

Members of the European Parliament,

European Commission officials,

Spanish Authorities,

Ladies and Gentlemen,

Let me start by saying that for us it is a honor and a pleasure being here in Madrid with you today, at the launch of the SET Plan Industrial Initiatives, in the framework of the Spanish Presidency of the EU.

We appreciate the opportunity to deliver our thoughts in front of so many significant individuals and institutions.

Energy is one of the deepest foundations of our society.

It is a strategic issue.

Our social and economic performance depends on it.

Historically, geopolitical conflicts have caused wide fluctuations in the prices of fossil fuels.

Moreover, in recent times, climate concern has shown the need to change the energy policies of countries, moving on to a more sustainable model.

In troubled economic times, such as the one we are facing now, we should not forget that renewable energy is a key part of the fight against climate change, and contributes to security of supply.

Furthermore, renewable energy has developed an important industry in the EU and around the world.

This deep financial and economic crisis has led to structural changes in the European economic growth pattern.

And energy is also facing structural change.

Renewables and wind above all, have become main players.

Wind power is not a minor source in the electricity mix anymore, in Spain, last year, wind produced 13% of our electricity.

This figure brings added value in terms of job creation, R&D, avoided carbon emissions and fossil fuel imports.

All these factor pushed the EU to adopt a set of measures, under the name "Green Package".

As you all well know, within the Green Package, the Directive approved in December 2008, includes ambitious targets for 2020: 20% renewable energy penetration; 20% greenhouse gases reduction in comparison to 1990 levels; and a 20% reduction of primary energy use compared with projected levels.

In order to achieve the 20% goal for renewable energy penetration, the development of clean energy and low carbon technologies must be accelerated.

In this context, renewable energy and wind power in particular will play an essential part.

Wind has a significant competitive advantage in relation to other renewable sources: it is the cheapest and most mature renewable energy technology available today.

In fact, one of the ambitious objectives of the Wind Energy Initiative for 2020 is for onshore wind power to be fully competitive in that horizon.

And in this competitive context, back in 2007 the SET Plan was launched with the objective of accelerating innovation in cutting edge European low carbon technologies.

The idea behind the Plan is to facilitate the achievement of the 2020 targets and the 2050 vision of the Energy Policy for Europe.

Its corresponding European Industrial Initiatives are long-term, and large-scale Programs for supporting relevant R&D actions that will play a key role in helping wind power –and other low carbon technologies- move forward rapidly and steadily through their own technology curve, on the way to full competitiveness.

Despite its impressive progress, wind power development still faces some challenges, on several fronts.

Actions that need to be taken are *technical*; related to infrastructure and turbines, *economic*, including the sharp reduction of generation costs, and in *energy management and integration into the grid* such as real-time operation, development of control centers, and enhanced forecasting.

I would like to elaborate a bit about wind integration for a moment.

In our view, the key issue is maximizing the potential integration of wind through strengthening and extending the grid infrastructure, and installing more and better interconnections.

It is no secret that grids are critical for wind integration.

Iberdrola Renovables is playing a lead role in several projects within the EU, like TWENTIES, a key demonstration project within the European Framework Program 7, where 26 European companies and institutions have joined efforts to demonstrate that widespread integration of wind energy is possible, reliable, and that wind can contribute to the stability of the system.

Iberdrola is also working hard to push forward the European Electricity Grids Initiative, a research, development and demonstration programme initiated by electricity transmission and distribution network operators, aimed at accelerating innovation and the development of the electricity networks of the future in Europe, a so-called Smart Grid.

Several demonstration projects are to be developed in the EU to evaluate Smart Grid cost benefits.

We are also developing smart grid projects in Castellón, Spain, and in Glasgow, UK.

But back to the Wind Energy Initiative, I would like to remark that it is the result of a joint effort of the European wind energy industry, the R&D community (represented by TPWind), EU Institutions and Member States, that have been working together over the last 2 years.

One of its true values is that it is the outcome of a shared, concerted and transparent process, which involved all relevant stakeholders.

Iberdrola Renovables will continue to exercise its leadership in this Initiative, as we believe it indicates the path to make wind the best and most competitive energy source in the near future.

For us the Wind Energy Initiative is the essential factor for meeting 2020 challenges, fostering wind power competitiveness and further developing EU technological leadership.

The European Commission published in October 2009 the Wind Energy Roadmap.

This roadmap is set to become one of the most important instruments for the development of wind power in the 2010–2020 period by achieving ambitious goals, not only in terms of contribution to a cleaner energy mix but also regarding competitiveness and job creation.

- It will help the EU to maintain its current global technological leadership in wind power;
- It will contribute to achieving security of supply in the EU, by freeing it from oil and gas exporting Countries;
- It will contribute to the de-carbonization of the EU economy and to fighting climate change
- And it will create thousands of new jobs.

All stakeholders will have to continue working hard to drive this Initiative to success.

But it is a solid investment for the future and we at Iberdrola Renovables believe it is the way to create a competitive, local and clean energy.

Thank you very much.