ORES

STRATEGIC PLAN 2021-2023

UPDATE 2022

"OUR ENERGY AND EXPERTISE WORKING TO ACHIEVE AN ENERGY TRANSITION FOR ALL, ON A LOCAL BASIS"

CONTENTS

1.
INTRODUCTION
Message from Karl De Vos and Fernand Grifnée

Karl De Vos
Chairman of the Board of Directors

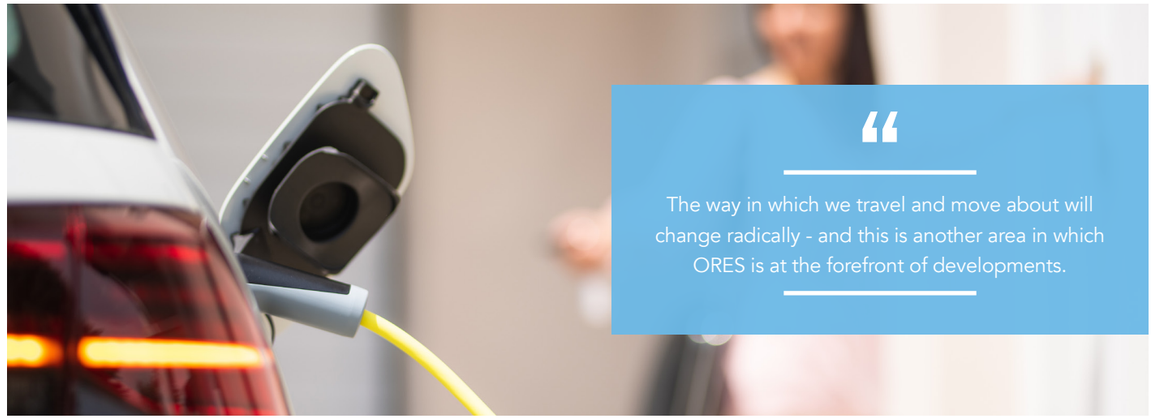
Fernand Grifnée
Chairman of the Management Board

At the end of 2019, ORES approved a new strategic plan 2021-2023, the result of a lengthy thought process conducted throughout the year. In line with its predecessor, the 2021-2023 plan confirms the mission that ORES has set itself of "Facilitating energy, making life easier". In parallel, the overall vision of ORES has also been rethought to make it both clear and ambitious: "All of our energy and expertise working on behalf of local energy transition for everyone".

In 2020, with the continuation of the global Covid-19 pandemic and the world beginning to emerge from the crisis, much thought was given to the way the "world afterwards" would be organised across all of the company's sectors. One of the results of this worldwide emergency is the desire and need to do things "differently". The vision adopted by ORES, based around the concepts of transition, service, inclusion and proximity, fits fully into this dynamic.

In relation to the areas in which it operates, ORES aims to be a major and positive player as part of a triple development, prompting us to **produce energy differently, travel differently and heat ourselves differently.**

Carried forward by the logic presented by the fight against climate warming and the local ownership of issues, **the production of energy** is undergoing dramatic change. Whether it is electricity or, more recently, natural gas, the trend is to produce in an increasing carbon-neutral and local way. As a consequence, the proportion of local, decentralised and on-demand energy production is rising sharply (wind and solar farms, individual or shared photovoltaic panels, biomethane produced from organic waste, etc.). This evolution is bringing about profound changes in the relationship and expectations of customers with regard to the distribution network of power – and even to the market model. The ability of the grid to accommodate input from decentralised sources of power production is becoming a focal point, as is the ability of the network managers to enable and facilitate new methods of energy exchange (energy communities, collective self-consumption, direct exchanges from one private user to another, etc.).



> The way in which we travel and move about will change radically - and this is another area in which ORES is at the forefront of developments.

The question of individual mobility is also a key concern. Strong political decisions are changing the regulatory framework in favour of alternative mobility solutions, while at the same time discouraging traditional fuels (petrol and diesel) – and even announcing their ban over time. The automotive manufacturers have also responded significantly by expanding their range of vehicles and by directing their production and sales strategies towards new fuels. As a result, **the way in which we travel and move about** will change radically – and this is another area in which ORES is at the forefront of developments. Whether we're talking about mobility based on electricity or natural gas (and, where applicable, "green" gas, such as biomethane), great demand will be placed on the overall distribution networks to enable these new forms of mobility to be powered. Beyond the challenge associated with the ability of the power grid to absorb spikes in consumption, one fundamental issue will involve implementing a range of recharging solutions, making it possible to offer users the greatest possible ease and safety of use – comparable with the current network of "traditional" service stations.

In even more practical terms – and this is probably one of the more complex developments for customers to understand and plan for – are the major changes coming to **the way we heat ourselves**. At a time when calls to ban oil-fired boilers are on the rise, people are often at a loss to know where to turn when it comes to choosing the best method of heating for today and tomorrow. For customers of the natural gas grid, the network offers a very attractive solution in terms of economy, comfort and the environment – all the more so with the emergence of carbon-neutral options, such as biomethane or synthesis gas produced from CO_2 recovered from the air and industrial processes. For other customers, it is not always easy to choose between the various electric solutions (heat pumps), which are not suitable for all buildings, biomass, which does not always provide a high level of comfort and/or is intended more to act as a supplementary heat source, or heat networks, the development of which is still in its infancy in Wallonia.

These developments are major and complex. From the customer's point of view, they are not simple to understand and each choice comes with its own set of questions. Customers don't want to make the wrong choice and don't want to be held back in their aims and ambitions by the distribution network. They also want to avoid unpleasant financial and/or technical surprises. There is a need for guidance and advice – and to have access to the tools and infrastructures that will enable them to become part of the changes and transitions at their own pace. This means that the mission of "facilitator" that ORES has set itself is an essential one if it is to work on behalf of local energy transition for everyone.

The strategy implemented by ORES also needs to evolve if it is to respond to these needs. Looked at non-exhaustively, the strategic debates conducted have examined the following issues in 2020:

- The need to make ambitious investments based on customers' current and future (estimated) requirements, rather than on a geographic logic by historical ORES sector. It is with this ambition in mind that the plans to adapt electricity and gas for the period 2022-2026 have been lodged with the regulator.
- The growing importance of data, whether to enable and support new market modes (flexibility, energy communities, collective self-consumption, exchanges between private users), to target investments more precisely or to increase the grid's capacity to accommodate input using artificial intelligence.
- The development of a vision for the future of the energy market shared with other Belgian DNMs faced with all the stakeholders and the distribution network managers, Elia and Fluxys.

In this updated version of our strategic plan 2021-2023, we are also including a number of recent developments in a constantly changing energy and societal context, as well as in the extension of the appointment of ORES, like the nine other Belgian distribution network managers united within the Synergrid federation as "SDG Voice 2021" – i.e. an ambassador for sustainable development targets.

> In even more practical terms – and this is probably one of the more complex developments for customers to understand and plan for – are the major changes coming to the way we heat ourselves.

2.
MISSION & VISION
A clear-cut mission – an ambitious new vision

Our mission

FACILITATING ENERGY, MAKING LIFE EASIER

As a locally based public service company, ORES :

- → **manages the electricity and gas distribution networks** and invests in these networks on behalf of the community so that private individuals and business can all benefit from high-quality supplies.
- → **facilitates the way the energy markets operate:** management of the required data, installation and reading of meters, validation and transmission of indices, management of changes of suppliers and relocations, etc.
- → **fulfils public service obligations**, including socially focused missions aimed at combating fuel poverty.
- → **is responsible for managing municipal public lighting.**

The various fields in which ORES operates are all related to energy, including increasingly complex technical activities. Given that energy is an essential commodity for economic and social life, ORES aims to keep things simple for customers.

All of which means "facilitating energy and making life easier" for residential, professional and business customers so that they can focus fully on their work while benefiting from efficient responses and services that meet their expectations.

Our vision

A NEW AMBITION

The company has conducted a fairly broad-based exercise in terms of its vision, using a variety of strategic analysis tools – (key success factors, PESTEL analysis, Porter's forces, etc.) – and by involving the Board of Directors, the Management Board and senior management.

As a result, an ambitious new vision has been established, based along four main lines:

- → The desire to be a provider in the market, to act as the **driving force behind energy transition.**
- → Focusing on all users of the network to **ensure the inclusion of all** in the energy system of today and tomorrow.
- → Attachment to the **local nature** of ORES, which works for and with people on a local level.
- → A **new ambition in terms of the scope of its business activities**: ORES will propose to the authorities that it extends its missions whenever it makes sense to do so from a societal point of view and whenever it enables the company to contribute to transition and inclusion.

This vision is the direction that the company is taking in the medium term and can be summed up as follows: "Our energy and expertise working locally to promote energy transition for all".

3.
LOOKING TO THE FUTURE WITH CONFIDENCE

“

Wallonia has embarked resolutely on the path of energy transition, which is an essential step towards a more resilient society. To reduce our Greenhouse Gas emissions by 55%, there is no answer to the problem other than an amalgamation of solutions. It is a combination of different sources of renewable energy that will enable us to live in a decarbonised society. In terms of electricity, this should result by a doubling or even a tripling of the installed power of wind turbines, solar panels or quality cogeneration.

“Taking action for the climate is also acting for the benefit of us all, leaving no one behind on the way to transition.

Philippe Henry

Vice President of the Walloon Government and Minister for the Climate, Energy and Mobility

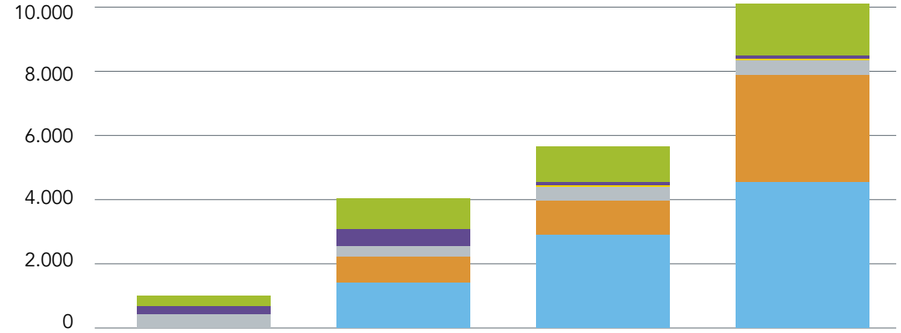
In this regard, we set our aspirations in the short (2012-2023), medium (2030) and long term. ORES aims to be a player in its own right in the process of energy transition so that it can contribute to the international targets set in the fight against climate warming.

3.1. Renewable electricity and its new uses

To achieve the target set by Wallonia, ORES will accommodate more than 6 GW of renewable electricity production across its networks by 2030. While the main effort is focused on the years 2021-2022, the period from 2024 to 2030 will also see growth of 10% per year. The impact that these feeds of renewable electricity will have on the management of the network will become increasingly significant as the years pass.

In terms of Wallonia’s contribution[1] to the National Energy Climate Plan 2030, the following targets have been defined[2] :

Renewable electricity by energy (GWh) and technology



	2005	2015	2030 WEM	2030 WAM
Biomass Cogeneration	282	975	1.104	1.611
Biomass Electricity only	280	543	208	90
Geothermics	0	0	11	40
Hydraulics	352	314	342	440
Photovoltaic	0	792	1.120	3.300
On shore wind	75	1.437	2.907	4.600

1. Approved on 28/11/2019
2. In the table, WEM means “With existing measures”, while WAM means “With additional measures”.

For the purpose of their integration into the planning process of our networks, these targets have been translated as follows[3] :

Power range of DPUs	Combined power of the DPUs connected to the network at 31st December of each year (MVA)											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
0-10 kW	546	603	685	706	727	749	771	794	818	842	868	894
10-250 kW	71	104	118	134	421	679	910	1118	1305	1474	1626	1763
250-5000 kW	150	198	246	278	498	699	869	1030	1176	1305	1423	1530
5-25 MW	661	692	756	788	993	1187	1357	1523	1677	1823	1962	2095
25+MW	0	0	0	0	0	0	0	0	0	0	0	0
Total	1428	1597	1806	1906	2638	3313	3906	4465	4977	5446	5879	6282
Of which flexible DPUs	275	309	426	476	922	1094	1208	1357	1477	1580	1679	1770

DPU: decentralised electricity production unit

The massive development of renewable electricity will go hand in hand with the growing electrification of various industrial processes and day-to-day activities: electric-powered mobility, heat pumps, etc. The offtake and injection peaks, which constitute one of the constraints and one of the main sizing elements of the electricity network, will be impacted by this development.

To achieve these targets and accommodate new power production and consumption at a cost that is acceptable to society, we use tools that are both diverse and complementary.

In the first instance, ORES is pursuing a targeted and ambitious policy of **upgrading its network.**

3. Energy is converted into power based on the hours of standard operation (by source of primary energy) used by the CWaPE. The breakdown by power range is established based on the breakdowns for 2019. In view of these hypotheses and hence of the uncertainties associated with them, the table shows a share for ORES of the total for Wallonia that is in the upper range of historical estimates (approximately 85% instead of 75%).

Our aim is to increase the number of customers connected to a 3-phase 400-volt network (3N400V) so that that percentage grows from approximately 45% now to 65% by 2030. This will be done by targeting the most relevant geographical areas.

The objectives pursued are as follows :

- To eliminate the low-voltage bare-copper network, for safety and reliability reasons.
- To anticipate the arrival of electric vehicles – and heat pumps, to a lesser extent – by converting the 3x230V network into a 3N400V network in those areas where a significant penetration of these vehicles is expected.
- To convert the IT network into a 3N400TNC network, for safety and reliability reasons.

It will then be a question of developing the use of the **technical flexibility mechanism** implemented over the past several years within a precise contractual and regulatory framework.

In instances where the network constraints are temporarily too great, for example in the event of high renewable production in conjunction with a low level of local consumption, the network managers will intervene directly on some production units to ensure that they adjust their output. At the current time, this technical flexibility mechanism represents capacity of just over 450 MW. These flexible capacities will need to increase in the medium to long term to reach more than 1,700 MW. The use of this capacity to limit the risk of congestion across the networks will probably increase gradually, initially across the transmission network, then progressively across the distribution network.

This mechanism is essential for guaranteeing the optimum integration of renewable energy for society, although it does come with some constraints. In order to reduce as much as possible the need to resort to the mechanism, ORES has introduced an artificial intelligence tool called O-ONE (for ORES - Operator Network Expert), which enables network constraints to be calculated and anticipated accurately so that technical flexibility is only used as a last resort. ORES estimates that this tool should enable it to accommodate over 10% of additional renewable electricity across its network.

> “
>
> Ventis has a history as a party to energy transition in the Walloon Region through the production of green electricity injected into the grid.
> ORES has always agreed to sit around the table to work pragmatically on finding connection solutions.
>
> **Pierre Mat**
> **Managing Director of Ventis**

The third tool brought into action by ORES is **"market" flexibility**. Unlike the technical flexibility that ORES uses to intervene directly on production units, market flexibility is designed to give customers a financial incentive to change their habits – whether production and/or consumption – in order to contribute to balancing the electricity system. This might be on a local, federal or even European level. Working with the other Belgian distribution network managers and Elia, ORES plays the essential role of market facilitator, which involves making data exchange platforms available, calculating flexibility volumes, managing relations between the various parties (customers, energy suppliers, flexibility service providers, etc.). The company already carries out these jobs, while at the same time ensuring that these exchanges of flexibility used to maintain the balance of the network do not create congestion.

DSR (Demand Side Response) solutions are already enabling industrial customers of ORES to sell their flexibility by adjusting their usage habits to benefit the system; today, some thirty customers representing potential flexibility of 42 MW are already using this option on the ORES distribution network.

2024-2030 will see the emergence of new means of flexibility, in particular:

- The use of electric vehicles as a source of stabilisation for the electricity system as part of what is called "Vehicle to Grid" (or V2G).
- The relocation of the production of heat – and hence electricity consumption – by heat pumps in buildings with high thermal inertia, without impacting comfort and convenience.
- The battery storage of electrical energy for services requiring a high level of responsiveness and speed of activation. As a result, the re-allocation of used electric vehicle batteries that still have a usable capacity as a means of flexibility, could still see real development after 2024.

As these new means of flexibility are mainly low-voltage – both in residential and small business applications – one of the major issues for ORES consists of implementing tools enabling these customers to participate actively in flexibility markets. The rollout of smart metering technologies – communicating meters, effective means of telecommunication, modern and secure systems for processing and exchanging data, etc. – is an essential prerequisite for achieving that aim. ORES is now using these technologies, with the installation of smart meters having begun in 2020. They will provide the opportunity to all customers wanting to take part in these markets and hence become customers of the energy system. This will enable them to reduce their energy bills and contribute to the accommodation of renewable energy at a cost that is acceptable to society. This dual benefit, both individual and collective, could not be achieved using old metering technologies.

Tariff signals may also be a tool for integrating renewable energies by encouraging customers to use the network more rationally. Thinking has been underway for the past few years with the regulators and the authorities to identify the possible pathways along which distribution tariffs can evolve during the next tariff period (2024-2027) and beyond.

In addition to these tools, the concept of a **renewable energy community** is the subject of much attention and debate. These communities, the initial outlines of which are part of the Walloon and European framework, are clearly part of the societal dynamic of "short circuits". ORES became a pioneer in this area by conducting, in 2019, a first pilot experiment with the E-Cloud project. This demonstrated the feasibility of such a community developed between several companies in the same field of business and to learn positive lessons, as well as points of attention in relation to this type of approach. ORES also wanted to extend its experience to residential customers and is involved in a number of pilot projects, including the SocCER[4] project, which is examining in particular the question of social inclusion in renewable energy communities. ORES is already actively preparing to adjust its processes to other related concepts of renewable energy communities, the legal framework of which is also in the process of being finalised by the regional authorities, such as local self-consumption and peer-to-peer exchange.

At the present time, it is difficult to estimate precisely the size and means of developing these communities, as well as the pros and cons they may have on the development of renewables, on the use of flexibility, on incentives to

adopt virtuous consumption and production habits, on the management of the distribution network, etc. Aware of the attractiveness of certain customers and stakeholders for these communities, as well as the leverage effect they can have on the tools mentioned above and of the central role it may play in their implementation, ORES intends to act as the facilitator of renewable energy communities, regardless of the size or form of their deployment.

To sum up, the prospective analysis of the electricity system clearly shows the increasingly central role of the distribution network in the deployment of renewable electricity and its new uses, particularly in terms of mobility. At the same time, the constraints on the network will be doubly reinforced in terms of injection and offtake. ORES is taking action to convert these constraints into opportunities, by developing a palette of innovative solutions and flexibility, modernisation of the network, tariff signals or data management, to the benefit of customers and energy transition.

4. *Socio-économie des Communautés d'Énergie Renouvelable*

3.2. The distribution network: development tool of renewable gas

Natural gas **offers undeniable benefits in the short and medium term**: good availability, competitive price, attractive environmental performance, particularly in terms of fine particle emissions, much smaller carbon footprint than other fossil fuels, such as oil, etc. On the other hand, unlike electricity, there is not yet any shared vision on the place for this form of energy in a low-carbon society.

"

A number of visions or scenarios that are compatible with achieving a climate-neutral economy by 2050 rely on the extensive electrification of energy systems. But electrification does not mean 100% electric. On a European level, there are several ambitious scenarios (European Commission, Eurelectric) that agree on limiting electrification per se to around 60% of energy consumption, with the balance of 40% covered by molecules (hydrogen, biogas, etc.). Recent scenarios from the Federal Planning Bureau expect to see a comparable distribution in Belgium by 2050.
By way of comparison, electricity currently only represents some 20% of the final consumption of energy in our country.

Dominique Gusbin
Coordinator of the Energy-Transport team in the Sectoral Department of the Federal Planning Bureau.

ORES believes that the gas network should be incorporated into a long-term "energy and climate" vision, in view of its numerous strengths:

- The gas network is an effective way of distributing energy in and between urban centres where other forms of distribution – by truck, for example – appear to be less well suited and certainly less sustainable.
- The distribution network can accommodate gas produced from renewable energy sources. Our infrastructure enables the producers of this gas to be connected with customers. It also creates a more fluid market that is therefore more efficient for customers and more secure for producers.
- At least two types of alternative gas have already – or will in the medium term – achieved a sufficient degree of maturity: biomethane and hydrogen.

Biomethane[5] is the most mature, both at a European level (the French market in particular is rising quickly) and regionally. ORES connected and commissioned the first injection station in the Walloon network in 2020. Two additional injection booths where installed in 2021. Annual injection is now 150 GWh per year. In parallel to this, we are also examining the possibility of connecting two additional injection booths between now and 2024, thereby reaching 300 GWh per year of renewable carbon-neutral gas. Based on studies conducted by ValBiom on behalf of gas.be[6], we believe that a target of up to 4 TWh of biomethane could be injected into our network by 2030, subject to the implementation of an appropriate regulatory framework. This will require around a hundred production sites, two-thirds of which can be connected to the existing network. For the remaining one-third, additional solutions are possible, such as transporting the biomethane by road to the injection site. This 3 TWh of biomethane would make it possible to achieve a level of renewable energy for this energy vector of between 25 and 33%.

The second source of alternative gas capable of being injected into our networks is hydrogen produced from renewable energy. As of 2020, the technical maturity of hydrogen is still in development and is being established as part of demonstration or pilot projects (technological maturity level of 6 to 7 on the TRL[7] scale). The investment and operational costs involved with this type of installation are still something of a disincentive for units that can be connected to the distribution network. To be considered sustainable, hydrogen needs to be produced from surplus renewable electricity production. However, between now and 2030, taking account of Walloon and national targets, any surplus will not be significant. ORES is keeping a very close eye on these developments so that it can stay one step ahead.

Methanation, which consists of combining CO_2 with hydrogen to form CH4 that is compatible with our networks and the appliances used by our customers, could represent another source of local renewable gas. This possibility is not at the mature stage yet, but is the subject of consideration and an internal study. The CO_2 could, for example, be captured from various industrial processes (cement-making, production of biomethane, etc.).

In the medium term, natural gas is used and will probably continue to be used mainly to cater for heating requirements. In this regard, heat networks may represent a supplement to the natural gas distribution networks. ORES is following developments of this vector closely. The following problem areas need to be clarified to determine whether they can make an effective contribution to Wallonia's energy targets:

- Sufficient availability in the long term – more than 20 years – at guaranteed environmental conditions and at a sufficiently stable and predictable cost of the primary energy source (such as biomass).
- The profitability and sustainability of investments. A heat network requires hot water pipes and these involve significant installation costs.
- The way the market is organised, particularly in terms of mechanisms to protect consumers.
- The conditions of the "cohabitation" of heat with the natural gas network so that there is no inefficient redundancy for both vectors. This concern becomes even greater in the event of a fatal heat deposit in an area covered by the natural gas network, and the participation by ORES in this type of project could have relevance in terms of learning from each other (i.e. the heat producers and the DNM).

5. Biomethane differs from biogas by its quality. One of the elements at issue is the methane content. Biogas is made up of approximately 50 to 60% methane, which is not sufficient to be able to be injected into the network. The minimum quality characteristics of the gas are set at a sector level via a technical Synergrid specification. This is in order to safeguard the proper operation of customer equipment. http://www.synergrid.be/download.cfm?fileId=G8_01_FR_PrescriptionInjectionBiomethane_v201811.pdf.

6. https://valbiomag.labiomasseenwallonie.be/news/etude-le-potentiel-du-biomethane-injecte-dans-le-reseau-de-distribution-belge

7. Technology Readiness Level

3.3. The growing importance of data

Data management has always been one of the central activities at ORES. Customers may not always be aware of it, but the deregulated market operates using the data collected, processed and transmitted by the DNM. As a neutral and regulated provider, ORES is also able to guarantee customers and suppliers that the quantity of energy billed does actually correspond with the amount consumed. ORES also enables customers to take advantage of competition and to change supplier easily, without any fear of being charged twice for the energy they use. The management of data also makes it possible to use prepayment solutions to combat the risk of customers already in financial difficulty getting into excessive debt.

Over the past few years, the importance of data and the way it is used has become significantly greater. The volume of data gathered is increasing as a result of the network's enhanced monitoring technologies (such as smart cabinets) and the rollout of smart metering solutions. These have an impact on increasing the frequency with which data is collected and its granularity. To enable the data gathered to be used efficiently, computerised tools for processing the information are being deployed within the company and, for some data, in conjunction with other Belgian DNMs. Finally, considerable efforts are being made to improve and guarantee data quality, which is essential in view of the growing use of data within the company in network management, in contacts with customers and in interactions with the market.

In particular, this data make it possible:

- To offer new services to customers, such as the ability to view and track their consumption data, to enhance their flexibility as a tool for managing balance across the networks, for exchanging energy within communities or with neighbours and for benefiting from the latest, remote prepayment solutions, etc.
- To increase the ability to accommodate renewable energy in the network by placing maps online showing the network's ability to accept power generated locally, and the use of artificial intelligence tools such as O-ONE, which makes it possible to calculate and plan for network constraints accurately, so that any technical flexibility is only deployed as a last resort and by facilitating the recharging of electric vehicles while reducing congestion on the network, etc.
- To improve the quality of our processes and to better target our investment policy with the aim of achieving efficiency and hence keeping tariffs under control.

Numerous debates and much reflection took place in 2020 about the IT tools to use internally and jointly with Elia and the other Belgian DNMs, as well as about the various ways of organising the market that this data is designed to support. There are many enriching exchanges underway between the DNMs and Elia about their "visions" of the market and with all of the stakeholders involved.

The question of the various metering tools is central in this debate and ORES is studying the different options and innovations to use in addition to smart metering, in the interest of customers.

"

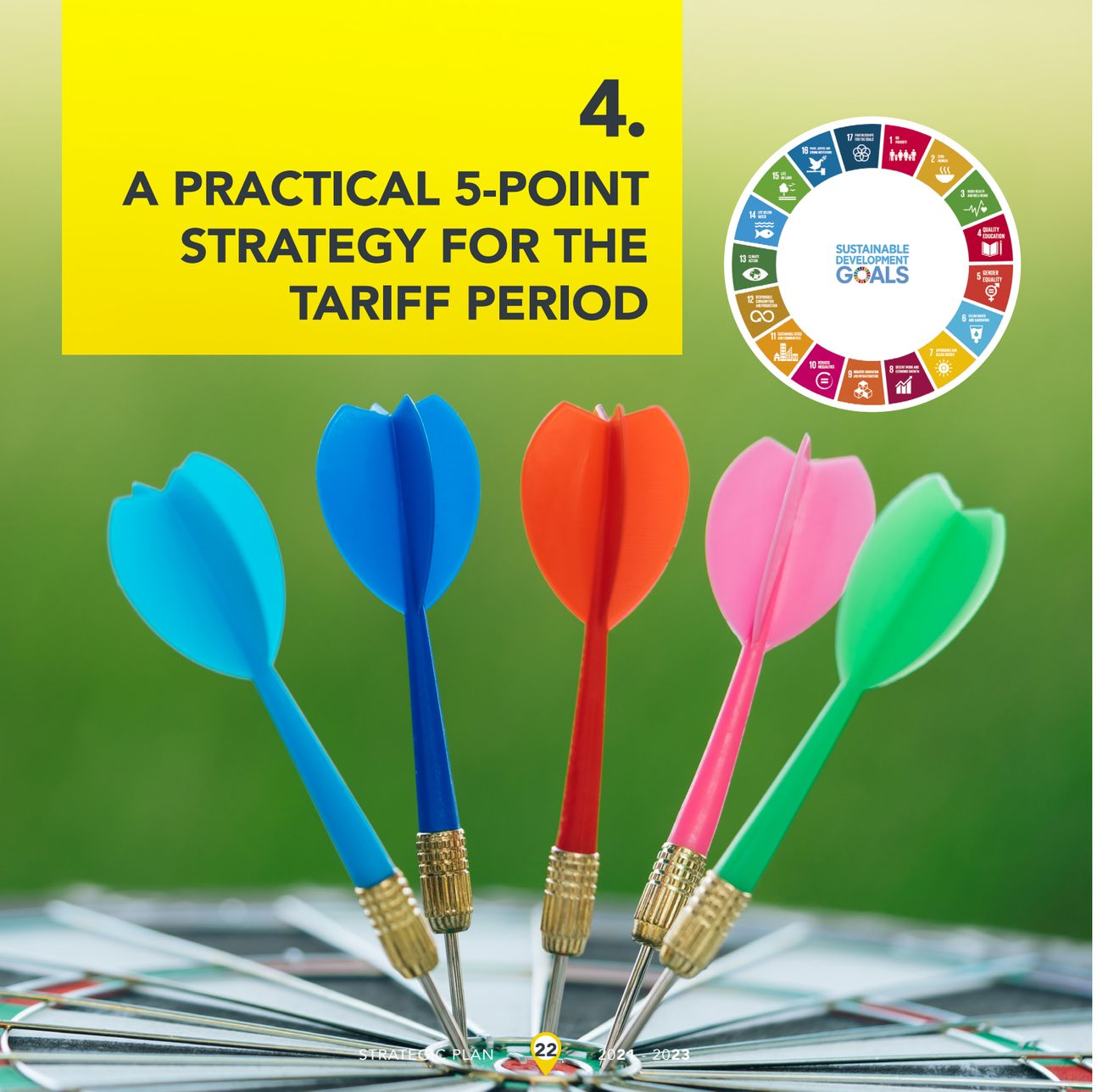
Thanks to our smart meter and its prepayment function, we no longer have to go anywhere to see how much is left on the meter. That helps me to manage our budget, because at least I can see how much I can top up.

It's better like that and it's easier when we can see how much we spend over the month.

Noëlla
Customer who has a smart meter fitted with a prepayment function

4.

A PRACTICAL 5-POINT STRATEGY FOR THE TARIFF PERIOD



The vision of ORES projects the company into the future, in the medium and long term. In order to lay the groundwork for its vision, ORES has set itself practical targets to aim for between now and the end of the tariff period (at the end of 2023). These are what make up the short-term strategy and help contribute towards our corporate vision and preparation for the next tariff period (2024-2028).

Strategic point 1

COMPETITIVE TARIFFS FOR DIFFERENT ORES CUSTOMERS

ORES aims to allow all of its customers – residential, professional and businesses – to benefit from competitive tariffs, regardless of the geographical area they come under.

1. A far-reaching efficiency programme was introduced in 2015 to structurally reduce the cost base of ORES and create value. In the years ahead, it will cover the following aspects in particular:
   - **a.** Organisation and process
   - **b.** Creation of value by the transformation plan
   - **c.** Strategy for businesses and outsourcing
   - **d.** Logistical vision
   - **e.** Management and design of the network
   - **f.** Digitalisation
2. Consideration of changes to the tariff structure is in progress with the public authorities, regulator and stakeholders. The aim is to gradually encourage customers to adjust their habits in line with the production of renewable energy and the availability of the network. To give substance to this thought process, ORES is developing and participating in various pilot projects.
3. Work to prepare for the introduction of tariff equalisation on 1st January 2024 is underway.

This point of the strategy is an essential building block of the ORES vision. Achieving it is designed to enable our company to be legitimate in developing new solutions in favour of energy and societal transition. It also sets the tone for the possible allocation of additional assignments to ORES in the form of positive societal advances that are accepted by our stakeholders.

> “
>
> The tariffs of the network managers need to be part of the framework of objectives sought by the lawmakers and also respond to a dual concern. They must be consistent with the aims of energy transition, which means in particular that they need to provide an incentive and be correctly geared to enable the networks to respond technically to this challenge. They must also be controlled and accessible for everyone in Wallonia, which in itself requires the efficient and effective management of the networks.
>
> **Stéphane Renier President of the CWaPE**

Strategic point 2

HE CUSTOMER AT THE HEART OF OUR BUSINESS

For the past few years, ORES has aimed at making life easier for its customers as they go about their business. It is a question of fully considering the requirements and constraints of our customers and in doing so to make it the real driving force behind what we do, as well as our processes and the way we are organised. In this context, we measure their satisfaction and adjust our approach regularly based on the needs expressed.

To achieve this, we have set ourselves a range of objectives:

1. To optimise the "customer journey" by differentiating the approaches taken for residential customers, businesses and public authorities.
2. To guarantee a quality of service that meets customer expectations by involving them in the development of products and services and by checking their satisfaction levels regularly.
3. To give preference to digital channels in our activities, running alongside traditional channels (telephone and paper) in an effort to achieve efficiency, customer satisfaction and cost controls.
4. To strengthen our agility by working with other parties: network managers, cable and pipe managers, start-ups, universities, research centres, municipalities, etc. to keep up with energy market trends.
5. To promote and provide information about the opportunities presented by new market developments, such as flexibility or the new ways of exchanging energy (energy communities, collective self-consumption, peer-to-peer exchange).

"

We contacted the call centre and 36 minutes later, a first technician arrived to look at the meter, followed by a second. Both on the phone and in person, the people were charming and competent. What a treat!

Marcel
A customer from Grand-Rosière

Strategic point 3

ORES AS AN ACCELERATOR OF ENERGY TRANSITION

ORES places its activities at the disposal of energy transition. It also invests in a targeted fashion in its network, rolls out communication technologies – in terms of network and metering – and gives preference to partnerships aimed at developing new solutions with the aim of:

1. Facilitating connections and the injection of renewable energy (electricity and gas).
2. Making the investments required to enable the management of energy flows consistent with the new realities brought about by energy transition, in particular in terms of voltage plans, the motorisation of cabins and the simplification of the structure of the medium-voltage network, etc.
3. Enabling the rollout of renewable medium-voltage energy communities and preparing for them to be extended to low voltage.
4. Facilitating all energy markets through the neutral management of data, in particular for medium-voltage flexibility – and moving towards low voltage, where appropriate.
5. Supporting the deployment of alternative (bio-)CNG and electric mobility, in particular by implementing a platform to manage the data from recharging points with a view to guaranteeing the interoperability of public recharging points and enabling customers to sign up to specific tariff offers for charging their electric vehicle.
6. Continuing the conversion to LEDs of the municipal public lighting stock.
7. Refining and implementing our vision for natural gas, taking into account current and future potential and the objectives of energy transition, in consultation with the other Belgian DNMs and Fluxys.

"

For the many innovative energy transition projects tracked by the TWEED cluster and its members, whether it be energy communities, electric mobility, storage, flexibility, digitalisation or hydrogen and green gases, ORES makes a major contribution as a partner and catalyst in supporting and speeding up the decarbonisation of the energy sector in Wallonia.

Cédric Brüll
Director of the TWEED Cluster
(Walloon Energy Technology – Environment and Sustainable Development)

Strategic point 4

A STRONGLY RESPONSIBLE AND ACCOUNTABLE COMPANY

ORES intends to fulfil its responsibilities with regard to its employees by ensuring their safety and wellbeing and by preparing them for the changes ahead. ORES aims to be a socially responsible company that takes to heart the concerns of its stakeholders.

To this end, it pursues the following objectives:

1. Guaranteeing the safety, health and wellbeing of our staff and subcontractors.
2. Providing staff with the skills they need with a view to forecasting employment trends and anticipating their needs in a cultural environment that is in line with the company's strategy.
3. Strengthening and structuring the process of listening to and involving our stakeholders.

"

Energy transition involves taking a fresh look at our way of producing and consuming energy. The Energy Division provides a place for constructive dialogue between the various stakeholders of the energy world, enabling it to progress with its implementation – and ORES is an active participant.

Marianne Duquesne
President of the Energy Division of CESE Wallonia

Strategic point 5

A COMPANY COMMITTED TO SOCIAL INCLUSION AND THE FIGHT AGAINST ENERGY POVERTY

Energy poverty is a growing concern in Wallonia. ORES is fully committed to this issue and contributes towards improving social inclusion in terms of accessing energy transition (decentralised production, renewable energy communities, etc.).

ORES has set itself the following goals:

1. Continuing to be more than just a company that simply fulfils social public service obligations.
2. Strengthening partnerships with the other parties involved in the fight against energy poverty (CPAS, ASBL, social housing companies, suppliers, etc.) to jointly improve our programmes and to increase energy inclusion.
3. Based on our experience in the field, identifying measures for improving the mechanisms in the fight against energy poverty by making changes to our procedures and/or public policies and to the statutory and regulatory framework.
4. Making the rollout of smart meters a tool for social inclusion and then strengthen the fight against energy poverty.

"

Our collaboration with ORES in relation to the problems encountered by vulnerable households is very constructive – both in the field (index, meters, granting social tariffs, installing budget meters and top-ups, winter assistance, etc.), as well as in the discussions upstream between partners, particularly during the various crises we have been through since 2020.

Sabine Wernerus
Adviser to the Social Energy Unit,
Federation of PSAC

5.
TRANSVERSAL MOBILISING LEVERS FOR THE COMPANY

ORES aims to mobilise all of its staff to implement the company strategy and to bring about its vision for the future. A number of different ways are used to encourage the introduction of new dynamics and to roll out new tools within the company. These include essential elements such as corporate culture, the transformation plan and the policy on sustainable development.

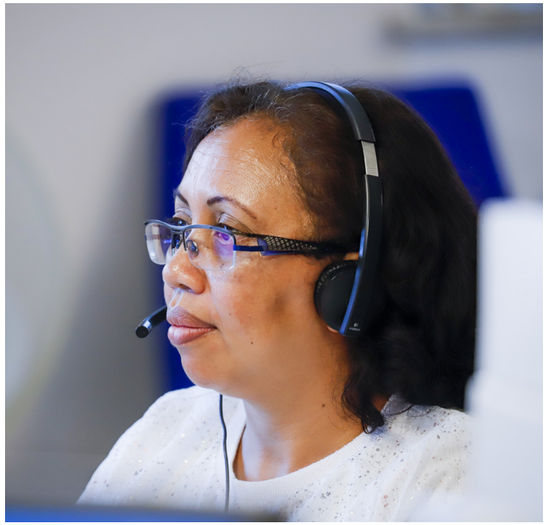
5.1. Corporate culture

The environment we live in and in which ORES is required to fulfil its missions is uncertain, complex and **changing constantly and quickly**. Energy transition, the increasing sophistication of energy markets, digitalisation, the requirements of immediacy, changing customer expectations, the emergence of new forms of the way work is organised (teleworking, shared spaces, organisation in networks, etc.), the speed at which technology is developing, the impact of the COVID-19 pandemic, growing energy poverty, etc. are all different expressions of these changes.

In this context, **considerate and strengthened leadership is essential**. Each level of the company's hierarchy needs to be a relay point for the values that make up the corporate culture, from management to the field and from the field back to management.

This leadership must act as an ambassador for the **agility** required to meet the ever-increasing expectations placed on ORES efficiently and to assume the responsibilities inherent to the goals entrusted to us by the public authorities. **The company's processes and organisation need to be adjusted and simplified** to enable ORES to be more efficient and to achieve the level of agility required.

Listening and being receptive are also essential skills for gaining the attention of our stakeholders, for collectively challenging and bring the ideas and projects implemented by ORES to fruition, for clearly anticipating the changing needs of our customers and staff, as well as technologies, energy markets, etc.



5.2. The transformation plan

Implementing our strategy and bringing our vision to life successfully are based in particular on the introduction of a transformation plan, driven and guided by a department created specifically to coordinate this plan. Over the past two years, ORES has brought greater professionalism to its project management by applying simplified yet stronger governance aimed at enhancing the company's agility and its ability to deliver functional and pragmatic solutions within the shortest possible time and at the best cost.

Our company also has operational targets that are aligned with our strategy and vision. These targets document our processes for tomorrow, our computer ecosystem and our data, but also the way we are organised internally in order to contribute towards achieving our strategy in optimum fashion at the end of the process. They also enable projects to shorten their analysis phase and proceed towards implementation as quickly as possible.

The way the implementation of projects is sequenced is detailed in the transformation plan in order to optimise investments, ensure the effectiveness of each initiative and to allow proper management of the risks associated with the execution of these projects. This transformation plan groups the projects into 8 programmes or clusters.

THE SWITCH PROGRAMME

As an extension to the Walloon decree on smart meters, the projects in the Switch programme are designed to ensure the optimum rollout of smart meters so that positive feedback can be maximised for all customers and for society in general. Between now and 2030, 80% of "large consumers" of electricity (> 6,000 kWh) and customers producing their own power, in excess of 5 kVA, will have smart meters fitted. A smart meter will also be installed each time a meter is replaced or whenever the customer requests one. Smart meters will make it possible to deploy new technology for the management of prepayment by replacing the ageing technology of budget meters.

By the end of 2021, more than 40,000 customers will have been fitted with smart meters. By the end of 2023, as many as 250,000 ORES customers will be able to benefit from this new technology.

This programme will also make a significant contribution to the wish expressed more and more often, especially by public authorities, of enabling consumers to be in control of their energy and to become players in the energy market, via flexibility in particular.

THE ATRIAS PROGRAMME

The Atrias programme is designed to improve communication between all of the parties involved in the energy market in Belgium via a new definition of the market processes and the use of a shared federal IT platform. These two dimensions provide an essential base for managing the market of tomorrow and for developing new products and services. They also help promote the rollout of renewable energy (dynamic tariffs, flexibility, etc.).

Beginning on 1st January 2022, the Atrias and Switch programmes will be grouped as part of a more extensive programme, designed to cover all Market dimensions.

THE E-LUMIN PROGRAMME

This programme aims to convert all municipal public lighting to LED technology by 2030. It also provides for the implementation of a new service that will benefit local councils and their residents. The 'Service Lumière' (Light Service) will facilitate the management of public lighting and speed up repair and replacement work.

As of 31st August 2021, 176 councils had joined this service and the ORES network has already installed over 100,000 LED lights.

This programme will enable councils to achieve significant reductions in their power usage, which will have a positive impact both on their finances and on emissions CO_2 in Wallonia. The visual comfort of the population will also be improved as a result.

THE SMART GRID PROGRAMME

Against a background of increased production of renewable energy and technologies linked to energy a transition, the aim of this programme is to modernise our IT tools, make adjustments to our organisation and processes and increase telemetry and remote control operations across the network. As a result of the more refined knowledge available regarding energy flows across our networks and preparing them for the new distribution technologies, the Smart Grid programme will make it possible to increase the capacity to accommodate renewable energy – including by way of flexibility. It will also be possible to guarantee the quality of supply and the programme will also help contribute towards greater control over our investments for the networks.

And more specifically, in order to respond to the need to modernise the low-voltage networks, we have decided to launch a "230/400V network conversion" project within the Smart Grid. The aim is to structure all of the themes relating to the technical framework, to human and financial resources and in terms of communication to customers, with the aim of increasing the 400V network from 45% to 65% by the end of 2030.

THE NEO PROGRAMME

The NEO projects modernise and upgrade the IT tools supporting our "work processes", the management of our assets, our investments in networks, our logistics and our finances. This programme is an essential platform for making ORES a trusted benchmark provider by enabling:

- the optimisation of operating costs
- improvements to the quality of services to customers by reducing administrative processes
- implementation times to be optimised
- better management of our networks (maintenance and investments)
- the revamping of our financial management systems
- the improvement of our logistical processes

THE BUSINESS LINE CLUSTER

On the one hand, this cluster supports the strategic programmes by rethinking and equipping field mobility to strive for exceptional operating efficiency. On the other, a number of specific worksites will make it possible to improve our day-to-day operations in the short term, such as the Powalco platform, the management of civil engineering, the computerisation of our regional warehouses, etc.

THE CUSTOMER CLUSTER

The aim here is to improve Customer focus so that we can respond better to customer expectations by making their experience with ORES an exceptional one using the channels placed at their disposal, as well as the services that we offer them and by having a highly effective contact centre. Development of the online channel, social media, and telephony, as well as the implementation of a single customer reference point, are just some examples of projects run by the Customer cluster.

THE DATA PROGRAMME

The aim of the Data programme is to mobilise ORES so that it is capable of dealing with the challenges associated with the new roles of the DNMs by positioning data as the fuel for propelling the energy markets. The programme's projects include the implementation of a data platform, the introduction of a business integration platform, the development of a roadmap relating to the management of data and putting data governance into operation, as well as establishing a quality management body.

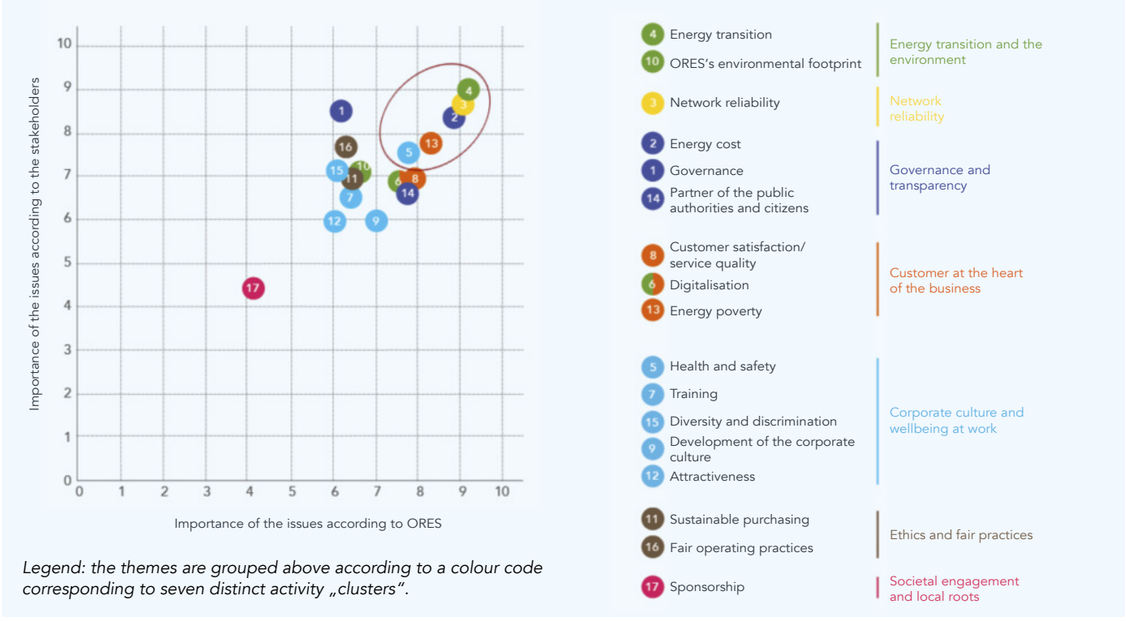
5.3. The policy on sustainable development

Very much aware of its responsibilities to the people of Wallonia and to support the main lines set for the company strategy and new vision, ORES opted to formalise its policy on sustainable development in 2020, basing itself on the general framework set by the 17 sustainable development goals of the United Nations and on the principles of the international Global Reporting Initiative (GRI), as well as the terms of the "Charter for Sustainable Networks" of E.DSO, the association of European Distribution System Operators for Smart Grids.

Taken overall, this policy revolves around the notion of consideration – consideration for humankind and individuals, for the environment in the broadest sense and for all of the company's partners. The policy includes **three additional lines of action**, bringing together all of the major issues surrounding the sustainability of the company defined in consultation with the stakeholders as part of an initial materiality exercise in 2019.

In autumn 2020, in line with the principles of the GRI standards, the company conducted a new consultation with a panel expanded to 35 external stakeholders, who included parties from the energy sector, the market regulator, representatives from the public authorities, the academic world and a consumer defence association, as well as representatives from unions and sector-related organisations, federations and bodies fighting poverty.

The participants confirmed the importance of ORES in energy transition in Wallonia. Our company is seen as the **backbone** around which the market will be organised, as well as an instrument working on behalf of public policy in the field of energy. ORES is viewed as a reliable partner, a facilitator of the energy transition and the guarantor of electricity and gas supplies to the population. This consultation has led to the establishment of an updated materiality matrix compared with the first exercise and presented below. All of the issues surrounding sustainable development have advanced in terms of weighting, converging overall to an average score of around 7/10. By order of importance, the five themes considered essential for ORES are: **energy transition**, **network reliability**, the **cost of energy**, the fight against **energy vulnerability** and the issues of **prevention**, **safety** and **wellbeing**.



Legend: the themes are grouped above according to a colour code corresponding to seven distinct activity „clusters".

6.
THE MEANS TO ACHIEVE OUR AIMS

The ORES strategic plan 2021-2023 is part of the multiyear regulatory plan established by the Walloon energy regulator (CWaPE) covering the years 2019 to 2023. This comes at the end of a four-year "transition" period since the transfer of price-setting powers from federal government to the regions took place in July 2014.

The methodology for 2019-2023 was published by the regulator on 17th July 2017.

The main principles are as follows:

- Definition of a cost and investment envelope to cover the industrial plan of ORES over the period in question (total authorised revenue, which in reality amounts to a revenue cap);
- An incentive, mainly via an extension of the controllable cost base, the introduction of an annual productivity improvement factor (X factor) and opportunities for additional budgets for innovative projects.

This tariff methodology for 2019-2023 includes approval of the DNM's tariffs in two stages: first, approval of total authorised revenue (the elements of the total authorised revenue); then the transposition of this total authorised revenue into tariffs.

The total authorised revenue of the DNM consists mainly of the following components:

- Net operating charges:
  - net controllable charges
  - non-controllable charges and income
- Net charges relative to specific projects
- The fair profit margin
- The quality factor
- Where applicable, the share of regulatory balances

The tables on the pages that follow show the authorised revenue of ORES approved by the CWaPE for the period 2019-2023.

They may be read as a forecast result in which:

- The authorised revenue (TOTAL line) is the turnover of ORES.
- The charges, controllable and non-controllable, are the operating charges.
- The fair margin allows the financial charges to be covered, as well as the return on invested capital (profit).

Authorised revenue ELECTRICITY approved by the CWaPE for the period 2019-2023 - k€

HEADING	Budget 2020	Budget 2021	Budget 2022	Budget 2023
Net controllable charges	**337,940**	**340,099**	**342,290**	**344,513**
Net controllable charges excluding PSO	**296,434**	**298,441**	**300,478**	**302,544**
Net charges, excluding net charges linked to fixed assets	177,462	177,595	177,728	177,862
Net charges linked to fixed assets	118,972	120,846	122,749	124,683
Net controllable charges PSO	**41,506**	**41,658**	**41,812**	**41,969**
Fixed net charges, excluding depreciation charges	34,901	34,928	34,954	34,980
Variable net charges, excluding depreciation charges	2,205	2,262	2,320	2,379
Depreciation charges	4,399	4,468	4,538	4,610
Non-controllable charges and income	**111,633**	**111,418**	**110,393**	**109,581**
Excluding PSO	**94,562**	**95,349**	**96,043**	**95,993**
Charges and income from transmission invoices issued or received by the DSO	-1,364	-1,286	-1,307	-1,330
Charges from electricity purchase invoices issued by a commercial supplier to cover electricity network losses	30,641	31,249	31,939	32,522
Charges from invoices issued by FeReSO in the context of the reconciliation process	835	835	835	835
Roadway charges	29,440	29,904	30,375	30,853
Tax charge resulting from the application of corporation tax	29,498	29,753	29,759	30,036
Other levies, taxes, fees, surcharges, withholding tax on moveable and immoveable property	67	67	68	69
Accountability contributions for the ONSSAPL	0	0	0	0
Non-capitalised pension charges	5,446	4,825	4,374	3,007
PSO	**17,071**	**16,069**	**14,349**	**13,588**
Charges from electricity purchase invoices issued by a commercial supplier for the supply of the DSO's own customers	5,000	5,162	5,330	5,503
Distribution charges supported by the DSO to supply its own customers	9,738	10,168	10,337	10,509
Transmission charges supported by the DSO to supply is own customers	4,591	4,800	4,879	4,960
Income from the billing of electricity supplies to the distribution network manager's own customers, as well as the amount of compensation paid by CREG	-18,615	-18,903	-19,197	-19,497
Charges for purchasing green certificates	1,599	1,455	1,546	1,639
"Qualiwatt" bonuses paid to users of the network	14,757	13,386	11,455	10,475
Charges from invoices issued by FeReSO in the context of the reconciliation process	0	0	0	0
Compensation paid to electricity suppliers resulting from the late installation of budget meters	**0**	**0**	**0**	**0**
Net charges relative to specific projects	**13,675**	**19,709**	**22,233**	**21,647**
Variable net charges	4,166	8,303	11,361	13,027
Fixed net charges	9,344	11,666	11,716	10,238
Non-controllable net charges	164	-260	-844	-1,618
Fair margin	**104,960**	**105,580**	**106,293**	**107,213**
Excluding PSO	104,167	104,780	105,481	106,384
PSO	793	800	811	830
Share of regulatory balances from previous years	**15,145**	**6,410**	**6,410**	**-660**
TOTAL	**583,352**	**583,216**	**587,619**	**582,294**

Authorised revenue GAS approved by the CWaPE for the period 2019-2023 - k€

HEADING	Budget 2020	Budget 2021	Budget 2022	Budget 2023
Net controllable charges	**113,996**	**114,926**	**115,870**	**116,829**
Net controllable charges excluding PSO	**89,245**	**89,984**	**90,735**	**91,497**
Net charges, excluding net charges linked to fixed assets	44,418	44,451	44,484	44,518
Net charges linked to fixed assets	44,827	45,533	46,251	46,979
Net controllable charges PSO	**24,750**	**24,941**	**25,135**	**25,332**
Fixed net charges, excluding depreciation charges	13,722	13,732	13,742	13,753
Variable net charges, excluding depreciation charges	886,21	907,24	928,62	950,43
Depreciation charges	10,142	10,302	10,464	10,629
Non-controllable charges and income	**31,722**	**31,722**	**31,954**	**31,843**
Excluding PSO	**30,114**	**30,085**	**30,288**	**30,147**
Charges from invoices issued by FeReSO in the context of the reconciliation process	0	0	0	0
Roadway charges	17,621	17,621	17,621	17,621
Tax charge resulting from the application of corporation tax	11,019	11,137	11,468	11,644
Other levies, taxes, fees, surcharges, withholding tax on moveable and immoveable property	42	43	43	44
Accountability contributions for the ONSSAPL	0	0	0	0
Non-capitalised pension charges	1,432	1,285	1,156	839
PSO	**1,608**	**1,637**	**1,666**	**1,696**
Charges from gas purchase invoices issued by a commercial supplier for the supply of the DSO's own customers	4,705	4,781	4,859	4,939
Distribution charges supported by the DSO to supply its own customers	5,945	6,046	6,149	6,255
Income from the billing of gas supplies to the distribution network manager's own customers, as well as the amount of compensation paid by CREG	-9,042	-9,190	-9,342	-9,497
Compensation paid to gas suppliers resulting from the late installation of budget meters	0	0	0	0
Charges and income linked to the purchase of SER gas	0	0	0	0
Charges from invoices issued by FeReSO in the context of the reconciliation process	0	0	0	0
Net charges relative to specific projects	**7,933**	**8,795**	**11,260**	**10,860**
Variable net charges	5,664	6,167	5,824	5,445
Fixed net charges	2,067	2,366	5,109	4,985
Non-controllable net charges	202	261	327	430
Fair margin	**52,270**	**53,433**	**54,575**	**55,722**
Excluding PSO	44,930	45,872	46,793	47,718
PSO	7,341	7,561	7,782	8,004
Share of regulatory balances from previous years	**-433**	**-433**	**-433**	**-493**
TOTAL	**205,488**	**208,442**	**213,227**	**214,761**

ORES operates electricity and gas networks of a regulated value of over 3.8 billion euro, as well as applications, developments and IT systems valued at approximately 55 million EUR[8]. The proactive policy implemented by ORES will result in a growth of the RAB (regulated asset base) of more than 5% over the period 2020-2023.

This authorised revenue allows ORES to have the necessary resources available to produce and implement an ambitious investment plan, based on the vision of ORES and its strategic objectives.

The three main sections of the plan relate to:

- The electricity network
- The gas network
- The transformation of the company

The electricity investment programme provides for 170 million euro per year to continue covering the requirements needs to guarantee the continuity and optimum operation of the network. The major items of this programme are the replacement and extension of the electricity networks for both low voltage and medium voltage, cabinets operated by remote control and customer extensions:

- ORES is planning for more than 7,500 new connections, 160 km of new low-voltage network and 100 km of extension to the medium-voltage network.
- 400 cabinets per year for medium voltage and low voltage should be replaced or upgraded.
- The burying of overhead power lines will continue at the rate of over 165 km per year, as will the replacement of the obsolete overhead copper network.

In addition to these works, ORES is adapting its network structure so that it can better measure energy flows and have the capability to reconfigure the network remotely (target of 300 cabinets per year). It is also aiming to strengthen its telecoms networks, for example by optical fibre).

The gas investment programme also has resources of 85 million euro per year to ensure the proper operation of the network, while promoting the use of natural gas and ensuring the conversion of the networks and connections in the transition from lean gas to rich gas.

The investment programmes for electricity and gas also contain the resources needed for the rollout of smart meter technologies.

As part of the transformation plan (detailed in the previous section), **ORES will spend on average 70 million euro per year on project management and on reviewing its business architecture.**

8. During 2020, an impairment test was conducted, after which the value of the applications, developments and IT systems was revised downwards.

7. ORES IN FIGURES in 2020

Electricity

1,379,894
customers served

51,765 km
of distribution networks

1,470,662
million supply points

11,808,894 MWh
distributed across the networks

31,223
protected customers supplied by ORES

46,494
acti,e budget meters

Natural gas

512,201
customers served

10,033 km
of natural gas networks

561,006
supply points

13,296,000 MWh
distributed across the networks

14,422
protected customers supplied with natural gas

19,982
active budget meters

Municipal public lighting

460,524
lighting units

39,043 kW
of power installed

35,114 breakdowns/repairs

Human resources

2,293
active Full-Time Equivalents

106.4 days of homeworking
(per year, per employee able to work from home)

14.85 hours of training
(average per employee)

Consolidated financial balance sheet

233.5 millions €
total investments (net)

1,218 millions €
consolidated turnover

CONTACTS

www.ores.be

Customer service : 078/15.78.01

Breakdown service : 078/78.78.00

Emergency smell of gas : 0800/87.087

ORES Assets
Limited Liability Municipal Cooperative Association
Avenue Jean Mermoz, 14
6041 Gosselies
VAT BE 0543.696.579
RLE Charleroi

Publisher: Annabel Vanbever Avenue Jean Mermoz, 14 in 6041 Gosselies - December 2021