



SUSTAINABLE AND AFFORDABLE

In addition to keeping today's energy supply up and going, we have worked very hard on realising the energy system of the future. The number of connections for solar panels, solar fields and wind turbines increased nearly threefold in the past five years. The installed sustainable capacity increased in one year by about 60% in particular at business customers. As much energy is produced on annual basis as all our 2.8 million households in our service area consume.

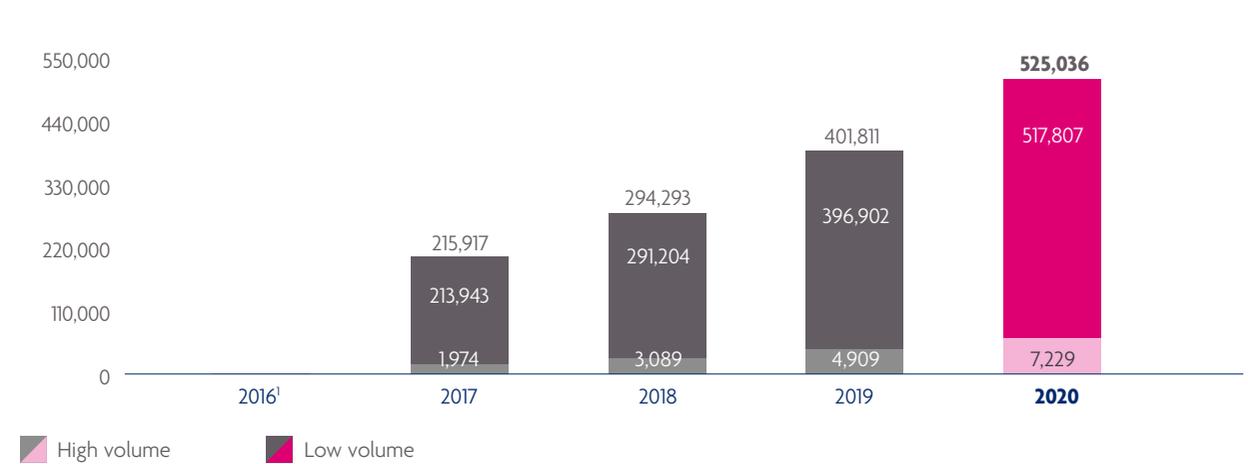
There was sufficient capacity in 2020 to provide a transmission indication in 95% of the cases; however, unfortunately, the capacity of our grids is becoming increasingly scarce. The demand from customers wanting to feed energy into the grid is increasing exponentially. Our grids will have to undergo extensive modifications to be able to realise all the sustainable projects in our service area. The connection capacity was increased in 2020 by 710 MVA. This is less than the 1,280 MVA that we had previously set as a target and is mainly a consequence of delays in the delivery and installation of transformers as a result of which projects had to be postponed. We are doing our utmost to utilise the capacity within the existing limits of our grids. However, the electricity grid is already reaching its maximum capacity in more and more areas and then we cannot accommodate additional demand.

That the supply of renewably generated energy on land will continue to increase in the coming years is also apparent from the Regional Energy Strategies (RES) which were presented in a draft version in 2020. Energy regions are opting for solar energy en masse. We calculated the impact of the draft RESs (and the corresponding options). The energy transition costs more each year and demands large investments. Consumers and businesses are paying for this together. We are doing everything we can to keep the energy supply affordable for everyone. The total costs to society for adapting the infrastructure, the required space and the necessary time are considerable. We believe that system efficiency offers opportunities to enhance the use of the available capacity on the grid. We have made an inventory for each region of what system efficiency can mean for costs, the landscape and the processing time. We can optimise the utilisation of our grids by making smart choices in the energy system. In this manner, we save costs and we ensure that the ambitions of energy regions are affordable and implementable. In various ways, we are working on expanding the possibilities.

1. Influencing demand

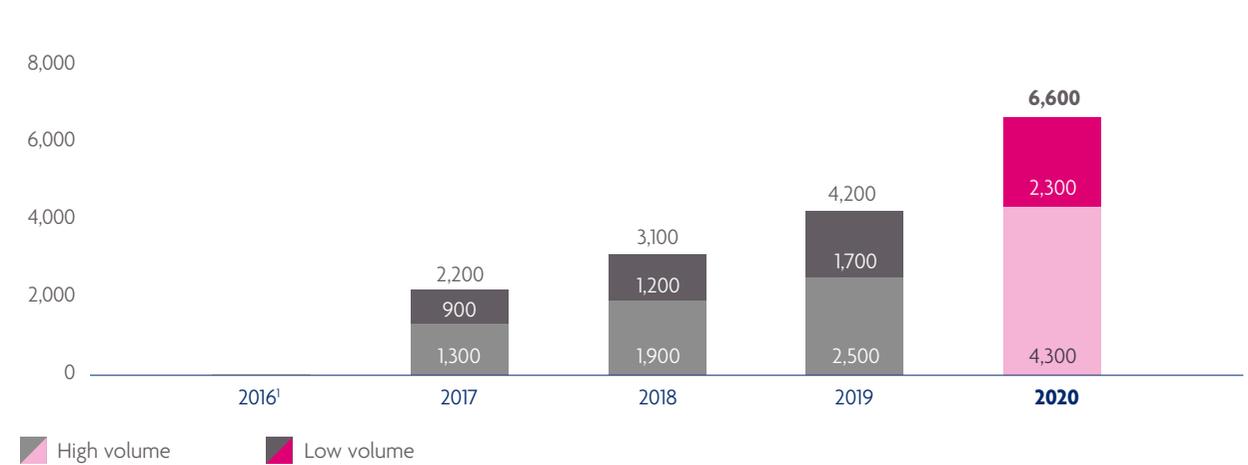
In an early stage, we discuss with energy regions and project developers what is possible in which areas. We calculate the impact of energy plans on the grid and the investments that are required. In this manner, parties that are taking the initiative are not confronted with surprises and the likelihood that subsidies are allocated to projects that can actually be realised is increased. We are also looking into the use of alternative energy sources, such as green gas, hydrogen and residual heat.

NUMBER OF CONNECTIONS THAT FEED BACK INTO THE GRID



¹ No comparable figures available for 2016.

SUSTAINABLE INSTALLED CAPACITY (IN MEGAWATT)



¹ No comparable figures available for 2016.



2. Optimal utilisation of existing grid capacity

In order to avoid unnecessary modifications of the grid, we aim to make optimal use of all available capacity. For example, by making structural use of the reserve capacity of the grid. Or curtail the peak production of solar and wind farms. We also discuss other solutions, such as congestion management, smart charging and flexible rates with market parties, the government and regulator ACM. We provide input (in a sector context) for suitable regulations with a clear framework of rules.

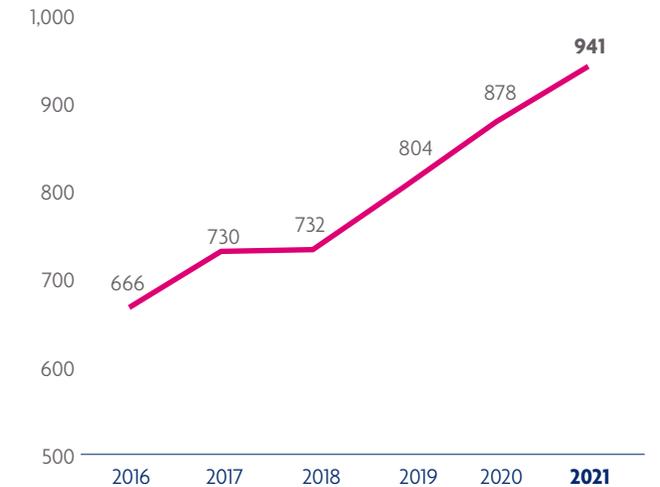
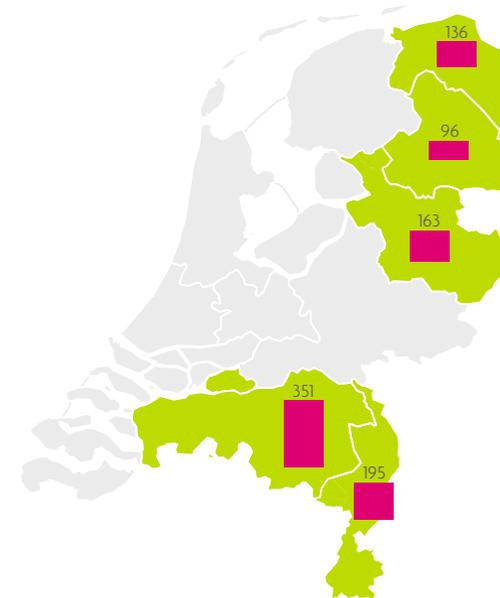
3. Expanding grids at maximum speed and cost efficiency

In any case, the electricity grid must be expanded and upgraded in the coming years on a large scale. This requires a lot of time and money. We are investing proactively based on expectations and we do not always wait for concrete projects. We are also entering into consultations with municipalities at an earlier stage to ensure that permit procedures run smoothly and can thus be speeded up. In this manner, we make optimal use of our realisation ability. We are also implementing technical innovations, such as pre-fabricated mobile mid-voltage stations (e-houses). They are cheaper and it is estimated that they can be installed 6 to 9 months faster. And we work smarter by combining our (excavation) workload.

We want to understand what is going to happen in the long term. For example, we are formulating a vision on the sustainability of the industry in 2021. We carry out research and we expand our knowledge and experience regarding the application of alternative, new energy carriers in our grid. For instance, we are looking into hydrogen. What does it mean to distribute hydrogen in our grids and how can Power-to-Gas contribute to solving the scarce grid capacity of electricity and maintaining the gas grids?

Our work package reached a record high of € 882 million in 2020; a 10 percent increase compared to last year. We also see a lot of work coming our way in connection with the energy transition. As a result, the work package in 2021 will increase further to € 941 million. Besides our own approach, we are dependent on the capacity and the planning of the high voltage grid of TenneT for this. The effectuation of the energy transition is therefore a complex and dynamic process. We have to do everything we possibly can to provide the necessary grid capacity and we need each other to realise ambitions. We signed a letter of intent with TenneT in 2020 in order to optimise our collaboration, enhance information and coordination of our planning.

WORK PACKAGE 2021 PER PROVINCE



Work package 2016-2021 based on standard costs.