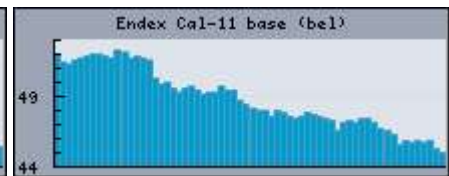
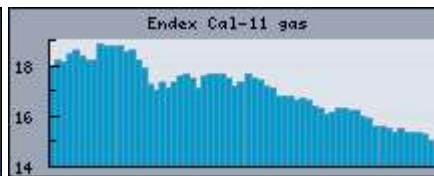
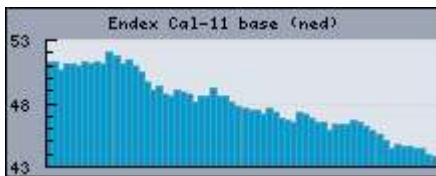


Benelux in Brief

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Energeia's daily on line news from the power-and-gas markets in The Netherlands and Belgium



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ING says no subsidies needed to make electric cars worthwhile investment

Electric cars are an interesting investment opportunity, even without subsidies or waiving the purchase tax (BPM), says Dirk Jan van Swaay, manager of Renewables at ING. That is: provided it becomes possible to swap and repair their batteries. Batteries cost as much as the cars themselves, and are therefore what makes electric transport expensive. "The battery is the deciding factor in the success of the electric car."

And ING is putting its money where its mouth is, said Van Swaay: "We are investing heavily - equity, debt, you name it. It's not for softies, our research shows electric transport to be a good and profitable model." Investment targets do not necessarily have to be companies in the traditional car sector, the banker said during a Flevum Roundtable dinner in Rotterdam.

As an example Van Swaay points to the representative from Cofely, a company he feels could do well out of electric cars by providing infrastructure and developing technical components. While Van Swaay declined to specify which companies can count on ING's support, he did say that they will be companies whose products are similar or lower in price than a comparable product for traditional combustion-engine cars. And that without government money, he noted: "If you provide structural subsidies, you invest in the wrong companies, and then one day it's all over."

Van Swaay made it clear that both he and ING believe in electric rather than hybrid cars or hydrogen-powered cars. His reasoning is simple: hydrogen technology is in its infancy and so is not competitive in terms of cost, while hybrid technology destroys energy efficiency due to the repeated topping-up of the battery. A battery should only really be charged - slowly - once it's completely empty. "Hybrid driving is killing for a battery. After three years it becomes all but useless."

Which is why Van Swaay would prefer to see batteries - which at EUR 13,000 to 14,000 are the most expensive and complex part of an electric car - kept out of the hands of consumers. "We believe in ownership by the manufacturer or a lease company," which would then hold responsibility for treating the battery properly and charging it correctly. He considers that a system whereby the empty battery is exchanged, as for example planned by Better Place, would have the best chance of success.

This would also require a system of smart networks, Van Swaay said. Centrally managed charging is the only way to prevent the grid from becoming overloaded. ING research showed that in 85% of cases all cars are filled up within 2 kilometres from home. Moreover, "hardly anyone" drives more than 80 kilometres a day, which means there don't need to be charging points everywhere. Which is in any case very bad for the battery and its lifespan.

Calculations suggest that replacing fossil fuels with electricity would lead to savings of "between EUR 15 bln and EUR 19 bln" at the pump, with the difference being due to duties and efficiency: an electric engine has 85% efficiency, while a combustion engine's is barely 20%. However the so-called well to wheel efficiency, which takes into account the coal needed to generate the electricity for the car, is only 20%. "But by using electricity from a turbine you bring it back up to almost 100%," the manager of Renewables hastened to add.

With such huge cost differences, Van Swaay is convinced that the days of the petrol car are numbered. The cost of batteries is coming down by around 20% a year, with ING expecting them to cost around EUR 12,000 by 2012. Constructions which keep ownership of the batteries away from the consumer will help further reduce the costs.

At the same time Van Swaay is well aware that production levels are still too low to enable Holland to switch to electric driving on a massive scale. "The first good electric cars will hit the market at the end of 2011, and in 2012 and 2013 it will really take off," he predicts,

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forecasting that by then around 100,000 electric cars will roll off the production lines, of which some 30,000 will be destined for Holland. "Over the next 10 years companies will have to take up positions." Which is exactly what ING is doing, by positioning itself as the bank for electric transport. That's where Van Swaay thinks the big money is, rather than in Renewables.

Some other guests at the dinner were a bit sceptical, saying the success of the electric car will be dependent on consumer decisions, which cannot be prescribed, or that combustion engines can be made 30% more efficient without compromising their performance. But Van Swaay impressed on all those present: "Now is the time to take position. Whoever takes the risk now will reap the benefit in 10 years' time."

New Energy Delta Plan calls for immediate halt to new conventional power plants

The sustainability committees of seven political parties in the Netherlands (the Christian democrats (CDA), Labour (PVDA), the left-wing green party (Groenlinks), left liberal D66, right-wing liberals (VVD), Christian centre (Christenunie) and Christian-right (SGP) have united in the New Energy Delta Plan. The plan is aimed at achieving a completely sustainable supply of energy in 2050 by increasing annual energy savings to 3% and upping the annual growth of renewable energy to 7%. During the presentation of the plan it quickly became clear that the parties are far from unified and that VVD and CDA do not have much political faith in the plan. It is unlikely that the plan will be swept under a very big rug.

The sustainability platform led by its initiator Marco Witschge (Groenlinks Environmental Network) and Klaas van Egmond, professor of Environmental Studies at the University of Utrecht, worked out ten points in the Delta Plan and presented them as the 'Declaration of Utrecht'. They called on political parties to look beyond the next general elections and devise a long-term energy policy based on the common ground that the various party committees appear to share. The points raised in the declaration contain many familiar ideas, but together form an extremely ambitious plan.

For one, the group is calling for New Energy Delta Legislation in 2011 to ensure that the energy policy lasts longer than a single term of government. In addition, the tax system has to be made greener, the polluter pays principle must be adhered to more and a National Energy Investment Fund must be established that is financed by the Economic Structure Strengthening Fund, institutional investors and the government. Another familiar – but surprising – point is a call for a stop to the construction of or plans to construct conventional power plants.

This final point does not go down well with industry association Energiened. "It is a highly curious proposal," said spokesman Sjoerd Marbus. "It would be very odd if permits that have been granted are retracted. I'm not really sure if that's allowed. And there are of course financial implications."

His remarks echoed the words of CDA party leader Pieter van Geel, who said that the permits and construction must comply with European rules which the Netherlands can not simply disregard.

"I wonder if the people drafting the plan gave enough consideration to the fact that the Netherlands has a liberalised energy market?," Energiened spokesman Marbus added. According to him, sustainable energy is more expensive and that has economic implications. "Yes the Netherlands will have a cleaner energy park, but imports will also increase." Van Geel also advocates a European energy vision: "We must keep our options open. If we build two coal-fired plants in the Netherlands because we have the port of Rotterdam here, the coal does not need to be transported to Germany." "Let's first execute the Clean and Efficient programme properly", Marbus said. "That in itself is quite ambitious. If we deviate from the path we've chosen, we will only end up further and further away from our objectives."

The committees operated independently of their political party leaders. "It is good to have discussions within a party," said Boris van der Ham of D66. "But you have to wonder just how much in the lead you want to be as a political party?" "It is good to seek confrontation," Diederik Samsom of the PVDA added. "The members keep the party sharp." At the same time, PVDA, Groenlinks, D66 and Christenunie noted that their own party programmes (and draft programmes) mainly contain of the points included in the plan.

This was not the case for the VVD, where the division between the political leaders and experts was the clearest. VVD backbencher Halbe Zijlstra refused to attend the presentation and called the report a "soft and dreamy initiative". In a response the VVD stressed that the member of the party's Environment and Sustainability committee took part in the consultation in his own name. The VVD expects to announce its own sustainability plans soon.

CDA leader Van Geel also had a lukewarm reaction to the plan. "Someone has to point out the correlation between the high costs needed to achieve these plans and the investments we face in the coming years after the economic decline." Professor Van Egmond refuted this, saying that the transition to sustainability will eventually be budget neutral. Samsom of the PVDA supported Van Geel: "Let's be honest. If you want a quick sustainability fix, you have to be willing as a party to carry the costs." He estimates the costs at no less than EUR 4 bln by 2020.

Van Egmond was disappointed that the first cracks were already visible in the unified front. Samsom of the PVDA was not surprised: "This is a plan that is right up the PVDA and Groenlinks' alley. To reach a consensus all parties must undergo an equal amount of the pain." When drafting the plan all parties had an equal opportunity to have issues included or excluded from the final document. This gives the impression that the ideas within the CDA and VVD may differ from the ideas communicated publicly by the parties.

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APX-Endex to extend gas futures trading hours, launch new spot swap

Anglo-Dutch energy exchange APX-Endex will extend the trading hours of TTF gas futures and also plans to launch an NBP-TTF spot swap contract in the second quarter of this year, APX-Endex CEO Bert den Ouden announced at a press conference.

The extension of the trading hours to 6 pm CET will bring the trading hours of the market into line with the UK gas market where the closing time is 5.30pm GMT, but the move is also viewed as a reaction to rival ICE Futures Europe's launch in the Netherlands of a new natural gas futures contract based on the Title Transfer Facility (TTF).

According to Den Ouden the new closing time, which will come into effect "within a month from now," will lead to an increase in liquidity and in traded volumes.

The Anglo-Dutch energy exchange, which has over 300 members from 15 different countries, welcomes the competition and Den Ouden said he is "not scared" ICE will have a negative effect on traded volumes on his energy exchange. Because not only does APX-Endex hold a strong position, it is by no means the case that the only way for ICE to find itself trading parties is to poach them from its Dutch counterpart.

Another possibility is that it will be players who currently engage in trading via brokers (over the counter) who turn to ICE, in which case the newcomer would not be in direct competition with APX-Endex, the CEO said.

Asked when the swap product linking TTF and NBP will be launched, Den Ouden said this is "a bit further off" than the new trading hours.

Dutch government earmarks EUR 10.5 mln for industrial heat savings

The Dutch ministry of Economic Affairs has this month earmarked EUR 10.5 mln to be spent this year on savings on heating in the industrial sector. Companies can use the money for initiatives aimed at reducing the amount of heat they use, making better use of residual heat and introducing more sustainable ways of heating.

Of the EUR 10.5 mln, EUR 2.5 mln is intended for business cases aimed at making more efficient use of heat in industry. Up to half these costs will be subsidised, with a maximum of EUR 100,000 per application. The remaining EUR 8 mln will go towards investments enabling companies to exchange heat and towards investments in the generation of renewable heat for supply to an existing heating network. Up to 40% of the additional costs of such projects will be subsidised, with a ceiling of EUR 1 mln per application.

2010 is the first year in which the subsidy will be available. Initially a sum of over EUR 40 mln was to be made available for subsidies under the government's action plan for residual heat produced by industry. However, with companies reluctant to invest in the current economic climate, it has been decided to free up

an initial EUR 10.5 mln, the ministry's spokesman Jan van Diepen explained. He added that more money can be made available if the scheme proves popular.

The subsidy scheme will be implemented by Agentschap NL, the former Senternovem.

RWE Energy Nederland board member to move to NLEnergie

Nederlandse Energie Maatschappij (NLEnergie) has named RWE Energy Nederland board member Gerard van der Sande Head of Sourcing from 1 April. Van der Sande currently holds the position of Chief Commercial Officer (CCO) and managing director of RWE Energy Nederland.

"In my years of working together with Nederlandse Energie Maatschappij, I have been very impressed by the company's approach, level of professionalism and resulting growth," Van der Sande said in a news release. "I am really looking forward to the challenge ahead in this young and dynamic organisation with its great entrepreneurial spirit."

Speaking to Energieia, Van der Sande said he was asked to fulfill the position by NLEnergie. He had already built up a good relationship with NLEnergie directors Pieter Schoen and Harald Swinkels due to RWE's role as supplier of natural gas and invoicing services for the Rotterdam-based company. Van der Sande was in charge of those services at RWE Nederland.



Gerard van der Sande
(Source: RWE Nederland)

"I had the pleasure of dining with the gentlemen about three times a year and our contact was good," said Van der Sande about his relationship with Schoen and Swinkels. He added that the integration of RWE Nederland and Essent (after the takeover of Essent by German energy firm RWE) played a role in his decision

to leave the company as his career at RWE could possibly have taken another, less desirable, direction. RWE Nederland's position is changing now that the company is experiencing the effects of the consolidation. Van der Sande noted that RWE continues to be a "fantastic company," regardless of his decision to leave.

Van der Sande joined RWE in 2001 and has since endeavoured to strengthen the energy firm's position in the B2B (business-to-business) market. "The B2B market share grew year after year until reaching 30% at the time of the integration [of RWE] with Essent," said NLEnergie. The RWE director had previously worked in the oil and gas industry for Kuwait Petroleum and Mobil Europe Gas.

NLEnergie director Pieter Schoen calls Van der Sande's CV "impressive." "We are very pleased to have found someone with such a wealth of experience in the energy market for our electricity and gas sourcing," said Schoen.

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Cost prompts Shell and RWE to drop plans for gasification plant with CCS

RWE's Essent and Shell have abandoned plans to develop and finance a 'low carbon' power plant with a capacity of over 1,000 MW, the companies confirmed to Energieia on Friday. In 2008 the parties signed a declaration of intent to work on building a coal gasification plant combined with carbon capture and storage (CCS) in the southern Netherlands. However, the outcome of the feasibility studies proved negative.

"For the past two years Shell and Essent have jointly studied the feasibility of a power plant in the southern Netherlands [..]," said Shell spokesman Wim van de Wiel. "The joint team looked at all aspects of this project, including design improvements, transport and storage of carbon dioxide, integration with local companies and the use of hydrogen. A formal review of the project by Shell and Essent, last February, revealed that the project remains difficult from a commercial perspective."

Essent spokesman Jeroen Brouwers confirmed this explanation. "It just turned out to be far too costly," he says, without beating around the bush. "It's a shame about all the time we put into it, but that's just the way it goes sometimes in the early stages of a project. No one wants to embark on loss-making projects," the spokesman added.

Shell and Essent have therefore decided to go their separate ways and focus independently on projects that fit in with their policy aimed at reducing carbon emissions, says Van de Wiel. Both will also look at projects that could qualify for the so-called New Entrant Reserve, an EU programme aimed at creating a forum for technologies related to the capture and storage of CO₂. Brouwers said Essent/RWE wants to employ CCS on "as big as possible" a scale at its coal-fired plant in the Eemshaven in Groningen, while Shell is the initiator of the CCS pilot in Barendrecht.

Collective green energy to be offered to 1.7 mln people in Antwerp

In the autumn 1.7 mln inhabitants of the Belgian province of Antwerp will be able to take part in a collective purchase of 100% green energy. This is an initiative of the new provincial authorities, which will use an external supplier for this. Residents of the province will be able to sign up before the summer.

"The more households that take part, the cheaper the rates will be, said provincial executive Inga Verhaert. She referred to the municipalities Lierde and Hasselt (not in the province of Antwerp), where private initiatives to collectively purchase green energy have resulted in annual savings of between EUR 200 and EUR 400 euro per customer. "We are first going to inform our customers about how collective purchasing works. After that they have until the end of September to sign up on a website."

The province called on the individual municipalities to take part. Sixty of the seventy municipalities in the province responded favourably and informed residents about the collective energy plan in their newsletters and magazines. "Municipalities are close to their residents. Their participation will help make the initiative accessible," said Verhaert. "Local authorities can also be very helpful for residents who do not have an internet connection."



Green energy

After the subscription period, energy suppliers will have the opportunity to tender for the contract. The supplier with the best deal will then offer a personalised contract to residents who are interested. Only then do residents decide whether or not to participate. "This is where the province uses its size to benefit its residents. We hope that participation will be huge to increase the use of green energy at sharp prices. We will be killing two birds with one stone: green and cheaper."

So what would happen if the interest among residents of the province is huge? With more than a fourth of the Flemish population lives in Antwerp, a small supplier would probably not be able to meet such massive demand all at once. "That's not a problem. Depending on the number of people who sign up, we can always decide to spread out the volume needed over more than one block," said Verhaert.

Elia and IFM acquire German TGO for EUR 810 mln

Elia of Belgium and Australian investment fund Industry Funds Management (IFM) are to jointly acquire 50 Hertz Transmission from Vattenfall of Sweden. Elia and IFM are paying EUR 810 mln for the transmission grid operator (TGO) which is active in the former GDR and the German federal state of Hamburg.

Elia has cooperated closely with 50 Hertz, which operates 10,000 kilometres of cable and employs 600, since 2007. It will acquire operational control of the German company, along with a stake of 60%, while the Australians will take the remaining 40%. Elia will issue new shares to finance the acquisition, which is expected to take effect in the second quarter of 2010.

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Just as it already does on its own account off the Flemish coast, Elia will use 50 Hertz to lay landing cables for offshore wind projects in the Baltic Sea to the German Baltic coast. In doing so it will be contributing towards the future North Sea and Baltic Sea grid proposed by the energy ministers of Belgium, Germany and seven other EU countries.

Nedstack to build world's biggest hydrogen plant in Antwerp

Dutch fuel-cell developer Nedstack (Arnhem) is going to build a hydrogen power plant on the Solvin site in the port of Antwerp. With electrical capacity of 1 MW and peak capacity of 1.7 MW, the EUR 5 mln plant will be the biggest of its kind in the world.

The plant will be fed with residual hydrogen from the local production of chlorine. The electricity produced will be reused in a closed cycle for electrolytic generation. The plant's polymer membrane fuel cell comprises 168 units, each with a capacity of around 10 kW. Each cell is built up of proton exchange membranes and platinum electrodes.

In 2007 Nedstack built a demo-plant for AkzoNobel in Delfzijl with an average capacity of 50 kW. While the Antwerp plant will be 20 times the size, it will draw heavily on the experience gained at the Delfzijl plant, which already has over 13,000 operating hours. The fuel cell modules for Antwerp will be tested in Delfzijl. MTSA Technopower in Arnhem will supply the plant's mechanical components.

*Nedstack
Established in 1998, Nedstack is an independent player with three shareholders - two professional private investors and a foundation representing 36 founders and staff members of Nedstack. The company employs around 50 staff and is currently the largest European producer of PEM fuel cells (PEM = proton exchange membrane).*

"In Delfzijl we have managed to extend the lifespan of the fuel cells from 2,000 to 10,000 hours," says marketing and sales director Jan-Piet van der Meer. "We hope to be able to take this as our starting level in Antwerp. To compare: elsewhere 5,000 hours is a good target. Because most other companies involved in hydrogen cells are looking at applications in the automobile sector. Those are much smaller systems. And 5,000 hours at a speed of 60 kilometres an hour will still allow you to cover 300,000 kilometres."

In 2010 work in Antwerp will only be preparatory. "We will set up a temporary plant, for demonstrations. The actual plant we want to install in the first quarter of 2011. It should be running smoothly by the middle of that year."

WaterstofNet, a Flemish-Dutch programme financed by the European, Flemish and Dutch governments, will also use the metrics from the fuel cell at Solvin. This association has a budget of EUR 14 mln to finance hydrogen projects in Flanders and the Dutch provinces of Limburg, Zeeland en Noord-Brabant in 2009-2012. The Solvin fuel cell will be its first major project.

Former Econcern unit Innogrow bankrupt; new MBO launched

Following last year's collapse of sustainable energy company Econcern its subsidiary Innogrow, specialised in (semi)closed greenhouse systems for the horticultural sector, was sold to its three directors in a management buyout. However, the three, who also acquired the company's debts, were unable to achieve success as an independent company and earlier this month Innogrow was declared bankrupt. However, the managers are undaunted and have presented the receiver with a new offer for the company.

Factors contributing towards the company's recent demise are thought to be a lack of orders and an inability to meet the debt obligations arising from Innogrow's business operations (despite the fact that the tax authorities waived the tax debt the company inherited from Econcern via various fiscal constructions). In addition, the climate in the Netherlands has become less attractive, with the outlook for cultivation in (semi)closed greenhouse systems recently having been revised sharply downwards.

To date Innogrow's sales have been limited to 80 hectares of closed greenhouse. However, the former directors and owners think they can make a success of the company a second time round by shifting the focus to the Scandinavian and German markets, which are more committed to sustainability, former director Hans Hoven told the sector publication Agrarisch Dagblad. Together with his partners Erwin Bes and Coen Ruijsbroek he is hopeful the bid will to regain them control of the patents.

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Publisher: Energeia B.V.
Prins Hendrikkade 149
1011 AV AMSTERDAM
The Netherlands

PO Box 36032
1020 MA AMSTERDAM
The Netherlands

+31 (0)20 344 51 50 (general)
+31 (0)20 344 51 51 (marketing)
+31 (0)20 344 51 52 (marketing)
+31 (0)20 344 51 53 (news desk)
+31 (0)20 344 51 54 (news desk)
+31 (0)20 344 51 55 (news desk)
+31 (0)20 344 51 56 (news desk)

info@energeia.nl
redactie@energeia.nl
marketing@energeia.nl

info@energeia.be
redactie@energeia.be
marketing@energeia.be

Energeia B.V., bank account nbr. 840 54 51
Postbank 109 Bijlmerdreef Amsterdam Netherlands
Swift INGBNL2A; IBAN NL92INGB0008405451
VAT: NL 1545.91.695.B.01

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