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The company has invested over €1.5 billion on the Cortes-La Muela facility

FRANCISCO CAMPS AND IGNACIO GALÁN VISIT THE ENLARGEMENT WORKS OF LA MUELA, EUROPE'S LARGEST HYDRO PUMPING STATION

- **IBERDROLA's hydroelectric projects in the area will have combined installed capacity of over 2,000 megawatts (MW)**
- **IBERDROLA's chairman is committed to cleaner generation sources, such as wind and hydro power, while preserving the country's nuclear assets and replacing less efficient technologies**

The President of the Valencia regional government, Francisco Camps, and the chairman of IBERDROLA, Ignacio Galán, visited today the enlargement works of the La Muela hydroelectric facility, which will become Europe's largest pumping station. It will also reinforce the largest hydroelectric development in the Iberian Peninsula, with over 2,000 MW of combined installed capacity and an investment of over €1.5 billion.

Other leading figures attending the ceremony included Víctor Urrutia, deputy chairman of IBERDROLA, José Luis Olivas, chairman of IBERDROLA's Advisory Board in Valencia and chairman of Bancaja, and Francisco Martínez Córcoles, director of the Liberalised Business Spain-Portugal.

During the visit, Francisco Camps and Ignacio Galán went down into the main cavern¹, which will house the new La Muela II underground station. This station, in which IBERDROLA is investing around €350 million, will have nearly 850 MW of installed capacity and is slated to come on stream in 2012.

The pumping station will come on top of the existing 630 MW La Muela station, together forming a strategic power enclave for Spain, featuring a considerable reserve of readily available energy capable of making up for the disconnection of any large thermal unit and

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stabilising the grid. Also forming part of the hydroelectric facilities in the area are the Cortes II (280 MW), Cofrentes (240 MW) and Millares (75 MW) plants, helping to create over 2,000 MW of combined hydroelectric capacity.

The importance of a balanced mix

The chairman of IBERDROLA took advantage of the visit to underline how important it is for Spain to change its currently energy model, characterised by its high dependence on overseas markets and high CO₂ emissions. Mr Galán pointed out the need to boost efficiency, improve security and foster cleaner supply, promoting wind and hydro power while preserving the country's nuclear assets and replacing less efficient technologies.

In order to overcome these problems, he said the objective was to achieve a power generation mix in Spain where renewable energies represented 40%, the most efficient thermal plants another 40% and nuclear plants the remaining 20%.

In this respect, IBERDROLA has major electricity production installations in Valencia using different technologies. In addition to the Cortes-La Muela hydro complex, already in operation are the Cofrentes nuclear plant and the Castellón combined cycled plants, making up one of the world's largest and most balanced energy hubs.

The company has always been committed to hydroelectric power and, with installed capacity of approximately 10,000 MW worldwide, is still intent on developing this type of facility.

Also this year, IBERDROLA has won a contract to build the Alto Tamega hydro complex in Portugal, with nearly 1,200 MW of installed capacity. Comprising two pumping and two turbine stations. This project, together with La Muela II, are among the largest projects of this kind undertaken in Europe in the past 25 years.

IBERDROLA is currently building 13 hydroelectric plants with combined installed capacity of over 1,200 MW, two in Spain -San Esteban II and San Pedro II, in Galicia- and 11 in Brazil through Neoenergía. Also in the pipeline is the construction of the 75 MW pumping station in Santa Cristina, Galicia.

ⁱ The cavern measures 115 x 20 x 51 metres.

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