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is earth

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letter from the chairman

In 2009, Naturgas Energía ended another positive year, even bearing in mind that the results were down with respect to the previous year. It was a crucial year for the company with the materializing of one of the biggest operations in business acquisition in the Spanish energy sector in recent years: the purchase for 330 million euros of the natural gas distributors in Cantabria and Murcia.

This acquisition marks a before and an after for Naturgas Energía as it meant a very significant resizing of the company in terms of geographical areas, dimension and business opportunities.

As far as regulation is concerned, the year was marked by the culmination of the process to review the European energy directives with the passing of the third raft of regulations, in which Directive 2009/73/EC on common rules for the internal market in natural gas stands out. Equally important from the point of view of the gas system was the holding of the first Open Season, in which the marketers were offered the potential interconnection capacity between Spain and France by 2013. Finally, the Spanish regulation made progress in 2009 in the configuration of the last resort gas supply.

In connection with the third raft of European rules, these will need to be transposed to Spanish legislation in 2011, and this will lead to amendments in Act of Parliament 34/1998 of the Hydrocarbons Sector. The principle new aspects will focus on greater consumer protection, on the increase in the degree of independence of Spanish regulators with respect to the Governments, and on taking the separation of regulated and liberalised activities further.

The first Open Season signifies a vital step towards making progress in the building of a European gas market by increasing the interconnection capacity between the Iberian Peninsula and Europe. That is why Naturgas Energía participated actively not only in specifying it but also in executing it. In this process the marketers were offered the possibility of contracting buildable interconnection capacity between Spain and France from 2013 onwards resulting from the reinforcement of the Euskadour interconnections, in Irun, in Larrau, and in Navarre. Finally, owing to the fact that the demand for capacity made by the agents did not reach the desired threshold, the reinforcing of the Euskadour interconnection being managed by Naturgas Energía has been postponed until the Open Season looking to 2015, together with the building of the Midcat connection in Catalonia.

Finally, as far the last resort supply for gas is concerned, Royal Decree 485/2009 was passed; it enables business groups with last resort supply obligations in the electricity and gas sectors to unify these obligations into a single last resort marketing company. In this respect, our group, with last resort supply obligations for gas and electricity, will be unifying both obligations within HC Naturgas Comercializadora de Último Recurso as from 1 January 2010. Thereafter, the position of Naturgas Energía Comercializadora will only be that of free marketer.

By way of conclusion I should like to transmit my sincere congratulations to all the people who make up Naturgas Energía –shareholders and collaborators, in particular– for a tough, beneficial year, and I should also like to thank our customers for the trust they go on placing in this company.

MANUEL MENÉNDEZ





letter from the chief executive officer

In 2009, Naturgas Energía achieved some fairly positive results with an increase in recurring profit of over seven percent, although net profit fell through having achieved less extraordinary income than in the previous year.

In any case, in the crisis circumstances the Spanish economy endured in 2009 with considerable falls in energy demand, mainly due to the reduction in industrial activity, our company achieved better recurring income than during the previous year, and this is much higher than that of 2007, which confirms its upward trend.

2009 was also an historic year for Naturgas Energía as a result of the acquisition of the natural gas distributing companies in Cantabria and Murcia. This operation enabled the company's business indicators to grow significantly, with 215,000 gas and electricity customers and over 3,000 km of gas networks, apart from in its own geographical area, as it is already present with its own infrastructure in nine Autonomous Communities (Regions), with an increased number of customers and a great potential for expansion, which will naturally be reflected positively in the coming years.

This acquisition meant that the year 2009 was a record one for the company in the chapter of investments, which topped 381 million euros. Out of this amount, 330 corresponded to the purchase of the two distributors, while investments in infrastructure building for Distribution and Transport accounted for the rest. The most noteworthy work was the continuation of the works to double the capacity of the Bergara-Irun pipeline with the completion of the second stretch, as well as the start of the third and final phase, the culmination of which in 2010 will mean the completion of this strategic piece of infrastructure for the Basque Country and Spain as a whole.

This very year we have to operate with special caution in a tricky environment with a saturated gas market, with an excess of it in the system and falling prices. Nevertheless, Naturgas Energía does have the advantage of being able to face 2010 as a larger, more geographically diversified company, which will help it to go on growing. There is no doubt that the carrying out of the acquisition operation has put us in more favourable conditions to take advantage of the business opportunities that may present themselves.

In fact, the growth that has taken place in practically all the areas of the business are very important. By way of example it is worth mentioning the 40% increase in the number of supply points which grew from 690,000 to nearly a million; the 33% rise in gas customers, who now exceed 833,000; an 87% increase in electricity customers, who now number over 77,000; and the significant increase in the kilometres of infrastructure which cover more than 9,000 km with a growth of 56%.

I should like to take this opportunity to express my gratitude to the shareholders and collaborators of Naturgas Energía, thanks to whose efforts we continue growing and facing up to the challenges that the future holds for us.

FERNANDO BERGASA





the year in figures

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10	OPERATING FIGURES



**the year in figures****ECONOMIC AND FINANCIAL FIGURES**

(in millions of euros)	2009	2008	variation %
Turnover	1,031	1,333	(23)
Operating results or total EBITDA	185	190	(3)
Net profit	120	131	(8)

OPERATING FIGURES (including Cantabria and Murcia)

	2009	2008	variation %
Energy distributed (GWh)	18,968	20,688	(8)
Energy marketed (GWh)	22,872	26,770	(15)
Gas	21,261	24,750	(14)
Electricity	1,611	2,020	(20)
Regulated market for gas (supply points)	963,837	690,032	40
Liberalised gas market customers	833,449	628,294	33
Electricity market customers	77,647	41,486	87
Investments (in thousands of euros)	380,739	88,162	332
Kilometres of network built	9,090	5,838	56
Distribution	8,703	5,487	59
Transport(*)	387	351	10
Direct employees	408	315	29

(*) 362 km put into service in 2009; and 309 km in 2008 (+17%)



sector environment

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sector environment

GAS

The demand for natural gas in Spain in 2009 fell 14% over the previous year and reached 400.5 TWh sold –about 35.5 Bcm– and remains above the European Union average.

Yet the number of customers was up by 2.6% to exceed 7,101,000.

The total length of the network in Spain reached 71,077 km, 2,904 up on the previous year, and there are now 1,450 municipalities with gas, which is 41 more than a year ago.

Spain continues to be one of the most important world destinations for LNG (liquefied natural gas) vessels, after Japan and South Korea, and remains the first European country in terms of the number of offloading and re-gasification terminals. 74.2% of the gas reached the system transported in methane carriers in the form of liquefied natural gas, constituting an increase of nearly two points. Spain's main natural gas suppliers are Algeria with 34.3% of the total imports, the Gulf Countries accounting for 17.8%, and Nigeria, which provided 14%.

The use of gas to generate electricity in combined cycle plants fell nearly two points to 40.1%, due to the drop in energy demand. In 2009, natural gas was once again the chief source of electricity production accounting for 35.7% of the total. The table on the following page shows the most significant figures of the Spanish market for 2009 and their comparison with those of the previous year.

Source: Sedigás

ELECTRICITY

The key points in the Spanish electricity sector in 2009 were:

- A 4.3% fall in total consumption which reached 255,722 millions of kWh. This figure includes an estimate of the personal use of cogenerators. This situation is in line with the downturn in the economy in 2009.
- A 5.1% fall in production with a total of 300,685 million kWh hours.
- Natural gas was for another year the main source of electricity production and accounted for 35.7% of the total, ahead of renewables and residues with 18.4%, and nuclear with 17.5%.
- An increase in rainfall and therefore in hydroelectric production of 8.4%.
- A 10.5% fall in nuclear generation. In the course of the year nearly all the power stations were temporarily shut down to carry out fuel reloading.
- Falls in production using coal and natural gas of 23.7 and 9.1%, respectively.
- A fall in CO₂ emissions in the region of 17%.
- Incorporation of new power amounting to 729 MW from UNESA companies.
- At the end of the year the conventional generating equipment of the UNESA companies together produced a total of 66,840 MW.
- A 15.3% increase in Special production (Renewables and Cogeneration). Power produced using renewables and residues grew 21.8%.
- A 1.3% increase in high tension cables reaching 57,719 km.
- On 1 July 2009 all the regulated rates were discontinued, which was the culmination of the liberalisation of the market. The Subsidized Rate and the low-voltage Last Resort Rate for customers consuming less than 10kW were introduced.
- In 2009 the companies belonging to UNESA invested 5,630 million euros in electricity assets located in Spain, 19% less compared with the previous year's investments.

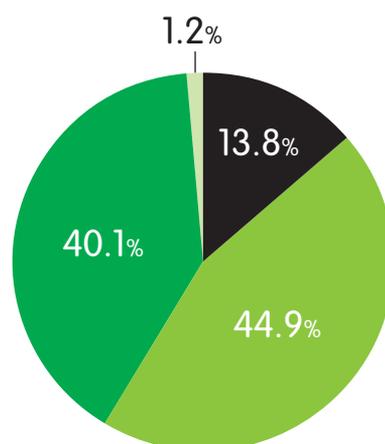
Source: UNESA

SPANISH GAS MARKET FIGURES

	2009	2008	variation %
Procurement (TWh)			
Domestic	1.7	1.3	0.4
Imports	410.4	457.6	99.6
TOTAL	412.1	458.9	100
Sales of natural and manufactured gas (GWh)			
Markets			
1. DOMESTIC-COMMERCIAL	55,945	59,617	(6.2)
Natural gas	55,497	59,044	(6)
Gas manufactured from natural gas	0	0	-
1.1. Subtotal Natural Gas	55,497	59,044	(6)
Gas manufactured from naphtha	0	0	-
Propane air	448	573	(21.8)
1.2. Subtotal other gases	448	573	(21.8)
2. INDUSTRIAL	180,264	197,256	(8.6)
3. POWER STATIONS	160,888	187,534	(14.2)
4. NON-ENERGY USES	4,874	5,033	(3.2)
5. TOTAL NATURAL GAS (1.1+2+3+4)	401,523	448,868	(10.5)
TOTAL (1.2+5)	401,971	449,441	(10.6)
TOTAL Sales of natural gas (Bcm)	34.5	38.6	(9.4)
Tangible investments			
Millions of euros	1,453	1,422	2.2
Evolution in network kms			
Total	71,077	68,173	4.3
Number of customers			
Total	7,101,563	6,923,215	2.6
Municipalities supplied with natural gas			
Total	1,450	1,409	3
Employment			
People	6,076	6,171	(1.5)

Sales total by markets in 2009

- Domestic-commercial
- Industrial
- Power stations
- Non-energy uses





naturgas energía in 2009

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naturgas energía in 2009

Naturgas Energía is a leading company in the Spanish energy sector, with an important position in the natural gas business as operator number two in distribution. It transports and distributes gas in addition to marketing gas and electricity. It is the second distributor of natural gas and the third marketer in the sector in terms of number of customers, as well as being the third operator in transport networks –and the second primary carrier. Naturgas Energía is a prominent leader in natural gas in the Autonomous Communities (regions) of Asturias, Cantabria, Murcia and the Basque Country. In 2009, the company took a huge qualitative and quantitative leap forward with the operation to purchase the natural gas distributors of Cantabria and Murcia.

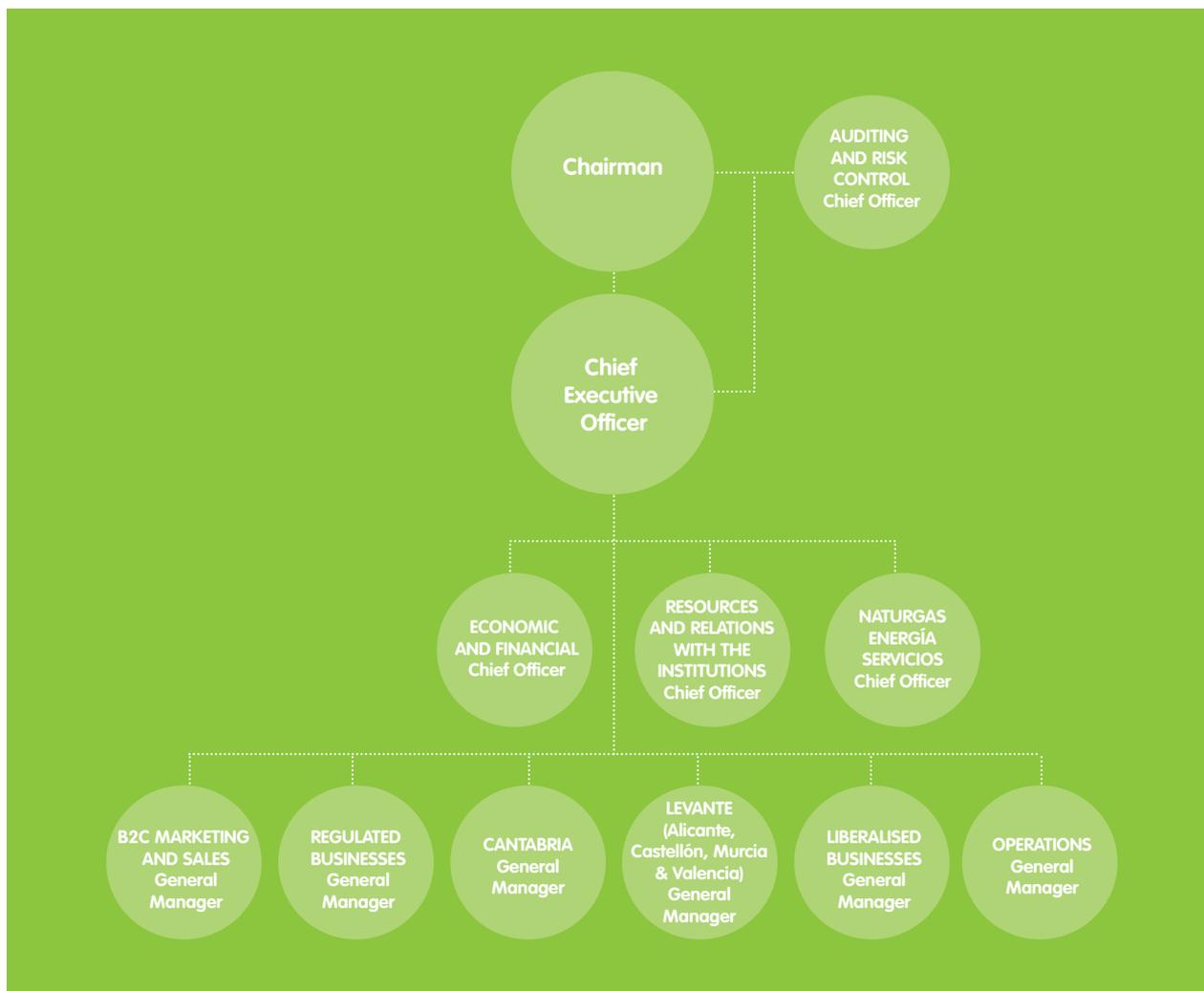
In 2009, Naturgas Energía achieved good economic results, despite the widespread crisis situation, and the consequent decline in the energy market with significant falls in the demand for energy caused basically by the fall in industrial output. The company had a turnover of 1,031 million euros and achieved a net profit of 120 million. The investment chapter grew 332% –mainly because of the operation to acquire the natural gas distributing companies of Cantabria and Murcia– and topped 381 million euros. Thus, the investments made by Naturgas Energía over the last three years amount to 521 million euros.

The company continued to expand its infrastructure network in 2009 and ended the year with over 9,000 km of natural gas networks. The infrastructure comprises 8,703 operating kilometres of distribution networks and 387 kilometres of built transport kilometres, which makes it the second operator in distribution and the third in terms of transport of the sector – second primary carrier.

Naturgas Energía is present managing its own networks in nine Autonomous Communities: Asturias, Cantabria, Castile & León, Catalonia, Extremadura, Madrid, Murcia, Navarre and the Basque Country.

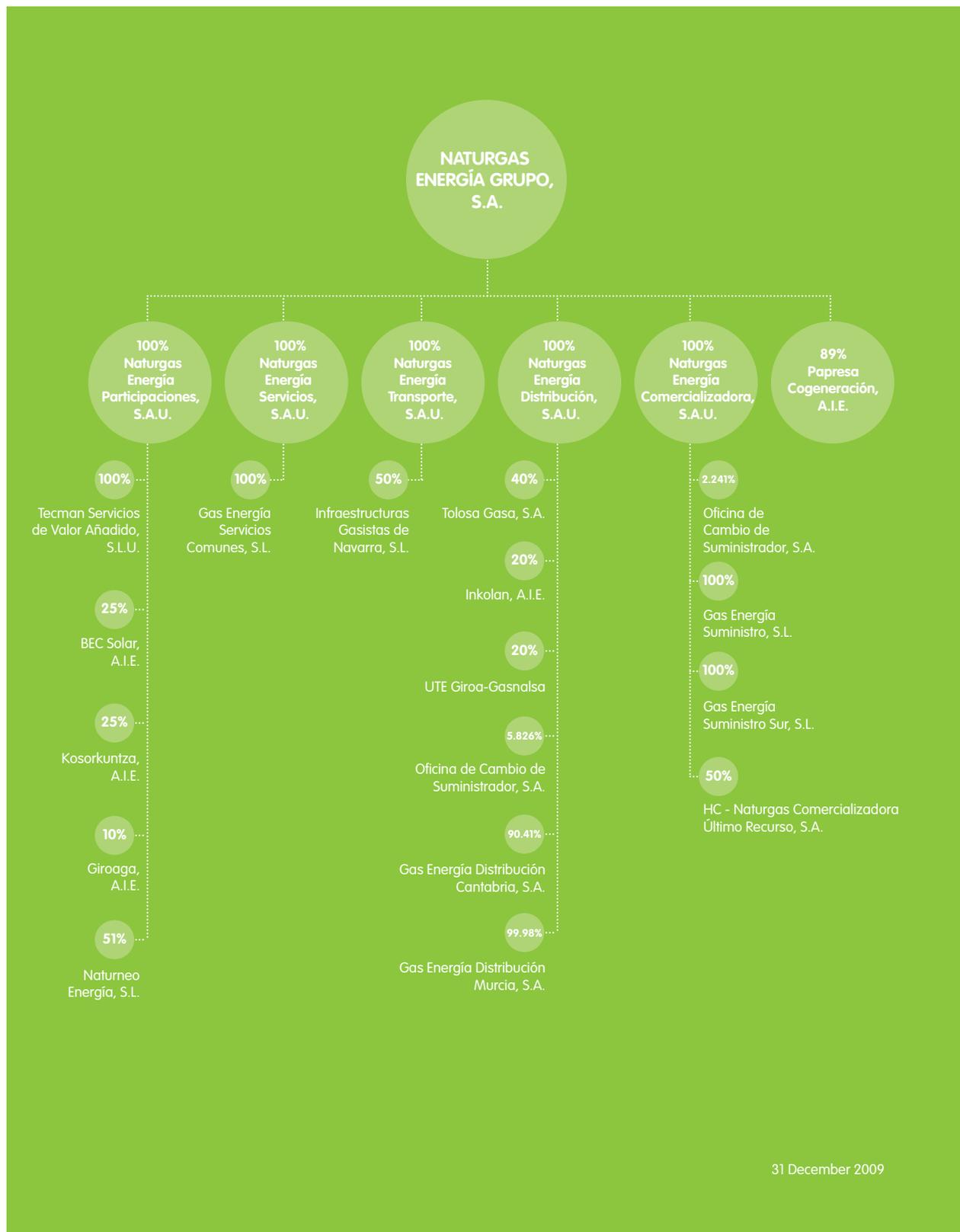
INTERNAL ORGANISATION

Naturgas Energía is a Group set up with Naturgas Energía Grupo, S.A. at the head and three business groups depending on it: two in Regulated Businesses –Transport and Distribution– and one in Liberalised Businesses –Marketer–. In addition, it has five support areas –Services; Resources and Relations with the Institutions; Economy and Finance; Operations; and Internal Auditing and Risk Control.



CORPORATE STRUCTURE

In addition to the three business units –Transport, Distribution and Marketer– Naturgas Energía Participaciones concentrates the Group’s investments in other energy businesses.





naturgas energía in 2009

5.1. NATURGAS ENERGÍA GRUPO, S.A.

Functions:

To bring together the Group's corporate areas that provide the business units with backing and support. These areas report to the General Manager of Operations, and the Chief Officers of Auditing and Risk Control; Economics and Finance; and Resources and Relations with the Institutions.

The areas are Quality, Environment and Occupational Hazard Prevention; Communication: Corporate Development; Energy Management; Research, Development and Innovation (R+D+i); Financial Planning and Management; Human Resources; Regulation; Relations with the Institutions; Safety; and Legal Services.

5.2. REGULATED BUSINESSES

5.2.1 NATURGAS ENERGÍA TRANSPORTE, S.A.U.

Functions:

- Management of regulated transport assets, including the promotion of new transport infrastructure, its development and construction as well as the services to operate, maintain and optimize it.

Landmarks in 2009:

- Completion of the process to incorporate the company Septentrional de Gas, which was already 100% part of Naturgas Energía.
- Putting into service of Phase II of the Bergara-Irun gas pipeline between the towns of Zaldibia and Villabona, in Guipúzcoa. This is a basic transport pipeline 25.4 Km long with a diameter of 26 inches (660 mm), the doubling of the capacity of the existing 16-inch (406.4 mm) gas pipeline and which called for an investment of 20 million euros.

- Commencement of the works of Phase III –the third and last of the Bergara-Irún pipeline– between the towns of Villabona and Irún. It is a gas pipeline that is 35 km long with a diameter of 26", the doubling of the capacity of the existing 16" gas pipeline and which will terminate at the valves point of the International Connection of Irún, with an estimated investment of 28 million euros.
- Obtaining of the start-up certificate for the secondary gas transport pipeline Serinyà-Figueres in the province of Girona, which will enable piped natural gas to go all the way to the towns of Figueres, Navata and Santa Llogaia, and the dismantling of the satellite plant that currently feeds the Figueres network. This gas pipeline is 23 km long and entailed an investment of 8.6 million euros.
- Obtaining of the start-up certificate for the secondary gas transport pipeline to the Industrial Estate of Hernani and the position and 72/59 ERM (Regulation and Measuring Station) feed to it. This gas pipeline, which is 2.5 km long and has a pressure of 59 bar, enables the industrial estate of the town of Hernani in the province of Guipúzcoa, to be fed, and required an investment of two million euros.
- Obtaining of the resolution dated 2 June 2009 from the Office for Energy Policy and Mines which authorises Naturgas Energía Transporte, S.A.U. to build the facilities of the Corvera-Tamón (Asturias) Primary Transport Gas Pipeline, to commence the corresponding expropriation process, and to secure the necessary permits and licenses for the start of the building of the gas pipeline in the course of 2010.
- Request to tender for over 500 km of gas pipelines included in the obligatory planning for 2008-2016.
- Carrying out in conjunction with ENAGÁS, TIGF and GRTgaz, within the framework of the "South Gas Regional Initiative" –promoted by the ERGEG and with the participation of the regulators of Spain, France and Portugal-, of the Open Season for the marketing of capacity looking ahead to 2013, of the international gas connections between Spain and France.
- Commencement of the activities to prepare the Open Season which, looking ahead to 2015, will be held in the course of 2010 and which will enable the surplus capacity of the OS of 2013 to be assigned, as well as the new capacity in the interconnection via Catalonia.

TRANSPORT NETWORKS

	2009	2008	%
Kilometres built	387	350	11
Supplied with gas or operating	362	309	17


GAS PIPELINES FOR TRANSPORTATION (in Km.)

IN OPERATION	Total: 387.3
Basic Transport	233
País Vasco	218.3
<ul style="list-style-type: none"> • Bergara-Irún • Arrigorriaga-Santurce • Lemoa-Boroa • Santurce-Zierbana • Port of Bilbao • Euskadour International Connection (Irún) 	
Asturias	1.7
<ul style="list-style-type: none"> • Branch line to the CTCC of Soto de Ribera 	
Navarre	13
<ul style="list-style-type: none"> • Branch line to the CTCC of Castejón (50%) 	
Secondary Transport	154.3
Castilla & León	129
<ul style="list-style-type: none"> • La Robla-Guardo • Soria-Ágreda 	
Catalonia	22.8
<ul style="list-style-type: none"> • Serinyà-Figueres 	
Basque Country	2.5
<ul style="list-style-type: none"> • Industrial Estate of Hernani 	

AT PROMOTION OR EXECUTION STAGE	Total: 536.5
Basic Transport	206.2
<ul style="list-style-type: none"> • Villabona-Irún • Corvera-Tamón • Bilbao-Treto • Others at promotion stage 	35 5.1 54 112.1
Secondary Transport	294.2
<ul style="list-style-type: none"> • Siero-Villaviciosa • Caravaca-Mula-Calasparrá • Yecla-Jumilla-Cieza • Others at promotion stage 	19.8 59.7 55.8 158.9
CTCC Branch Lines	36.1
<ul style="list-style-type: none"> • CTCC Alange • CTCC Barajas de Melo • CTCC Port of Gijón • CTCC Mérida Power • CTCC Tamón 	8.8 18.1 4.4 4.4 0.4



naturgas energía in 2009

NETWORK OF GAS TRANSPORT PIPELINES OF NATURGAS ENERGÍA



CANTABRIA



MURCIA





naturgas energía in 2009

TRANSPORT GAS PIPELINES

Euskadour Gas Pipeline

- Connection with the TIGF (Total Infraestructures Gaz France) network
- Length: 318 kilometres built
- Investment: 240 millions of euros
- Phase II, third stretch under construction



5.2.2 NATURGAS ENERGÍA DISTRIBUCIÓN, S.A.U.

Functions:

- Management of regulated distribution assets, including the promotion of new distribution infrastructure, its development and construction as well as the services to operate, maintain and optimize it.
- Attending to the supply by carrying out preliminary testing, routine inspection, dealing with emergencies and measuring of consumption.

Landmarks in 2009:

- Acquisition of the natural gas distributors of Murcia and Cantabria, in addition to the high pressure networks existing in the Basque Country, Asturias and Cantabria belonging to Gas Natural Sdg. Regulated assets acquired amounted to a total of 2,860 km of gas networks, 248,000 supply points, 11,000 Gwh of gas carried.
- Naturgas Energía Distribución continued with the process to extend its networks, mainly in Asturias and the Basque Country, where the number of supply points grew to nearly a million with the acquisition of Gas Cantabria and Gas Murcia, 14% of the ones existing in the Spanish market.

- Supply began at the new centres of population of Elduain in Guipúzcoa, where the extensión to the municipalities of Ataun and Ezkio-Itxaso in Guipúzcoa was also completed; supply was also started at the municipalities of Ribera de Arriba, Morcín and Castropol in Asturias, with the following new centres of population or NCPs: Serantes-Barres, Balmori-Quintana-Posada, Las Caldas and Ribera de Arriba-Morcín; and Villarejo de Salvanés in Madrid.
- Start of the gasification works in the municipality of Etxebarria, in Vizcaya.
- Building of the Legorreta II High Pressure-A network.
- Putting into service of a total of 136 kilometres of networks.
- Completion of the work to renew 28 kilometres of the natural gas network of Figueres, in Girona, with an investment of over six million euros.

DISTRIBUTION NETWORKS

	2009	2008	%
Kilometres built	5,623	5,487	2
(With Cantabria and Murcia)	8,703	5,487	59

GEOGRAPHICAL AREAS OF THE REGULATED BUSINESS

In the regulated market, the Naturgas Energía Group has its own infrastructure in nine Autonomous Communities (regions): Asturias, Catalonia, Cantabria, Castile & León, Extremadura, Madrid, Murcia, Navarre and the Basque Country. It is the second operator of the Spanish Market with distribution networks in eight out of the nine communities (regions) –in Navarre it has transport– and is the outstanding leader in gas and incumbent operator in four of them: Asturias, Cantabria, Murcia and the Basque Country. Furthermore, it has preliminary administrative authorizations in the Balearic Islands –in Menorca– and in the Community of Valencia –in Pilar de la Horadada, Alicante–.





naturgas energía in 2009

5.3. LIBERALISED BUSINESSES

5.3.1. NATURGAS ENERGÍA COMERCIALIZADORA, S.A.U.

Functions:

Marketing of natural gas and electricity on the liberalised market.

What is more, it offers all its customers a broad range of added-value products and services, like advice on energy efficiency and maintenance, servicing and inspection of installations.

LIBERALISED MARKET

	2009	2008	%
Energy marketed (GWh)	22,872	26,770	(15)
Gas	21,261	24,750	(14)
Electricity	1,611	2,020	(20)
Gas customers	833,449	628,294	33
Electricity customers	77,647	41,486	87

Hitos en 2009:

- Consolidation of the dual offer, at the close of the year having a portfolio of over 45,000 dual customers with a single contract for both gas and electricity.
- Over 100,000 Funciona contracts, maintenance services for the home.
- 87% growth in electricity customers.
- Acquisition of 214,000 customers of gas and electricity put together, as well as 67,000 service contracts resulting from the purchase of the gas assets of Gas Natural in Cantabria and Murcia.
- Development and introduction of the new corporate image that increases synergies with the rest of the Edp Group's brands.
- Consolidation of the company's web site as a channel of communication with an average of 33,300 visits per month and 21,500 customers registered in the Customer Area.
- Success of the e-billing campaign with the registration of 21,150 contracts registered in this system.
- The loyalty-building programme achieved a penetration rate of 88% and became the main tool for securing the loyalty of our customers.

5.4. NATURGAS ENERGÍA SERVICIOS, S.A.U.

Functions:

- Customer Service
- Measurements and Balances
- Processes
- Information Systems
- Commercial Support

Landmarks in 2009:

- CUSTOMER SERVICE
 - * The Customer Telephone Service office was moved to premises better suited to the needs resulting from the growth in the activity.
 - * Maintaining of the quality indicators of the Customer Service with respect to the previous year. The highlight was the 29% fall in the number of complaints, despite the fact that the attention provided through the different channels was up by an average of 10%:
 - 365% through e-mails.
 - 32% through visits to customers.
 - 49% through letters received.
 - 3% through telephone calls attended to.
 - 95% through the repairs services.
 - 49% through support made available to customers when gas and/or heating fittings were carried out (Instale and Confort Schemes).
 - * The most representative indicators in Customer Services were:
 - 583,705 telephone calls attended to.
 - 54,428 visits in person dealt with.
 - 45,370 e-mails received and replied to.
 - 1,388 letters received and replied to.
 - 11,842 repairs handled.
 - 1,550 transactions in the Instale and Confort Schemes.

- MEASUREMENTS AND BALANCES
 - * Drawing up of 171 contracts to provide the distributor's customers with a measuring equipment checking service through collaboration with gas fitting companies.
 - * Participation in the committees to amend the Regulations on the Technical Management of the System.
 - * Execution of the first phase of the Lean project on Measurements and Balances.

- PROCESSES
 - * Introduction of the governance model for managing the group's processes.
 - * Specification of processes and the optimizing of them through the Investments and Maintenance Management project in the different geographies.
 - * Specification of operating processes and uniformization in the ambit of the Geminis project: unifying the system to manage the distributor's supply points.
 - * Specification of processes and organisational model involved in Naturgas Energía Comercializadora joining ASNEF/Equifax, the largest database in Spain of slow-paying customers.

- SYSTEMS
 - * Introduction of new systems for addressing the needs of the Business:
 - Target One: management of liquid assets.
 - NEMo: mobility for technical services.
 - Google Gas: B2B commercial transactions.
 - ASNEF-Equifax: control and handling of slowness in paying.
 - Gas Mérida: full incorporation into the corporate and distribution processes.
 - * Integration of systems for synergy capture:
 - Geminis: integration of distribution systems in Spain.
 - Integration of the salary system.
 - Integration of SCTD systems

- * Technological adaptation of systems:
 - Upgrading of servers at the CPD (Data Processing Centre) in Bilbao.
 - Partial upgrading of the perimeter security system.
 - Launching of the new Contingency Plan for financial systems.
- * Bringing systems into line with legislation:
 - Single CUR (Last Resort Marketer) for gas and electricity in Spain.
- * Ongoing improvement of the quality of service and internal control:
 - Improvement in the most representative indicators of the Area.
 - Completion of the user certification programme.
 - Standardising of conditions in the rendering of services.
 - Starting up of the new Security Policy.

- COMMERCIAL SUPPORT
 - * Development and introduction of the single bill for customers of both gas and electricity.
 - * Optimization of the charging processes and debt management that enabled the company's default indices to be contained.
 - * Participation in the setting up of a last resort marketer, and the migration of 90,000 contracts included in the last resort rate (TUR).
 - * Participation in various Working Groups in the energy sector: Sedigás (Spanish Gas Association) and OCSUM (Office handling Change of Supplier).

sustainable development

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sustainable development

The activities in this sphere follow the guidelines of the Board of Directors of Naturgas Energía reflected in the company's Mission, Vision and Values:

MISSION

Naturgas Energía is an all-embracing energy group that offers its customers quality energy solutions, guarantees its shareholders growing, sustainable profitability, and provides its employees with prospects for professional development while striking the right balance with personal life.

VISION

We want our group that is part of a multinational energy company to be:

- The leading energy operator in the Basque Country.
- The leading gas operator in Asturias, and outstanding within the Spanish State.
- Regarded as an excellent working environment for our employees.
- Leader in the customer satisfaction.
- Outstanding in Research, Development and Innovation.
- Perceived as a cutting-edge company by the society in which we pursue our activities.
- Show consideration for the Environment, and be an example in Prevention.

VALUES

- Integrity.
- Commitment to the obtaining of results.
- Commitment to People.
- Commitment to the Customer.
- Commitment to Excellence in Management.
- Commitment to Society.

Environment, Sustainability, Innovation and Quality Management has the following main functions:

- To propose and ensure the introduction of the policy comprising Quality, Environment and Prevention of Occupational Hazards, as well as the principles of sustainable development throughout the organisation by meeting the strategic aims specified.
- To propose and ensure the setting up of R+D+Innovation activities in the different areas of the business.
- To ensure that the Systems for managing Quality, the Environment and Occupational Risk Prevention are properly implemented.
- To specify, propose and ensure that a strategy of continuous improvement is applied in the different areas of the business, by seeking best practices, maintaining a management system by processes with a transversal vision of the company.
- Naturgas Energía regards good business practices as essential, and maintains a determined ethical position in the management of the group and its business. An example of this is its Code of Ethics approved by the Board of Directors in 2009. This document systematises rules and guidelines, so that the members of staff of Naturgas Energía can avail themselves at all times of a reference standard to resort to, when faced with any doubt in matters that have to do with the company's relations with its milieu, and principally with its shareholders, customers and suppliers, in addition to its employees, of course.

The Code of Ethics covers the following areas:

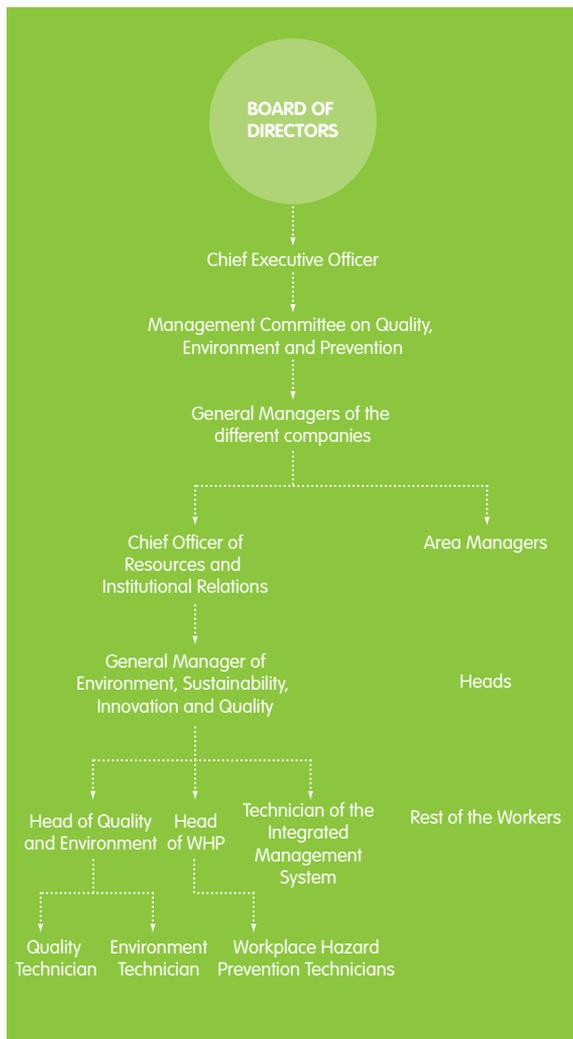
- Legislation and ethics.
- Conduct in the working environment.
- Human rights and equal opportunities.
- Integrity.
- Relations with customers and suppliers.
- Environment and sustainability.
- Disciplinary action.

ENVIRONMENT

In 1996, Naturgas Energía was a pioneer among companies to obtain the certification of its Environmental Management systems. It went on to renew its certificate on the basis of the ISO 14001:2004 standard.

So in addition to the requirements that have to be met through this system, the organisation takes on new commitments in line with its principle of ongoing improvement.

Right now, its functional and organisational structure in environmental matters has been set up in the following way:



This environmental chapter comprises the following sections:

- **Materials** used in the activity that are valorized or recycled products.
- **Consumption of Natural Resources.**
- **Biodiversity** and impact generated by the activities of Naturgas Energía.
- **Emissions and Waste** produced as a result of the activity.
- **Products and Services.**
- **Compliance with Legislation** in the environmental aspects identified as significant in the business.
- **Transport** of products, goods or materials and the impact they generate; as well as transport of personnel.

a) MATERIALS

This section includes the contribution by Naturgas Energía to minimize the use of materials with greater impact.

For example, all the paper consumed comes from a paper manufacturing process in which:

- The greenhouse effect is prevented (through afforestation).
- There is a PEFC –Forest Certification System.
- A sustainable forestry management system has been set up for forests (the FSC certificate the mission of which is to promote the management of forested land by means of suitable environmental techniques that are socially beneficial and economically viable).
- Hydrogen chloride gas is not used in its production.

So the pulp used for producing paper is not manufactured using wood coming from:

- Forestry areas that fail to respect human rights.
- Highly valuable areas for conservation.
- Genetically modified trees.
- Illegal plantations.
- Natural forests reconverted into plantations or having non-forestry uses.

b) CONSUMPTION OF NATURAL RESOURCES

The consumption of natural resources, above all energy, has a direct bearing on operating costs. So the environmental footprint is partly determined by the selection of the energy sources used.



sustainable development

The levels of consumption listed below refer to installations located in the Basque Country:

Gas (Kwh)	2009	2008
Álava	1,966,077	1,127,799
Guipúzcoa	5,024,143	2,367,196
Vizcaya	5,263,770	3,489,181

Fuel (litres)	2009	2008
Álava	23,429.35	38,931.23
Guipúzcoa	11,756.35	31,727.82
Vizcaya	26,829.98	30,309.71

Naturgas Energía informs its customers about the primary source origin of all the electricity they consume. So this same breakdown can be seen electricity consumption on the company's premises.

SOURCE OF ENERGY IN KWH	%	2009	2008
Renewables	30.3	285,531.747	240,110.23
High efficiency cogeneration	0.8	1,696.228	6,339.54
Cogeneration	7.2	67,849.128	57,055.89
Combined-cycle Natural Gas	26.7	251,607.183	211,582.28
Coal	14.1	132,871.209	111,734.46
Fuel oil / Gas	3.0	28,270.470	23,773.29
Nuclear	17.1	161,141.679	135,507.75
Others	0.8	7,538.792	

In 2009 Naturgas Energía substituted its fleet of leased vehicles, which also enabled it to differentiate levels of consumption by service typology: network maintenance operations and customer assistance.

	2009
Networks (litres per km of network)	23.52
Customers (litres per number of customers)	0.006

It is also possible to see the Kwh produced by solar panels as installations for producing electricity, and consequently the CO₂ not emitted:

	2009	2008
Kwh sold	6,503	6,308
Hours functioning	4,078	4,082
MT of CO ₂ not emitted	4,063	3,928

The consumption of water comes from the domestic water mains, so the whole volume used is returned to it once again.

In this sphere, by means of training talks within the organisation, actions were promoted in 2009 to cut natural consumption levels, like: "Reducing Natural Resources – electricity" and "Naturgas: waste and waste treatment".

Furthermore, resource saving measures continued to be incorporated progressively, like: the switching on of lights by means of occupancy detectors; the use of high performance lighting; the substitution of computer screens by TFT systems; optimization of routes; the use of PDAs; and the incorporation of e-billing.

Naturgas Energía's business system, which focuses on the sale of gas and electricity, favours the optimum use of each one; gas is sold as primary energy for heating processes, and electricity for other types of use where its performance is more appropriate.

c) BIODIVERSITY

This point identifies the risks associated with biodiversity in the development of the company's activities, their effect on the land or areas under legal protection or of great value for biodiversity.

The EDP Group passed a Biodiversity Policy which Naturgas Energía signed up to, and which can be found on the following Internet link:

http://www.souedp.edp.pt/irj/portal/edponto?NavigationTarget=ROLES://portal_content/pt.edp.portalCorporativo/pt.edp.edponto/pt.edp.perfis/pt.edp.corporativo.edponto.global.publico/outrosCanais/pt.edp.corporativo.edponto.distribuicao/pt.edp.corporativo.edponto.distribuicao.1pagina

Two different types of gas pipelines can be distinguished in the pipe laying work: distribution and transport.

All our works have Environmental Monitoring specific to transport gas pipelines, which oversees aspects like noise, waste, dust emissions, oil leaks from machinery, monitoring of effect on fauna, flora and soil, as well as the meeting of the environmental determining factors established in the licences of the various administrations (provincial councils, water corporations, town councils and heritage, among others).

The gas pipelines for distribution tend to be executed in urban centres, so the affect on biodiversity is practically nil. In this area the carrying out of environmental monitoring has been contracted for all the distribution works in Mérida and Figueras following the same criteria as in the Autonomous Community of the Basque Country.

Transport gas pipelines require monitoring in line with the terms of the corresponding Environmental Impact Declaration, which is used as the basis for carrying out environmental monitoring. As this is work that is buried underground, the affect on biodiversity ends once the gas pipeline has been completed, and the area affected has to be restored with the same or similar species as those that existed previously.

In either of the cases, once the works project has been studied, the people in charge of environmental monitoring make proposals for modification or a new approach to avoid the most sensitive areas, as long as this is feasible.

At the same time, the permits may indicate specific times during which a zone may not be worked on in order to prevent the impact on a specific species or strain, which means that the activities have to be planned to perfection.

That is why environmental management during the works is of the utmost importance. In order to promote appropriate behaviour in the course of them, training talks were given on the implementing of the new legal requirements, like construction waste management and demolition. That way the building contractors are also encouraged to obtain the ISO 14001 certificates.

In this respect, it is necessary to highlight the mention made by the Department of the Environment of the Regional Government of Catalonia on the good environmental behaviour shown by Naturgas Energía during the execution of the Serinyà-Figuères gas pipeline.

d) EMISSIONS AND WASTE

Greenhouse gas emissions are the main cause of climate change, an environmental aspect that is currently of great concern.

In this respect, the administration is informed about direct and indirect emissions as well as about the measures carried out to minimize them.

Naturgas Energía's Measuring and Regulation Stations (ERM) for transport have emission sources listed within group C, which are the least polluting.

One of the tasks of the Operations and Maintenance area is to take combustion measurements in the boilers at the Measuring and Regulation Stations (ERM). In compliance with the legislation in force, analyses are carried out every five years by an OCA (organisation that collaborates with the Administration).

The gas emitted by the boilers depends on the volume of gas passing along the gas pipeline at that particular moment, so the actions to minimize them are barely noticeable. The temperatures throughout the process have however been adjusted in order to make energy savings by bringing the exit temperature close to freezing point.

With respect to the emissions generated by the activity of Naturgas Energía, it is possible to distinguish which ones are due to leaks caused by a rupture in the network:

Leaks caused by Ruptures in the network (m³/km network)



The company also monitors the emissions generated by the use of its vehicles as well as those resulting from electricity consumption.

FUEL (MT of CO₂)

	2009	2008
Álava	63.26	105.11
Vizcaya	31.74	81.84
Guipúzcoa	72.44	85.67

ELECTRICITY CONSUMPTION (MT of CO₂/Kw)

2008		
Álava	47.5	52.81
Vizcaya	290	246.6
Guipúzcoa	45.1	43.06

The following measures aimed at cutting emissions from the consumption of fuel and electricity should be mentioned:

- The regular replacement of vehicles.
- Training talks on responsible driving.
- The option of receiving practical training on responsible driving.

In the area of waste produced, although the amounts are small, hazardous waste can however be produced during the maintenance of the gas networks and facilities, apart from that generated by administrative tasks.

**sustainable development****WASTE**

	Type	2009 (Kg)	2008 (Kg)	Treatment
Empty metal containers	DW	41	1	Recovery
Empty plastic containers	DW	2	1	Recovery
Klingerit seals	DW	93	1	Recovery
Paint leftovers	DW	8	--	Recovery
Used oil	DW	183	--	Recovery
Aerosols	DW	31	6	Recovery
X-rays	DW	127	--	Storage
Filters	DW	175	105	Storage
Lead batteries	DW	166	--	Recovery
Alkaline batteries	DW	24	96	Recovery
Button batteries	DW	17	--	Recovery
Lithium batteries	DW	16	--	Recovery
Electronic waste	DW	1,683	906	Recycled
Toner	IW	57	--	Recycled
Scrap metals	IW	3,030	3,647	Recycled

It can be seen that the amount of waste handled in 2009 varied considerably. This was due to the fact that it was only removed once and the quantity corresponding to December was left for January of the following year.

On the whole, all the inert waste is valorized and the hazardous waste produced is taken to an authorized agent.

There is only one type of waste that is sent to the rubbish tip: fragments of polyethylene with traces of metal which are not suitable for valorizing or recycling.

e) PRODUCTS AND SERVICES

Our biggest contribution to the Environment is based on:

- Selling the least polluting fossil fuel. The use of gas as an energy resource means that others that have a greater impact are not used. Furthermore, its nature means that it has properties that cause less pollution.
- Encouraging our customers to consume energy in a rational way by informing them about the savings they can make in their companies and homes.
- Checking that boilers are burning efficiently whenever they are inspected.

f) COMPLYING WITH LEGISLATION

In 2009, no penalties or fines due to failure to comply with environmental requirements were received.

g) TRANSPORT

The environmental impact of transport systems has a broad spectrum. Naturgas Energía, which has large supply networks, is responsible for an environmental impact associated with their logistics.

As far as natural consumption is concerned, mention has been made of fuel consumption arising out of the various activities, as well as the emissions generated by this consumption. Likewise, as described already, appropriate measures have been taken to minimize consumption, and consequently CO₂ emissions.

Yet, another aspect that has been pointed out already is that gas is transported by means of underground pipelines, so the effect on the Environment is minimal.

Nevertheless, our Measuring and Regulation Stations for the transport of gas do have a certain acoustic impact, and that is why they undergo regular noise monitoring in order to check their emission levels, but none of them has exceeded the established limits.

Whenever a facility has exceeded emission levels, corrective action has been taken at once, like the fitting of silencers or acoustic screens.

OCCUPATIONAL HAZARD PREVENTION

Naturgas Energía holds the OHSAS 18001:2007 certificate. The system for managing Occupational Hazard Prevention includes the Committees on Health and Safety, in compliance with Act of Parliament 31/1995, with the participation of Prevention Delegates and company representatives in which all the workers of Naturgas Energía are represented.

In this Committee the Prevention Delegates are informed about matters pertaining to Prevention as well as about any workplace accidents that may have occurred. These Prevention Delegates are members elected by the Works Committee.

The absenteeism rate is also monitored every month, taking in account the number of people on sick leave, and workplace accidents.

The different accident rate indices are also looked at incidence, frequency and seriousness.

	2009	2008
Absenteeism Index	3.10	2.91
Incidence Index	6.27	16.51
Frequency Index	3.47	8.87
Total number of hours worked	0.24	0.09

$$\text{Incidence Index} = \frac{\text{no. of accidents with leave}}{\text{Average no. of individuals exposed}} \times 10^3$$

$$\text{Frequency Index} = \frac{\text{no. of accidents with leave}}{\text{no. of hours worked per person}} \times 10^6$$

	2009	2008
No. of accidents with leave	2	5
Total number of hours worked	576,204	563,969

In 2009, there were no fatal accidents in the companies of the Naturgas Energía Group, nor in any of its collaborating companies.

Within the typology of occupational diseases, the only one found in the company is mild acoustic trauma detected in some of the Maintenance workers.

Training is a way of involving internal and external personnel in Prevention activities. In this respect, internal and external training is given, and several regular meetings are held with the departments directly affected by Prevention matters. Naturgas Energía's Department for Occupational Hazard Prevention has also established regular training and information sessions for all the staff.

The following subjects are tackled in the sessions:

1. Accidents and incidents.
2. Facility Hazards.
3. Job hazards.
4. Action in the event of an emergency.
5. Functions and Responsibilities in Occupational Hazard Prevention.
6. Monitoring of health.
7. Individual protection equipment.

The following departments received training or information in 2009:

INTERNAL TRAINING

No. of sessions	Department trained/informed
16	Operation and Maintenance
8	Construction in Naturgas Energía Distribución and Naturgas Energía Transporte
3	Technical Services
3	Naturgas Energía Comercializadora
3	Accounting and Finance
3	Customer Service
2	General Services
1	Risk Control and Marketing
1	Engineering
1	Commercial Support

The company also held meetings on safety with the building contractor companies and with all the works inspectors and health and safety coordinators.

In the projects for gas pipeline works and in the design of new technical gas facilities, provision is made for all the requirements pertaining to occupational hazard prevention and industrial safety, not only while the work is ongoing, but also when the facilities are subsequently up and running, with the resulting improvement in the conditions of all the workers and the reduction in hazards, since they are assessed in all cases.

The department also specified some parameters to take into consideration in the building of the new corporate headquarters, not only to include all the legal requirements, but also to improve working conditions when promoting conditions that are better than the ones resulting from strict compliance with the legislation.

As in the previous years, in 2009 hygiene noise measurements were carried out once again to check that the working conditions of the Maintenance workers were appropriate.



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The company signed framework contracts with several companies to provide services in the Coordination of Health and Safety in all the Autonomous Communities (regions) in which it operates. These agreements have led to greater monitoring of the works from the safety perspective as it has a physical presence in all the works.

Naturgas Energía also offers the possibility of carrying out annual medical checkups to be able to detect any occupational diseases and eventually remedy them.

In 2009, steps were started to obtain approval for the electric generating sets that operate in the Measuring and Regulation Stations of Naturgas Energía Transporte to enable them to function with natural gas.

As regards the aspects linked to facilities covered by Royal Decree 681/2003 on potentially explosive atmospheres, the company embarked on an inventory of electrical equipment, which is set to continue in 2010 and include the installations in Murcia and Cantabria.

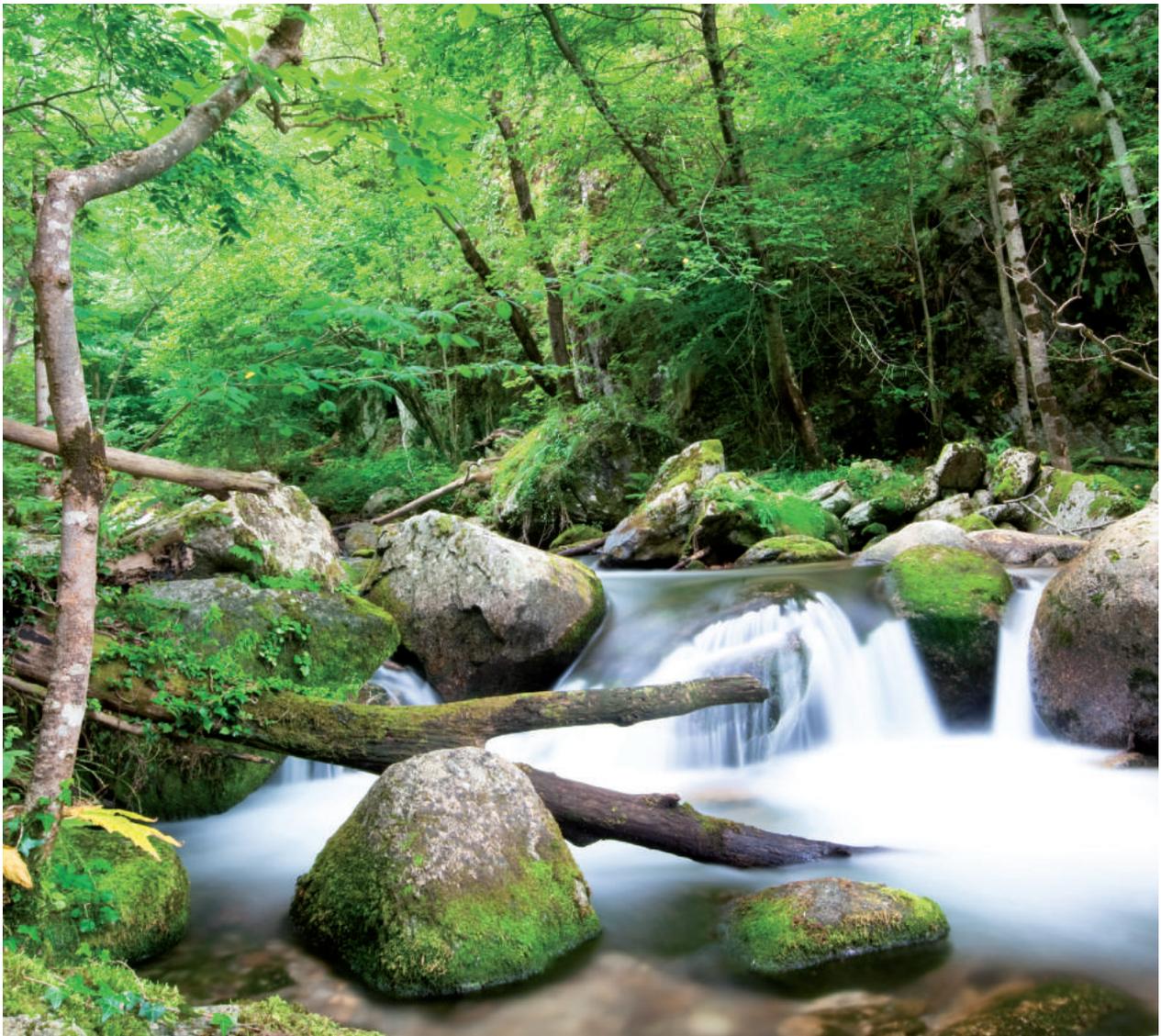
Naturgas Energía also assessed the hazards in its underground premises and catalogued them on three levels in terms of ventilation and access, among other factors, in order to establish the appropriate safety measures in each of the facilities.

Furthermore, the company is also progressively checking all hazard assessments to bring them as far as possible in line with the reality of the work, and reviewing each of the tasks with the people in charge of the areas and with the Prevention Delegates.

The documentation is checked every year in order to bring it into line with the new ways of working or with amendments in the legislation.

The legislation is in fact reviewed every month by means of a monitoring system used by HC Energía and which was adapted in 2009 to the special features of Naturgas Energía.

At the end of the year Naturgas Energía drew up a draft for a System to Manage Serious Accident Prevention to comply with Royal Decree 1254/1999, and which included the new facilities incorporated into the Group in Murcia.



QUALITY

Just as in the systems of environmental management, Naturgas Energía has held an ISO 9001 Quality Certificate since 1992. This system has been updated and adapted to the changes that have taken place in the company's social and economic environment. In 2009 its certificate was renewed in the ISO 9001:2008.

Naturgas Energía, as an expanding company, is aiming to expand its management systems to the new local offices which have joined the company.

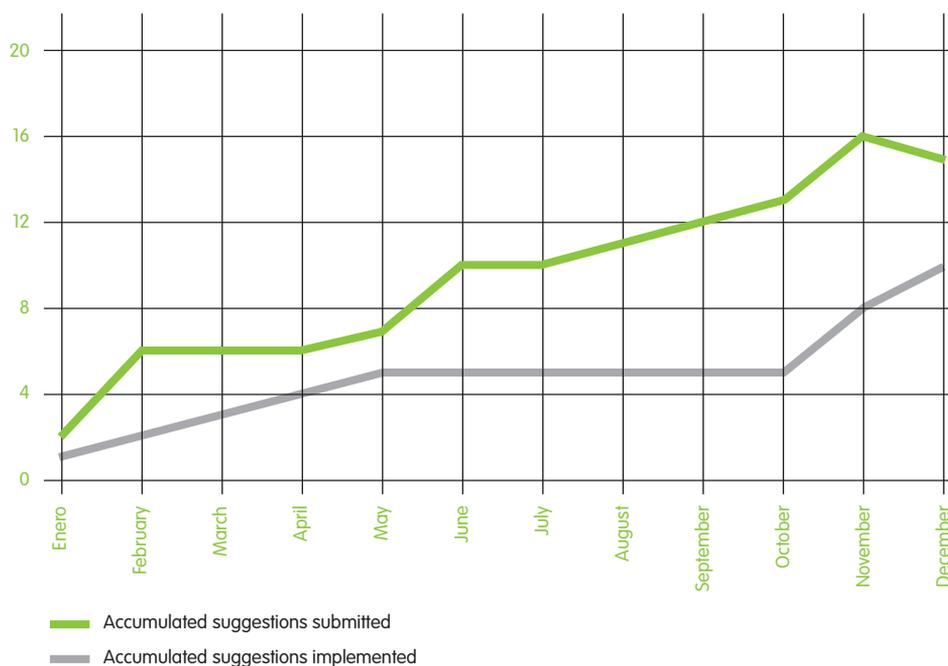
In 2009, the work was carried out at the centres in Figueres and Mérida.

One of the essential features of Naturgas Energía's management system is its approach to continuous improvement. A range of tools has been designed for this purpose; they allow the required aspects to be managed in a satisfactory way for external and internal customers as well as for the milieu itself of the company.

One of the tools for improvement established is the Channel for Suggestions set up in 2007, and which is evolving continually to satisfy the needs of its users:

SUGGESTIONS 2009

Months	Submitted	Rejected	Accumulated	Implemented	Accumulated implemented	% Accumulated	Average no. employees	Suggestions per employee
January	3	1	2	1	1	50	317	0.01
February	4	0	6	1	2	33.33	317	0.02
March	0	0	6	1	3	50	317	0.02
April	0	0	6	1	4	66.67	317	0.02
May	1	0	7	1	5	71.43	317	0.02
June	3	0	10	0	5	50	317	0.03
July	1	1	10	0	5	50	317	0.03
August	1	0	11	0	5	45.45	318	0.03
September	4	3	12	0	5	41.67	318	0.04
October	1	0	13	0	5	38.46	319	0.04
November	7	4	16	3	8	50	319	0.05
December	0	1	15	2	10	66.67	319	0.05
	25	10						





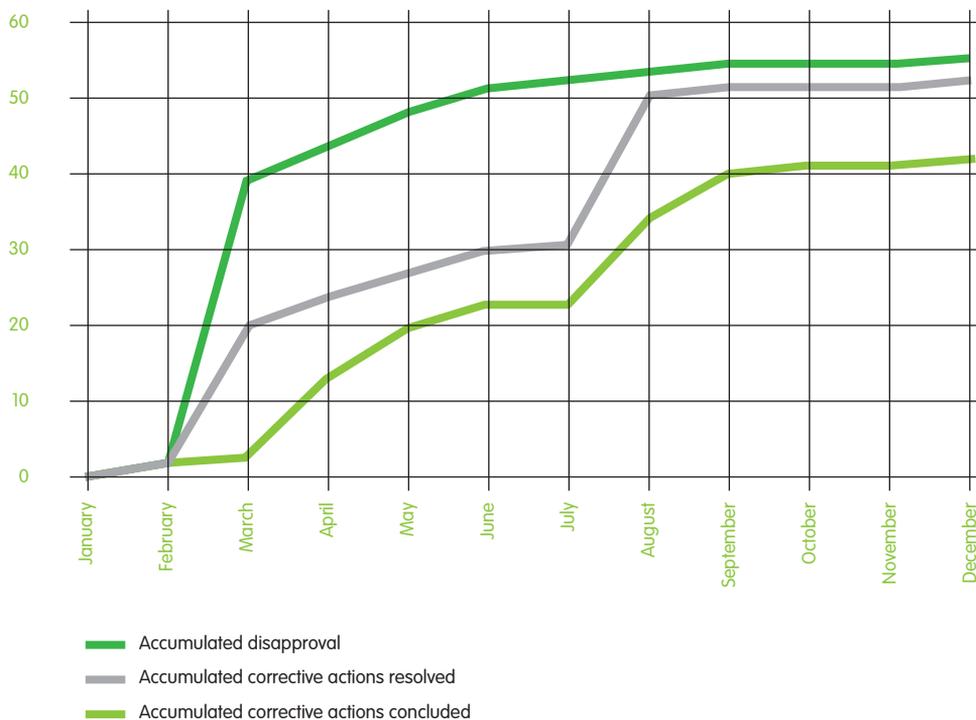
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One of Naturgas Energía's priority aims is of course to maintain an excellent reputation among its customers for the quality of the services it renders. To guarantee this quality, the company carried out several internal audits and at least one external one in the course of the year. A direct consequence of this way of working is the systematic annual renewal of the certificates obtained.

Like any management system, this one comprises mechanisms to detect disapproval by means of systematic monitoring, in addition to internal and external audits. Corrective actions develop out of this disapproval and are shown in the following table:

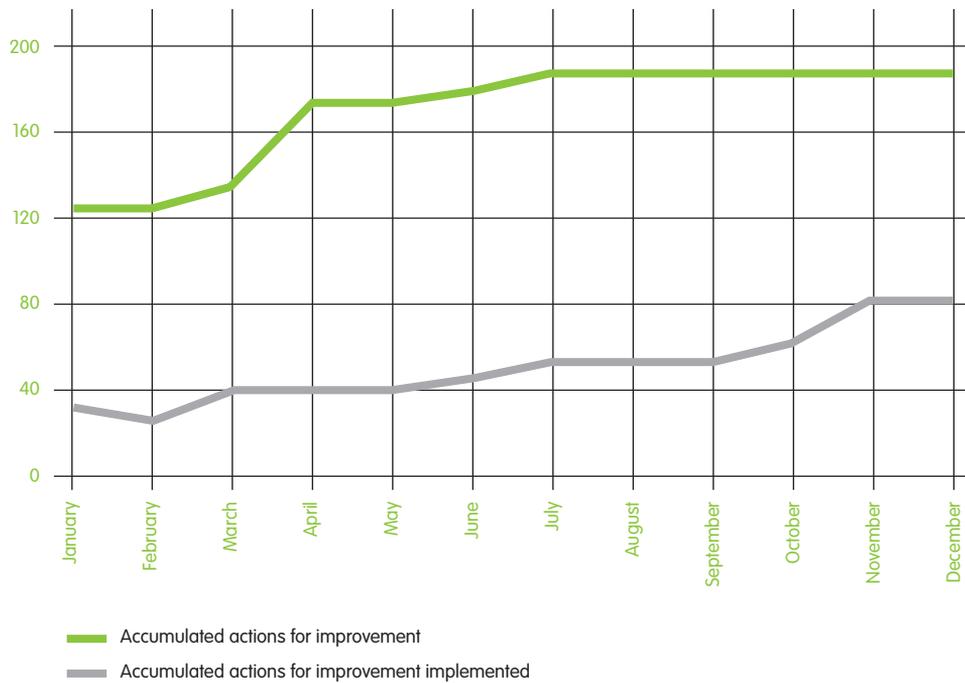
2009

Months	DISAPPROVAL						CORRECTIVE ACTIONS		
	Submitted	Rejected	Accumulated	Resolved	Accumulated	% Accumulated	Concluded	Accumulated	% Accumulated
January	1	0	1	0	0	0	0	0	0
February	1	0	2	2	2	100	2	2	100
March	40	3	39	18	20	51.28	1	3	7.69
April	4	0	43	4	24	55.81	10	13	30.23
May	5	0	48	3	27	56.25	7	20	41.67
June	3	0	51	3	30	58.82	3	23	45.10
July	1	0	52	1	31	59.62	0	23	44.23
August	1	0	53	19	50	94.34	11	34	64.15
September	1	0	54	1	51	94.44	6	40	74.07
October	0	0	54	0	51	94.44	1	41	75.93
November	0	0	54	0	51	94.44	0	41	75.93
December	1	0	55	1	52	94.55	1	42	76.36



ACTIONS FOR IMPROVEMENT IN 2009

Months	Submitted	Rejected	Accumulated	Implemented	Accumulated implemented	% Accumulated
Previous year	123	4	119	10		
January	4	0	123	22	32	17.89
February	1	0	124	4	26	20.97
March	11	0	135	14	40	29.63
April	39	0	174	0	40	22.99
May	0	0	174	1	41	23.56
June	4	0	178	5	46	25.84
July	9	0	187	7	53	28.34
August	0	0	187	0	53	28.34
September	0	0	187	1	54	28.88
October	0	0	187	8	62	33.16
November	0	0	187	20	82	43.85
December	0	0	187	0	82	43.85
	191	4				





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Customer satisfaction measures how sensitive a company is with respect to customer needs, and from the organisational perspective, these needs have to be addressed in order to achieve long-term success.

In the context of sustainability, customer satisfaction also provides internal information on the way the organisation approaches its relationship with its customers.

The commitment to continuous improvement reflected in the management systems leads us to continually measure the internal and external satisfaction of our customers.

One of the most important studies carried out are the After-Service surveys which measure the satisfaction of the customers who have had recent contact with Naturgas Energía. The following tables show the results of these surveys:

Items	Inspections on first being connected	Regular inspections	Repairs
Global Satisfaction	8.33	8.84	7.92
Global Satisfaction by centre/ repairs company	8.37 Lasarte/ 8.97 Vitoria	5.76 Lasarte/ 9.30 Igara	5.7 Technical Service Uruña 10 Euskoset/Uruña
Satisfaction with aspects of the service	8.15 Time taken to have service available 8.94 Punctuality	8.63 Identification of inspector 9.24 Punctuality	5.48 Cost of repairs 8.88 Information on what was billed
Information was provided on the time it would take to have gas available	Yes: 61%	X	X
Information provided by the inspector at the end of the service	Adequate: 88%	X	X
Reason for the repairs	X	X	69% to do with boiler
Suggestions for improvement indicated most	Faster attention	Reduce price of inspection	Contract should cover repairs

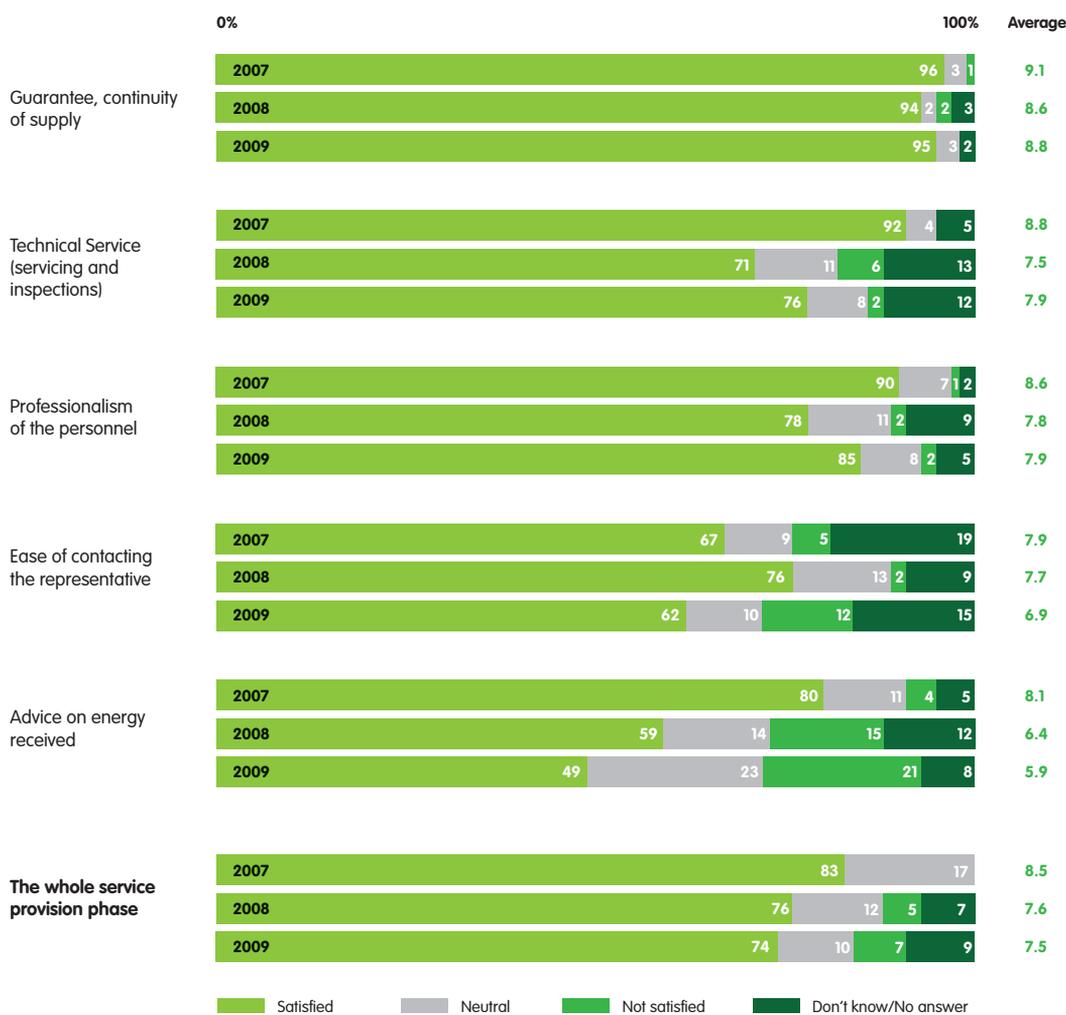
Items	Customer Service at Offices	Blue Telephone Customer Service
Global Satisfaction	8.43	7.76
Global Satisfaction by Centre	7.56 Churruca 9.03 San Viator	X
Reason for contact	58.7% to complete a transaction related to the service	47% to complete a transaction related to the service
Satisfaction in Aspects of the service	8.39 Ease and accessibility 8.73 Courtesy	7.42 Effectiveness in resolving matter 8.32 Courtesy
No. of Attempts to get in touch	74.7%: one	80%: one
No. of Contacts to get matter dealt with	74.7%: one	80%: one
Complaints: the problem arose previously	14.3%	16.7%
The problem was solved in due time and form	72%: Yes	83%: Yes
Suggestion for improvement indicated most	Reduce the price of the gas service	Reduce the price of the gas service

The Customer Service area, crucial in making customer satisfaction perceptible, also conducts ongoing monitoring of the complaints, consultations and requests, and different parameters that reflect the effectiveness of the service rendered are measured.

	Aim	Target	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	2009
Complaints for every 1,000 customers	3.5	6	6.73	8.03	7.11	4.19	3.45	2.88	2.24	1.38	2.78	2.91	2.70	2.53	3.91
% reclamaciones resueltas antes de 7 días	95.00	85.00	92.18	92.48	92.91	95.28	88.53	78.36	91.52	93.82	85.05	81.38	94.65	96.38	90.21
% complaints resolved within 7 days	85.00	83.00	72.0	78.5	83.0	86.0	84.8	90.0	94.2	87.0	86.6	87.0	82.2	90.4	85.14
Customer Attention Service assessment survey	8	8	--	7.53	7.55	7.95	8.13	8.59	8.07	--	8.38	8.19	8.10	8.25	8.07

A significant number of Naturgas Energía customers belong to the company and large customer sector. So it is natural that this group's degree of satisfaction with the company's service should also be measured. These are some of the results that can be highlighted in the surveys carried out:

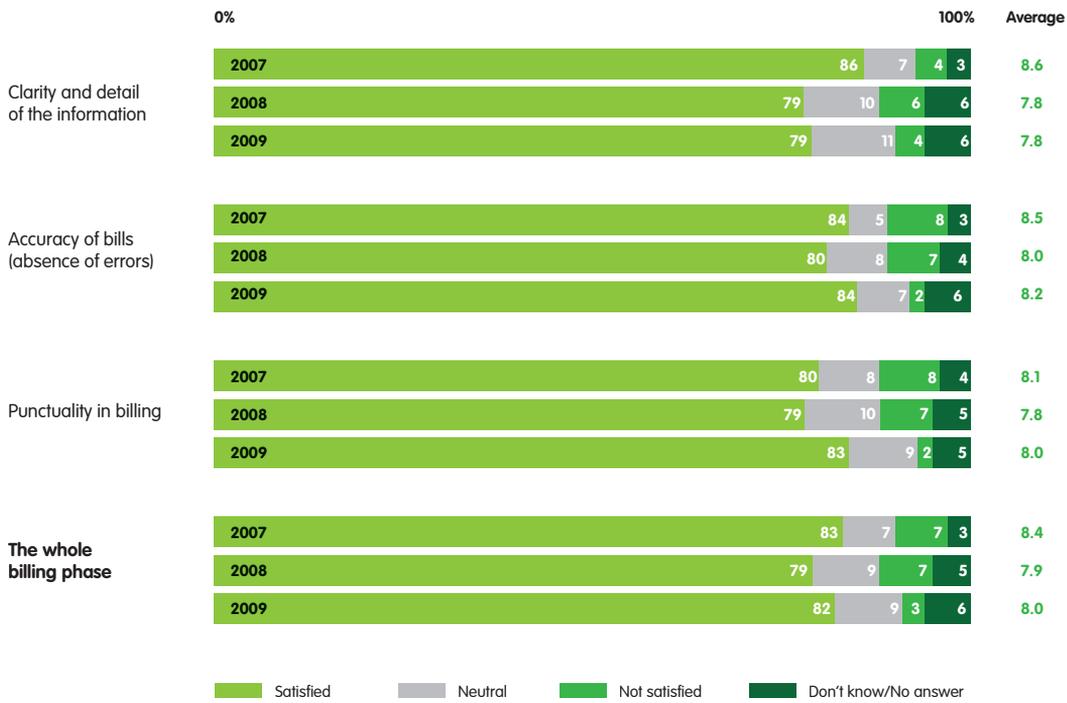
Satisfaction with the provision of services





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Satisfaction with billing



Naturgas Energía has a Quality Management System based on processes that follow the cycle of continuous improvement. These processes are linked to a series of procedures for which indicators have been identified and which measure the effectiveness of each process.

These indicators make up what is called the Quality Plan in which an annual objective is established for each indicator;

this objective is regularly reviewed to check, firstly, that the target is reached, and secondly to see if the information offered by each indicator is actually valid for measuring whether the process in question is working properly.

The reviews of the Quality Plan also allow yearly improvement objectives to be established in line with Naturgas Energía's integrated Management Policy.



GENERAL

Expenditure and Investments of the area:

Measuring the expenditure arising out of the Quality, Prevention and Environment area makes it possible to gauge the efficiency of the initiatives carried out. Some are needed to comply properly with the legal requirements in force, and others are ones undertaken by the organisation:

- Audits
- Purchase of Technical Standards
- Subscriptions
- Surveys
- Euskalit (Basque Foundation for Quality)
- Management of hazardous and inert waste
- SPA Technical Areas
- SPA – Monitoring of Health
- Analyses
- Coordination of Business Activities
- Safety Adviser
- PPEs
- Coashiq (Spanish Autonomous Commission on Occupational Safety and Hygiene in the Chemical Industry)
- Other expenditure of the area

in euros	2009	2008
Costs of the Area for Quality, Occupational Hazard Prevention, and Environment	195,117.54	295,479.59

Gaudí Project

One of the Area's most important tasks in 2009 was its participation in the Gaudí project, the acquisition of assets in Murcia and Cantabria, and the analysis of the legal requirements to be taken into account in order to guarantee the most effective compliance possible with respect to Prevention and the Environment.

LEAN

Within the Integrated Policy of the Management System for Quality, Environment and Occupational Hazard Prevention of the Naturgas Energía Group, an important aspect is the commitment to excellence in management by seeking best practices, team work and management by processes with a transversal vision of the group's activities. At the end of the day, it is about a company that is proactive in the search for new opportunities.

What is Lean?

It is a way of working that seeks continuous improvement in the activities by having all the collaborators in the organisation come up with solutions through task analysis; the activities that are not useful and which do not contribute any value to our internal and external customers are eliminated; they include the following: waiting times due, for example, to incorrect planning of the work; unnecessary consumption; reprocessing due to recurrent errors; unnecessary journeys; or unnecessary activities that on occasion give rise to duplications in the tasks.

Naturgas Energía pays particular attention to the aspects linked to Occupational Hazard Prevention, improvements in the Environment and commitment to people, while caring for the working environment and fostering the exchange of experiences.

The improvements detected are tackled by the workers themselves and this encourages involvement, commitment and motivation.

The general aims of the programme are:

- To increase worker motivation and involvement.
- To increase efficiency, quality and productivity in the activities that that are developed in the company.
- To identify and gather ideas for improvement directly at all levels of the organisation in a structured, consistent way.
- To facilitate knowledge and transfer of experience among the employees.
- To improve the working environment in order to work more productively, and more comfortably.
- To spread this way of working throughout the organisation.

The projects developed in 2009 were:

- Optimization of the accounting close of Naturgas Energía Comercializadora, which was designed to:
 - * Maximize efficiency in the conducting of NEC's accounting, and thereby optimize the accounting close calendars and quality of information.



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- * Identify the different sub-processes to carry out a rethink on the need for them, their frequency and possible alternatives.
- * Analyse and optimize the flows of the accounting close processes, and specify the actions needed for improvement.
- Measurement, with the following targets:
 - * To identify all the processes and sub-processes of the Area of Measurement and Balances, and specify the aim and scope of each one by seeking operational efficiency through the optimizing of them.
 - * To specify and improve the commercial Cycle (New Connections, Switching, Billing and Balances); to study the processes in the new connections of customers, change of marketer, taking and verification of readings, billing, final balances and n+2.
 - * To improve the transmission of information with other areas and find synergies between them by standardizing the documents exchanged.
 - * To orientate all the processes by boosting aspects to do with the environment and Occupational Hazard Prevention.
- Maintenance, with the following aims:
 - * To maximize the efficiency of the human teams in Operation and Maintenance by going deeper into document management and into the processes to optimize the productivity of the different activities.
 - * To analyse the way of working at the four O&M (Operation and Maintenance) centres. (Standardization vision).
 - * To identify all the activities carried out by O&M with its own personnel as well as with outside or subcontracted personnel.
 - * To view and analyse the aspects that boost and consolidate Occupational Hazard Prevention.

35 people participated in these projects –11% of the staff–, while 19 people –6%– collaborated on a one-off basis.

The teams started with the description and mapping of the process and/or baseline activity by identifying the problems and their causes, by identifying opportunities for improvement, by drawing up a plan to implement them and by specifying the responsibilities of each participating department.

50 was the total number of actions for improvement detected and approved by the programme supervisors: 25 of them have been completed, and the rest are ongoing.

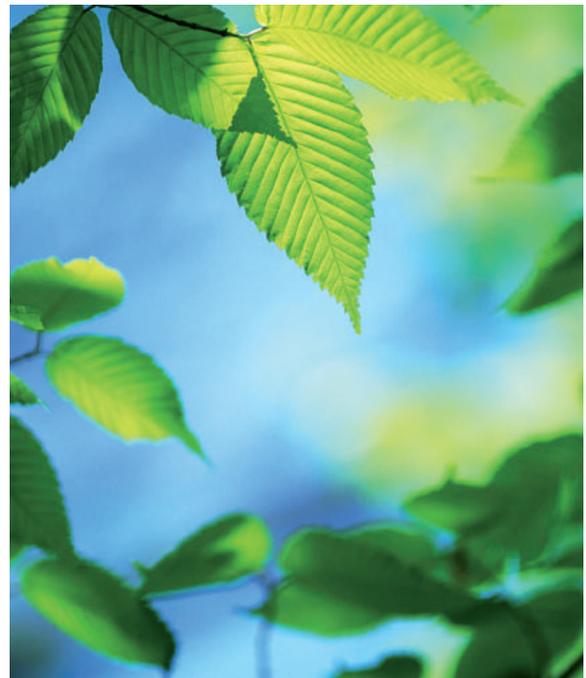
The initiatives detected have improved a wide range of aspects like:

- The reliability of the information provided.
- The efficiency of the computing programmes by reducing the time taken to execute the processes.
- Unifying the way of working among the different centres and offices.
- Savings in paper and fuel.
- The exchange of information between different departments.

As a result of the review with Lean methodology, new processes that went on to form part of the quality management system based on ISO 9001 were modified or described. Since 1992, when the first company in the group was certified, Naturgas Energía has renewed the certificates in all its companies and centres every year.

In order to measure the effectiveness of the initiatives, indicators were established where possible, and these will be included in the Quality Plan 2010.

The support of the Management was crucial for developing the Lean programme as well as for spreading it through the internal communication mediums. In 2009, team members gave two presentations of the results to the Management and their own colleagues. The area believes it is essential to extend the Lean way of working throughout the company organisation, and that is why new teams were formed to analyse, in 2010, the activities of document management and the unifying of the Funciona service, a project shared with HC Energía.



SCIENTIFIC RESEARCH AND TECHNOLOGICAL DEVELOPMENT ACTIVITIES

R+D+i

Naturgas Energía strategically concentrates its R+D+i efforts in three main subject areas: Security in Natural Gas Supply, Energy Efficiency and Sustainability. In 2009, the company participated alongside other companies and technology research centres in the development of projects that received public funding from the ERDF (European Regional Development Fund).

Since 1 January 2007, Naturgas Energía has been a member of the European Gas Research Group (EGRG), an institution that brings together the principal companies in Europe that supply natural gas. From 2006 to 2009 the company represented the Spanish gas sector (SEDIGAS) in the INTERNATIONAL GAS UNION's Task Force on Research & Development.

In 2009, Naturgas Energía as a coordinating company alongside another Spanish company and two Dutch ones, embarked on BIOGRID, an interesting European project that aims to mitigate the effects of climate change and which is supported by the European LIFE+ programme.

In December, the company set up a Framework Agreement with the University of the Basque Country (UPV/EHU) on the subject of research and technological development called the Methane Academic Network.

Furthermore, in 2009 Naturgas Energía Transporte and Naturgas Energía Servicios joined the companies that carry out R+D+i projects within the Group's companies, which already include Naturgas Energía Distribución and Naturgas Energía Comercializadora. So two innovation projects began to be developed, one on Telemeasure in the domestic gas market and the other on the promotion of high energy efficiency technologies among our customers in the tertiary sector.

The R+D+i Department has also given classes in the following Official Master's courses: Master in Renewables, Fuel Cells and Hydrogen run by the Menéndez Pelayo International University, and Master in Sustainable Energy Engineering run by the University of the Basque Country (UPV/EHU). It also gave a class in the course on Economy of the Gas Chain organised by the Club Español de la Energía (Spanish Energy Club) and provided a speaker on the Sectoral Gas Panel during the Annual Meeting of Sedigas.

The area publicised the BIOGRID project on the following Forums:

Workshop Biogas as renewable energy source, on 12 March in Santiago de Compostela.

2nd Expo-Conference on Biogas, organic waste-based renewable energy, on 6 May in Lleida.

5th International Biogas Networking Event. Expanding Europe's Biogas Markets, 1-2 July in London.

The area also attended the World Gas Conference held in Buenos Aires (Argentina).

The main projects that the area worked on during 2009 were as follows:

a) R+D Projects

The R+D projects are oriented towards the generation of new knowledge and its practical application is still a long way from the market.

- Biogas injection into the natural gas grid and use as vehicle fuel by upgrading it with a novel CO₂ capture and storage technology. In 2009, Naturgas Energía started and led Biogrid, a new project that aims to conduct research into new systems for biogas treatment (unicellular algae + cryogenic systems) that turn it into a renewable natural gas suitable for injection into the gas infrastructure and for use negative carbon dioxide emission vehicles. This project is co-funded by the LIFE+ Programme of the European Commission for the Environment. NE Distribución, NE Transporte and the NE Group are participating in it, alongside the Asturian company Biogas Fuel Cell and the Dutch companies GasTreatment Services and Ingrepro. The demonstration is expected to be carried out in Tineo, Asturias. Signing of the Collaboration Agreement on the project.
- Solutions for the Production of Energy Hydrogen and Associated Re-conversion (SPHERA). CENIT programme of the CDTI (Spanish Centre for Industrial Technology Development) belonging to the Spanish Ministry of Science and Innovation. Naturgas Energía Distribución has since 2007 been researching the possibility of transporting hydrogen gas by means of blends with natural gas in the network. Within the framework of the Hydrogen Economy, the project aims to look into the technical and economic viability of making use of the current gas infrastructure of networks, by adapting and optimizing them to transport hydrogen. This will allow the efficiency of the combustion processes to be increased and cut the emission of polluting gases into the atmosphere. An experimental test bank for blends with different gas pipelines has been set up at Inasmet, at the Miramon Technology Park in San Sebastian.

The research is part of a broader project coordinated by Gas Natural SDG, with a further fifteen Spanish companies participating in it.

- CO₂ sensorization system for measuring air quality in domestic environments and on public premises (AIR-Q.) Joint Industrial Research Programme of the CDTI and the Basque Government's Gaitek Programme. Using microelectronic technologies, this project aims to develop a new carbon dioxide sensor to analyse air quality on the spot and instantly in closed premises. This product will give Naturgas Energía Distribución a competitive edge over other companies in the sector in terms of compliance with environmental regulations on CO₂ emissions in buildings, as well as in the safety and quality of the service offered to its users. What is new about the device is the use of a barium titanate and copper oxide complex BaTiO₃-CuO as a film that is sensitive to Naturgas Energía Distribución is the company leading the project that has the participation of CEIT (Centre of Technical and Research Studies of Gipuzkoa) as the technological research centre.



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- Development of sustainable systems for the production and use of biogas in Spain (PROBIOGAS). It is a unique, strategic project of the Spanish Ministry of Science and Innovation. It is the biggest research and development project and demonstration on biogas ever carried out in Spain. One of the aims is to assess in a sustainable way the potential for biogas production as well as its possible future uses, including the possibility of injecting it into the natural gas networks. Naturgas Energía Distribución has undertaken to study the effect of biogas on the gas infrastructure and also to promote the development of carbon dioxide and methane separating filters based on polymer membranes. The Inasmet Technology Centre is collaborating on this. 31 organisations –universities, technology centres and companies– are also members of the project. The project is being coordinated by AINIA, a technology centre located in Paterna, Valencia.
- Design of a natural gas quality gauge with telemeasure. National Programme of Experimental Development Projects of the Spanish Ministry of Industry, Tourism and Trade. Naturgas Energía is participating in this project that is designed to develop a new device capable of measuring the quality of the natural gas at any point in the network, and to transmit the measurement through the electricity network. Naturgas Energía Distribución is collaborating in this project with the companies ZIV Medida and ZIV I+D at the Zamudio Technology Park, Vizcaya.
- Development of a SOFC stack for the domestic cogenerator. GAITEK programme of the Basque Government. Naturgas Energía Comercializadora is participating as an interested company and potential user in the results of a new natural gas micro-cogeneration system that is being developed by Fagor Electrodomésticos and other companies in the Mondragon Group, for the domestic market. It is based on a tubular-type solid oxide fuel cell with metal support, which can provide up to three kilowatts of electrical power. The basic research is being carried out by Ikerlan and Ceit.
- Development of a hydrogen-based domestic cogenerator (H2OME). ETORGAI-Integrated Industrial Research Projects programme of the Basque Government. Naturgas Energía Comercializadora began participating in 2009 together with another seven Basque companies in the development of a new system to generate electrical energy based on hydrogen; this is being coordinated by Copreci for the domestic market. It is based on a hydrogen fuel cell of up to five kilowatts of electricity.
- Advanced systems to purify biogas so that it can be injected into natural gas networks. INNOTEK programme of the Basque Government. Naturgas Energía Transporte is leading a new project designed to study new systems of purifying biogas so as to provide renewable natural gas suitable for injection into the gas infrastructure. Naturgas Energía Distribución is also participating in this project. The basic design is being carried out by the Inasmet technology centre of the Technology Park of Miramón, in Guipúzcoa.
- Telemeasure and Telemonitoring of the natural gas network for the domestic market. INNOTEK programme of the Basque Government. Naturgas Energía Distribución and Naturgas Energía Servicios are leading, together with Euskaltel, a new project to study new telemeasuring systems to be applied in the domestic natural gas market.

b) Innovation Projects

Innovation projects have arisen out of the concern of Naturgas Energía to improve its products and processes within its strategy for continuous improvement, and they are the ones closest to the market.

- Field tests for the demonstration of a global telemetry system for domestic meters. Naturgas Energía Distribución and Naturgas Energía Servicios, together with the company GTD, are tackling an ambitious pilot project designed to carry out the remote reading of meters of its domestic customers. It will initially be tried out with about 400 subscribers. The difficulty lies in the fact that meteorological conditions influence the consumption of the customers that consume less than 5 GWh, and in domestic and commercial consumption especially; this makes it particularly difficult to take readings at times when heating is being used. To this has to be added the fact that the readings are taken throughout the month, which leads to meter readings that do not correspond to what was actually consumed during the periods billed. By collaborating among different departments and also with HC Energía, work was carried out in 2009 to analyse the requirements that the system needs to meet.
- Innovation project on energy efficiency and renewables in buildings. The aim is to apply the synergies existing between natural gas and renewables to the market. It is an interdisciplinary project led by NE Comercializadora and TECMAN, in which HC Energía is also participating. It is based on the pilot testing of new, high energy-efficient technologies for natural gas in the establishments of end customers. A Robur natural gas heat pump with an absorption technology of 27 watts of thermal power has been installed at the Vocational Training Centre run by the Salesians in Deusto, Bilbao.



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ONE YEAR AT A GLANCE: SUSTAINABILITY LANDMARKS

January: Launching of the LEAN Maintenance and Measurement teams (internal training).

February: Talk given to Bilbao firefighters.

March: Environmental and Hazard Prevention Management at Cogeneration Plants.

April: First presentation of LEAN results.

May: Renewal of certificates for the Quality, Prevention and Environment systems.

June: The Self-protection Plan for the Cangas de Narcea Plant handed into Civil Defence.

July: 5th International Biogas Networkings Event – Expanding Europe's biogas markets.

August: Gaudí Project – Analysis of key aspects in Prevention, Environment and General Services.

September: Naturgas Energía recognised as environmentally sensitive at the Fluvià river crossing point (Serinyà – Figueres gas pipeline) by the Department for the Environment of the Regional Government of Catalonia.

October: Signing of the BIOGRID project.

November: Environmental Training given to the construction and engineering departments and to building contractors.

December: Framework agreement on research with the UPV/EHU (University of the Basque Country).

RELATIONS WITH THE INSTITUTIONS

In coordination with the business areas, the Relations with the Institutions area liaises in the relations between the different official bodies, sectoral bodies and the general public, on the one hand, and the different areas and companies on the other, to boost the image of Naturgas Energía and maximize the Group's interests. This is carried out by establishing guidelines and a suitable setup.

The area organises and promotes sponsorship activities, events and collaborations with associations; this contributes towards integrating and enhancing the general public's perception of Naturgas Energía in the ambit of our business activity.

The most salient activities carried out in 2009 were as follows:

- Cultural, sports and social sponsorship.
- Events.
- Collaboration with associations.

SPONSORSHIP

Cultural

- DIPC (Donostia International Physics Center)
- Guggenheim Museum
- Kursaal Conference Centre and Auditorium
- Artium Art Gallery
- Quincena Musical–Music Fortnight
- Orfeón Donostiarra–Choral Society
- ABAO – OLBE (Association of Friends of the Opera)

Sports

- Basque Pelota
- Bat (Basque Team)
- Bat – Makalu Expedition
- Tour of the Basque Country Cycling Race
- Clásica Ciclista San Sebastian – cycling event
- III días ciclistas Álava (amateur cyclists)
- Chess Club of Sestao
- Baskonia Foundation (International Summer Campus)
- Asfedebi (Naturgas Cup in Basque Pelota with bat)
- Fundación Ciclista Euskadi–Cycling Foundation of the Basque Autonomous Community (Cycling team)

Social

- APD (Association for the Progress of Company Directors)
- ADE
- Aspanovas (association of children with cancer)
- San Sebastian – Behobia Marathon
- Semana del Pintxo de Álava (Canapés or “Tapas” Week in Alava)
- Spanish Athletics Veterans Championships
- Rallystone (classic car rally)
- Hirukide (Association of Large Families)
- Euskal Herriko Ikastolen Festa (Kilometroak, Ibilaldia, Araba Euskaraz) –Fundraising and pro-Basque language event organised by Basque-medium schools in the Basque Autonomous Community.
- Children's story competition run by the radio station Cadena SER (Cuentos en el Aire)
- III Bicycle Fiesta of Berango
- BETIZU (Kid's Club of the etb TV channel)
- Kursaal (10th Anniversary)
- Fundación Ciclista de Euskadi (Cycling Foundation of the Basque Autonomous Community) – Olabide Ikastola–Basque-medium school (agreement to encourage use of bikes among children)
- Cycle – Herri krosa
- Ramón Rubial Foundation
- San Sebastian City Council calendar

Other

- Ikurriña de Plentzia (boat race)
- Games Festival of Vitoria – Gasteiz
- Regatas de Tolosa (boat races)
- Fiestas of Vitoria
- Fiestas of Bilbao
- Fiestas of Donostia-San Sebastián
- 4º Concurso de premios Comercio de Vizcaya (competition)

Events

In the sphere of events the highlight of the year was Naturgas Energía's hosting, in conjunction with EDP Gas, of the 24th edition of the EAGC (European Autumn Gas Conference), which takes place in a European city every year and which in 2009 was held in Bilbao

Collaboration with associations

There is also collaboration with different associations, like:

- Enerclub – Club Español de la Energía
- CEBEK
- APD (Association for the Progress of Company Directors)
- Afonvi (Association of Plumbers of the Basque Country)
- Instagi (Association of Installation Engineers of Gipuzkoa)
- Innobasque (Basque Agency for Innovation)
- Confebask (Basque Business Confederation)

ORGANISATIONAL DEVELOPMENT AND HUMAN RESOURCES

Following the guidelines of the Board of Directors reflected in the mission, vision and values and in the integrated policy that expresses a commitment towards people, the main function of the Department for Organisational Development is the training and professional development of people.

Naturgas Energía has a Training Policy based on five principles: the individual development of all its collaborators; responsibility of the organisation in making training possible; aligning of training with the needs of the businesses; creation, maintenance and spreading of knowledge at the heart of the group, and participation in society through initiatives to collaborate and co-operate with the community.

Every year a Training Plan covering all the training needs detected and approved in the organisation is drawn up. The whole organisation participates actively in the development of this Plan, and each collaborator examines his or her training needs with his or her superior for approval purposes.

Finally, the Plan is passed by the Management Council after it has been submitted by the Department for Organisational Development; this department controls, monitors and evaluates it in order to ensure that the strategic and operational aims of training and development are met.

Training is an essential tool to enable all of Naturgas Energía's collaborators to develop and update their knowledge and individual competences by fostering their professional self-fulfilment and enabling the group to be a business organisation that is socially responsible and which achieves the desired level of excellence in its performance.

On occasions Naturgas Energía avails itself of very special teachers to train its employees; they are the very professionals in our organisation who voluntarily offer themselves to the Department for Organisational Development to train their own colleagues.

Throughout 2009, internal training took place on the way of working with respect to gas, remuneration of the regulated

market, quality management, environment and occupational hazard prevention, consolidation, GIM (Management of Investments and Maintenance), among others, with very satisfactory results and appraisals from those who attended. The internal trainer is characterised by mastering the subject to be worked on, and by having the necessary predisposition and skills to transmit practical knowledge. He or she is also generous about sharing his or her time in order to maximize the organisation's human capital, by fostering the creation, maintenance and spreading of knowledge at the heart of the group.

Within the EDP Group, 10 strategic competences have been specified and introduced and which are shared by the whole Group. In order to foster and ensure the development of these competences, the effort invested has been devoted to providing training like: leadership; strategic vision; advanced negotiation techniques; public speaking; training of trainers; time management; and effective communication techniques. Aware of the need to contribute towards encouraging and spreading training, the official bodies make funds available to companies who make an effort in training, and this enables them to train their workers.

This year Naturgas has benefited from this by applying Social Security rebates through the organ that handles this: the Fundación Tripartita para la Formación en el Empleo. To facilitate accessibility to the Training Plan once it has been approved by the General Management, a link has been set up in the corporate intranet which gathers together all the information on the policy, the catalogue and the necessary forms as well as all the related information that could be of interest to the worker.

HOURS DEVOTED TO TRAINING

Hours devoted to training / employee	2009	2008
Executives	101	232
Heads	108	113
Technicians	38	56
Administrative Assistants	28	51

HOURS DEVOTED TO TRAINING

Training according to content	2009
Development of Competences	311
Advanced Training	1.260
Quality and Environment	307
Gas Distribution Networks	470
Prevention and Safety	2.002
Information Systems	1.145
Languages	4.476

Managing Potential

Aware of the need to be among the best in the management of human capital, Naturgas recognises that the introduction of programmes to identify and develop potential within the EDP Group, mainly the Jeps (young people with high potential)



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programme, is essential for the development and retention of key people in the organisation.

The first selection of Jeps was made in 2007, which led to the Jeps 08 development programme in which six young people had the chance to participate in themed workshops on leadership, strategic vision and communication, with trainers of recognised prestige; they also drew up their own development plans. The Jeps 08 development programme came to an end in June 2009.

In 2009, another six young people with potential were selected, and after putting them through a process to assess their potential in competences and skills, they were given the chance to identify their strong points and areas for development. The A2 programme was also launched as part of these programmes, and this will be focussing on six managers with potential.

Alignment

Throughout 2009, in order to reinforce the communication of the HR team within the EDP Group, the first Encounter took place in Lisbon, where professionals of the HR area in the different companies converged with the aim of presenting a new organisational model of the function of corporate HR and the mission of the competence centres.

This new model bases its structure on putting new energy into eight competence centres:

- Communication and management of change.
- Managing potential.
- Management of careers, mobility and succession.
- Management of training.
- Management of performance.
- Selection and integration.
- Compensation and benefits.
- Information and technology to support HR management.

Proximity with HR management in national and international companies is also crucial.

Furthermore, the holding of HR meetings every three months has been introduced along these same lines. These meetings seek not only to transmit the initiatives that need to be developed on a group level, but also to share projects and best practices among geographies, companies, management and teams as well as to be forum for HR reflection in the EDP Group.

Other transversal projects are being developed in parallel. They affect the whole Group and aim to promote in each Naturgas Energía collaborator the fundamental mission and values of the EDP culture and the challenges of the EDP Group.

Striking a balance between family and working life

In 2009, measures in this respect continued to be introduced within the Concilia Plan, as follows: celebrating the Births of our Collaborators' Offspring with the payment of 500 euros for each child born on or after 1 January 2009, a measure which has benefited twelve collaborators; visits by children to the workplace, which has helped us to increase the degree of involvement and feeling of belonging to Naturgas Energía of its collaborators and families; and also offers and special terms for services to encourage the health and well-being of the employees, like healthcare, gyms, travel agencies and renting of vehicles.

The Welcome Plan for the collaborators belonging to the companies in Cantabria and Murcia was drawn up. This Plan brings together different aspects that are applicable, like communication, training, a welcome kit, corporate manuals and videos designed to facilitate the integration of the new collaborators right from day one.

Employee Climate Survey

Continuing with the employee climate survey carried out in 2008, the Management Council approved the implementing of a series of specific actions (divided into three vectors of action: Marketing, HR and Internal Communication) designed to take advantage of opportunities for improvement that can be operationally summarised in three specific actions:

- Non-cash Reward for outstanding performance. It sets out to reinforce the perception of the employee with respect to being part of and identifying with the company, as well as recognition, commitment and performance in exceptional circumstances.
- Systematizing Working Meetings with collaborators. The aim is to reinforce dedication in the management and leadership of our collaborators, with Communication being the most effective tool for accomplishing this. Facilitation sessions with all the staff were given to start this action.
- Internal Communication Action of the Marketing Area. This consisted of a communication session among the various areas of the liberalised business in which the main activities, processes and aims of the business were shared.





social responsibility





social responsibility

In 2009, Naturgas Energía worked actively in sponsorship and patronage by maintaining its firm commitment to the Basque Country's social, cultural and sports life. The company collaborated significantly with various institutions and social players.

The main aspects it focussed on were as follows:

Culture

- Membership of the Board of Trustees of various institutions like the Guggenheim Museum Bilbao, the Artium Museum of Vitoria and the Kursaal Foundation of Donostia-San Sebastian. During 2009 Naturgas Energía held the Presidency of the Kursaal Foundation and supported the activities it undertook throughout the year.
- The company also sponsored the season of the Bilbao Association of Friends of the Opera (ABAO), a competition run by the Music Fortnight of San Sebastian, in which it sponsored the closing concert attended by the Mayor of San Sebastian and the Minister for Culture and Sports of the Basque Government, and other figures from the social and business sphere. Naturgas Energía also supports the Orfeón Donostiarra-Choral Society of San Sebastian.
- As in previous years, the company participated actively in the festivities in support of the Basque language in Álava, Vizcaya and Guipúzcoa (Araba Euskaraz, Ibilaldi and Kilometroak).
- Another important landmark in the year was the sponsoring of San Sebastian City Council's official calendar published with the participation of the Photographic Society of Gipuzkoa.

Science and Research

- Naturgas Energía is on the Board of Trustees of the DIPIC (Donostia International Physics Center), a San Sebastian-based research centre, whose main mission is to promote and drive forward the development at the highest level of basic and basic-oriented research in materials science.
- In 2009, in co-sponsorship with EDP Gas, the company participated in the holding of the 24th edition of the Annual European Autumn Gas Conference (EAGC), which took place on 23 and 25 November in Bilbao, and which was attended by over 300 representatives from over 20 countries in the European gas sector.
- Under the slogan "Independence and Interdependence in European Gas", issues linked to the independence and interdependence of the European gas industries and markets were tackled. This aspect is of crucial importance for Naturgas Energía, since it is participating in Euskadour, one of the two pieces of infrastructure currently connecting the Iberian Peninsula with the rest of Europe.
- Naturgas Energía is also a member of Innobasque, the Basque Agency for Innovation, and therefore participates in various committees and working groups.

Sports

- One of the most visible activities in sports is undoubtedly the sponsorship of the Naturgas Energía Sub23, an amateur cycling team that seeks to promote the all-round training of young rising cycling stars from the grassroots level, and promote this sport in Alava and throughout the Basque Country. This collaboration is underpinned by the agreement the company has with the Fundación Ciclista Euskadi (Cycling Foundation of the Basque Autonomous Community), through which it also supports its BTT (Mountain Bike) schools. Every November the company participates regularly in the Fiesta de la Bicicleta with over 2,500 participants in 2009, many of them children sporting the red Naturgas Energía team gear.
- Also in the area of cycling, the company sponsored the 1st Edition of the III Días Ciclistas de Álava, an international cycling race held in April for amateur cyclists in the under 23s category.
- The company was also one of the collaborators in the Baskonia International Basketball Campus for boys and girls from 13 to 17 held in July in Vitoria.
- Naturgas Energía renewed its sponsorship agreement signed with the Basque Government on the Basque Team (BAT) project in a public ceremony attended by the Minister of Culture and Sports of the Basque Autonomous Community Government, the Director General of the public broadcasting corporation EITB, and the rest of the sponsoring companies. This initiative, which brings together 59 sportspeople in the Olympic, non-Olympic and Paralympic disciplines, is mainly designed to help top Basque sportspeople in their preparation for the Olympic Games and other internationally important sports events.
- In athletics, one of the most important events in the calendar of amateur Basque sport, the Behobia-San Sebastian Marathon, also had the collaboration of Naturgas Energía, as did the Spanish Athletics Veterans Championships held in Vitoria-Gasteiz.
- Another important activity was the sponsorship of the indoor football clubs Bilbo Fútbol Sala and Gernika Fútbol Sala, which are devoted to encouraging young people to take up sport.
- The world of car racing also had the support of the company, which collaborated in the Real Peña Motorista Vizcaína by sponsoring the 4th Rallyestone Edition, a regular rally reserved for classic cars of the 60s, 70s and 80s which took place from 28 to 30 March along Basque roads, starting and finishing in Bilbao.
- Something that should also be highlighted is the brilliant year had by the chess organisation Club Naturgas Energía-Sestao de Ajedrez, and the many triumphs secured during the 2009 season.

Society

Naturgas Energía was also active in other fields, including the following:

- Its collaboration with the Aspanovas Foundation, an association that brings together parents of children with cancer by sponsoring the association's annual gala event.
- Hirukide, the association of large families in the Basque Autonomous Community, had the participation of Naturgas Energía in the course of the family celebrations held in the Basque Country, as well as in the celebration of the Conference on Large Families which devoted three days to discussing the problems faced by these families.
- At the same time, the company was very much present in the various popular fiestas of the most important municipalities in the Basque Country through the presence of inflatable installations, and a hot-air balloon, which was the highlight.
- Children played a major role in the activities promoted by Naturgas Energía in the course of 2009, with the company participating in the 3rd edition of the story competition, Cuentos en el Aire, a literary event held in collaboration with the Cadena SER radio station, in the International Games Festival of Vitoria-Gasteiz, and the BETIZU fiesta, among other activities.





economic and financial information

64	CONSOLIDATED BALANCE SHEETS
65	CONSOLIDATED PROFIT AND LOSS ACCOUNTS





economic and financial information

In 2009 Naturgas Energía operated in an adverse macroeconomic environment, which resulted in a significant fall in demand, in the industrial sector in particular. This economic situation gave rise to fierce competition in the market among the main gas marketers owing to the pressure they were under to place their procurements, normally contracted with a long-term perspective.

In this scenario the company boosted its strategy to protect its results by means of the sales mix to its B2B and B2C customers, thus covering the main risks identified, and also continued with its strategy of organic growth and acquisitions.

So in 2009 it acquired part of the assets of Gas Natural SDG, S. A., which had had to be disinvested as a result of its concentration process with Unión Fenosa, in the Autonomous Communities (regions) of Cantabria and Murcia. This was a unique landmark of extraordinary significance for Naturgas Energía, with the incorporation of 3,080 Km of gas networks, 257,573 supply points and an additional 11,000 GWh of gas carried. It also acquired the domestic and SME marketing activity in these regions with the incorporation of 210,707 gas customers, 3,955 electricity customers and 67,000 service contracts.

This operation enabled the company to consolidate its position as the second gas distributor on the Spanish market, and increase its share of supply points from 10% to 14%.

2009 was the first complete year in which the natural gas sector was completely liberalised. In line with these premises, the distribution and transport companies of the Naturgas Energía Group continued their work to expand the network in their areas of influence. The following initiatives in these areas in 2009 can be highlighted:

- The Bergara-Irún gas pipeline: in 2009 gas began to be carried in stretches I (Bergara-Zaldibia) and II (Zaldibia-Villabona) with stretch III (Villabona-Irún) 57% completed and expected to be carrying gas by July 2010.
- The Start-up Certificate was obtained for the secondary Serinyá-Figueres gas transport pipeline on 14 December 2009.
- The modification of the gas pipeline from La Robla to Guardo in Leon began carrying gas.
- The length of the built transport network is 387 Km., of which 362 are already operating. The natural gas carried by the company's networks reached 43,365 GWh, 5% down compared with the previous year.
- The putting into service of supply networks in the municipalities of Villarejo de Salvanes in Madrid, Castropol, Rivera de Arriba and Morcín in Asturias, and Ezkio-Ixaso and Elduain in Gipuzkoa. Works were also started in the municipalities of Etxebarria and Arroiabe (Basque Country), and Navata and Santa Llogaia (Catalonia).
- Investments to the tune of € 23.6 M were made to extend the distribution network with the building of 136 new Km, producing a total of 5,623 Km. The total length of the network as of 31 December 2009, including the networks

Gas Natural acquired during the year, amounted to 8,703 Km, which represents a share of 14% with respect to the total of the sector in Spain.

- Investments in new networks, saturation in supply points in the existing networks and the purchase of the above-mentioned assets have increased the number of supply points to 963,837, which signifies 273,805 points up on the previous year. The networks distributed 18,968 GWh of energy, which represents a reduction of 8% over the previous year.

As for the free market, the regulatory measures continued to favour growth in the activity of the marketers. The year 2009 was marked by the difficult macroeconomic environment, in marketing in particular, with the continual deterioration in the margins of the industrial sector, with customers bent on cutting costs, and cut-throat competition owing to the gas surplus on the market.

Faced with this reality, the company maximized its handling of the situation to bring procurement in line with customer demand at all times by offering considerable and new commercial formulas, all subject to strict risk control and in a very complicated market situation.

The main measures taken were:

- Exchange operations to minimize LNG levies, and the optimization of re-gasification contracts in order to avoid economic penalties.
- Active steps to optimize re-gasification and transport tolls as well as LNG storage.
- The launching of major marketing campaigns to capture electricity customers (dual) in the domestic segment in the Basque Country.
- The strengthening of the relationship with the customers by means of dualization (sale of gas and electricity in a single package) and the incorporation of new products and services with added value to the portfolio.

The aim of the strategy is simply to increase the value of each customer and his or her bond with the company by offering products and services adapted to his or her profile of demand and needs. In this respect, the most significant actions carried out in 2009 were as follows:

- Nearly 94% of the gas contracts in companies up for renewal were renewed, despite the high degree of price aggressiveness existing in the market. Furthermore, new supply points totalling 19 GWh were captured.
- The Combined Cycle Power Station at Lares in Figueira da Foz (Portugal) began to be supplied.
- With respect to the B2B large accounts market, it should be highlighted that the main customers renewed their contracts.
- It should also be pointed out that according to market studies, consumers attach importance to being a customer of a strong brand like Naturgas Energía, tried and tested and of well-known prestige.



- Sales of natural gas during the year reached 21,261 GWh (8.8% of the Spanish market) as opposed to 24,750 GWh in the previous year, which constitutes a 14% fall. As regards the number of customers supplied, there was an increase of 33% from 628,294 to 833,449, although it should be pointed out that 210,707 supply points corresponded to the new companies acquired. The Spanish State share in terms of number of customers reached 11.8%.
- As regards the marketing of electrical energy, sales during 2009 amounted to a total of 1,611 GWh, as opposed to the 2,020 GWh of the previous year, which represents a fall of 20%. The number of customers rose significantly due to the major marketing campaign aimed at capturing electricity customers (dual ones) in the private homes segment in the Basque Country; the number rose from 41,486 at the end

of 2008 to 73,692 as of 31 December 2009. To this was added an additional 3,955 customers resulting from the new companies acquired.

During 2009, the Naturgas Energía Group continued to buy and sell gas on the international markets, in addition to purchasing natural gas for the companies in the Group. 12,419 GWh were handled during the year for the Trading business.

2009 also saw the reorganisation of the shareholdings in some of the dependent companies. In this respect, Naturgas Energía Participaciones, S.A.U. sold its stake in the company Millennium Energy, S.L. (50% of the capital) to Hidrocantábrico. Likewise, Septentrional de Gas was incorporated through a merger into Naturgas Energía Transporte, S.A.U.



economic and financial information

From a regulatory point of view, 2009 was an important year with significant regulatory proposals and new aspects which, in the medium term, will be transposed into our law. In this respect, the third raft of European energy legislation was passed. The most important part is Directive 2009/73/EC, which will have to be transposed into our law by March 2011. This transposition, among other things, will involve the modification of Act of Parliament 34/1998 of 7 October of the hydrocarbons sector. Furthermore, the Ministry embarked on the process to revise Royal Decree 949/2001 of 3 August which regulates third-party access to gas facilities and establishes an integrated economic system for the natural gas sector. In this respect, the most prominent new regulatory aspects of 2009 were as follows:

- Royal Decree/Act of Parliament 6/2009 of 30 April adopting specific measures in the energy sector and approving the subsidized rate. This regulation not only established certain changes for the electricity sector, it also reviewed the procedure for awarding gas transport infrastructure.
- Royal Decree 485/2009 of 3 April regulating the implementing of last resort supply in the electrical power sector, and introducing amendments in gas regulation. This regulation laid down that the business groups with last resort supply obligations in both the electricity and gas sectors could proceed to unify these obligations into a single last resort marketing company.
- Decree ITC/1251/2009 of 14 May, setting out the publication of the Agreement of the Council of Ministers of 3 April which amended the calendar referred to in the 5th transitional provision of Act of Parliament 12/2007 of July 2. This agreement lays down that as from 1 July 2009 only those consumers connected to gas pipelines with a pressure not exceeding 4 bar and whose yearly consumption is lower than 50,000 kWh will be able to avail themselves of the last resort rate.
- Decree ITC/1660/2009 of 22 June stipulating the methodology for calculating the last resort rate for natural gas based on the additivity of the costs of tolls, raw material, marketing and supply security.
- Decree ITC/1724/2009 of 26 June amending the tolls and levies associated with third-party access of gas facilities as from 1 July, 2009.
- Directive 2009/73/EC of the European Parliament and Council of 13 July 2009 concerning common rules for the internal market in natural gas, and repealing Directive 2003/55/EC. This directive, known as the third raft of legislation, stipulates specific changes on a European level that will need to be transposed into national law. From the point of view of our country, the main changes will be in the following areas: more safeguarding of consumer interests, greater independence for the National Energy Commission, increased separation between regulated and liberalised activities.
- EC regulation 715/2009 of the European Parliament and Council of 13 July 2009 concerning conditions of access to natural gas transport networks, and repealing EC regulation 1775/2005. This regulation tackles various basic aspects, the most salient of which are: the transparency of the information of the transporters and the role of the European Network of Transmission System Operators for Gas (ENTSO-G).
- Decree ITC/3802/2008 of 26 December stipulating the tolls and levies associated with third-party access to gas facilities, the last resort rate, and specific aspects concerning the regulated activities of the gas sector for 2009.

From the point of view of the activities to support the basic business and synergies with the EDP Group, a number of significant projects should be highlighted:

- Efficiency and cost control brought to fruition in actions like savings made in renewals or new framework contracts as a result of the Procurement process, and the putting into practice of new initiatives in EDP's OPEX Project for cost management.
- The Sharedp Macro-Project, underpinned by the importance of consolidating business to create value and increase execution capacity in the new cycle envisioned in the Strategic Plan 2009-2012, has come about to align concepts and extend the offer of services shared among the different businesses of the EDP Group. It aims to achieve greater efficiency in the services supporting the businesses, to orient growth towards boosting synergies and to maintain controlled risk by standardizing processes and operational reporting. The areas involved in the project are: Liquid Assets, Billing, Human Resources, Purchases, Logistics, Administration and Systems.
- Within Sharedp one of the highlights in 2009 was the work carried out in the Target One project: new integral Liquid Asset Management programme of the Iberian companies in the EDP Group.
- Management of Human Resources. In this line, over 208 training actions were carried out with the Group's personnel with the participation of more than 284 employees. Other initiatives were the starting up of a Welcome Plan for new employees, Development of People with Potential, Personnel Satisfaction Study, and Flexible Compensation Plan.

The Operating Profit obtained in 2009 gave a positive result of 150 million euros after amortization appropriations for 38 million euros. The positive Consolidated Financial Results and other results plus Profit Tax finally put the Consolidated Net Profit obtained at 120 million euros.





economic and financial information



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Informe de Auditoría de Cuentas Anuales Consolidadas

A los Accionistas de
Naturgas Energía Grupo, S.A.

Hemos auditado las cuentas anuales consolidadas de Naturgas Energía Grupo, S.A. (la Sociedad) y sociedades dependientes (el Grupo o el Grupo Naturgas Energía) que comprenden el balance de situación consolidado al 31 de diciembre de 2009, la cuenta de pérdidas y ganancias consolidada, el estado del resultado global consolidado, el estado de cambios en el patrimonio neto consolidado, el estado de flujos de efectivo consolidado y la memoria consolidada correspondientes al ejercicio anual terminado en dicha fecha, cuya formulación es responsabilidad de los Administradores de la Sociedad. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales consolidadas en su conjunto, basada en el trabajo realizado de acuerdo con las normas de auditoría generalmente aceptadas en España, que requieren el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales consolidadas y la evaluación de su presentación, de los principios contables aplicados y de las estimaciones realizadas.

De acuerdo con la legislación mercantil, los Administradores de la Sociedad presentan, a efectos comparativos, con cada una de las partidas del balance de situación consolidado, de la cuenta de pérdidas y ganancias consolidada, del estado del resultado global consolidado, del estado de cambios en el patrimonio neto consolidado, del estado de flujos de efectivo consolidado y de la memoria consolidada, además de las cifras del ejercicio 2009, las correspondientes al ejercicio anterior. Dichas cifras difieren en su presentación de las contenidas en las cuentas anuales consolidadas aprobadas del ejercicio 2008 como consecuencia de la primera aplicación de la Norma Internacional de Contabilidad 1 (Revisada), "Presentación de Estados Financieros", tal y como se detalla en la nota 2 de la memoria consolidada adjunta. Nuestra opinión se refiere exclusivamente a las cuentas anuales consolidadas del ejercicio 2009. Con fecha 26 de marzo de 2009 emitimos nuestro informe de auditoría acerca de las cuentas anuales consolidadas del ejercicio 2008 en el que expresamos una opinión favorable.

En nuestra opinión, las cuentas anuales consolidadas del ejercicio 2009 adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio consolidado y de la situación financiera consolidada de Naturgas Energía Grupo, S.A. y sociedades dependientes al 31 de diciembre de 2009 y de los resultados consolidados de sus operaciones, de los cambios en el patrimonio neto consolidado, y de los flujos de efectivo consolidados correspondientes al ejercicio anual terminado en dicha fecha y contienen la información necesaria y suficiente para su interpretación y comprensión adecuada, de conformidad con las Normas Internacionales de Información Financiera adoptadas por la Unión Europea que guardan uniformidad con las aplicadas en la preparación de las cifras e información correspondientes al ejercicio anterior que se han incorporado a las cuentas anuales consolidadas del ejercicio 2009 a efectos comparativos.

KPMG Auditores, S.L., sociedad española de responsabilidad limitada, es una entidad afiliada a KPMG Europe LLP y firma miembro de la red KPMG de firmas independientes afiliadas a KPMG International, sociedad suiza.

Inscrita en el Registro Oficial de Auditores de Cuentas con el nº.50702, y en el Registro de Sociedades del Instituto de Censores Jurados de Cuentas con el nº.10.
Reg. Mer Madrid, T. 11.951, F. 90, Sec. 8, H. M-188.007, Inscrip. 0.
C.I.F. B-78510153



El informe de gestión consolidado adjunto del ejercicio 2009 contiene las explicaciones que los Administradores de Naturgas Energía Grupo, S.A. consideran oportunas sobre la situación del Grupo, la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales consolidadas. Hemos verificado que la información contable que contiene el citado informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2009. Nuestro trabajo como auditores se limita a la verificación del informe de gestión consolidado con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de Naturgas Energía Grupo, S.A. y sociedades dependientes.

KPMG Auditores, S.L.



Juan José Llorente
Socio

24 de febrero de 2010



Miembro ejerciente:
KPMG AUDITORES, S.L.

Año 2010 N° 03/10/00263
IMPORTE COLEGIAL: 88,00 EUR

Este informe está sujeto a la tasa aplicable establecida en la Ley 44/2002 de 22 de noviembre.



economic and financial information

NATURGAS ENERGÍA GRUPO, S.A. AND DEPENDENT COMPANIES

Consolidated Balance Sheets

31 December 2009 and 2008 (expressed in thousands of euros)

Assets	2009	2008
Non-current Assets	1,521,768	1,188,605
Intangible assets	696,823	643,147
Goodwill	677,208	622,808
Other intangible assets	19,615	20,339
Tangible assets	805,049	531,417
Property, Plant and equipment in operation	743,034	465,226
Property, Plant and equipment in course of construction	62,015	66,191
Holdings entered into accounts through holding method	2,365	1,882
Deferred tax assets	7,952	6,553
Non-current financial assets	9,579	5,606
Loans and other non-current accounts outstanding	9,579	5,606
Current Assets	378,530	565,481
Stocks	25,220	40,741
Gas stocks	25,136	42,016
Other stocks	84	25
Depreciation allowance	-	(1,300)
Trade debtors and other current accounts outstanding	266,853	323,336
Current financial assets	67,083	190,233
Loans and other current accounts outstanding	63,741	189,865
Derivative financial instruments	3,342	368
Assets from current profit tax	399	468
Other accounts outstanding from the Public Administrations	9,081	7,566
Cash and other equivalent liquid means	9,894	3,137
Total Activo	1,900,298	1,754,086
Net Worth	2009	2008
Net Worth	1,462,529	1,351,692
From the controlling company	1,453,090	1,348,107
Subscribed capital	316,516	316,516
Premium on share issue	642,789	642,789
Other reserves	372,053	259,695
Other global results	1,307	(1,713)
Consolidated profit attributable to holders of Naturgas Energía Grupo equity	120,425	130,820
From minority interests	9,439	3,585
Non-current Liabilities	218,201	174,289
Deferred income	58,748	57,683
Provisions	11,464	11,166
Financial debt	-	531
Financial liability with credit institutions	-	531
Other non-current debts outstanding	2,473	1,503
Deferred tax liabilities	145,516	103,406
Current Liabilities	219,568	228,105
Provisions	11	1,138
Other provisions	11	1,138
Financial debt	1,628	3,210
Financial liability with credit institutions	416	462
Derivative financial instruments	1,212	2,748
Trade creditors and other accounts outstanding	217,929	223,757
Trade creditors	164,294	165,374
Liabilities from current profit tax	3,287	255
Other accounts payable to the Public Administrations	34,515	45,887
Other current liabilities	15,833	12,241
Total Net Worth and Liabilities	1,900,298	1,754,086

NATURGAS ENERGÍA GRUPO, S.A. AND DEPENDENT COMPANIES
Consolidated Profit and Loss Accounts

Corresponding to the financial years ending 31 December 2009 and 2008 (expressed in thousands of euros)

Assets	2009	2008
Ordinary revenues	1,031,441	1,333,474
Consumption of raw materials and consumables	(768,155)	(1,068,661)
	263,286	264,813
Other revenues	3,369	12,076
Employee remuneration costs	(23,714)	(23,761)
Work carried out by the Group for non-current assets	-	66
Supplies and services	(44,175)	(43,792)
Other operating expenditure	(13,753)	(19,451)
	185,013	189,951
Amortisations and provisions	(37,640)	(37,361)
Variations in provisions for contingencies and expenditure	(558)	(472)
Capital grants and other deferred income transferred to the result	3,250	3,200
Operating Profit	150,065	155,318
Result of integrated companies by the holding method	524	575
Result through disposal of financial investments	387	92
Financial revenue	7,804	14,753
Financial expenses	(1,080)	(2,900)
Pre-tax profit from ongoing activities	157,700	167,838
Paid out in income tax	(37,063)	(36,456)
After-tax profit from ongoing activities	120,637	131,382
Net Income for the Financial Year	120,637	131,382
Minority interests	(212)	(562)
Profit attributed to holders of Naturgas Energía's equity instruments	120,425	130,820
Basic profit per share, in euros	38.05	41.33



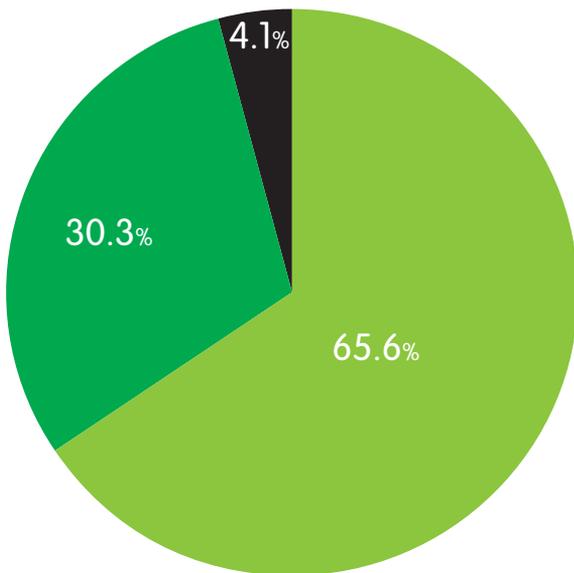
shareholding structure





shareholding structure

In 2009, there was no variation in Naturgas Energía's shareholding structure. The breakdown of shareholders and percentage of shares as of 31 December was as follows:



- HC Energía (EDP Group)
- EVE (Basque Energy Board – Government of the Basque Autonomous Community)
- Donostia-San Sebastián City Council





decision-making bodies

72	BOARD OF DIRECTORS
72	SENIOR EXECUTIVES
72	MANAGERS





decision-making bodies

BOARD OF DIRECTORS

Chairman

Manuel Menéndez Menéndez

Deputy Chairman

Francisco Javier Garmendia Martínez (*)

Second Deputy Chairman

João Manso Neto

Chief Executive Officer

Fernando Bergasa Cáceres

Members

José Ignacio Arrieta Heras

Jorge Cruz de Morais

Melchor Gil Llanos (*)

José Ignacio Hormaeche Azumendi

Carlos Mata

Julián Ortiz Arruabarrena

Massimo Rossini

Non-board member secretary

Olatz Fernández Elejalde (*)

(*) Francisco Javier Garmendia Martínez replaced José Ignacio Zudaire Arana in July, and Melchor Gil Llanos replaced Joseba Alcalde Amutxategui. Olatz Fernández Elejalde replaced Mario Fernández Pelaz in September

SENIOR EXECUTIVES

Chairman

Manuel Menéndez Menéndez

Chief Executive Officer

Fernando Bergasa Cáceres

General Manager of B2C Marketing and Sales

Ricardo González Santander

General Manager of Liberalised Businesses

Enrique Palomino Bilbao

General Manager of Regulated Businesses

Juan Ramón Arraibi Dañobeitia

General Manager of Operations

Cristina Ávila García

Chief Officer of Internal Auditing and Risk Control

Alejandro López Díaz

Chief Officer of Naturgas Energía Servicios

Paulo Cesar Ribeiro

Chief Officer of Resources and Relations with the Institutions

Rafael Careaga Arlunduaga

Chief Economic and Financial Officer

Francisco Granjo

General Manager of Cantabria

José Alonso Uría

General Manager of Levante (Alicante, Castellon, Murcia & Valencia)

Yolanda Etxauri Martínez

MANAGERS

Administration, Finances and Tax

Mikel Álvarez Garay

Environment, Sustainability, Innovation and Quality

Asunción Ortiz Tajada

Customer Service

José Antonio Ruzafa Gómez de Segura

B2B Outside the Basque Country <50 Gwh

Luis Álvarez de Velasco

Quality, Environment and Occupational Hazard Prevention

Ramón Portilla Larrañaga

Communication

Iñaki de Rojo Ruiz

Control of Transactions, Consolidation, Liquid Assets and Purchases

José María Ruiz Correa

Development and Commercial Control

Cristina Arana Zubimendi

Value-added Companies and Services

Xabier Artolozaga Gondra

Expansion of Regulated Businesses

Álvaro Marcé Landeta

Gas Mérida

Jon Arrieta Echebarría

Large B2B Accounts > 50 Gwh

Gonzalo Castañeda Fernández

Engineering

Javier Zuazo Arana

Maintenance

Andrés Carrasco Fernández

Marketing B2C

Yone Aldasoro Llamas

Distribution Operations

Ernesto Fernández Colas

Transport Operations

Javier Bermejillo Eguía

Energy Planning and Management

Juan Redondo López

Human Resources

Michel Lopategui Artagoitia

Regulation and Development of the Regulated Business

Mauricio Alvarez Gutiérrez

Relations with the Institutions

Antonio Oña Arrausi

Physical Security

Eduardo Esteban Gómez

Legal Services

Pelayo Echevarría Ybarra

Technical Services

José María Pipaón Badiola

Information Systems

Gonzaga de la Sota Ortúzar

Commercial Support

Ana Abeledo Costa

B2C Sales

Marta Díaz Gallego