

DSO Unbundling in the Netherlands

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Energy



Waste



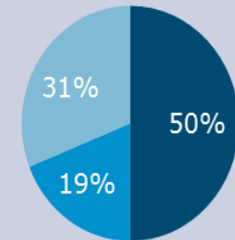
Grids



Nuclear Power



Shareholders



- DELTA is an independent multi-utility supplier with a strong basis in the province of Zeeland, The Netherlands
- De DELTA is active in power production, trade and distribution, waste to energy/incineration, DSO network services and Multi media
- DELTA's energy activities are spread over The Netherlands and Belgium, the waste activities are spread over The Netherlands, Belgium, Germany and Ireland
- DELTA employs about 3,200 employees

Province Zeeland
(50%)

Local communities
within the Province
of Zeeland i.e.:

Terneuzen (7,4%)
Middelburg (5,8%)
Vlissingen (5,8%)

About DELTA



Windinstallaties,
diverse locaties
97 MW



WKK (warme kracht koppeling)
30 locaties
60 MW



BioMassaCentrale
Moerdijk
32 MW kippenmest



Sloecentrale, Vlissingen
(50% DELTA)
870 MW gas



Kantoren:
•Middelburg
•Goes
•Kamperland

Stortplaats
Nieuwdorp

EPZ, Borssele
(70% DELTA)
426 MW steenkool
512 MW nuclear



ELSTA, Terneuzen (50% DELTA)
405 MW gas en stoom



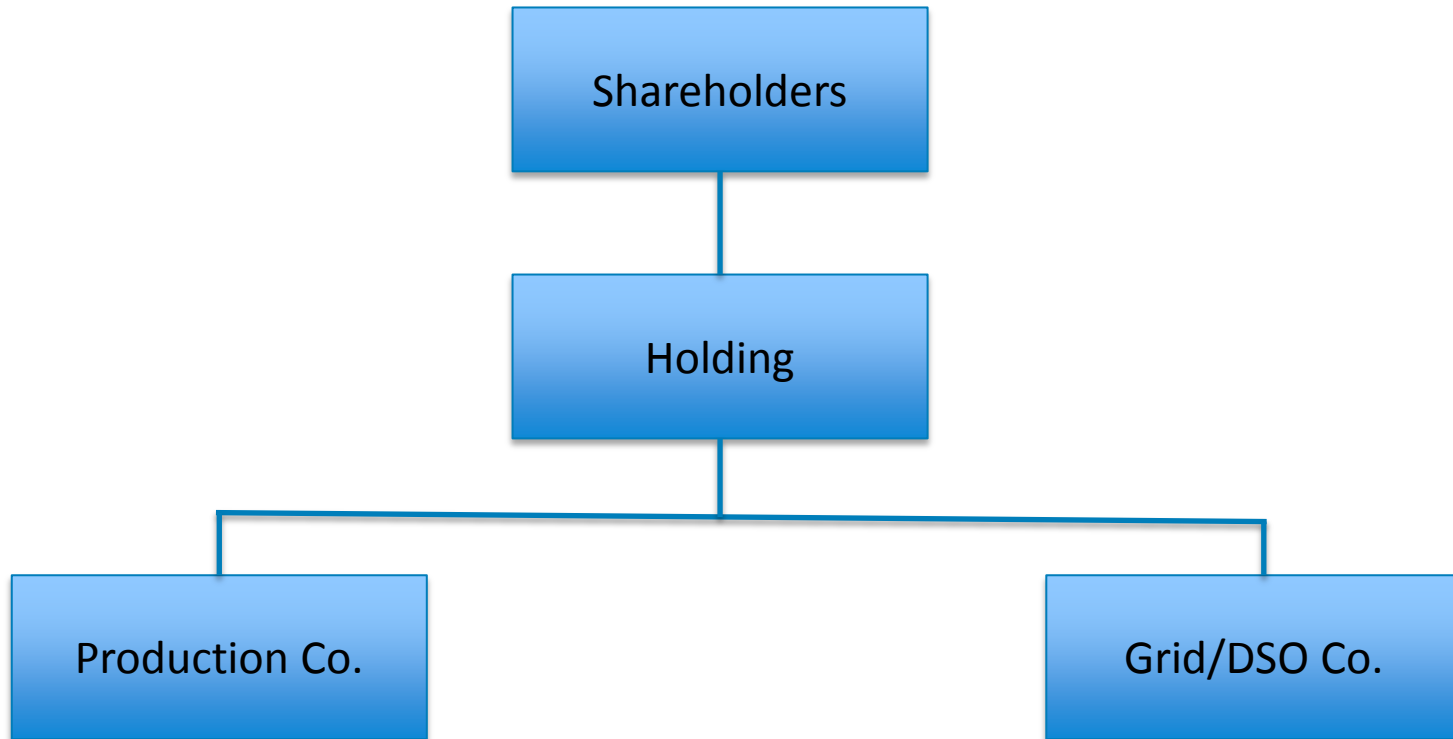
NPG, Willebroek
3000 zonnepanelen

- Mid “90 ‘s :EU Directives: Liberalization of the Energy markets
- 2004 : Intervention & Implementation Act :
 - Creation of independent DSO’s
 - Improved Consumer protection
 - Improved Guarantees for security of supply
- 2006 : Independent DSO Act (“WON “)
- 2007 : Implementation of the WON by secondary legislation as a result of DELTA buying a Flemish W2E-company (Indaver)

The effect of WON's unbundling regime



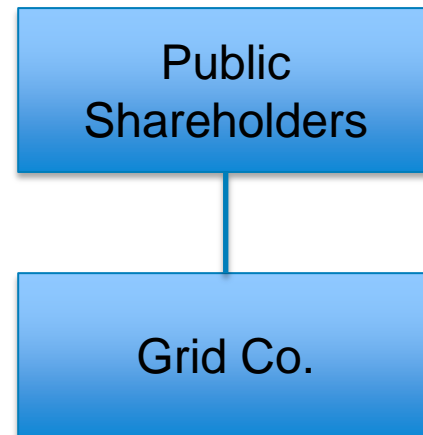
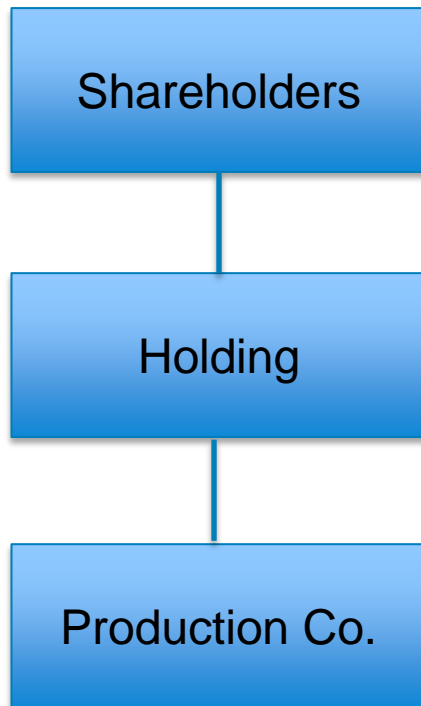
Before:



The effect of WON's unbundling regime (II)



After:



DELTA started a court case against the Dutch State in 2008 against the unbundling obligation on grounds: The WON is incompatible with EU Law :

- A. Free flow of capital within the Internal Market, and
- B. Right of free establishment within the Intern Market
- Court of 1st instance in The Hague rejected DELTA's appeal;
- Court of 2nd instance in The Hague support DELTA's appeal and concluded in DELTA's favor
- Dutch State appealed to the Court of Cassation ("Hoge Raad"/Supreme council)
- Supreme Council laid 3 pre-judicially questions to het EU Court of Justice
- November 2013 : Answer by EU Court of Justice:" The Dutch unbundling act is a distortion of the free circulation of capital but reasons of public interest may interfere with this free circulation if only is the measure (unbundling) is not disproportional".
- Verdict of Supreme Court is to be expected end of 2014

- Dutch energy companies Nuon and Essent were sold to Vattenfall and RWE after “voluntary unbundling “. Both Vattenfall and RWE had amortize almost 50 % of the transaction sum within 3 years!
- Employment and local innovation projects came to a stop

The unbundling has not had any effect on the goals of the Dutch energy policy:

- No effects in the retail market: no change in switch behavior, no faster or higher market introduction of new suppliers
- No effects in relation to the management of the grids: investments in the unbundled grids are the same as in DELTA's grids
- No effect in the power production sector although the credit rating of the unbundled companies has deteriorated because of the unbundling!
- Employment in unbundled companies has lowered significantly although employment in the integrated companies has increased!

- An nationwide Energy Agreement:
 - Emphasis on sustainable energy production: Wind & PV/Solar
 - Increased roll of DSO's : smart grids, smart metering crash into stupid unbundling
- Policymakers reaction : Amendment of the Electricity and Gas Act:

DSO's will be allowed to develop production and supply activities!!!

Conclusion : Millions of wasted Euro's later, hundred of jobs destroyed thanks to ignorant Dutch politicians of the mid 2000's

Our hope: its never too late to turn on your mistakes!

THANK YOU FOR YOUR ATTENTION !