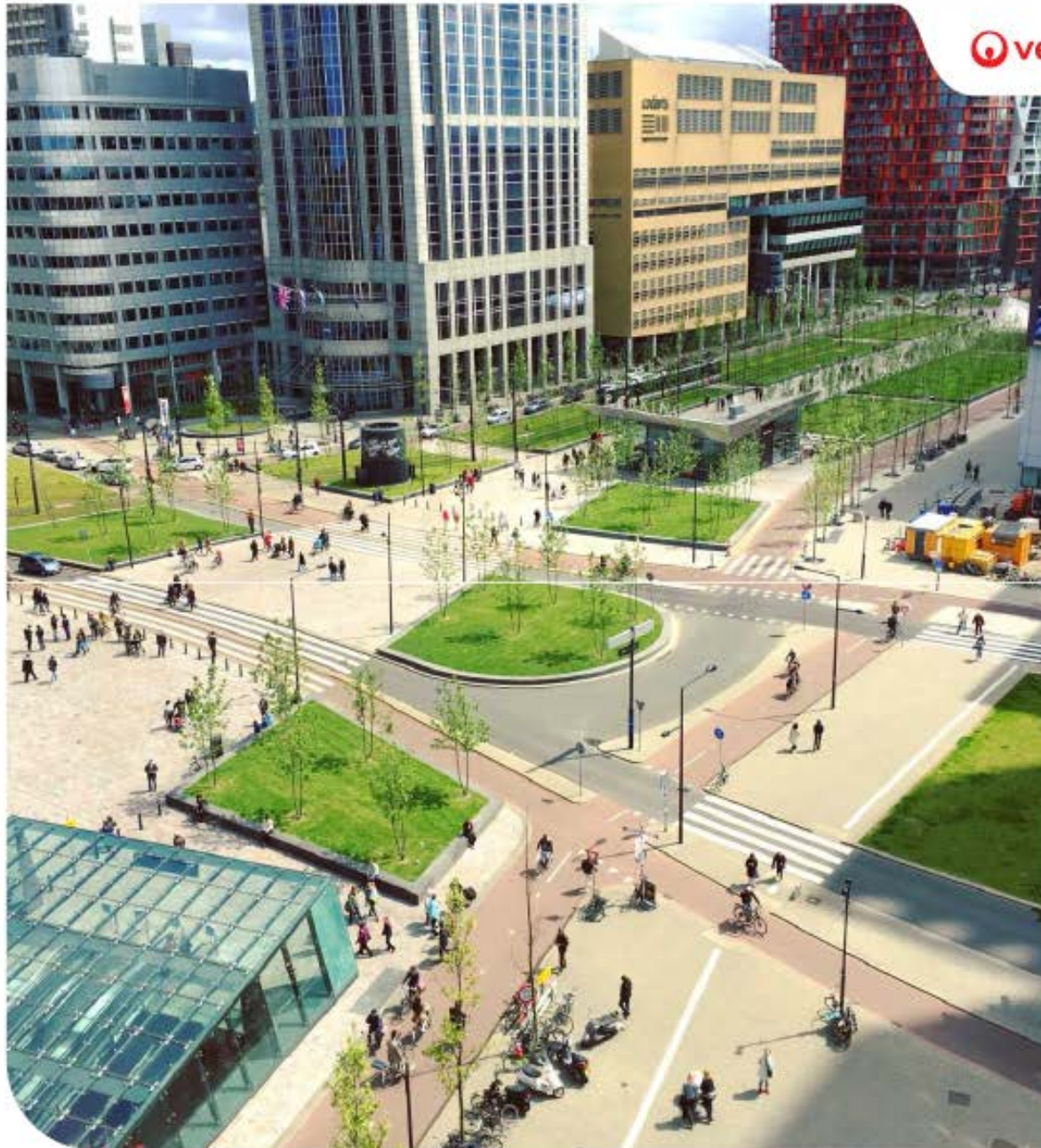




Global District Energy Days 2018

EEKLO CASE PRESENTATION

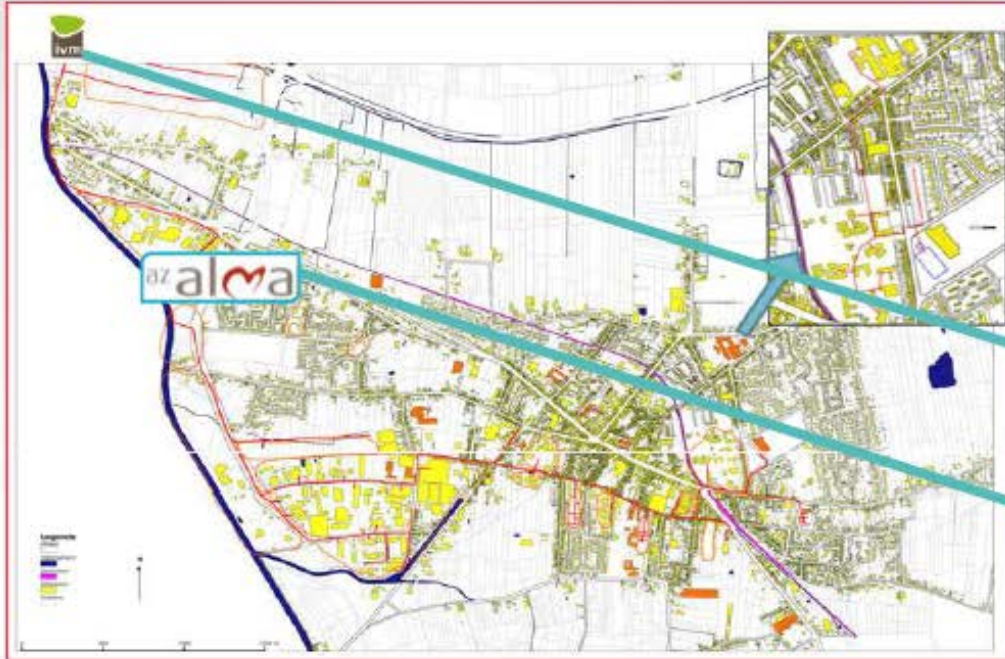




CONTENT

- Introduction
- Challenge: 30% citizen participation
- Solution: comfort through 2-phase decision process
- Way to the solution: explaining, explaining, explaining
- Why DHN Eeklo is an innovative setup
- Conclusion

Introduction to the Eeklo DHN Project



- City of Eeklo
- Tender for excl. concession of 50 years (30 + 10 + 10)
- For a district heating network with:
 - use of waste heat (almost) for free (waste heat potential of 100GWh/y)
 - use of existing large hospital plant as back-up (7,5MW)

FINANCIALS :

	Base Case (small DHN set up)	RFQ case (full DHN)
Length in km	5,6	30
Capex in K€	7.876	30.941
Turnover in K€	1.466	4.639

Challenge: 30% citizen participation



- No confidence in Veolia
- ICA principle: one man one vote
- Minor technical and legal knowledge
- Limited knowledge of financial aspects



- No cooperative knowledge
- One share, one vote
- Technically and legally strong
- Need to consolidate the SPV (group wants more revenues)

Solution: comfort through 2-phase decision process

Decision making in two steps:

1

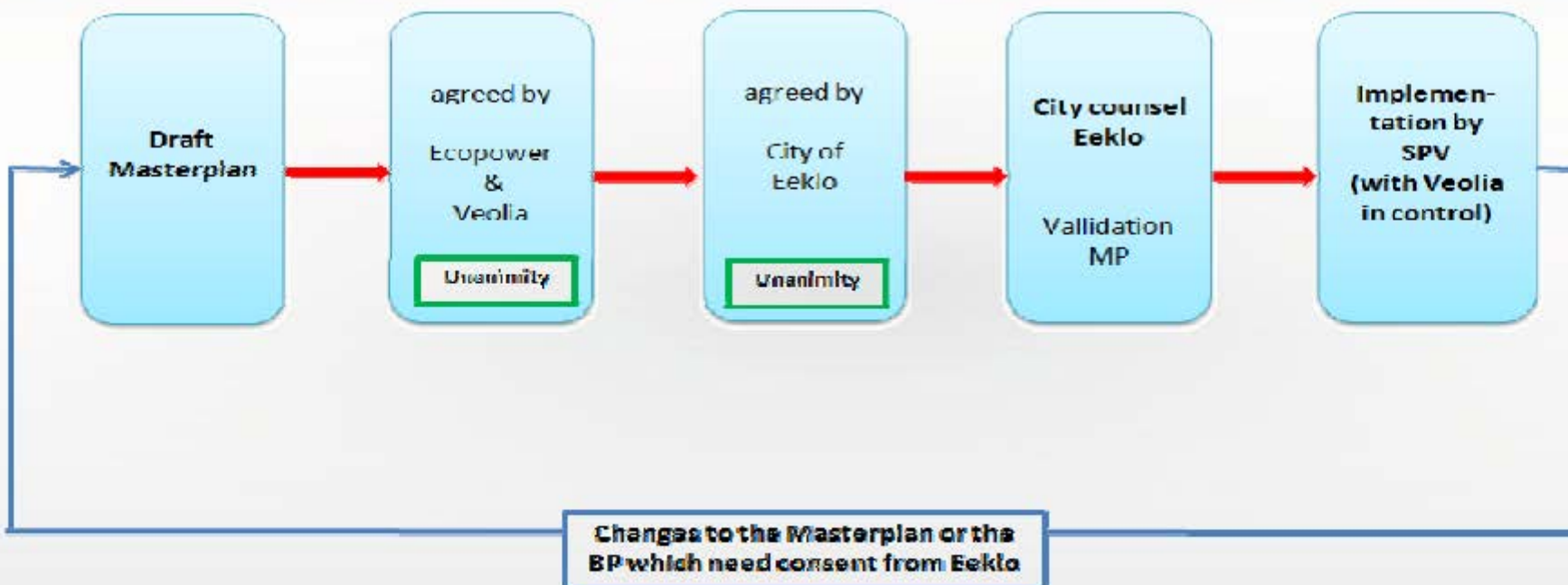
GENERAL SET UP AND
MAIN CONTRACTS

→ UNANIMITY

2

IMPLEMENTATION BY SPV

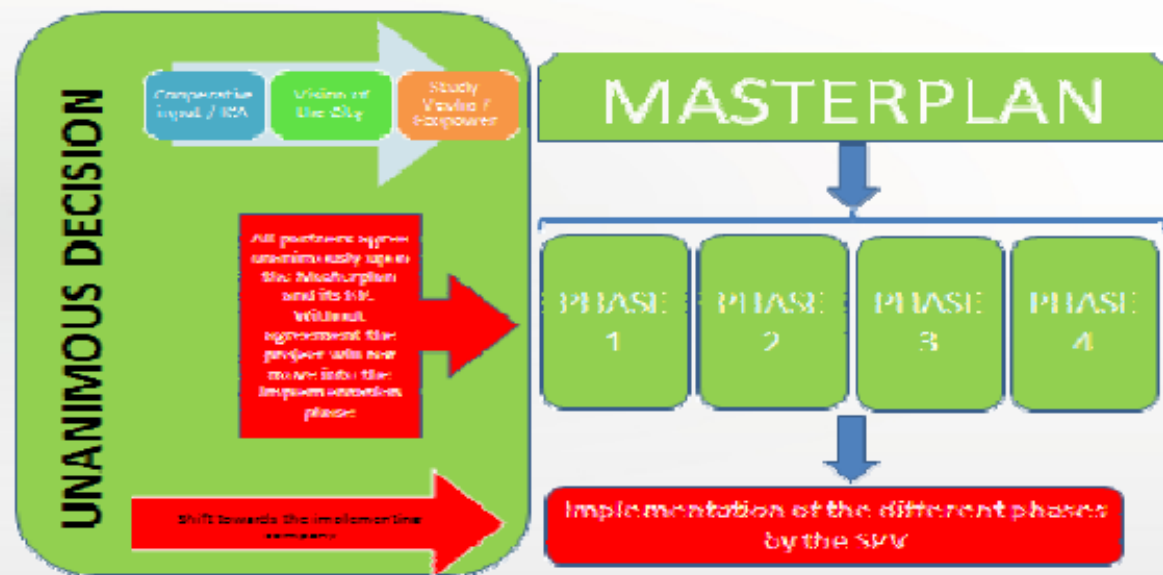
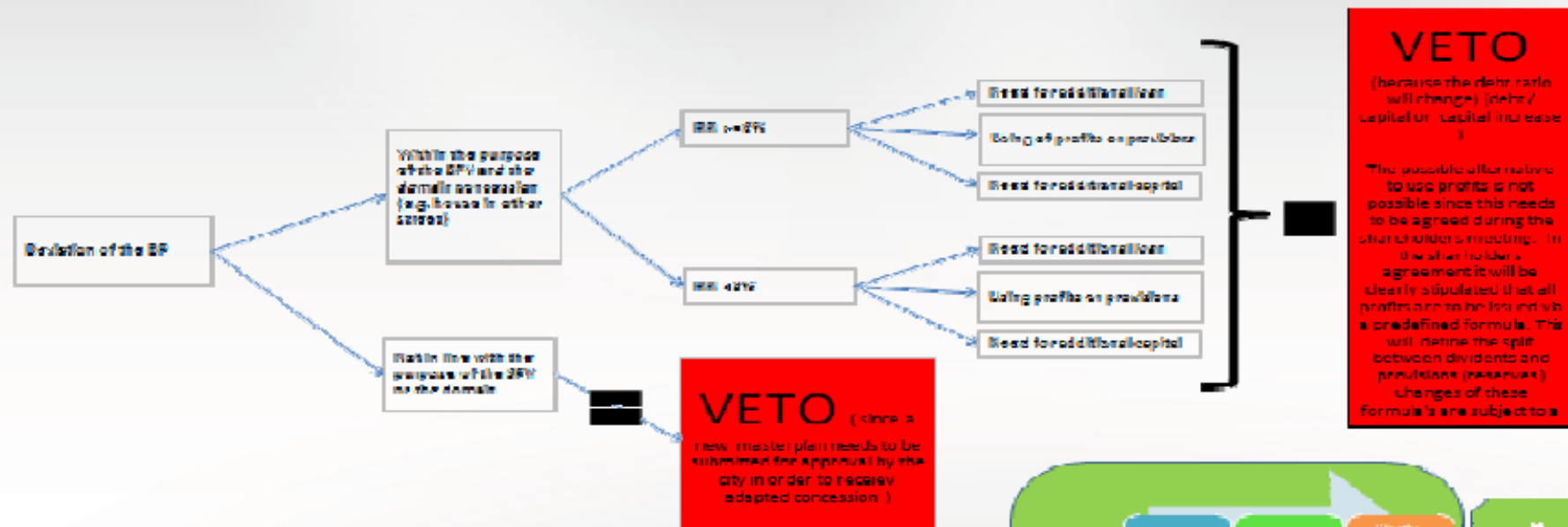
→ WITH VEOLIA IN
CONTROL



Way to the solution (1)

	Action or decisions by the SPV	Full control of Veolia in meeting 2 (no veto of <u>Ecopower</u>, only advice)	No meeting 2-regime (de facto veto for minority shareholder)
1.	<i>Decisions on how to maintain the District Heating Network (DHN)</i>	x	
2.	<i>Any investment within the scope of the BP, but not foreseen in the BP to replace existing infrastructure of the DHN exceeding EUR 1 Million</i>		x
3.	<i>Final decision whether or not to put tubes(limited through concession agreement)</i>	x	
4.	<i>Putting tubes in another <u>neighbourhood</u></i>		x
5.	<i>Serving another street than planned in the same <u>neighbourhood</u></i>	x	
6.	<i>Left or right of the street</i>	x	
7.	<i>Investment not foreseen in the BP, outside the scope of the domain concession, or outside the social purpose as set out in the statutes</i>		x
8.	<i>Additional investments not foreseen in the BP and exceeding 50K Euro and which another company placed in the same circumstances would not reasonably take</i>		x
9.	<i>Overrun of total operating costs foreseen in the BP with more than 100k€</i>		x

Way to the solution (2)



Why DHN Eeklo is an innovative set up

- **Public participation is fashionable in infrastructure works**
 - For public authorities to impose
 - For private companies to seek local acceptance

→ It remains, to date however, an uncommon practice. In this case, we succeeded.
- **Allows to bypass the incumbent DSO (intermunicipal companies)**
 - the public authorities find confidence that the SPV will take into account public interest and take care of permanent availability of the assets/projects.

Conclusion

- The mix of a cooperative partner and industrial partner is possible:
 - **Lessons learned:**
 - Do not underestimate their distrust in arguments based on financial / accountancy rules
 - **TO Do's**
 - We listened to their worries and needs
 - We convinced them to invest time and effort in understanding our proposed solution
 - We clarified our solution until it was “dummy proof”