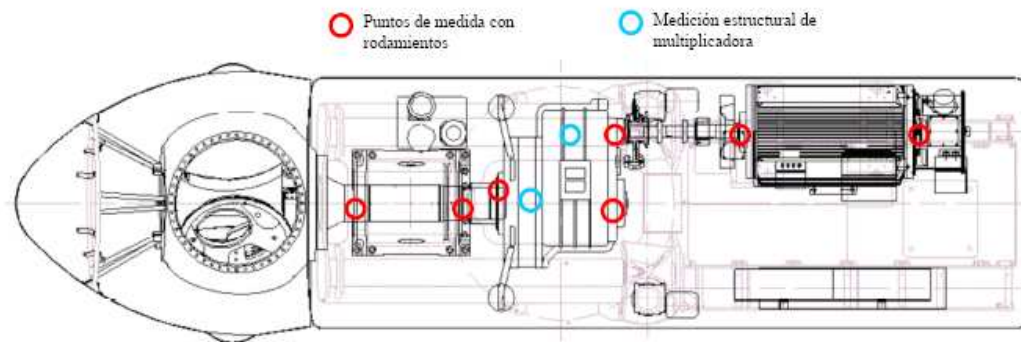
Research & Development: Projects in efficiency improvement



CORE: Advanced Remote Controlling and Monitoring of Renewable Power Plants



METEOFLOW: Advanced Multi-model Wind Prediction System



MOREA: Wind Turbine Predictive Maintenance System

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Determination to master the technology prior to making significant investments...

...Investing in the more mature renewable technologies: onshore wind and small hydro-electric; and developing emerging technologies: offshore wind, solar & marine...

...Long term business perspective...

... Increasing its presence worldwide, focusing on the key markets of each technology