



3.3 Renewables

Regulatory environment of the business



Spain

- Royal Decree 960/2020 regulating the new financial regime for renewable energy (*régimen económico de energías renovables*) (REER) was published on 4 November and includes a very flexible tariff framework, based on the recognition of a fixed price for energy (€/MWh). On 11 December the first auction was called for 3 GW (with at least 1 GW wind and 1 GW PV) and a contractual duration of 12 years, in which new installations or extensions of existing ones located in mainland Spain could participate. This auction took place on 26 January 2021, with an award to Iberdrola of 300 MW of photovoltaic energy.



United Kingdom

- In 2021, offshore auctions are expected, as are CfD (contracts for difference) auctions, with strong demand.



United States

- The Democratic victory in the presidential and congressional elections point to a more favourable environment for renewable development.
- In December 2020 Congress published a package of omnibus funds that include:
 - 1) Extension of PTCs and ITCs for onshore wind projects begun in 2021.
 - 2) A 2-year extension of ITCs for solar projects.
 - 3) A new 30% ITC for offshore wind projects beginning construction before 2025.
- State (RPS) and corporate (IRP / RfP) interest in renewables remains, with their own objectives.



Brazil

- Due to weak demand in 2020 and the interruption of auctions in December due to COVID-19, the timetable for auctions for new and existing energy has been revised (Implementing regulations No 435-436/2020) for years 2021-2023.
- There are regulatory advancements for the inclusion of offshore technologies and solutions for hybridisation and storage.



International

- The other countries within the International scope in which Iberdrola has a presence (Australia, France, Italy, Germany, Poland, Japan, Sweden, etc.) are also setting more ambitious decarbonisation targets which, together with the appropriate regulatory developments, will drive the development and construction of renewable projects in the various technologies.

The business will engage in sustainable growth, mainly based on onshore wind, offshore wind, photovoltaic, hydroelectric and pumped storage investments in the countries that are most important to the group.



Objectives, risks and principal activities

Objectives

- Occupational safety and health.
- Efficiency in operations to optimise the operation of assets.
- Efficiency in development and construction costs to maximise the competitiveness of all renewable projects.
- Profitable growth from various technologies in strategic countries for the group, and in new countries of interest.
- Development of a robust portfolio that covers the company's growth plan.

Significant risks

- Regulatory risk: changes in regulations in the countries in which it operates.
- Operational risk: availability rate of facilities and potential incidents with environmental impact.
- Market risk: changes in prices of energy in short-term markets.
- Risk of access to evacuation networks and limits on production due to technical restrictions of the networks.
- Technological and cybersecurity risks affecting the facilities.

Principal activities 2020

- **2,890 MW of new installed capacity¹** was added during the year:
 - **Onshore wind:** 287 MW in Spain, 468 MW in the United States, 88 MW in Mexico, 670 MW in Australia (Infigen), 118 MW in France (Aalto Power), 44 MW in the United Kingdom and 16 MW in Greece.
 - **Offshore wind:** 294 MW in the United Kingdom, which complete East Anglia ONE (total of 714 MW).
 - **Photovoltaic solar:** 600 MW in Spain, notably Ceclavín, and 274 MW in Mexico.
 - **Batteries:** 6 MW in the United Kingdom and 25 MW in Australia.
- There are also **approximately 7,000 MW under construction**, of which more than 1,800 MW are onshore wind in Spain, the United States, Brazil and Mexico, and more than 2,800 MW are photovoltaic solar in Spain, the United States, the United Kingdom, Brazil, Australia, Italy and Portugal. Batteries are also being installed the United Kingdom and Spain. Construction of the Tâmega hydroelectric complex, with 1,158 MW, continues in Portugal.
- Following the construction of the 714 MW East Anglia ONE project in the United Kingdom, **offshore wind** continues to grow with the **construction of the 496 MW St. Brieuc project in France and the 476 MW Baltic Eagle project in Germany, the 800 MW Vineyard project and 804 MW Park City project in the United States**, and the development of the other projects in the portfolio.

Load factor and availability

Maximising the load factor of facilities and availability, through operating and maintenance measures, as well as other external factors, optimising production.

Operation and maintenance costs

Continuous improvement in efficiency through global standardisation and systematisation processes, exploiting digitalisation opportunities.

Project portfolio

Development of the portfolio of onshore wind and photovoltaic projects in Spain, the United Kingdom, the United States, Brazil, Mexico and International (Continental Europe, Australia and South Africa) and offshore wind projects in France, Germany, the United Kingdom and the United States, together with the new development agreements in Japan and Sweden.

(1) The new additional renewable capacity is 2,881 MW, due to the disposal of 9 MW from the Iberdrola portfolio.



Key figures of the Renewables Business

Item	Unit	Spain		United Kingdom		United States		Brazil		Mexico		IEI		Total	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross margin	€M	1,218	1,251	957	678	893	852	145	174	118	113	428	378	3,758	3,446
EBITDA	€M	698	736	758	525	592	591	111	125	93	86	334	323	2,586	2,386
Load factor¹	%	18.0	15.9	28.5	24.8	29.4	29.1	33.0	29.0	25.2	29.5	30.5	31.6	23.2	21.3
Gross investments	€M	1,173	766	597	907	1,027	1,397	166	87	242	129	1,555	50	4,760	3,335
Workforce	No. of people	1,731	1,567	549	418	939	752	352	225	139	136	461	257	4,171	3,355

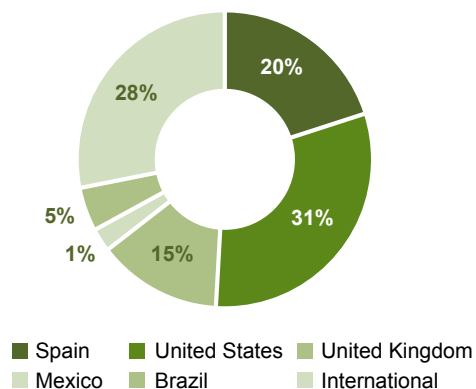
• IFRS 11 has been applied to the financial information.
(1) The load factor includes all renewable technologies.

[Quarterly Results Report](#)

Outlook 2020-2025

- Investments of €34,000 million, destined mainly to increasing the installed capacity in Spain, the United States, the United Kingdom, Brazil and International.
- 28 GW are expected to be installed during the 2020-2025 period, including the St. Brieuc (496 MW), Baltic Eagle (476 MW), Vineyard (800 MW) and Park City (804 MW) offshore wind farms, the Ceclavín (328 MWdc) and Francisco Pizarro (590 MWdc) solar photovoltaic plants, and the Tâmega hydroelectric plant (1,158 MW).
- Operational excellence thanks to the life cycle management of assets through digitalisation, maximising revenues and continuing with the advanced operation and maintenance model

Investment plan of €34,000 million during the period



Accumulated new additional capacity in the 2020-2025 period (GW)

