

ANNEXES

2009

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ANNEX 1: IBERDROLA RENEWABLES' CONTRIBUTION TO THE COMMUNITY

IBERDROLA RENEWABLES' commitment to the communities in which it operates is achieved in compliance with the guidelines established by the IBERDROLA Group through various community activities in collaboration with the relevant institutions of the government and civil society.

Specifically, five priority areas have been identified at Group level for its community activities, which have led to the following strategic community support programs:

- Community socioeconomic development
- Art and Culture
- Education and Training
- Activities with underprivileged persons
- Environment

The following table shows the financial contributions for each company involved in reporting for the IBERDROLA RENEWABLES Group. Additional more information can be found on their respective websites.

Contribution amounts for sponsorship, patronage and community service	IBERDROLA RENEWABLES GROUP
Amount for the "Art and Culture" Program	€ 36,194.60
Amount for the Education and Training" Program	€ 25,000,00
Amount for the "Community Service Activities" Program	€ 1,429,112.61
Amount for the Amount for the "Environmental Sponsorship" Program	€ 500,00
Amount for the "Environmental Economic Development" Program	€ 461,066.77
Amount for other sponsorship programs	€ 202,931.63
TOTAL	€ 2,154,805.62

Collaboration through these programs provides various benefits, both for society and for IBERDROLA RENEWABLES.

- Constructing, maintaining and reinforcing relationships of trust with communities by supporting social organizations and local governments.
- Better brand recognition and improvement of reputation as a result of its commitment to the community.
- Improved satisfaction of employees by participating in a company that is valued and recognized socially and through its volunteer and community assistance programs.

Activities within the framework of the Art and Culture Program.

The goal of this program is to foster the artistic and cultural development of the surroundings in which the Company operates, in cooperation with the government and institutions.

IBERDROLA RENEWABLES in Spain.

IBERDROLA RENEWABLES has developed various programs in support of art and culture in the Autonomous

Communities in which it has a presence. Among the most noteworthy are sponsorship of various festivals in Aragón and the Basque Country, support of music through a donation to the Palau de la Música Catalana and assistance in restoring and reconditioning architectural works of artistic value. Also of note is the restoration of the balcony of St. Toribio's chapel and the stairs that link the temple to the Victorio Macho interpretation Center (Palencia).

At the international level.

Various activities have been carried out, of particular note being sponsorship of festivals and theater works in addition to sponsorship and other donations for various events such as the BWEA regatta, a contribution to the construction of an outdoor theater in the municipality of Sofiko (Greece), and a donation to restore a historic building of the Lempster Civic Center (United States).

Activities within the framework of the Education and Training Program.

IBERDROLA RENEWABLES in Spain.

This program's primary goal is to improve training and specialization of various groups, particularly in the understanding of renewable energy. The most emblematic projects in this program are activities associated with the Energy Classrooms. Specifically, as of the date of this report, there are four Energy Classrooms:

- Higuera, Albacete, which so far has had more than 32,000 visitors.
- Sisante, Cuenca, which so far has had over 16,000 visitors.
- Villacañas, Toledo, which so far has had nearly 7,000 visitors.
- Maranchón, Guadalajara, which is the most recent one and has already had over 200 visitors.

As an additional part of this framework, there has been other collaboration and sponsorship with universities (such as in Zaragoza and in the Basque Country), open houses and other cooperative efforts with regional autonomous governments, such as the *Institut Català de la Energia* (Catalonian Energy Institute) of the Regional Autonomous Government of Catalonia or the sponsorship of the Aragon Hydrogen Foundation of the Council of Industry (*Fundación del Hidrógeno de Aragón de la Consejería de Industria*) and various municipalities.

At the international level.

Various courses and events associated with generation of renewable energy, primarily wind energy, have been sponsored, aimed both at students and an expert audience. Of particular note is a program to design small turbines or other more general collaboration, such as helping children to read.

As in Spain, there have been various open houses at the international level to promote familiarity with this type of renewable energy generation.

Activities within the framework of the Community Service Program.

The goal of this program is to contribute to improving the quality of life of the most underprivileged groups in society.

Of note are Volunteer Programs carried out by employees of IBERDROLA RENEWABLES in the United States, as well as various donations and fund raising efforts for institutions and foundations such as the National Children's Cancer Society or the National Multiple Sclerosis Association (United States) or the Greek Society for the Protection and Rehabilitation of Handicapped Children (Greece).

In regards to education, we have collaborated on the reconstruction of a school building in Palaikastro, Crete (Greece), and contributed to a student assistance fund, granting scholarships through the Columbia Gorge Community College Foundation in Oregon, all as part of the Renewable Energy Technology program (United States).

Furthermore, employees at all of IBERDROLA RENEWABLES' offices participated in the "Community Giving Campaign 2008" directed towards a number of accredited charities nationwide (United States).

Finally of note, because of its relationship with the energy business, is the donation that IBERDROLA RENEWABLES and ENSTOR made to two state organizations to assist needy families in rural Mississippi and Alabama to pay winter heating bills and provide these families with the services associated with additional energy. Mississippi's Department of Human Services and Alabama's Department of Economic and Community Affairs have assistance programs to provide energy to low income households (United States).

Activities within the framework of the Environmental Sponsorship Program.

This program continues to extend the commitment of IBERDROLA RENEWABLES and the entities and companies associated therewith to protecting the environment through various initiatives of interest.

IBERDROLA RENEWABLES in Spain.

As part of the IBERDROLA Group, the Company confirms its commitment to the environment and has joined the "Caring for Climate" platform promoted by the United Nations, committing to adopt and promote among its stakeholders measures aimed at reducing climate risks and fostering sustainable development.

Furthermore, as regards biodiversity, the regional autonomous government of Castilla y León and IBERDROLA RENEWABLES have signed a collaboration agreement to protect natural heritage as part of a Framework Collaboration Agreement. This agreement

IBERDROLA RENEWABLES' commitment to communities has materialized in the contribution of more than 2 million euros for sponsorship and patronage programs.

is intended to establish the conditions for cooperation in the development and execution of an activities program to preserve and manage Castilla y León's natural heritage, including activities aimed at the Conservation Plan for Bonelli's Eagle and at keeping track of the populations of Dupont's lark in the areas affected by various wind farms in the province of Soria.

It has also collaborated with the Environmental and Rural Development Office (*Consejería de Medio ambiente y Desarrollo Rural*) of Castilla-La Mancha to replant 24,000 trees in the province of Cuenca through an agreement signed with the Office and the state-owned Public Environmental Management Company (*Empresa Pública de Gestión Ambiental*) (GEACAM), being the first private initiative to contribute to the reforestation goal set by the Executive of Castilla-La Mancha during this term.

Also of note is the collaboration on the "BENGOLA Renewable Energy Theme Park" (a central project for communication, education and investigation of renewable energy in Munitibar, Biscay) and participation in the "Conservation of the Common Cantabrian Capercaillie" program, one of the most noteworthy programs led by the Group in the area of biodiversity in Spain.

IBERDROLA RENEWABLES and the Government of Castilla-La Mancha celebrated Arbor Day in Ucles, Cuenca. During the celebration, representatives of both entities and 200 handicapped persons from five associations in Castilla-La Mancha planted over 500 trees in the area.

IBERDROLA RENEWABLES has joined the initiative of the NGO Accionatura called "*Planta tu árbol*" (Plant Your Tree) to promote environmental education by distributing 2.5 million forest pine tree seeds. The seeds were included in Disney-Pixar DVDs for the film Wall-E. With the help of experts, the children learned to plant forest pine trees and they learned what care the trees needed while they grew.

Other activities of note are sponsorship of the "European Wind Day Convention" organized by the Wind Energy Association (*Asociación de Energía Eólica*) (AEE), sponsorship of environmental trails in Galicia, Aragon and the Basque Country, and sponsorship of the "Optimization Program for Environmental Monitoring of Wind Farms in Galicia," the goal of which is to set up a network of environmental information points online, with the data being published in real time on IBERDROLA RENEWABLES'

website, www.iberdolarenovables.es, after all the work is done.

At the international level.

IBERDROLA RENOVABLES is a Premium Partner for the “Wind Power Works” campaign set up by the Global Wind Energy Council (GWEC) as part of the global campaign against climate change. The goal of the campaign is to familiarize the various opinion leaders and international media with the wind energy industry. In December 2008, there was a world conference in Poznan, Poland, and in 2009, the meeting will be in Copenhagen, Denmark.

SCOTTISHPOWER RENOVABLES has sponsored various events associated with biodiversity and the environment and has made a plan for conservation and regeneration at the wind farm in Beinn an Tuirc, planning to introduce mountain hares and helping in the births of two golden eagle chicks, a species on the verge of extinction (Scotland).

ROKAS RENEWABLES has implemented a Beach Cleanup Program for maritime week in Killini Port, Greece.

In the United States, IBERDROLA RENEWABLES sponsored the 10th Anniversary Gala for environmental groups, with Al Gore presiding, and it made various donations to support the PennFutures Center of Energy, Enterprise & Environment for Earth Day in Philadelphia. In addition, it has collected funds for the Clean Air Council in Pennsylvania (United States).

Activities within the framework of the community Economic Development Program.

The goal of this program is to improve the competitiveness of the societies in which IBERDROLA RENOVABLES has a presence.

IBERDROLA RENOVABLES in Spain.

The Company has participated in various meetings on the development of biomass in the Autonomous Community of Andalusia, as well as at a Renewable Energy Conference in the Valencian Community.

Also of note in this program is participation in fairs such as the 42d General Session of CIGRÉ held in Paris, where IBERDROLA RENOVABLES made a presentation on “Reactive Power Control at Wind Farms. Real Experience and Results.” CIGRÉ continues to be a benchmark for the electricity industry. Also of note is participation in the Husum Windenerg fair, the main wind power fair in Germany, and participation in Expo Mediterránea 2008, a wind power fair held in Rome as part of Zero Emission Rome 2008.

At the international level.

The British Wind Energy Association held its 30th annual conference, BWEA30, at ExCel (London) and SCOTTISHPOWER RENEWABLES sponsored the opening reception, attended by about 200 delegates (United Kingdom). SCOTTISHPOWER RENEWABLES also participated with stands at the BWEA Marine and Renewable Energy Forum (Scotland).

Also quite noteworthy is SCOTTISHPOWER RENEWABLES's sponsorship of BWEA Wales to reinforce its position in Wales and establish ties among the various stakeholders, as well as sponsorship of the annual Wales Quality Award 2008 dinner (United Kingdom).

IBERDROLA RENEWABLES sponsored the National Night Out in Kennedy County, where the Peñascal facility is located, and the reception dinner for the Annual Conference of the Southern California Public Power Authority (SCPPA) (United States).

Community Energy sponsored the 15th Anniversary of the Environmental Law & Policy Center dinner and made a donation to promote the working group on cost effectiveness of wind turbines in Illinois (United States).

In addition, within the framework of conferences and exhibitions, SCOTTISHPOWER RENEWABLES, as well as presenting at various conferences, forums and events associated with the industry, set up three open houses for the general public to acquaint them with their plans to expand the Whitelee wind farm, and held an annual conference for the Central Scotland Forest Trust at the Blacklaw facilities (United Kingdom).

As part of the project headed by Carbon Trust, SCOTTISHPOWER RENEWABLES supported a campaign designed to reduce the costs of offshore wind power (United Kingdom).

ROKAS RENEWABLES participated in the information technology graduation awards at the National Technical University of the Peloponnesian Peninsula (Greece).

R&D&i Plan.

A significant research and development effort being carried out by the Company in this area is a 12.1 million euro investment in research, development and innovation (R&D&i) activities, both in new generation technologies and in the continual improvement of the efficiency of existing assets.

CORE, IBERDROLA RENOVABLES' control center, is a pioneering initiative in the industry, both because of the leading-edge technology with which it is equipped and because of its function and scope.





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Independent Review Report of Iberdrola Renovables 2008 Sustainability Report According to the ISAE 3000 Standard

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the management of Iberdrola Renovables

Introduction

We have been engaged by Iberdrola Renovables to review the non-financial information corresponding to the year 2008, included in its 2008 Sustainability Report (hereinafter the Report), which is available to the general public and whose scope is described in the section 3.6 Boundary of the report..

The contents, preparation and maintenance of the information systems that provide the data, as well as the integrity of the Iberdrola Renovables Report, are the responsibility of Iberdrola Renovables Management.

Scope

In the Report, Iberdrola Renovables describes the efforts and progress it has made towards a more sustainable development. Our responsibility has been to review the Report, assure appropriate application of the Global Reporting Initiative Version 3 (GRI G3) Guidelines based on Iberdrola Renovables's level of self-declaration, and to offer readers a limited level of assurance in relation to the verification of non-financial information, according to the ISAE 3000 standard (International Standard for Assurance Engagements), that:

- The quantitative data has been reliably obtained.
- The qualitative information is adequately supported by internal or third-party documentation.
- The Report follows the GRI G3 Guidelines for A+ level of application, and the self-declaration has received Global Reporting Initiative confirmation.

Review criteria

Our work has been carried out in accordance with ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB), and the Guidelines for Engagements in the Revision of Corporate Responsibility Reports from the Spanish Institute of Registered Auditors (ICJCE). Among other requirements, compliance with these norms requires the following:

- The engagement has been carried out with a team specialised in assurance and corporate sustainable development. In accordance with the aforementioned norms, this engagement complies with KPMG's independence policy, which is based on the IFAC Code of Ethics for Professional Accountants.

- The procedures undertaken are substantially fewer than those of a reasonable assurance procedure, and consequently the assurance provided is also lower. Under no circumstances may this report be understood as an audit report.

In our review we have followed Iberdrola Renovables' criteria for application of the GRI G3 principles, as described in the section Profile: Report Parameters.

Work performed

We have reviewed the reliability of the quantitative data and other qualitative information included in the Report as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for the systems providing information included in the Report.
- Review of the systems used to generate, aggregate and facilitate the data.
- Analysis of the scope and manner in which information is presented.
- Review by sampling of the calculations carried out at corporate level and their consistency.
- Verification that other information included in the Report is adequately supported by internal or third-party documentation.

Conclusions

Based on the work described above, we have not observed circumstances indicating that the data included has not been obtained by reliable means, that the information is not fairly stated. We have also not identified any significant omissions or differences in the information reviewed.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez
Partner

7 May 2009

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YOUR OPINION MATTERS

IBERDROLA RENOVABLES is confident that the information provided in this 2008 Sustainability Report is complete and useful for all of its stakeholders. IBERDROLA RENOVABLES' goal is to progress each year, providing responses that satisfy the expectations of these stakeholders in terms of the quality, clarity, accuracy and transparency of the information presented.

As a means to achieve this goal, IBERDROLA RENOVABLES seeks continuous improvement in the relationship and dialog with society in general and with its stakeholders in particular.

In order to know your opinion, we would like for you to give us your comments and suggestions by sending an email to sostenibilidad@iberdrola.es or through our website by clicking "Contact us" in the upper right corner of our website and then clicking the "Your opinion matters" button at the bottom of the page.



The answers to this survey regarding the 2008 Sustainability Report will be taken into account in the preparation of subsequent Sustainability Reports.

Thank you in advance for your cooperation. We highly value your opinion.

