

PRESS RELEASE

Luxembourg and Perpignan
6 October 2011

EIB, Inelfe, RTE and REE sign EUR 350m loan contract to finance construction of France-Spain power interconnector: first trans-European direct current link using innovative technology

The European Investment Bank (EIB) has undertaken to participate in financing the France-Spain interconnector, the first trans-European direct current link using innovative converter technology, with a EUR 350 million loan to the two operators of the French and Spanish power grids, RTE and REE. A quadripartite agreement was signed on Thursday 6 October 2011 by the EIB, Inelfe, RTE and REE, represented by EIB Vice-Presidents Magdalena Álvarez and Philippe de Fontaine Vive, Inelfe's Chairman, Carlos Collantes, RTE's Deputy Director General responsible for finance, Philippe Dupuis, and REE's Finance Director, Teresa Quiros. The signing ceremony was held at the headquarters of the prefecture in Perpignan (France).

The new power interconnector between France and Spain is unique: this is the first time in Europe that an electricity link of this power is using innovative VSC (voltage source converter) technology with the ability to convert alternating to direct current very rapidly. The major advantage of direct current compared to alternating current is the possibility of building a very long underground link.

This is a major innovative project: the new line will connect the municipalities of Santa Llogaia (near Figueras) and Baixas (near Perpignan) and will be laid entirely underground in 64.5 km of trenches (31 km in Spain and 33.5 km in France). The section crossing the Albera Massif (Pyrenees) will be laid in an 8.5 km tunnel alongside those of the Perpignan-Figueras high-speed rail line.

The primary purpose of this new interconnection is to double electricity exchange capacity between Spain and the rest of Europe from 1 400 to 2 800 MW. Specifically, the project will:

- improve the reliability of the European power supply system;
- enhance the security of supply for the French and Spanish power grids;
- at the local level, improve the quality of the power supply for the inhabitants of the Roussillon and Ampurdán regions;
- promote the production and commercialisation of electricity from renewable energy sources;
- better integrate the Iberian market into the European electricity market, improving competitiveness and impacting positively on electricity prices in Europe;
- supply the Spanish section of the future Perpignan-Barcelona high-speed rail line;
- foster economic and social development in the municipalities either side of the border with substantial benefits for local businesses and employment during the construction of the interconnector.

The commercial launch of the interconnector is scheduled for 2014.

The total budget is EUR 700 million.

The power interconnector is also receiving a EUR 225 million EU grant under the European Energy Programme for Recovery.

Note for editors:

European Investment Bank (EIB)

The European Investment Bank is the EU's financing institution and is tasked with providing long-term loans to support investment projects. In 2010, its total financing amounted to EUR 71.8 billion.

Promoting secure, competitive and sustainable energy is one of the EIB's priority actions. In 2010 it devoted EUR 14.4 billion throughout the European Union.

RTE

RTE is the operator of the French electricity transmission network. A public utility, it is responsible for operating, maintaining and developing the high voltage and extra high voltage grids. It guarantees the smooth operation and security of the electricity system.

RTE channels electricity from French and other European suppliers to consumers – both electricity distributors (ERDF and local distribution companies) and industrial users directly connected to the transmission network.

With 100 000 km of 63 kV to 400 kV lines and 46 cross-border connections, the network managed by RTE is the biggest in Europe. RTE had a turnover of EUR 4 396 million in 2010 and has 8 500 employees.

REE

Red Eléctrica de España (REE) is the company responsible for the smooth operation of the high voltage electricity transmission system in Spain. It is in charge of the Spanish electricity system (mainland Spain and overseas territories). Its mission is to ensure the continuity and security of the power supply and the proper coordination of the generation and transmission systems at all times.

As the operator of the Spanish grid, REE has exclusive responsibility for transmitting electricity from the production sites to consumers throughout Spain.

Inelfe

*Inelfe (**IN**terconnexion **EL**ectrique **F**rance **E**spagne) is a joint venture owned 50:50 by RTE, the operator of the electricity transmission network in France, and its Spanish counterpart, Red Eléctrica de España. It was set up in October 2008 following the Zaragoza agreement between the French and Spanish Governments signed on 27 June 2008, and its purpose is to construct the new electricity interconnection line between the substations of Baixas (France) and Santa Llogaia (Spain). Once the link has been built and the operational tests carried out, the interconnection will be sold back to the operators of the French and Spanish grids, RTE and REE. The commercial launch of this new power line is scheduled for 2014.*

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