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• To begin our conversation and by way of introduction, we would like to know a little about your professional career, particularly in the electrical sector.

Although I began my professional career in the petroleum sector, as you know I held the posts of General Director of Energy first, and next as Commissioner of Energy up until 1982. Those years were particularly decisive for all sectors, including the electrical one, because it was then that strategies were designed to respond to the oil crisis and these are still essentially valid today.

Subsequently, I had the fortune of being a member of the Board of Directors of Iberduero, Unión Fenosa, and FECSA (Spanish Electric Companies).

Since February of 1987, I have been Chairman of FECSA, which has made it advisable to resign as a member of the Board of Directors of other Electric Companies. As Chairman of FECSA, I have been able to lead the firm through a very important stage in the life of a major Spanish Electric Company, during a period featuring profound, positive changes in the Sector's structure and performance.

Thus, I would say that I have had and still have strong ties to the Sector and that my record could be qualified, if not as brilliant, at least as extensive, and I have always been in a position that has enabled me to have first-hand knowledge not only of the fundamental problems and expectations, but also of daily management demands.

• On the basis of your profound knowledge of the Spanish electric sector, what is your evaluation of the present situation?

After the latest asset exchanges and the decisions very recently adopted as regards the Stable Legal Framework, which culminate a stage in which the sector has attempted to adopt business strategies, largely at the initiative of the Companies themselves, that allow them to meet the challenge of the Interior Energy Market and increased competition within their areas of operation from a position of solvency, it can be affirmed that the sector has responded very positively in recent years in order to solve one of its basic problems, i.e. definitive reorganization of its financial base.

Therefore, I think that the sector is in good shape from a structural point of view, although paradoxically this positive culmination has come at a particularly critical time in our economy.

In this respect, it could be affirmed that the Sector, in collaboration with the Administration, has already done almost all it should do from a strictly sectorial point of view to adapt to new market conditions. From now on, what it needs is to benefit from structural reforms of another nature, such as job market reform, that should be made in order to overcome the crisis.

*• **1993** was characterized by several very concrete circumstances that logically had an influence on the sector's behavior, such as the marked economic crisis, devaluation of the peseta, considerably more rainfall than in previous years, etc.*
Even though all the year's data are still not available, what effect have these and other exceptional situations had on our country's electrical sector?

Our sector is no more or less vulnerable than any other to the economic and even the meteorological conditions of the arena in which it operates. Circumstances beyond the control of management can have a decisive influence on earnings, but this does not mean that there are no effective ways to reduce the negative impact of external conditions.

Service companies such as ours cannot remain sheltered from the consequences of a delicate economic situation that affects them but also their customers.

Indeed, we are witnessing a drop in our market in terms of physical units consumed. Electric energy consumption in 1993 will in the end show negative growth. In spite of the corrective mechanisms of the Stable Legal Framework, this inevitably tends to depress earnings.

The accumulated impact of three devaluations in 1992 and 1993, as well as the downward slide of the peseta after the modification of SME norms, have been particulary intense in a sector that, in spite of having learned to attune its financial management, cannot completely do without foreign debt. In 1993, this impact may be of the order of 210,000 million pesetas, of which only a small portion will be compensated by the lower interest rates in pesetas being established on the financial market.

As regards the drought, 1993 was a better year than 1992 but it is still far from the average hydraulic year. The impact on the sector of this imbalance between the 1993 hydraulic reality and the theoretical assumption will probably be of the order of 40,000 million pesetas.

At year's end, these facts will have contributed to reducing the sector's earnings, but in compensation they will have helped to accelerate the pace of positive changes that have been made, providing a considerable incentive for us.

• What is your opinion of the Electric Sector Law pending approval? What medium- and long-term repercussions will it have on sector companies and on the consumers?

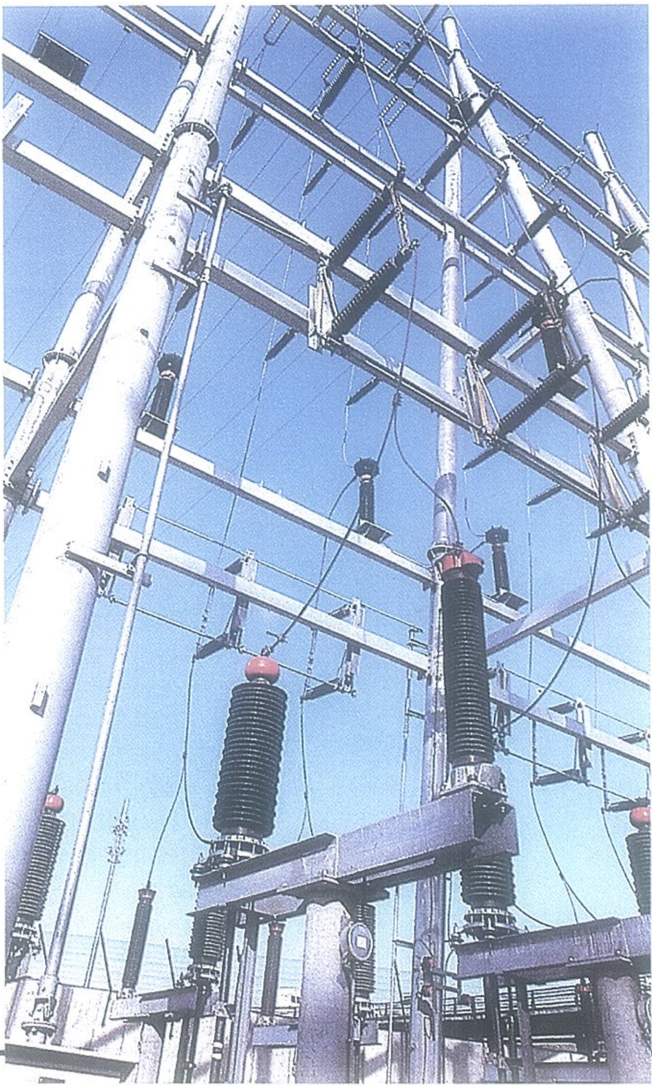
The essential issue envisaged by the new Law is to separate production businesses on one hand from transformation and distribution firms on the other for purposes of accounting. This separation is a necessary result of the criteria supported by community institutions.
This should be done with full guarantees so that it really is possible to accurately distinguish the costs corresponding to each function of the sector's industrial and commerical cycles, but also with utmost caution so that this clarification does not result in induced cost increases or in the breakdown of the sector's industrial groups, which could affect financial solvency or unnecessarily complicate management.
I am convinced of the fact that since this Bill has gone through two successive periods of maduration as a result of the elections on June 6, this will undoubtedly have a positive effect on its rationality and ability to fulfill the goals that should be pursued.

On the other hand, it seems that the new Law will pay special attention to matters related to service quality, which will benefit the consumers.

*• **The** Spanish nuclear plant generates over 35% of our country's electricity with a load factor far above the worldwide average. However, the National Energy Plan (NEP) last year extended the moratorium on units under construction. In your opinion, what is the current role of nuclear power in Spain and what are its medium- and long-term perspectives?*

The nine nuclear units currently in service are in fact operating with very high levels of reliability and safety and with load factors exceeding 87%. The radiological monitoring plans prove that the installations have had an insignificant impact on the environment.
Thus, it is obvious that we can feel reasonably satisfied by the operating quality of Spanish nuclear power plants, which make a decisive contribution to our energy balance. Along these lines, I have do doubt that we will end up reaching a level of "excellence" that should lead to a greater degree of acceptance by public opinion of this indispensable source of power.
There are no provisions in the NEP for construction of new plants, nor does it seem necessary in the short run on the basis of evolution of demand. However, in the long run, in addition to extending the present nuclear plant's effective lifetime, there is a possibility that new construction will become necessary.
When that time arrives, we should have made sure that Spain has the new technologies that are being developed in this field in order to increase safety levels. The best way of ensuring this availability is to participate in development initiatives within an international framework. It makes no sense whatsoever for Spain to turn its back on technological development in this field.

*• **With** regard to the preceding point, could you elaborate a little on these development initiatives for new nuclear generation options and how the electrical sector has reacted to them?*



At present, in the international arena, there are programs for developing projects that can go into commercial operation before the year 2000. The primary objectives of these projects are continuous improvement of safety and simplicity of design and operation, which should lead to plants that are more widely accepted by the public, easier to operate, and more cost competitive.
The Sector is adapting its performance to the contents of the document entitled "Global Strategy of the Electrical Sector in Advanced Nuclear Power Plants", which has been prepared in accordance with NEP guidelines in line with the Administration's suggestions.
The overall program will involve an investment of some 7,000 million pesetas. In addition to the Administration and the Sector, national industrial firms and foreign technology will participate in this effort.
The Spanish Electrical Sector is participating in the North American passive safety plant program, and also in the European advanced plant program. These two programs are seemingly the best suited to Spanish medium- and long -term requirements in this field.

*• **You** will be taking over as Chairman of UNESA next January. What are your projects for this forthcoming period?*

As an institution, UNESA has a brilliant record of Chairmen who have been able at all times to correctly interpret the sector's needs, keep the Sector's channels of communication with the Administration and with society open, and actively collaborate in establishing the conditions that the Sector required.
In view of this fact, I believe that the best project for this Chairmanship is to maintain the level of efficiency and performance attained by those who have preceded me in this post.