Carbon Disclosure Project

Module: Introduction - 2012 CDP Water Disclosure

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0.1

Introduction

Please give a general description and introduction to your organization.

IBERDROLA is very proud to participate again in the CDP Water Disclosure. We fully believe that water is an essential resource to our business, being aware of the importance of a good water management. IBERDROLA was founded at the beginning of the past century based on hydroelectric power and 10 years ago pre-empted the rest of the sector with a focus on renewables that has made it world leader in wind power and pioneer in measures to combat climate change. IBERDROLA has achieved this position by strengthening our commitment to sutainable development and care for the environment using cleaner technologies with the lowest CO2 emission. In this regards the Company is one of the electric companies with the lowest emissions and is committed to keep its CO2 per kWh emissions below those of the European electricity sector. In the last years, we have established the basis to successfully reduce emissions and, in the future, we will continue this strategy boosting clean energy generating technologies, innovation and efficiency. IBERDROLA operates in more than 40 countries and over 28 million customers. This project provides long term sustainable growth, based on a focus on core business, on stable activities and growth (Networks and Renewables), on a balanced business portfolio, leadership in clean energies and on a focus on operational effectiveness and financial solidity.

Our water management is focused in two areas:

- In 2011, our hydroelectric generation has decreased in a 18% due to lower precipitation rates. This has brought consciousness of the necessity of a water management based on fostering efficiency and an effective implementation of an ongoing process of improvement and continuous innovation.
- In addition water withdrawal in the Group's facilities takes place in the cooling systems for thermal generation power plants and in the process and auxiliary services. In 2011 water use decreased due to a decrease in thermal production. The cause of this trend is the investment made in recent years in renewable energy and cogeneration technologies and in the replacement of thermal technologies with other more efficient technologies such as gas combined cycles.

Reporting Year

Please state the start and end date of the year for which you are reporting data.

Enter the period that will be disclosed.

Sat 01 Jan 2011 - Sat 31 Dec 2011

0.3

Reporting Boundary

Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported.

Other: Operational control approach + shareholder control approach

0.4

Exclusions

Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?

No

0.4a

List of Exclusions

Please describe any exclusion(s) in the following table.

Exclusion	Please explain why you have made the exclusion

Module: 2012-Water-Management

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1.1

Does your company have a water policy, strategy or management plan?

Yes

1.1a

Please describe your policy, strategy or plan, including the highest level of responsibility for it within your company and its geographical reach.

Country or geographical reach	Description of policy, strategy or plan	Position of responsible person
Global	Recently IBERDROLA has endorsed the CEO Water Mandate, which was launched in July 2007 by the United Nations Secretary-General. The CEO Water Mandate is a public-private initiative designed to help companies in developing, implementing and disseminating sustainability policies for water management. Water is one of the greatest sustainability-related challenges of the 21st century. In this sense IBERDROLA includes in its strategy several aspects, which are in accordance with the framework developed for business by The CEO Water Mandate. IBERDROLA is aware of water shortage and water contamination, as well as many other issues, may threaten the growth of strong and stable economies, the satisfaction of basic human needs, the protection of the ecosystems, while simultaneously provoking serious problems to human health. Although the Company does not have any plant located in any area considered Water Stressed, according to a preventive approach, IBERDROLA aims for an optimal water use. The Company knows that water management depends of both operational level and supply chain level. Due to this fact, IBERDROLA tries to act as a reference in water management for all its contractors and suppliers. We are also conscious that to face global problems, such as water scarcity, climate change, poverty, not only a individual action as a company, is enough. Fight to combat global problems,	Board/executive board

Country or geographical reach	Description of policy, strategy or plan	Position of responsible person
	requires global solutions. In this sense IBERDROLA holds continued dialogues with its stakeholders. We recognize our role as a Company with an influential capacity, in this regards IBERDROLA intends to boost best practices in the area of the environment, optimize management and promote the search for solutions to problems linked to the natural surroundings. IBERDROLA notes that there are still a proportion of the population without access to safe drinking water. In addition a lack of appropriate sanitation profoundly affects the health and well-being of billions of people. The Company, as part of its commitment to corporate social responsibility, is working in a number of countries to offer specific projects, know-how and resources. In accordance with our commitment of transparency, IBERDROLA make public all the information related to our business, which includes issues related to water management within our environmental management and strategy.	
Global	IBERDROLA has three specific policies regarding the management of environmental issues: an Environmental Policy, a Climate Change Policy and a Biodiversity Policy. These policies define the specific guidelines that the IBERDROLA Group must follow both in the process of defining and developing its strategy and investments and with regard to its operations and control of environmental risks. For IBERDROLA, the environmental dimension of its activities is a necessary baseline for the formulation of its Strategic Plan and the operational planning of its businesses, fostering innovation, eco-efficiency, and a progressive reduction in the environmental impacts of its activities (as WATER consumption). The Global Environmental Management System includes the partial certifications existing at the electric power generation stations, both thermoelectric and hydraulic, as well as management of all the facilities of the Networks and Renewable Energies businesses and the more than 200 Company buildings, therefore covering 100% of the following activities: electricity generation, distribution and marketing; gas transport, distribution and marketing; operation and maintenance of combined cycle thermoelectric power plants; and marketing of other products and services related to energy supply and usage in Spain. Also IBERDROLA Group has Environmental Management Systems (EMS) specific to the businesses, based on the UNE-EN-ISO 14001:2004 and EMAS standard, distributed and implemented throughout much of their organizations, what are allowing for a reduction in environmental risks, improvement in the management of resources, and optimisation of investments and costs.	Board/executive board

1.1b

Does the water policy, strategy or plan specify water-related targets or goals?

Yes

Please describe these water-related targets or goals and the progress your company has made against them.

Country or geographical reach	Category of target or goal type	Description of target or goal	Progress against target or goal
Global	Direct operations	Through investments made in renewable energy and cogeneration technologies and the replacement of thermal technologies with other more efficient technologies, IBERDROLA aims to reduce water use and achieves efficiency in water consumption.	Water use, for cooling systems, processes and stand by services for the thermal generation plants, is defined as the water captured, excluding salt-water or brackish water (the majority is returned to the sea without changing its state) and water discharged into the environment. Water use decreased in 2011 due to a decrease in thermal production, which led to lower water needs for cooling, processes and standby services.
Global	Direct operations	The decrease of dammed water in 2011 by 2,223 hm3, due to the reduction in precipitations rates, makes the Company aware of the need in efficient water management within the principle of prevention which leads our environmental management.	The net water used in hydroelectric generation, defined as turbined water less pumped water was in 2011 89,515 hm3.
Global	Direct operations	Foster research and development of new technologies and processes that help to address climate change and other environmental challenges (water scarcity) with a preventive approach and allow for a more efficient use of natural resources to progress towards a more sustainable energy model.	Consumption of water in relation to global production (hm3/GWh) has continued on a downward trend due to investments made in recent years in renewable energy and cogeneration technologies in the replacement of thermal technologies (fuel-oil and coal) with other more efficient technologies (gas combined cycles).
Global	Supply chain and watershed management	Supplier information and tracking model. There are commitments in the Purchasing area to "foster environmental responsibility" and "promote strict compliance by suppliers with contractual conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact."	The procurement terms of the IBEDROLA Group establish certain environmental requirements to meet this commitment, and the Company performs various tracking and reporting activities on an on-going basis. In 2011, 66.9 % were made to suppliers with certified environmental management systems.
Global	Public policy	Establish a constructive dialogue with Government Agencies, non-governmental organizations, shareholders, customers, local communities and other stakeholders in order to: 1) Work jointly in the search for solutions to environmental problems. 2) Contribute to the development of a useful public policy from the environmental standpoint that is efficient in economic terms. 3) Raise awareness on the importance of taking measures to reduce greenhouse gases.	Environmental Forums with external experts have been hosted since 2008. In 2011 The Company presented the fourth edition whose central theme was the company's Environmental Management System, emphasizing the fact that the environmental aspects (water, soil, biodiversity, etc) are a strategic variable in carrying out its activity. With this initiative, which is pioneering, the company intends to boost best practices in the area of the environment, optimize management and promote the search for solutions to

Country or geographical reach	Category of target or goal type	Description of target or goal	Progress against target or goal
			problems linked to the natural surroundings.
Global	Collective action	Identify which are the most important issues related to the environment for our stakeholders, with the aim of improve the Company performance and to focus on its efforts. Align with this goal IBERDROLA has developed various Materiality Studies, which consist of an analysis of a variety of industry- specific and social sources through the use of a methodology aimed at compliance with the AA1000 standard requirements, in order to evaluate key issues for the industry and for the Company due to their significance and maturity.	Various Materiality Studies have been carried out in recent years, including financial year 2011. The assessment of maturity was carried out through a review of the social responsibility reports and the websites of seven companies, which were selected due to their weight in the area of corporate responsibility and because they are companies operating in the same industry as IBERDROLA. The assessment of significance was performed through a review of available information regarding five industry-specific organisations and five social organisations that were considered significant both because of their prominence and because of the influence they carry. Additionally, in order to gauge the attention paid by external publics, the coverage of various corporate responsibility issues in the written press was analysed. The results show the issues that to some extent capture the interest of the stakeholders, as well as those issues regarded as more significant among them.
Global	Community engagement	IBERDROLA is collaborating in a far-reaching project, "2015 a better world for Joana", to raise awareness for the United Nations' Millennium Development Goals, which includes, among others: reduction in the rate of loss proportion of total water resources used and halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation. This project is an initiative of the Corporate Reputation Forum, of which IBERDROLA is a partner along with another 10 large Spanish companies, to execute projects to raise awareness and develop social and environmental initiatives.	We are providing rural communities in Brazil access to electricity, so improving their economic and social development, to eradicate extreme poverty and hunger. We have allocated than €70 million to this project and other social development funds. We are working on a wind farm project in Mexico and a hydropower station in Guatemala to guarantee environmental sustainability, thus contributing to compliance with the Kyoto Protocol in the reduction of greenhouse gas emissions.
Global	Transparency	Report transparently on environmental results and actions, establishing the appropriate channels to favor communication with the stakeholders.	Several actions are implemented with the main goal of being a transparent Company. Since 2003 IBERDROLA has prepared every year its Sustainability Report. IBERDROLA tries also to make public all its activities in its websites (principal and micro websites). In order to fulfill its commitment The Company responds several Sustainability Indexes, which helps also the Company to notice and identify improvement areas.

1.1d

You may explain here why your company does not have a water policy, strategy or plan and if you intend to put one in place.

1.2

Do you wish to report any actions outside your water policy, strategy or management plan that your company has taken to manage water resources or engage stakeholders in water-related issues?

Country or geographical reach	Category of action	Description of action and outcome
Global	Collective action	IBERDROLA has participated in the Sustainability and water future Workshop in the International Fair for an efficient water management (Efiaqua). One of the main goals was to emphasize the importance of an efficient water management in the farmer sector, which represents the 80% of water use. By participating in this Workshop, the Company tries to promote more efficient irrigation techniques, which involves a reduction in the water use.
Spain	Collective action	Fundación IBERDROLA and the Columbares Association will start up the Sustainable Housing for All project designed to improve sustainability in the homes of groups at risk of social exclusion in the region of Murcia. This initiative, which falls under the Solidarity through Energy aid programme, carries on from the Green Homes programme launched last year by the two organisations and aims to educate households on good practices to safeguard the environment and improve their quality of life. Families will receive guidance on water and energy consumption in the home, climate change, household waste reuse and recycling and mobility. Green Homes helped change energy and water usage habits in these homes: 20% now turn off their electrical appliances rather than leave them on sleep mode, 17% have installed low consumption light bulbs, 16% wash clothes at a lower temperature, 14% have installed water saving devices on taps and 12.5% have reduced the use of plastic bags and recycle their waste.
Global	Collective action	The Fundación IBERDROLA supports various charitable projects and has signed collaboration agreements with leading institutions in the field of cooperation and solidarity. We support the Fundación Energía Sin Fronteras in its mission to extend and facilitate access to energy and drinking water services for those that still do not have access to them, or who obtain them under precarious conditions or using inappropriate procedures.

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2.1

Are any of your operations located in water-stressed regions?

No

2.1a

Please specify the method(s) you use to characterize water-stressed regions (you may choose more than one method).

Method used to define water stress Please add any comments here:	
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2.1b

Please list the water-stressed regions where you have operations and the proportion of your total operations in that area.

	Country or geographical reach	Region within country	Proportion of operations located in this region (%)	Further comments
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2.1a

Please specify the method(s) you use to characterize water-stressed regions.

Method used to define water stress	Please add any comments here:
Environmental assessment FAO/AQUASTAT WRI water scarcity definition Other: Water needs and Water Consumption/ Overall Production	The World Resources Institute defines areas where per capita water supply drops below 1,700 m3/year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, developed by the Land and Water Division. Among others activities, FAO/AQUASAT collects, analyzes, and publicizes information on water resources, water uses, and agricultural water management. By using this method IBERDROLA can identify which of its facilities or revenues could be place in water stressed areas. WRI definition in combination with the FAO/AQUASAT data base allows IBERDROLA to affirm that the Company DOES NOT HAVE any facility and revenue located in water-stressed areas. Key performance indicators, such as water needs and water consumption/overall production, are used. The government establishes and controls surface levels limits and ecological flows at the hydroelectric generation reservoirs, avoiding the capture of water in areas with hydrologic stress. In addition IBERDROLA uses environmental assessments in order to monitoring and control water quality by use of ISO 14001 as a tool for ongoing improvement (total hydroelectric production in Spain is under ISO14001 standards) and EMAS certification for promoting the transparency of information.

2.1c

You may explain here why you are not able to identify which of your operations are located in regions subject to water stress and whether you have plans to investigate this in the future.

2.2

Are there other indicators (besides water stress) which you wish to report that help you to identify which of your operations are located in regions subject to water-related risk?

2.2

Are there other indicators (besides water stress) which you wish to report that help you to identify which of your operations are located in regions subject to water-related risk?

2.2

Are there other indicators (besides water stress) which you wish to report which help you to identify which of your operations are located in regions subject to water-related risk?

2.2a

Please list the regions at risk where you have operations, the relevant risk indicator and proportion of your total operations in that area.

geographical reach Region within country First Indicator in this region (%) Further comments	Country or geographical reach	Region within country	Risk Indicator	Proportion of operations located in this region (%)	Further comments
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2.2a

Please list the regions at risk where you have operations, the relevant risk indicator and proportion of your total operations in that area.

Country or geographical reach	Region within country	Risk Indicator	Proportion of operations located in this region (%)	Further comments
Other: Worldwide facilities		Tightening of regulations	11-20	IBERDROLA is thus acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defence of its interests and those of its shareholders, customers, and users. It also actively participates both in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic energy policies, and in the official processes of enactment of the laws and regulations and the monitoring of the application thereof. As a general rule, IBERDROLA

Country or geographical reach	Region within country	Risk Indicator	Proportion of operations located in this region (%)	Further comments
				works for the approval of and respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility, and, finally, transparency and clarity.
Other: Worldwide facilities		Poor enforcement of regulations	11-20	In addition to its direct relationships with regulatory entities, IBERDROLA and the companies of its corporate Group participate in the regulatory process through the domestic and international trade associations of which they are members. Particularly significant are Unesa in Spain and Eurelectric in Europe. They also have presence within forums and organisations that engage in discussions and research on regulatory matters.
Other: Worldwide facilities and transmisions lines		Flooding	1-10	The increased likelihood of extreme weather events (eg. flooding, heat waves, extended drought) poses a problem for critical energy infrastructure such as transmission lines and power plants. This is not a relevant risk for IBERDROLA, because of the location of our facilities.
Other: Worldwide facilities		Poor water quality	1-10	Water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, to make sure that the characteristics of the effluent are always below the established limits. As in other nuclear power plants in which the Company holds a stake, the Cofrentes plant carries out thorough controls of direct production process water. All the effluents of the water-steam cycle, of the reactor coolants and of the ancillary systems are processed by the Liquid Radioactive Waste Treatment System and returned to the cycle for reuse. Exceptionally, owing to maintenance shut-downs, liquids are discharged and mixed with effluents of treated sanitary water and with the effluents of the collected water treatment plant. All the effluents are stored in ponds and are discharged on a regular basis under the control of a representative of the Water Commission.
Other: Worldwide facilities	Latin America	Poor water quality	1-10	In Latin America, independent separation networks are used for industrial and sanitary water. The latter is subjected to a final treatment in biodigesters, whereas process water goes through hydrocarbon separators before it is returned together with the cooling water to a natural medium or sent to municipal water-treatment plants. In Mexico, La Laguna plant collects sewage for all its processes, and so the water discharged by this plant has better quality than the collected water as regards certain parameters.
Other: Worldwide facilities	Spain and United Kingdom	Poor water quality	1-10	Thermal generation power plants in Spain and United Kingdom have water-treatment facilities that treat the waste water before it is returned to the receiving medium (sea, dam or river). Process waters are subjected to a physical and chemical treatment that includes the separation of hydrocarbons. Sanitary water is treated at compact plants with aerobic biological processes. And facilities with coal stockpiles use a runoff treatment, i.e., a

Country or geographical reach	Region within country	Risk Indicator	Proportion of operations located in this region (%)	Further comments
				settling-coagulation process that prevents particulate or airborne coal from entering the receiving water. Once it has been treated, process and sanitary water is diluted with the water returning from the cooling system, thus ensuring that the returned water has a minimum pollutant load which does not significantly alter the physical and chemical characteristics of the receiving medium. The Cofrentes nuclear power plant meets the discharge limits imposed by the Hydrographic Confederation of the Júcar. These limits ensure that the conditions established for qualifying the basin's section where the plant's discharge takes place are met and, therefore, the use of the water downstream from the discharge point. Thus, the plant is the first user located downstream from the discharge area, and the first one to be affected by any potential impact on the river's water quality. The various environmental monitoring programmes (PVRA, hydrobiological programme, etc.) confirm that the plant's discharge activities have entailed no significant impact outside the facilities.

2.2a

Please list the regions at risk where you have operations, the relevant risk indicator and proportion of your total operations in that area.

Country or geographical reach Region within country Risk Indicator Proportion	on of operations located n this region (%) Further comments
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2.2b

You may explain here why you do not wish to report or why you do not use other indicators to identify which of your operations are located in regions subject to water-related risk.

2.2b

You may explain here why you do not use or wish to report other indicators to identify which of your operations are located in regions subject to waterrelated risk.

2.2b

You may explain here why you do not use or wish to report other indicators to identify which of your operations are located in regions subject to waterrelated risk.

2.3

Please specify the total proportion of your operations that are located in the regions at risk which you identified in questions 2.1 and/or 2.2.

2.3

Please specify the total proportion of your operations that are located in the regions at risk which you identified in questions 2.1 and/or 2.2.

5%

2.3

Please specify the total proportion of your operations that are located in the regions at risk which you identified in questions 2.1 and /or 2.2.

Please specify the basis you use to calculate the proportions used for questions 2.1 and/or 2.2.

Basis used to determine proportions

Please add any comments here

2.4

Please specify the basis you use to calculate the proportions used for questions 2.1 and/or 2.2.

Basis used to determine proportions	Please add any comments here
Number of facilities	Due to IBERDROLA's business, the main risks related to water management impact on the Company's operation, are in activities related on water withdrawal and discharges, specifically at different facilities and at the local level on these facilities operate.

2.4

Please specify the basis you use to calculate the proportions used for questions 2.1 and/or 2.2

Basis used to determine proportions	Please add any comments here
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2.5

Do any of your key inputs or raw materials (excluding water) come from regions subject to water-related risk?

No

2.5a

Please state or estimate the proportion of your key inputs or raw materials that come from regions subject to water-related risk.

comes from region at risk (%) percentage	Input or material Proportion of key input or raw material that comes from region at risk (%) per per terminal terminal per terminal termin	for calculating Further comments centage
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2.5b

You may explain here why you are not able to identify if any of your key inputs or raw materials come from regions subject to water-related risk and whether you have plans to explore this issue in the future.

Further Information

The Company neither realizes any main activity in the supply area nor import key inputs or raw materials from regions subject to water-related risk. In fact, total volume of purchase in countries as Egypt, Israel, Malta, Qatar, Singapore (identified as water stress areas among all our worldwide suppliers), represents only a 0.4% over the total volume in 2011.

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3.1

Is your company exposed to water-related risks (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

Please describe (i) the current and/or future risks to your operations, (ii) the ways in which these risks affect or could affect your operations before taking action, (iii) the estimated timescale of these risks, and (iv) your current or proposed strategies for managing them.

Country or geographical reach	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
Other: Worldwide facilities (Spain, UK, LATAM, USA)	03. Physical: Increased water stress or scarcity	These risks have the potential to impact the present operations and assets of the company in different ways. They also present challenges in planning for future investments. Given the importance of hydropower generation for IBERDROLA, a decrease in rainfall would have a negative effect on the overall mix of the company. IBERDROLA is likely to adjust investment and maintenance strategies. For our thermal plants, the operation of stations may be impacted via temperature changes to the coolants used to manage the steam production, waste and by product heat. This may require re-calibration of certain plan operations.	11 – 20	IBERDROLA's facilities are located in an excellent strategic position not being object of physical risk in the short term. Therefore, in the existing facilities the critical elements are being reinforced, and, on the other hand, physical security requirement is a priority element considered in the construction of the new facilities of Generation and Distribution. IBERDROLA has developed a very strong awareness of the physical risks associated with water availability. The assessment of risk is an ongoing activity and occurs at various levels of risk control within the company. The risks are informed by individual assessment, industry experience and assistance from various expert groupings. In the UK, the company is working with Government (DEFRA – Department of Environment, Food and Rural Affairs) to develop plans for resilience, flooding and adaptation for the industry. Our key assets need to have adaptation and resilience plans ascribed to them.
Other: Worldwide facilities	02. Physical: Flooding	Floods can affect the operation of power stations, including the hydro capacity available. It also can put electricity substations at risk.	1 – 5	Depending on the availability of water, climatic variation has the potential to impact our hydro operations, cooling requirements of thermal power stations, thermal efficiencies of our power plant, patterns of energy load growth and the robustness of our transmission and distribution infrastructure in response to more extreme weather variations. As stated before IBERDROLA has developed a very strong awareness of the physical risks associated with water availability. The assessment of risk is an ongoing activity, which is developed at various levels of risk control within the company. The risks are informed by individual assessment, industry

Country or geographical reach	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
				experience and assistance from various expert groupings.
Spain	06. Regulatory: Higher water prices	Increased of operational costs due to the possible imposition of new taxes for using water.	1 – 5	The principal water capture to carry out the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants. Water use has experimented a decrease due to a decrease in thermal production, which led to lower water needs for cooling, processes and standby services, particularly if arising from facilities with an open cooling circuit. Consumption of water in relation to global production (m3/GWh) has continued on a downward trend due to investments made in recent years in renewable energy and cogeneration technologies and in the replacement of thermal technologies (gas combined cycles).
Spain	07. Regulatory: Increased difficulty in obtaining operations permit	Operational impacts related to disruptions in business operations due to more environmental restrictions to new plants.	Current	100% IBERDROLA hydro generation facilities in Spain are under IS0 14000 System: minimising environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.
Other: Spain and UK	10. Regulatory: Regulatory uncertainty	New hydrological plans, developing the European Water Frame Directive, could cause disruptions in business operations. The Water Framework Directive is the most substantial piece of water legislation to be produced by the European Commission. Fundamentally, it is a set of guidelines for managing large bodies of water, improving water quality and reducing potential hazards such as flooding. It aims to protect, improve and ensure the sustainable management of water resources to a common standard across the EU. The directive requires all inland and coastal waters to reach 'good chemical and ecological status' for surface waters and 'good status' for groundwater in terms of quality	1 – 5	In the UK this includes River Basin Management Plans for distinct areas, which were published in December 2009. We are engaged with regulatory bodies and continue to work through assessment arrangements for implementation of measures arising from the WFD.

Country or geographical reach	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
		and quantity by 2015. Each member state is making plans to protect and improve rivers, lakes and coastal waters, to prevent flooding and manage droughts.		

3.1b

Please explain why you do not consider your company to be exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure.

3.1c

Please explain why you do not know if your company is exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure, and if you have plans to assess this risk in the future.

3.2

What methodology and what geographical scale (e.g. country, region, watershed, business unit, facility) do you use to analyze water-related risk across your operations?

Risk methodology	Country or geographical scale
At the corporate level, we track and monitor the following statements at a local level: regulatory changes, estimates of future potential	Other: Worldwide

Risk methodology	Country or geographical scale
regulatory changes and Scenario analysis with potential impact of regulatory or tariff changes on operations. Company's comprehensive risk system, which is certified in accordance with the UNE-EN-ISO 9001:2000 standard, and which takes into account the principal environmental risks at the Group level, covers all of the Company's activities and business units, including affiliates over which the Company has effective control. Related to the identification of Water Stressed areas, the Company combine the WRI definition of Water Stressed areas, which indentify this place as a water supply less than 1700 m3 per capita and year. Toward FAO/AQUASAT database IBERDROLA indentifies whether the countries where the Company has facilities could possible be classified as a Water Stressed area. This method allows confirming that the Company does not have any facility or revenue located in Water Stressed areas. In this regards risk caused by posible location in Water Stressed areas in the short term is not a problem for the Company. Various Materiality Studies have been carried out in recent years, including financial year 2011, which consist of reviewing various external sources that may reasonably reflect the issues regarded as more significant by the various stakeholders in connection with the Company's activities. The result of these studies allows IBERDROLA to improve in its performance. Among other issues Materiality Studies have shown that stakeholders attach significance to reduction and performance targets in various environmental areas, such as emissions, water consumption, waste generation, etc., and pay special attention to efficiency in the management of resources and to the external verification of emissions data. In this regards IBERDROLA tries to focus its efforts to solve problems which could arise related to these issues.	facilities.

Further Information

Attachments are several examples of risk management strategies, where environmental aspects such as water are monitored and controled at our facilities.

Attachments

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/EMAS_PasajesTPS2011.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/EMAS_SanturtziCCP2011.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/EMAS_CastejónCCPP2011.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/ManagementPlanAnexIAzutan.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/ManagementPlanReservoirsValdecañasAzutan.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/ManagementPlanAnexIIValdecañas.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/EMAS_ArcosCCP2011.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/EMAS_EscombrerasCCP2011.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/EMAS_VelillaTPS2011.pdf

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/3.RiskAssessment-Operations/EMAS_AcecaCCP2011.pdf

Page: 2012-water-riskassess-sc

3.3

Do you require your key suppliers to report on their water use, risks and management?

Yes

3.4

Is your supply chain exposed to water-related risks (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

3.4a

Please describe (i) the current and/or future risks to your supply chain, (ii) the ways in which these risks affect or could affect your operations before taking action, (iii) the estimated timescale of these risks and, (iv) your current or proposed strategies for managing them.

Country or geographical reach	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
Global	05. Regulatory:	Increased operational costs due to an	6 – 10	IBERDROLA is committed to research, development and innovation,

Country or geographical reach	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
	Changed product standards	increased on the costs of raw materials as a consequence of the fulfilment of these new standards by the suppliers and the facilities adaptation to these new raw materials.		which are strategic variables for confronting the challenges facing the Company. In this regards we are in a continuous improvement to adapt all our facilities by implementation of an innovative management and technology strategy over the last decade, which has led us to become a world leader and benchmark in R&D, thanks to the successful implementation of a common model in all areas, collaboration with our technology providers and the promotion of culture of innovation. We are committed to increasing the utilization of diverse businesses for our procurement needs. We value building strong relationships with our diverse suppliers; these relationships give us the competitive advantage as being one of the best in the utility market. Through our efforts, we are able to seek out suppliers who are capable of providing the best service in terms of cost, quality and delivery.
Global	15. Other: Reputational damage	Reduction in capital availability	6 – 10	IBERDROLA has developed a GLOBAL SUPPLIER MANAGEMENT MODEL (including a Total Supplier Management System) that enables the company to register and classify its suppliers. Once the suppliers have registered in our Global Suppliers Management System, suppliers are evaluated on the basis of their technical and production capabilities, among other things, and their status in the following areas is weighted: - Quality - Safety and occupational risk prevention - Environment - Social Responsibility - Economic and financial condition - Prior references - Anti-bribery & Corruption assessment. In addition tenders by IBERDROLA include contractual conditions requiring that the parties act within stringent levels of security, occupational risk prevention, and respect for the environment.
Global	13. Other: Litigation	Increased operational cost in order to pay possible fines to respond for the supplier in civil or criminal jurisdiction.	Current	Suppliers are assessed taking into account their technical and production capacity, amongst other criteria, and their credentials are weighted in the following areas: • Quality • Safety and occupational risk prevention • Environment • Social responsibility • Economic financial situation • Anti-bribery & Corruption assessment. The concept of responsible procurement, which means that goods and services must be produced or delivered in line with the aims of environmental sustainability and social justice, is present in contracts with suppliers. We continue to use our purchasing power to achieve win-win solutions by building supply chains that provide responsibly

Country or geographical reach	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
				sourced products and services and balance the benefits of globalisation with the health of our local and national economies.
Mexico	02. Physical: Flooding	Increased operational cost relating to important materials for ongoing business operation.	6 – 10	Environmental Corporate Department has included, as part of the Environmental Scorecard of the Group, the most important operational risks per region and business to get an overall view and to raise coordinated actions plans if needed. To minimise the impact of possible incidents, insurance policies are contracted.

3.4b

Please explain why you do not consider your supply chain to be exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure.

3.4c

Please explain why you do not know if your supply chain is exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure, and if you have plans to assess this risk in the future.

Further Information

Page: 2012-Water-4-Impacts

Has your business experienced any detrimental impacts related to water in the past five years?

Yes

4.1a

Please describe these detrimental impacts including (i) their financial impacts and (ii) whether they have resulted in any changes to company practices.

Related to financial impacts associated with physical risk: the cost of procurements rose 22.1% totalling €9,624.2 million, as a result of the impact caused by the lower water availability compared to the previous year, it should be noted that hydroelectric reserves at 31 December 2011 were at 5,797 GWh (51.4%), above the average of the last 6 years (5,480 GWh). However, the low cost of fuel, resulting from a mix based mainly on hydroelectric (23.6% of the total volume produced) and nuclear (38.1%) must be noted.

Related to **compliance costs**, in the past five years IBERDROLA **has received some fines** due to the quality of its discharges. Note that these quantities, in fact, **do not represent a real detrimental business impact**, since the **amounts not represent large quantities**. In this regards our plants follow very stric environmental management authorizations and their quality is outstanding due to water treatment equipments installed to avoid any risk of discharges to the aquatic environment. This monitor system is presented in the following process: water use, preventive measures and spills control. Finally IBERDROLA promotes the transparency in the parameters disclosure through the EMAS. In addition the total hydroelectric production in Spain, where IBERDROLA has the majority of its hydro power installed capacity, are under ISO14001.

4.1b

Please explain why you do not know whether your business has experienced any detrimental impacts related to water in the past five years and if you have any plans to explore this in the future?

Page: 2012-Water-5-Opportunities

5.1

Do water-related issues present opportunities (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Please describe (i) the current and/or future opportunities, (ii) the ways in which these opportunities affect or could affect your operations (iii) the estimated timescale and (iv) your current or proposed strategies for exploiting them.

Country or geographical reach	Opportunity type	Potential business impact	Estimated timescale	Strategy to exploit opportunity
Spain	Cost savings	Due to the increase of hydraulic production capacity as consequence of physical changes (increased of rainfall patterns), costs savings could be experimented. Hydraulic production is cheaper than others, such as thermal and cogeneration production, not only for the operational cost but also for the cost of C02 rights.	6 – 10	IBERDROLA has an installed capacity of 306 MW in mini hydro plants. This capacity includes 176 MW under the Ordinary Production Regime for electrical energy and the rest under the terms of the Special Regime.
Portugal	Cost savings	Due to the increase of hydraulic production capacity as consequence of physical changes (increased of rainfall patterns), costs savings could be experimented. Hydraulic production is cheaper than others, such as, thermal and cogeneration production, not only for the operational cost but also for the cost of C02 rights.	6 – 10	In 2008, an agreement was signed with the Portuguese Government for the construction of the Támega river hydroelectric complex, one of the largest to be built in Europe in the past 25 years, with 1,054 MW in capacity. More information about the Támega Project is available on the following website Alto Támega Project.
Brazil	Cost savings	Due to the increase of hydraulic production capacity as consequence of physical changes (increased of rainfall patterns), costs savings could be experimented. Hydraulic production is cheaper than others, such as, thermal and cogeneration production, not only for the operational cost but also for the cost of C02 rights.	6 – 10	In Brazil IBERDROLA has a 39% interest in Neoenergia, the largest distributor in north-eastern Brazil, with the largest number of customers in the country (30 million customers and 8.8 million supply points). In 2010, IBERDROLA is focusing its activity in networks in Brazil with the agreed acquisition of Elektro, a distribution company with 2.17 million customers. It is also developing major hydro projects in the country, notably the 11,200 MW Belo Monte development. In 2011 the Gross Margin

Yes

5.1a

Country or geographical reach	Opportunity type	Potential business impact	Estimated timescale	Strategy to exploit opportunity
				amounted to EUR 1,220.8 million (+66.1%). Behind this change, among other factors, is the effect of the entry into operation of new hydroelectric generators, installed capacity has experimented an increase of 34.9% from previus year.
United Kingdom	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, re-use waste water, and rainwater collection costs savings could been experimented.	Current	In Daldowie Sludge Processing Plant, the effluent, previously treated and filtered, is recycled for use in its manufacturing processes, saving 100 cubic metres of townswater each day. In Rye House plant can reduce up to 75% of water use through a rainwater collection system which, after being treated, is used as process water. In 2011, the volume of rainwater reused was 29,310 m3. Almost all of ScottisPower's wind farms have rainwater collectors and storage tanks to use the water at the control buildings. In 2011, they were installed at the Markhill and Areleoch wind farms.
Other: Mexico and United States of America	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, re-use waste water, costs savings could been experimented.	Current	The reuse of treated wastewater for the cooling systems of some plants in Mexico and the United States is also noteworthy. The latter uses 2% water from the network and 98% wastewater for all of its processes.
Spain	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, costs savings could be experimented.	Current	In the case of the cogeneration and combined cycle plants of Tarragona Power, part of the water collected is reused in the form of steam, supplying calorific energy equal to 10,147 GWh in 2011, which is used for industrial processes or heating systems.
Other: Worldwide falicities.	Increased brand value	Improve image due to IBERDROLA's water- related actions.	1 – 5	Related to the compliance of transparency commitment, IBERDROLA tries to promote to make public its actions in the parameters disclosure through the EMAS. In addition, in recent years, no situations have been recorded that significantly affect water resources or the habitats associated with the water-collection points, which are for the most part, significant masses of fresh water or seawater. 81 % of the water captured is seawater or saltwater and does not occur in protected areas.

5.1b

Please explain why you do not consider water-related issues to present opportunities to your company that have the potential to generate a substantive change in your business operation, revenue or expenditure or supply chain.

5.1c

Please explain why you do not know whether water-related issues present opportunities to your company that have the potential to generate a substantive change in your business operation, revenue or expenditure.

Further Information

Attachments are evidences of IBERDROLA's strategy to exploit opportunities water-related and the potential business impacts caused by this opportunities.

Attachments

https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/5.Opportunities/SustainabiltyReport2011.pdf https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/5.Opportunities/WaterManagementOpportunities2011x.pdf https://www.cdproject.net/Sites/2012/98/8698/CDP Water Disclosure 2012/Shared Documents/Attachments/CDPWaterDisclosure2012/5.Opportunities/Results2011QuartelyReport.pdf

Page: 2012-Water-6-tradeoffs

6.1

Has your company identified any linkages or trade-offs between water and carbon emissions in its operations or supply chain?

Please describe the linkages or trade-offs and the related management policy or action.

Linkage or trade-off	Policy or action
Impacts of climate change include increasing water scarcity and flood risk, along with decline in water quality.	Policy Against Climate Change of IBERDROLA, SA. The Policy against Climate Change was approved by the Board of Directors on December 15, 2009, and will be applied by IBERDROLA to support compliance with the international treaties, to support the development of efficient technologies in terms of GHG emissions; to encourage an efficient internal use of energy, and to raise its customers' awareness regarding efficient and responsible energy consumption. In order to implement these commitments, IBERDROLA's actions shall observe the following basic action principles, support compliance with the international treaties promoting the implementation of management systems that allow for the fight against climate change, and foster improvements in its daily activities in order to keep emissions levels below the recommendations of the international agencies and international treaties in the electricity sector, encourage improvements in the performance of distribution networks, endorse a culture oriented toward an efficient and responsible internal use of energy, and encourage our customers to adopt behaviors favoring a responsible use of energy and participate in public or private opinion forums in order to be apprised of the best practices that may contribute to mitigating climate change.
Water use and carbon emissions are environmental impacts which should be assed from a global point of view.	Environmental Impact Assessment: This is the element in the System that determines the quality of the environmental strategy developed, defines the criteria for mitigation of the Group's environmental risk and used to calculate the value generated by such strategy.
Water use and carbon emissions are important elements in the same production systems where an environmental and risk framework is needed.	Specific environmental management systems, based on the UNE-EN-ISO 14001:2004/EMAS standard, distributed and implemented throughout much of its organization, supporting the operations and traceability of the above elements and making it possible to reduce environmental risks, improve resource management, and optimize investments and costs. The Company's comprehensive risk system, which is certified in accordance with the UNE-EN-ISO 9001:2000 standard, and which takes into account the principal environmental risks at the Group level. It covers all of the Company's activities and business units, including affiliates over which the Company has effective control.
Changes to reduce carbon emissions or water use may have a similar effect in the other impact as they are related in the production system.	The Global Management System has the following operating elements: - To develop a Clean Production System - To develop a process of ongoing improvement and innovation

6.1a

7.1

Are you able to provide data, whether measured or estimated, on water withdrawals within your operations?

Yes

7.1a

Please report the water withdrawals within your operations for the reporting year.

Country or geographical reach	Withdrawal type	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
Other: Group and affiliates	Surface	4064291.67	76-100	The principal water capture to carry out the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants. When fresh water is captured for the cooling of thermal plants, a portion evaporates and the remainder is returned to the environment (closed circuit), and when salt-water or brackish water is withdrawn, the majority is returned to sea without significantly changing its state (open circuit). The majority of this surface water withdrawal is salt water or brackish water: 3303439.11 ML. Rest of figures are from rivers water withdrawal: 417612.56ML, and lakes/reservoirs water withdrawal: 343240 ML.
United Kingdom	Groundwater	393.79	76-100	Groundwater is only captured in Longannet (thermal plant) and Damhead Creek (CCGT).
Other: Group and affiliates	Wastewater	11114.96	76-100	At Laguna and Monterrey combined cycle plants in Mexico and at Klamath cogeneration plant in the United States, the water collected for cooling comes from municipal wastewater, which is filtered at the facility, generating a positive impact by returning better quality water into the environment than the water collected.
Other: Group and affiliates	Municipal water	11121.03	76-100	Water withdrawal from municipal water is consumed at offices and facilities. In 2011 improvements in the corresponding measurement and management processes have been developed.

Country or geographical reach	Withdrawal type	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
United Kingdom	Rainwater	29.31	76-100	The Rye House plant can reduce up to 75% of water use through a rainwater collection system which, after being treated, is used as process water. In addition almost all of ScottisPower wind farms have rainwater collectors and storage tanks to use the water at the control buildings. In 2011, they were installed at the Markhill and Areleoch wind farms.

7.1b

Please explain why you are not able to provide data for water withdrawals.

7.2

Are you able to provide data, whether measured or estimated, on water recycling/reuse within your operations?

Yes

7.2

Are you able to provide data, whether measured or estimated, on water recycling/reuse within your operations?

7.2a

Please report the water recycling/reuse within your operations for the reporting year.

Country or geographical reach	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
Global	696266.96	76-100	A 90% of water withdrawal for cooling systems in power stations with closed circuit is recycled several times before being discharged. In this regards the water returned from cooling systems has insignificant physicochemical changes, including thermal changes, which allows it to be utilized by other users without affecting the natural environment. Total volume recycled is: 685122.69 ML. Total volume of water reused is: 11144.27 ML. This water reused is from wastewater treatment plants. In case of cogeneration and combined cycled plants, the water evaporated is reused as a thermal heat for industrial processes or heating systems. As specific case Tarragona Power plant, part of the water collected is reused in the form of steam, supplying calorific energy equal to 10.174 GWh. The reuse of treated wastewater for the cooling systems of some plants in Mexico (Monterrey, La Laguna) and in the United States (Klamath) is also noteworthy. The latter uses 2% water from the network and 98% wastewater for all of its processes. In addition in United Kingdom, the Rye House plant can reduce up to 75% of water use through rainwater collection systems which, after being treated is used as process water. In 2011, the volume of rainwater reused was 29.31 ML. Moreover almost all of ScottishPower's wind farms have rainwater collectors and storage tanks to use the water at the control buildings.

7.2a

Please report the water recycling/reuse within your operations for the reporting year.

Country or geographical reach	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments

7.2b

Please explain why you are not able to provide data for water recycling/reuse within your operations.

7.2b

Please explain why you are not able to provide data for water recycling/reuse within your operations.

7.3

Please use this space to describe the methodologies used for questions 7.1 and 7.2 or to report withdrawals or recycling/reuse in a different format to that set out above.

Water is captured primarily for the cooling process and for standby services at the thermal power plants. A small proportion is consumed (by evaporation) in the process itself, and the remainder is returned to the natural receptor environment, after undergoing physicochemical and thermal treatment to ensure its quality. Figures provided include total water withdrawal by source (GRI EN8) for cooling systems, processes and stand by services for the thermal generation plants: 4075800.42 ML, and water withdrawal in offices and buildings: generation facilities 4086554.60 ML; offices and buildings 366.85 ML.

Figures provided for water reused and recycled include the **percentage and total volume of water recycled and reused** (GRI EN10). **Water recycled** represents a 90% of total water withdrawal for cooling systems with closed circuit. And **water reused** is from wastewater treatment plants; water evaporated in the cooling systems for cogeneration and combined cycle plant. In addition *rainwater* is also reused after being treated as process water.

7.3

Please use this space to describe the methodologies used for questions 7.1 and 7.2 or to report withdrawals or recycling/reuse in a different format to that set out above.

7.4

Are any water sources significantly affected by your company's withdrawal of water?

No

Please list any water sources significantly affected by your company's withdrawal of water.

Country or geographical reach	Water source	Impact	Company action and outcomes

7.4b

You may explain here why your company's withrawal of water does not significantly affect any water sources.

No situations were recorded during financial year 2011 that significantly affect water resources or the habitats associated with the water-collection points, which are for the most part significant masses of fresh water or salt-water. 81% of the water captured is salt-water or brackish water and **does not occur in** protected areas. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs, avoiding the capture of water in areas with hydrologic stress.

At La Laguna and Monterrey combined cycle plants in México and at Klamath cogeneration plant in the United States, the water collected for cooling comes from municipal wastewater, which is filtered at the facility, generating a *positive impact* by returning better quality water into the environment than the water collected.

All water collection is strictly regulated by government administrations, which assign permits and determine the maximum allowed volumes of collection to ensure that there, are no significant impacts.

The IBERDROLA Group does not have any plants located in areas considered to have water stress.

7.4c

Please explain why you do not know if any water sources are significantly affected by your company's withdrawal of water.

Page: 2012-Water-8-Discharges

Are you able to identify discharges of water from your operations by destination, by treatment method and by quality using standard effluent parameters?

Yes

8.1a

Please explain why you are not able to identify discharges from your operations by destination, treatment method and quality and whether you have any plans to put in place systems that would enable you to do so.

8.2

Did your company pay any penalties or fines for significant breaches of discharge agreements or regulations in the reporting period?

Yes

8.2a

Please describe the location and impact of the discharge that was the subject of the significant breach(es), the associated fines and any actions taken to minimise the risk of future non-compliance.

Country or geographical reach	Impact	Fines and penalties	Company action and outcomes
Mexico	Breach of the limits allowed by NOM-001- SEMARNAT-1996 during an inspection in 2007.	Fine of €17,539 imposed by the National Water Commission of Mexico on IBERDROLA Energía Altamira, S.A. de C.V. (IEA).The fine was paid in 2011.	All our plants follow very strict environmental management authorizations and their quality is outstanding due to the water treatment equipments installed to avoid any risk of discharges. IBERDROLA implements the following preventive measures in order to avoid this kind of risks related to the discharges levels: sealed concrete chests, screening measures - hydrocarbons, pH, turbidity-, extra compartment from restraints, selective separation and sealed spills network, containment ponds emergencies and warning signs and preventive procedures

8.3

Are any water bodies and related habitats significantly affected by discharges of water or runoff from your operations?

No

8.3a

Please list any water bodies and associated habitats which are significantly affected by discharge of water or runoff from your operations.

Country or geographical reach	Water body	Impact	Company action and outcomes

8.3b

You may explain here why your company's discharge of water does not significantly affect any water bodies or associated habitats.

Collection and discharges by the facilities during 2011 have been within the limits indicated by the relevant comprehensive environmental permit, and no anomalies have been detected outside of the limits that could materially affect water resources or related habitats.

Effluents from the generation plants are treated at appropriate facilities before they are discharged into the receptor environment (i.e., the sea, reservoirs or rivers, wastewater treatment plants). These treatment plants and other facilities allow for monitoring and improving thequality of the effluents and reducing the risk of polluting discharges.

The risk of accidental discharges of fuel or contaminated water at the generation facilities is monitored by:

- obtaining the environmental permit under applicable law and imposing strict environmental requirements on the design of the facility;
- continuous monitoring of the quality and quantity parameters for the water collected and discharged, in compliance with applicable local environmental law;
- the use of ISO 14001 certification as a tool for ongoing improvement and EMAS certification for promoting the transparency of information;
- the use of systems for reporting anomalies and incidents and plans to minimise discharge risks, by implementing predictive, preventive and corrective actions that guarantee the proper condition of the water;

• in-house and external audits by insurance and certifying entities, whose observations or recommendations will lead to a preventive or corrective initiative within the environmental management system.

In the event that a discharge occurs at the Company's facilities having negative effects on the surrounding environment, the **Company provides the information** required and cooperates with the competent bodies until resolution of the incident. Several projects have been performed in Spain by the Company's Innovation Area to reduce the possible impact on the water medium and its habitat, with significant environmental benefits. We can highlight the project called "Turbines without oil" that will allow elimination of the risk of oil spillages in river water where hydroelectric plants are located and the environmental risks ensuing. These oils are responsible for lubricating mechanical pieces and systems forming part of hydraulic turbines, and it is necessary to insert new mechanical elements not requiring oil for greasing and protection against corrosion. Another important project is the development of a water oxygenation treatment in hydroelectric plants to improve quality in reservoirs. This process avoids an increase in fish mortality due to high levels of hydrogen sulphide in the water.

8.3c

Please explain why you do not know if any water bodies and associated habitats are significantly affected by discharge of water or runoff from your operations.

Page: 2012-Water-9-Intensity

9.1

Please provide any available financial intensity values for your company's water use across its operations.

Country or geographical region	Financial metric	Water use type (megaliters)	Currency	Financial intensity (Currency/mega- liter)	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
Other: IBERDROLA Group	EBITDA	Water use in operations	EUR(€)	84953	Financial Intensity = $EBITDA(\in) / Water use in operations (ML)$. Water use in operations is defined as the water captured, excluding salt-water or brackish water, and water discharged into the environment. Total water use in operations is calculated using water collected for cooling processes and standby services at thermal generation plants (fuel, coal, combined cycle, cogeneration and

Country or geographical region	Financial metric	Water use type (megaliters)	Currency	Financial intensity (Currency/mega- liter)	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
					nuclear) and water used at offices and buildings. In 2011 water use was 90050 ML, amount which has experimented a decrease as compared to the prior year due to a decrease in thermal production (principal water capture takes place in the cooling systems, processes and stand by services for the thermal generation plants), which led to lower water needs for cooling, process and stand by services, particularly if arising from facilities with an open cooling circuit. During financial year 2011, EBITDA increased 1.6% as compared to previous year to \in 7,650 million.

9.2

Please provide any available water intensity values for your company's products across its operations.

Country or geographical region	Product	Product unit	Water unit	Water intensity (Water unit/product unit)	Water use type	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
Other: IBERDROLA Group	Global Production	Other: GWh	Other: m3	620	Water use in operations	Water use is defined as the volume of water used to produce electricity. The trend in specific consumption of water in relation to global production (m3/GWh) has continued on a downward trend due to investment made in recent years in renewable energy (wind power) and cogeneration technologies and in the replacement of thermal technologies (fuel-oil and coal) with other more efficient technologies (gas combined cycle), achieving a gradual improvements in recent years in the main environmental management indicator, such as water.

Carbon Disclosure Project