

**RED**  
**ELÉCTRICA**  
DE ESPAÑA

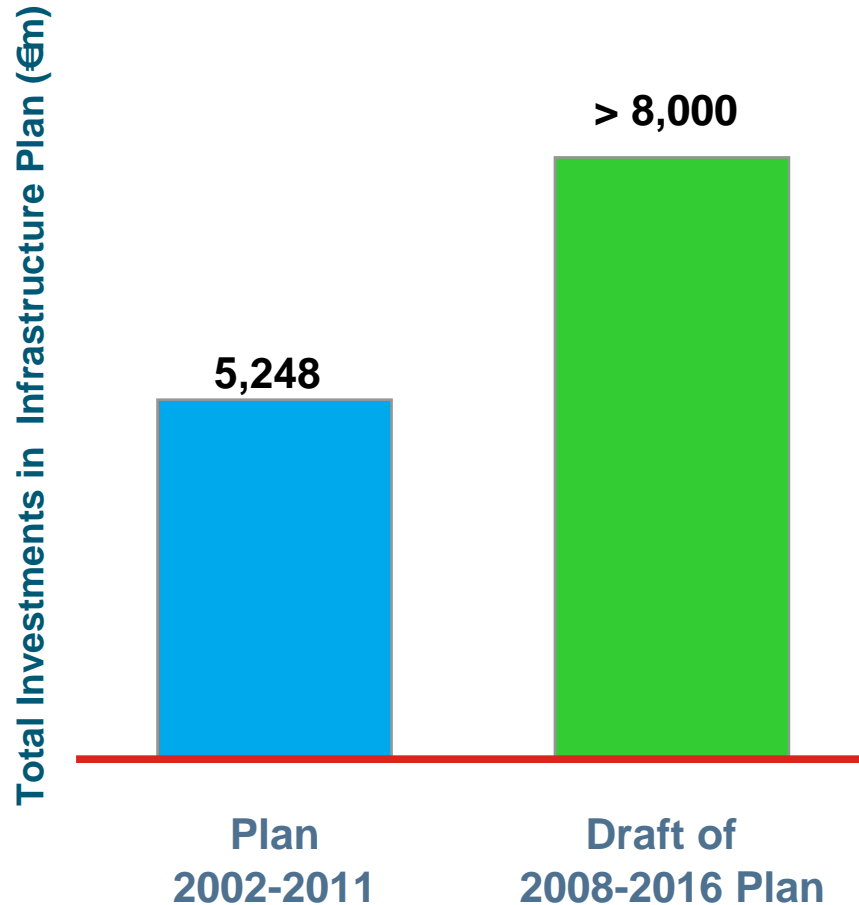
# **New remuneration for electricity transmission**

March 7, 2008





## A New Remuneration to Support the Implementation of the Infrastructure Plan



Source: Planificación de los Sectores de Electricidad y Gas.

- Infrastructure's Plan draft for 2008-2016 with more than 8,000 million Euros of investment in electricity transmission
- New remuneration for commissioning assets from the 1st January 2008
- Stability to undertake new investments with appropriate returns



## New Remuneration Framework: Stable, Transparent and Sufficient

### Stable

- Assets in operation prior to 31st December 2007:
  - Maintain current remuneration framework
- Assets in operation from 1st January 2008:
  - New methodology of remuneration to implement the Infrastructure Plan

### Transparent

- Convergence with the remuneration frameworks of TSOs in Europe
- Based on capex and opex standards
- Pre-established periods of 4 years to review

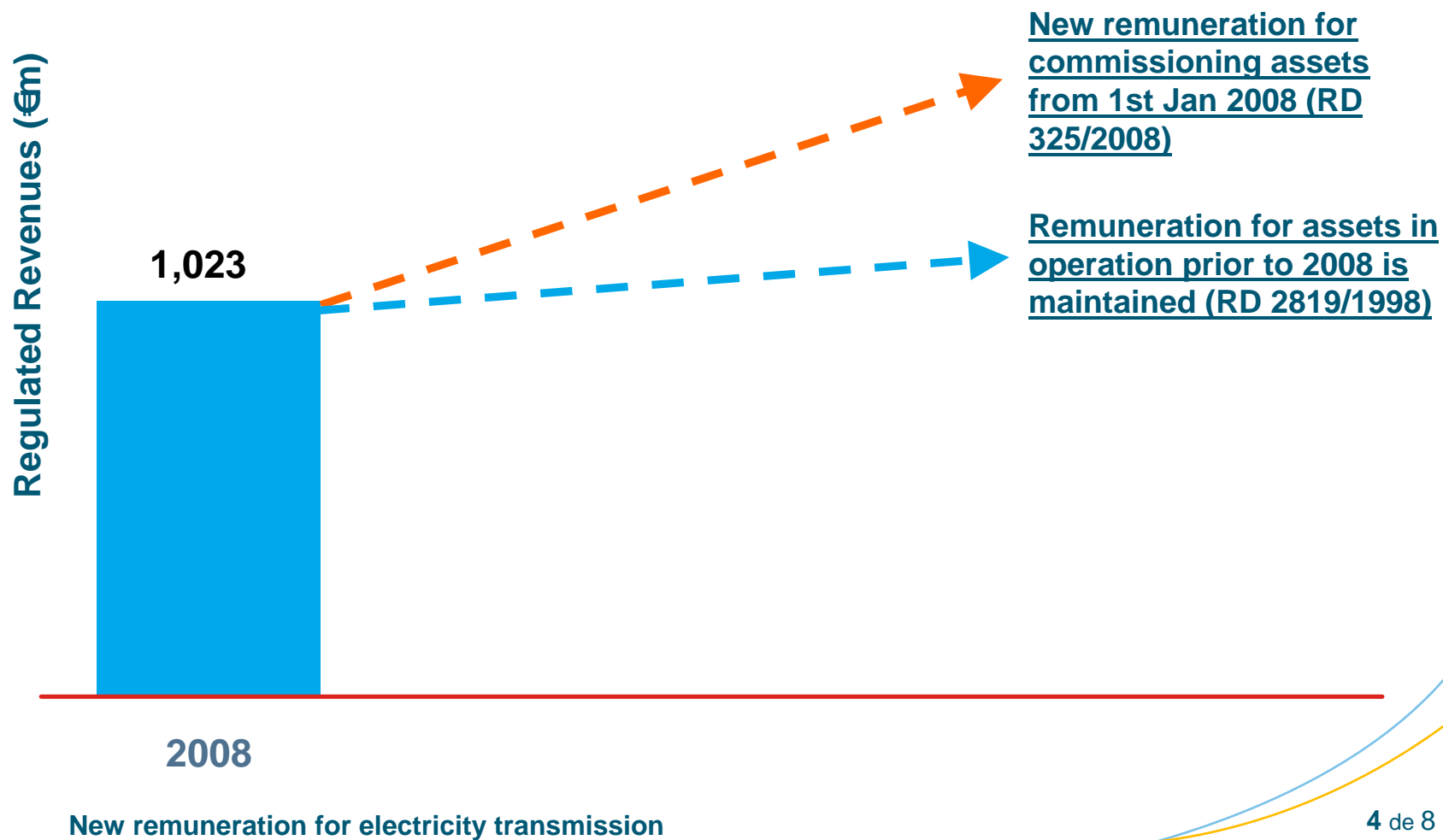
### Sufficient

- Returns for new investments around 7.7% (\*) (nominal post-tax IRR)
- Additionally, incentives for efficiency in the construction and for in the operation of the assets

(\*) Assuming 10-year bond yield of 4.24%

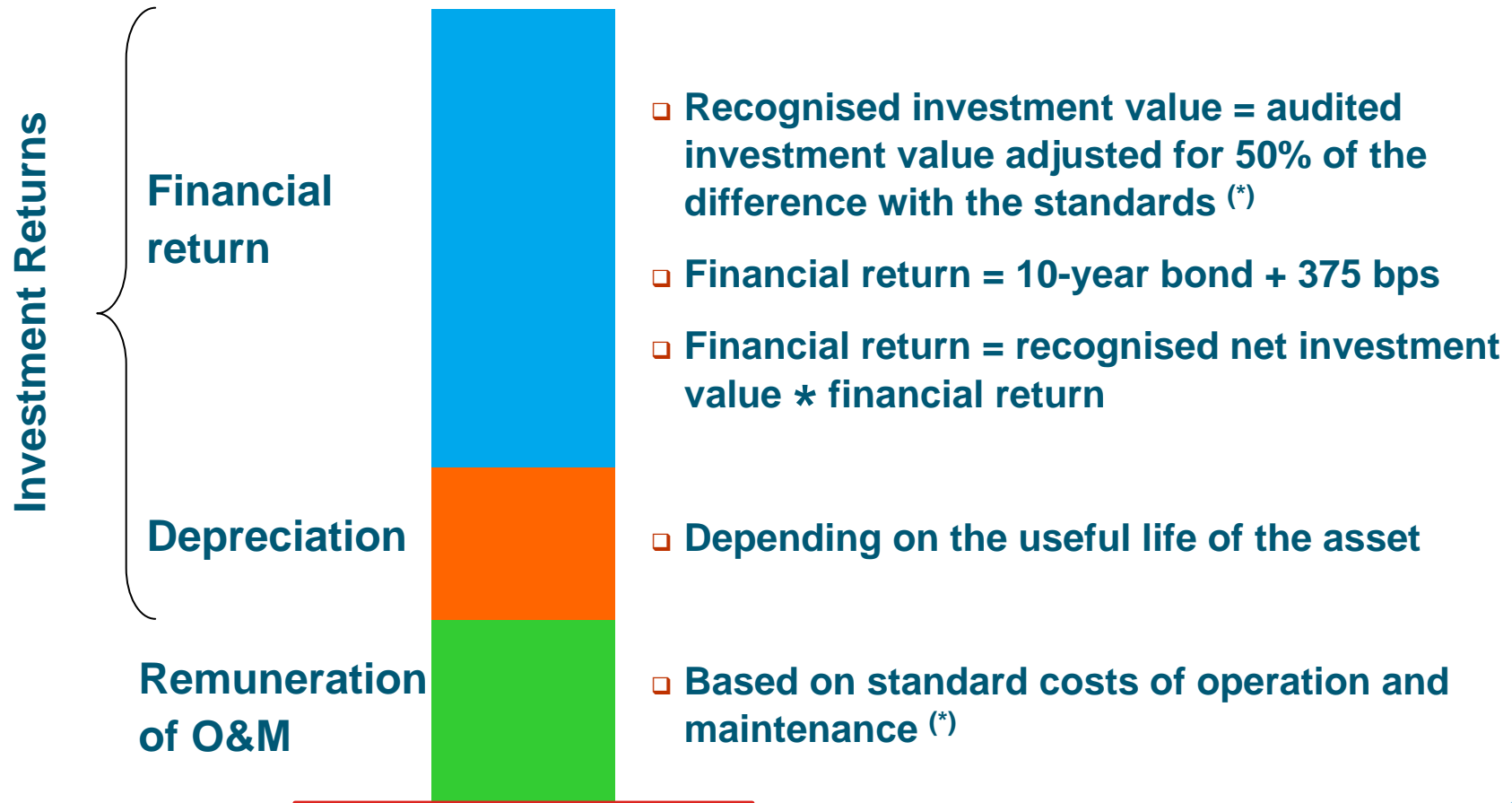


## Remuneration Model





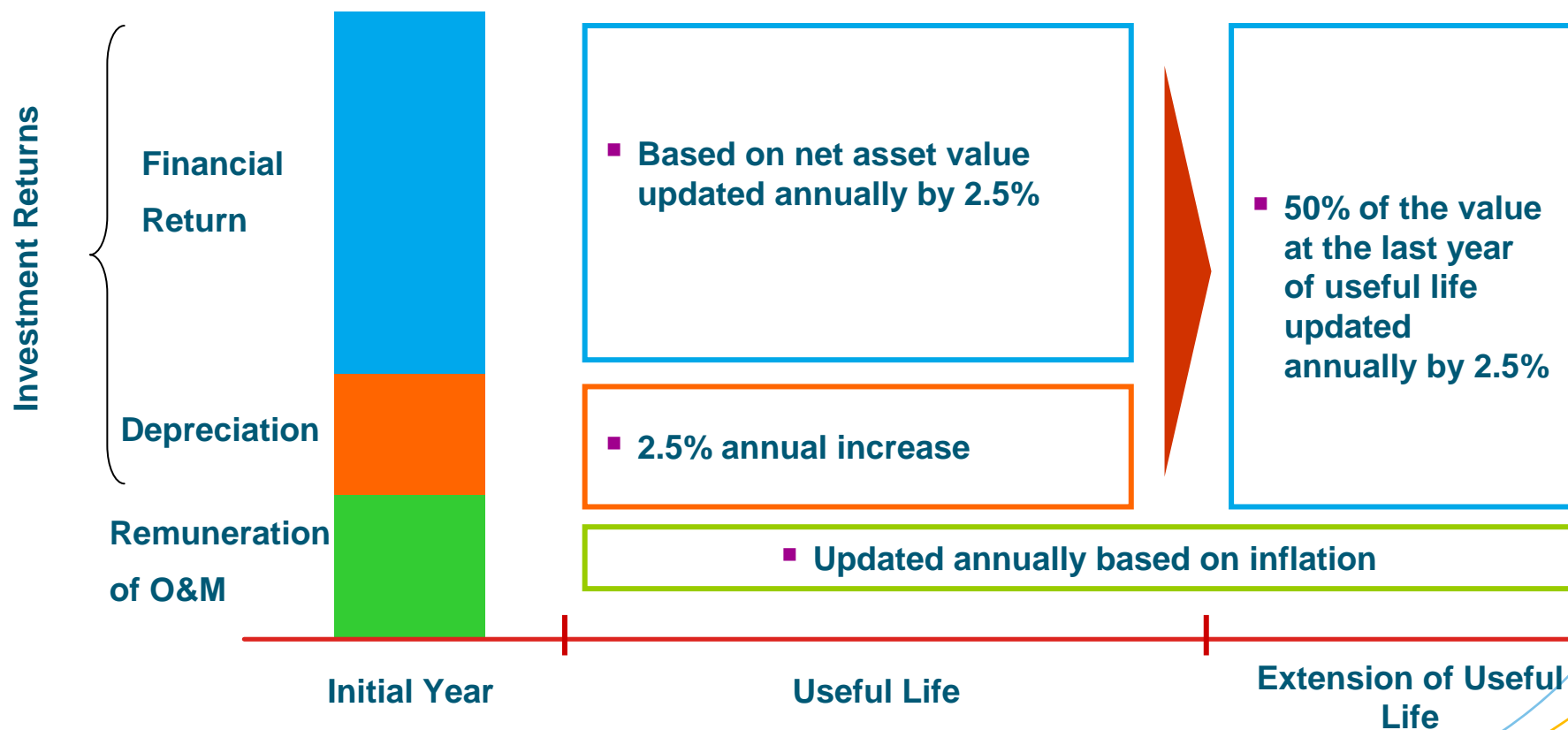
## New Remuneration: Initial Year



(\*) The standard values are updated annually based on the evolution of prices.



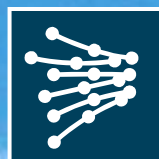
## New Remuneration: Following Years





## Conclusions

- The current remuneration framework is maintained for the existing assets
- Post-tax nominal IRR of 7.7% for new investments
- The framework that provides incentives for efficiency
- A remuneration framework to undertake a strong investment cycle in transmission assets



**RED ELÉCTRICA**  
DE ESPAÑA

[relacioninversores@ree.es](mailto:relacioninversores@ree.es)

[www.ree.es](http://www.ree.es)



This document has been prepared by Red Eléctrica de España, S.A. for the sole purpose described herein. In no case may it be interpreted as an offer made to sell, exchange or purchase, nor may it represent an invitation to make any type of offer, particularly, to acquire or purchase any security issued by Red Eléctrica de España, S.A.

The content of this document has a merely informative and provisional nature and all statements contained herein relate to intentions, expectations and forecasts made by Red Eléctrica de España, S.A. or its management. Said content has not been necessarily independently verified and is, in any case, subject to negotiation, changes and modifications.

In this regard, neither Red Eléctrica de España, S.A. nor any of its management, directors, officers, employees, consultants, agents or advisors (together the "Representatives") shall be liable for the accuracy, correctness or completeness of the information or statements included in this document, and in no event may its content be construed as any type of explicit or implicit representation or warranty made by Red Eléctrica de España, S.A. or its Representatives. Likewise, neither Red Eléctrica de España, S.A. nor any of its Representatives shall be liable in any way whatsoever (including negligence) for any loss or damage that may arise from the use of this document or of any information contained herein.

Furthermore, Red Eléctrica de España, S.A. does not undertake to publish any possible modifications or revisions of the information, data or statements contained herein, should there be a change of strategy or intentions, or if unforeseeable facts or events were to occur that affected the same.

This disclaimer must be taken into account by any person or entity to which this document is addressed, as well as by those who choose to adopt decisions or issue or broadcast opinions relating to any securities issued by Red Eléctrica de España, S.A. and, in particular, by the analysts handling the same, without prejudice to the possibility of consulting the documentation and public information that has been notified or recorded at the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores), a consultation which Red Eléctrica de España, S.A. recommends.