



# Eneco, at the heart of society

Annual Report 2012 Eneco Holding N.V.



# Dilemmas

In our daily operations, we encounter issues that slow down the realisation of our ambitions. When this happens, we try to find a solution and discuss alternatives with the chain partners. Issues that we encountered in 2012 include the following.

## Sustainable production capacity

Various factors have a limiting effect on the development of wind projects. In Belgium, the Council of State takes a long time, approximately three years, to process appeals, while the validity period of the permits is shorter. In the Netherlands, there is great uncertainty with respect to the awarding of subsidies under the SDE + subsidy scheme. This results in uncertainty about the financing and the timely realisation of wind farms. We exert our influence to improve the preconditions for investing in sustainable energy. Policy consistency, by continuing the SDE + subsidy scheme in the Netherlands and making improvements to this scheme each year, is the most important message in this respect.

## Chain responsibility

Some product categories have a higher than average risk profile. One example is the purchase of solar panels. Our suppliers (Astronergy, CSUN and Yingli) have been carefully selected by Eneco and are seen as progressive organisations within the sector. Because they operate in China, extra attention is paid to quality, social and environmental aspects. Although Eneco is a relatively small customer for these vendors, we were able to negotiate warranties and supply conditions. All our suppliers have now agreed to our conditions and score sufficiently high on our sustainability scan. The large distance makes it difficult to carry out regular checks to determine if the conditions are being complied with. In order to realise a sustainable supply chain, we have guaranteed compliance by engaging the services of a local agency and by making use of the purchasing power of wholesale companies (IBC Solar and Energiebau).

## Security of supply

A growing concern with respect to the condition of our networks are the damages resulting from excavation activities by third parties, which are the cause of one third of supply interruptions. Stedin aims to prevent this as much as possible and has campaigned to draw attention to this issue together with Netbeheer Nederland (Association of Energy Network Operators in the Netherlands) and construction and infrastructure trade organisation Bouwend Nederland.

## Investing in infrastructure

Generating energy together is one of the three themes of our strategic framework. Smart grids are an important condition for the development of the local generation and two-way exchange of energy. The challenge in this respect is that the possibilities for short-term adaptation of a comprehensive infrastructure, such as the gas and electricity infrastructure, are limited. The corresponding depreciation periods are long and there is uncertainty with respect to market developments. Rapid development of the energy market is required to achieve the ambitions included in the government coalition agreement for a 100% sustainable society in 2050. We foresee a substantial increase in local sustainable energy production and take into account the possibility that, in time, electricity in combination with new electric applications will replace gas. It is highly uncertain whether the necessary adjustments to the infrastructure can be realised if the level of investments remains constant.

## Reduction of CO<sub>2</sub> emissions own business operations

Reduction of the CO<sub>2</sub> emissions from our business operations can mainly be achieved in the area of mobility. The fuel consumption of the vehicle fleet that we require to carry out activities on the energy networks accounts for more than 85% of our footprint. A pilot study has shown that the main bottleneck is the limited availability of filling stations that supply green gas, Eneco's preferred fuel, in the area where we carry out most of our network activities. There is a larger number of filling stations that supply natural gas (CNG), but CNG is only 10% cleaner than diesel. Despite the previously mentioned restriction, we still consider green gas to be the only possibility to improve the sustainability of our vehicle fleet, since electric vehicles are not readily available.