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During his speech at the symposium 'The great transformation in public services: 40 years that changed Spain (1978-2018)', organised by the Congress of Deputies

Ignacio Galán: "The cost of electricity in households has increased by 30% less than the income of Spanish families over the last 40 years."

- The chairman of Iberdrola, who participated with the paper 'Economic development and the energy model', stressed that "Spanish electricity utilities are today more efficient, solid and international," which has made them "engines of growth and dynamisation for the country's economy".
- After stating that the energy transition in Spain will require an investment of more than 70 billion euros in the next decade, Galán concluded that this will result in an "improvement in air quality" and, consequently, health, which "will boost the revitalisation of industry and job creation" and "will allow a substantial and structural reduction in the price of electricity".

Madrid. The chairman of Iberdrola, Ignacio Galan, said this morning in the Congress of Deputies that over the last 40 years, "the unit cost of electricity for households in homogeneous terms - that is, eliminating the taxes¹ that have been added to the bill - has increased 30% less than the average income of a Spanish family, 40% less than the price per square metre of housing in the capital and 45% less than the cost of a product as fundamental as bread."

"Even considering all the taxes and energy policy costs currently included in the electricity bill, the final price per kWh has grown 7% less than the average family income²," said Ignacio Galán during the presentation of the paper *Economic Development and the Energy Model*.

During the course of this speech, within the framework of the symposium *The Great Transformation in Public Services: 40 years that changed*

¹ Generation tax (7%), VAT and Electricity tax.

² Increase by 8.5 times compared to 9.1 times for the average income.



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Spain (1978-2018), Iberdrola's chairman asserted that this evolution "has been possible thanks to the significant effort of the Spanish electricity companies to improve their operational efficiency".

In fact, in the early years of this century, analysts³ from the most prestigious investment banks considered Spanish companies to be the most efficient companies in Europe.

Similarly, Galán also stressed that "Spanish electricity companies are today more efficient, solid and international", which has turned them into world leaders and "engines for growth and dynamisation in the country's economy". In the case of Iberdrola, it has gone from being a domestic company to being placed, with 100% private capital, among the five largest in the world, "something unthinkable at the dawn of our democracy".

"Since we transformed our model in 2001 to focus our growth on renewables and the electricity grids and storage necessary for their integration, Iberdrola has invested 25 billion euros in Spain," said the chairman.

Driving force for Spanish industry

As a result, today "Iberdrola generates more than 85,000 jobs in our country⁴ and purchases goods and services from nearly 5,000 Spanish suppliers worth 4.7 billion euros annually⁵. Of that total, it allocates more than 800 million to international projects". This has allowed "us to promote the revitalisation and opening to new markets for industrial companies such as Navantia and Siemens-Gamesa".

Reviewing the evolution of the sector, Ignacio Galán also highlighted "the degree of diversification and environmental sustainability of our generating portfolio, which has reduced its emissions per production unit by nearly 40% in the [reference] period".

Thus, for example, "coal and fuel oil plants have gone from providing half of the electricity in 1978 to only representing 20%, even in a year with scarce rainfall such as last year". On the other hand, renewable capacity has almost quadrupled to over 51,500 MW, thanks to a 50% net increase

³ Report *Utilities efficiencies: Identifying the Overweights* Credit Suisse First Boston, September 2002

⁴ According to Price Waterhouse Coopers.

⁵ Including energy supplies.



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in hydroelectric power (+6,832 MW) and the incorporation of other technologies, mainly wind and photovoltaic, which now account for 30% of total capacity (+31,155 MW).

Likewise, the chairman of Iberdrola referred to the improvements in the service provided to Spanish citizens: "The quality of supply is now nine times better than in 1987, the first year in which this parameter was measured, with Spain now well ahead of other European countries around us - with twice the quality - and the United States."

The opportunities presented by the energy transition

Ignacio Galán reiterated today that, although it is only responsible for 25% of global emissions, "the electricity sector is the one that offers the greatest advantages for advancing efficiently in the decarbonisation process."

He went on to explain that "the integration of the more than 40,000 MW of installed renewable capacity required in the system - 40% of total current power - will also make it essential to extend and digitise our electrical networks and substantially increase storage capacity, both on a large scale - with new hydroelectric uses - and through batteries".

"This scenario will require the mobilisation of investment worth more than 70 billion euros over the next 10 years alone," continued the chairman. To this end, as the international organisations and the main agents of the financial markets have been demanding, it will be necessary to have clear frameworks and incentives that guarantee regulatory stability and attract the necessary capital."

Finally, for Galán, "the transition towards a more sustainable energy system will allow us to obtain important advantages for our society":

- The improvement in air quality and, consequently, in health, will prevent 24,000 premature deaths per year in Spain and a health cost equivalent to 3.5% of Spanish GDP⁶.
- It will encourage the revitalisation of industry and job creation. According to data from the International Labour Organization, for

⁶ Report *Air quality in Spain during 2016*, *Ecologistas en Acción*, data from the European Environment Agency and the World Bank.



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every job lost, four new jobs will be generated in future sectors such as renewable energies, electric mobility and sustainable building.

- We will increasingly reduce our energy dependence, which is still 73% because we import almost 100% of the oil and gas we consume, as well as a large part of the coal.
- The mass influx of renewable energies will allow a substantial and structural reduction in the price level of electricity and its volatility.

About Iberdrola

Iberdrola is a global energy leader, the biggest producer of wind power and one of the five top power companies in the world in terms of stock market capitalisation. The group is present in numerous countries and supplies energy to over 100 million people mainly in Spain, the United Kingdom (Scottish Power), the USA (AVANGRID), Brazil (Neoenergia) and Mexico. With a workforce of 34,000 and assets in excess of €110 billion, it posted revenues of €31.26 billion and a net profit of €2.8 billion in 2017.

Iberdrola is leading the transition towards a sustainable energy model through its investments in energy from renewable sources, smart grids, large-scale energy storage and digital transformation in order to offer its customers the most advanced products and services. Thanks to its commitment to clean energy, Iberdrola is one of the companies with the lowest emissions and an international benchmark for its contribution to the fight against climate change and for the sustainability of the planet. Iberdrola is listed on numerous international sustainability indices, among them the Dow Jones Sustainability Index and FTSE4Good, and it is considered one of the most sustainable electricity utilities in the world.

