

Launch of the Fifth Spanish Electricity Supply Auction for the Procurement of Baseload Contracts¹

April 24, 2008

Dear Sir/Madam,

The aim of this letter is to inform you of the fifth CESUR Auction to be held in Madrid, Spain, the week of June 16th, 2008. The exact date of the auction will be announced in the coming weeks.

CESUR auctions take place under the regulatory framework established by the Ministerial Order ITC/400/2007, of 26 February 2007, on the bilateral contracts for electricity supply to captive customers (since January 2009, supply of last resort). NERA Economic Consulting was selected by the Comisión Nacional de Energía (CNE), the Spanish energy regulator, to act as the CESUR Auction Administrator.

The fifth CESUR auction will include a simultaneous auction of two base load products, each with a different delivery period. Currently, a number of alternative delivery periods are being examined. In any case, delivery will not go beyond December 31 of 2008. The Secretaría General de Energía, SGE, will announce the range of volumes to be purchased in the fifth CESUR auction, as well as the specific delivery periods in an upcoming Resolution.

Participation in this tender requires being a member of the Spanish electricity market (OMIE) so that sellers can fulfil their contractual obligations. Therefore, interested agents are encouraged to join OMIE. The requirements for joining OMIE can be found at: <http://www.omel.es/es/pdfs/guiaacceso.pdf>

A complete list of current OMIE members as well as information about OMIE prices in the Day-Ahead market is available at: <http://www.omel.es>. Information about the OMIP forward market is available at: <http://www.omip.pt>

The prequalification process will open on 24 April 2008 and will end in 16 May 2008. The initial relevant documentation will be available at the web page especially created for the auction, www.subasta-cesur.eu. Qualifying companies will receive additional information on the preliminary rules and procedures of the auction.

The fifth CESUR auction, just like the previous four CESUR auctions, will be held in successive descending price rounds, a format by which the auction manager quotes a

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price for each product at the beginning of each round and bidders submit the volume they want to sell at the going price. The auction concludes at the round where the total bid volume equals the target volume that must be acquired for energy supply.

The Administrator plans to hold an informative session for all firms interested in participating in the CESUR auction on 29 April, in Madrid.

For further information, please do not hesitate to contact:

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Yours sincerely,

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