

Model 4

Regional Energy Services Company Vlaams Energiebedrijf - VEB

Belgium

OWNERSHIP	PUBLIC
Program authority	Vlaamse Overheid (Flemish Region)
Program Delivery unit	Vlaams Energiebedrijf NV
Implementation Model	Central Purchasing of Energy (Energy Supply Contracting) Energy Performance Contracting (EPC)
Operating Services	Marketer Facilitator Aggregator Assessor
Projects Financed	Energy Efficiency (buildings) Other (infrastructure)
Ambition/targets	Energy Efficiency: Targeting 1200 public buildings and organisation in Flanders and achieving 25% energy savings
Beneficiaries	Public organisations in Flanders
Funding Vehicle	ESCOs Property Owners Financial institutions
Financial Instruments	EPC Financing Equity/Own funds Loans

Summary

The “*Vlaams Energiebedrijf NV*” (VEB), a Flemish External Independent Agency under the form of a Publicly owned Limited Company, was incorporated by the Flemish Government in 2012. VEB's existence and incorporation has been highly driven by the political situation in Belgium since 2009 (e.g. transfer of federal competences to the regions) and is the result of certain Flemish political parties' desire to create a Flemish alternative to the existing incumbent energy company in Belgium.

VEB's purpose from the beginning was to facilitate, deliver and coordinate energy services to realise energy efficiencies in public buildings, to facilitate or be a player in the electricity (green and/or decentralised production) and gas market (cogenerating) or the electricity and gas delivery market and to facilitate or be a player in the market of Green Certificates and Cogeneration Certificates.

Since the incorporation the scope of its ambition and activities has been changing and today the VEB's focus is on being a Central Purchasing body for energy, on facilitation of Energy Efficiency investments of the Flemish public institutions both central as local.

As a central purchasing body it targets 30% share of the Flemish public institutes and has the ambition to generate, after 3 years, 40M€ yearly energy savings with these targeted Flemish authorities.

As to its energy efficiency programme the VEB is targeting 1200 Flemish public buildings with a current energy baseline of 100M €. The VEB aims at achieving 25% energy savings from energy efficiency measures, or €25M of yearly savings.

VEB went really operational in the course of 2014 and today it counts about 60 customers for group purchasing of energy (about 8% of the market) and it reached for the 1st quarter of 2015 annualised savings of 12M € (9,8M € energy and 2,2M € admin/billing expenses), or 20% savings on the energy bill.

Recently VEB managed to successfully complete the tender of a building energy efficiency project (Energy and Maintenance Performance Contracting (EMPC model) and was in the process of tendering 2 other projects.

How does it work?

Energy Supply programme

- Flemish public sector organisations interested in decreasing their energy bill can adhere to VEB as Central Purchasing Body for the Flemish authorities without having to go through a public tendering process.
- The VEB becomes the energy supplier of the Flemish public organisation once the existing energy delivery contracts have been transferred to the VEB. It will buy or produce energy and will charge it at cost to its public customers.

Energy efficiency programme

- Flemish public sector organisations interested in achieving energy savings through Energy and Maintenance Performance Contracting (EMPC) can apply for the services of the VEB.
- The VEB, in its role as facilitator, will then support the organisation through the whole process from baseline definition and analysis up to the tendering of the project and contract negotiation. The VEB can also support the organisation during the implementation phase and operations.
- Through the application of standardised quotes and contracts the VEB guarantees its customers shortened lead times.
- The chosen ESCO installs the energy efficiency measures or, if applicable, carries out the retrofit works and delivers the service. During an agreed period of time, often around 10 years, the building owner or public organisation uses part or all of the energy savings to remunerate the ESCO for its services and the upfront investment. After the contract period the public organisation has the full benefit of the energy savings.

- Make Flemish Region buildings more energy efficient through facilitation of energy efficiency projects by inventorying the energy consumption in Flemish public buildings and by enabling the rational use of energy through EPC contracting and pooling of buildings
- Deliver (cheaper) energy to the Flemish authorities through group purchasing (Central Purchase Body model)

VEB got an initial paid-in equity of 50M€.

Currently VEB has 16 staff of whom the vast majority is dedicated to operating the central purchasing of energy function. Yearly operating costs for energy efficiency are currently rather low as VEB is in its early stage of facilitation of energy efficiency in public buildings. It recently managed to successfully tender its first EPC/ESCO project for its customer OPZC Rekem (Psychiatric centre).

Legal structure	<i>Extern verzelfstandigd agentschap in de vorm van een Naamloze Vennootschap</i> (Flemish External Independent Agency under the form of a Publicly owned Limited Company)
Shareholder description	Public
Equity	50M €
Shareholders	PMV - <i>Participatiemaatschappij Vlaanderen</i>
Program dedicated staff	High – 16 FTE, but only a few dedicated to EE
Program operational costs	Moderate

Organization and partnerships

Vlaamse Gewest (Flemish Region) : program owner and political initiator, control of VEB through PMV (Flemish Region is sole shareholder of PMV)

Participatiemaatschappij Vlaanderen (PMV): Is an investment company and majority shareholder of VEB since May 2015. Has taken over the role of investor of the VEB since 2015.

Vlaams Energiebedrijf (VEB): developed the staff, procedures, tools and services for the program. Offers the program delivery unit services: marketing and promotion, project facilitation, aggregation and energy services provision.

Beneficiaries

Beneficiaries	Flemish authorities Local authorities
Type of projects	Energy Efficiency in buildings Other (infrastructure)
Operational support	Projects facilitation through the project delivery unit
Financial support	Projects facilitation costs charged at cost

Funding mechanism

Program delivery unit	VEB has been funded by the shareholders (Flemish Region) and has
------------------------------	--

funding	currently 50M € equity
Projects Funding	Projects are mostly being funded by the beneficiaries own funds or possibly by the ESCOs.
Funding Vehicle	ESCOs Property Owners Financial Institutions
Fund size	Not applicable
Fund type	Not applicable
Fund sources	Not applicable
Financial Instruments	EPC Financing Equity/Own funds Loans

Results

VEB shows the following results as of May 2015:

Energy supply:

March 2015: delivery volume of 800GWh (385 GWh electricity and 415 GWh gas) to 57 customers (CPB-model) or 8% of total market.

May 2015: savings of € 12M in 2015 (9,8M € energy and 2,2M € admin/billing expenses), or 20% savings on energy bill

Energy efficiency:

VEB has one building energy efficiency project with OPZC Rekem (Psychiatric centre) successfully tendered based on the EMPC model. Currently it is in the process of tendering 2 other projects (*De Vlaamse Opera* (Flemish Opera) and *BLOSO Gent* (Regional Sports administration of Flemish authorities)).

Contact details

Vlaams EnergieBedrijf

Tour & Taxis

Koninklijk Pakhuis 301 (4e verd.)

Havenlaan 86C

1000 Brussel

+32 2 421 32 00

info@vlaamsenergiebedrijf.eu

www.vlaamsenergiebedrijf.eu

Factsheet

General Info

Country	Belgium
Model Name	Regional Energy Services Company Vlaams Energiebedrijf –VEB (Flemish Energy Company)
Date of creation	2012

Model Description

Onwershship	Public
Program authority	Flemish Region
Program delivery unit	VEB - Vlaams Energiebedrijf
Operating services	Marketer Facilitator Aggregator Assessor
Implementation model	Energy Performance Contracting (EPC)
Types of projects financed	Energy Efficiency in buildings
Beneficiaries	Flemish authorities (regional) Other local authorities within Flemish Region
Geographical coverage	Regional (6,4 M inhabitants)

Financial Mode Description

Project funding	Public
Project funding vehicle	ESCOs Property owners Financial institutions
Financial instruments	EPC Financing Equity/Own funding Loans
Repayment model	Shared Service Agreement Guaranteed savings agreement

Project risk Profile

Performance risk	ESCOs
Recourse	Unknown
Financial risk	ESCOs Property Owners

Model Requirements

Staff Requirements	Moderate Less than 10 FTE dedicated to Energy Efficiency
Equity or funding Requirements	Moderate Less than 5M €

Model Key indicators

Investment volume since creation	Unknown
Size of project (or project portfolio)	Unknown
Level of average energy savings	Unknown

Development maturity

Development/implementation stage	Growth
Operational development maturity	Growth
Financial development maturity	Low

Model Qualification

Level of establishment	Few examples
Growth of potential	Large
Scalability of the model	High
Replicability of the model	Moderate
Impact on public balance sheet	High

Sources

<http://www.vlaamsenergiebedrijf.eu/>

Crabbé Sven, Het Vlaams EnergieBedrijf. Drie pijlers, één focus, 03 February 2015

Goessens Inge, Energie aanpak eigen gebouwen: zelf doen? Energieprestatiecontract? , 07 May 2015

Gryffroy Andries, Het Vlaams EnergieBedrijf. Drie pijlers, één focus, Project ESCO Limburg 2020, 28 March 2014

Advies Machtiging oprichting Vlaams Energiebedrijf, published by Sociaal-Economische raad van Vlaanderen, 26 January 2011

Annual Accounts 2013, Jaarrekening 2013 Vlaams Energiebedrijf

Annual Accounts 2014, Jaarrekening 2014 Vlaams Energiebedrijf

Corporate Governance Charter, Vlaams Energiebedrijf, Meeting of the Board of Directors, 10 August 2012

Decreet houdende machtiging tot oprichting van het privaatrechtelijk vormgegeven extern verzelfstandigd agentschap NV Vlaams Energiebedrijf, Belgian Official Gazette, 10 August 2011

Energielevering Vlaams EnergieBedrijf: resultaten 1e kwartaal 2015 en vooruitzichten 2016, published by Vlaams EnergieBedrijf, 2015

Energierapport januari 2015, published by Vlaams EnergieBedrijf, 2015

Gedachtewisseling over het businessplan van het Vlaams Energiebedrijf, published by Flemish Parliament, 07 June 2013

Vlaams Energiebedrijf probeert doorstart te maken, article published in De Tijd, 09 May 2014