



STRATEGIC PLAN

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





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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

We find ourselves at the dawn of the final year of the 2021-2023 Strategic Plan – a plan that underlines the mission set by ORES, that of **“facilitating energy, facilitating life”** and which set a new vision and stated a powerful ambition – that of putting **“our energy and expertise to work on behalf of energy transition for all, while remaining local”**.

This strategic plan was drawn up against a new, unprecedented and difficult backdrop in 2020 – a year marked by the COVID-19 pandemic and the enforcement by the public authorities of truly drastic measures that included, in particular, a strict lockdown lasting several months. Yet even in this crisis situation, we were able to confirm our fundamental role in society by guaranteeing the continuity of our core businesses – beginning with the distribution of electricity and gas.

Our aim was for this plan to have a fairly short timeframe that was in line with the end of the 2019-2023 tariff period. This publication therefore presents an opportunity to look back and take stock of the ambitions that have been fulfilled based on the 2021-2023 strategic plan, as well as to draw some initial lessons from the 2019-2023 tariff period and the use that ORES has made of its authorised revenue. An exercise such as this is essential to enable us to report transparently on how the resources from which ORES benefits are invested – especially since these resources are financed via the tariffs.

The strategy of a company does not always enjoy the smooth and sedate flow of a long river. The strategy implemented is always based on a projection of what the future will be, of how the socio-economic climate will evolve, of customer expectations, technological changes, the availability of resources in the labour market – and so on. Indeed, uncertainty will have been the main feature of the years covered by this strategic plan, which after its genesis in the midst of a global pandemic, also experienced the devastating floods of July 2021, as well as the energy crisis and the consequences of the war in Ukraine, which continues to rage as 2022 draws to a close and which will probably have a lasting impact on the years to come.

These unpredictable and unprecedented events will inevitably have had an impact on the way ORES is able to implement its strategy. Nonetheless, thanks to the strong-minded commitment of our teams, we can look back on a performance of which we can be proud. Through all this turbulence – and here

our thoughts go first and foremost to the terrible floods of July 2021 – ORES has never failed to carry out its fundamental public service missions on behalf of the economic and social life of the people and businesses in Wallonia. In a world undergoing such upheaval at the present time, our commitment to **“facilitating energy, facilitating life”**, to being there for our customers on a daily basis – and even more so in difficult times – remains the foundation of our commitment, our compass, our DNA. In the recent and dramatic energy price crisis that we are currently going through, ORES has also always accepted its responsibilities by providing the best possible support to the social provider’s customers and by contributing to the overall collective effort through energy-saving measures.

We have also managed, throughout these tumultuous years, to pursue the transformation of our company and to project it into the time ahead, so that we can meet the challenges of the future and fulfil the growing expectations placed on distribution system operators. 2022 and 2023 are crucial years in preparing for the next tariff period, initially scheduled to run from 2024 to 2028. In actual fact, at the end of October, in order to allow enough time for a proper consultation process, CWaPE decided to defer by one year the beginning of the new tariff methodology, from 2024-2028 to 2025-2029. Discussions are therefore currently underway on the draft 2025-2029 methodology and also on the arrangements for extending tariffs until the end of 2024.

In 2022, ORES carried out an in-depth industrial planning exercise in order to better understand the current societal changes and the impact they are having on the distribution networks. Thanks in particular to the expertise of Climact, a specialist agency that has been assisting the federal authorities for several years now, we have identified various possible scenarios for establishing changes in behaviour and technologies in response to the challenges of energy transition and independence, in connection with the fight against global warming

and Europe’s desire to strengthen its energy independence from Russia, among others.

These analyses show that whichever scenario comes to pass, it will lead to major changes in energy production, mobility and heating. The effects on the distribution networks of this triple development that we described last year already – producing differently, getting around differently, heating differently – have been clearly documented and ORES has set itself the goal of being part of meeting these challenges.

As 2023 beckons, it brings with it legitimate fears and concerns on the part of ordinary people, businesses and the public authorities regarding the scale, duration and impact of the surge in energy prices. We must contribute to the collective effort required to overcome this crisis, while at the same time continuing to maintain the course of energy transition and independence, which is the only sustainable structural response to the current crisis.

ORES is at the heart of this significant societal development and intends to support society proactively. Our aim is to act as a facilitator for our customers, many of whom feel helpless in the face of the scale of the changes taking place. Within the framework of the discussions being conducted with the regulator regarding the authorised revenue in the future, we will present an ambitious, credible and efficient industrial plan that is in line with these challenges. A new strategic plan will be defined to support the implementation of this industrial plan and to give us clear and solid guidelines in what is a disruptive and increasingly uncertain world. We are operating against a complicated backdrop that is also a highly stimulating one – and one in which we know we can count on the essential and clearly acknowledged commitment of the women and men who work for ORES.

2. MISSION AND VISION

A strong mission,
an ambitious
vision



Our mission

FACILITATING ENERGY, FACILITATING LIFE

As a local public service company, ORES:

- **manages the electricity and gas distribution networks**, investing in these networks on behalf of the community, so that people and businesses can benefit from quality supply.
- **helps facilitate the way the energy markets operate**: management of the required data, installation and reading of meters, validation and transmission of readings, management of changes to providers and customer relocations/changes of address, etc.
- **fulfils the obligations of public service**, including social missions designed to combat fuel poverty.
- **is responsible for managing municipal public lighting**.

All of the areas in which ORES operates are related to energy. They include increasingly complex technical activities. Because energy is a basic necessity for economic and social life, ORES has set itself the mission of relieving customers from the burden of these complexities.

This means that ORES is very much about “facilitating energy, facilitating life” for residential customers, tradesmen and companies, enabling them to concentrate fully on their business by benefiting from rapid responses and efficient services that meet their expectations and requirements.

Our ambitious vision

Our ambitious vision is based along four main lines:

- The desire to be a real “player” in the market, acting as the **driving force of energy transition**.
- A focus on all users of the network, enabling us to **ensure the inclusion of everybody** in the energy system, both today and tomorrow.
- Attachment to the **local nature** of ORES, which works for and with users on a local level.
- **A new aspiration as to the company’s scope of business**: ORES will suggest to the authorities that it extends its missions whenever such extension makes sense from a societal point of view and whenever ORES can contribute further to transition and/or inclusion.

This vision is the course the company aims to take in the medium term and is summed up as follows: “our energy and expertise working on behalf of energy transition for all, while remaining local”.

3. ENERGY NETWORKS

One of Wallonia's
main assets
for achieving
carbon neutrality

If we continue on current trajectories, we are heading straight towards global warming of 4 degrees by the year 2100. But it is still possible for us to comply with the Paris Agreement of limiting the rise in temperatures to 2 degrees. Climate change is not the same at 4 degrees as it is at 2 degrees. At 2 degrees, for example, the risk of extreme heatwaves is multiplied by 5.6. At 4 degrees, that risk is multiplied by a factor of 9.4. And that depends on our ability to achieve carbon neutrality as soon as possible.

François Gemenne, senior research associate, member of the IPCC

Faced with the existential threat of global warming and environmental degradation, Wallonia is committed to following the European policy of the Green Pact and becoming carbon-neutral by 2050. Achieving this goal means making a reduction in our greenhouse gas emissions. This will only be possible if we initiate profound changes in the ways we produce energy, move about and heat ourselves. As the leading energy distributor in Wallonia, ORES seeks to facilitate these changes and, in doing so, to play its role fully as a vehicle for accelerating energy transition.

The effects of climate warming are becoming increasingly visible. Heatwaves, heavy downpours, floods, landslides and the loss of biodiversity are affecting the whole world now, including Europe. The situation is of extreme concern and the Intergovernmental Panel on Climate Change (IPCC) finds itself regularly sounding the alarm: even if we stopped all of our greenhouse gas emissions now, climate change

would still continue for several hundred more years. To limit the damage that this change is having on our environment and our quality of life, the IPCC has indicated the course we need to follow: we must reach carbon neutrality by the middle of the 21st century.

Carbon neutrality

Carbon neutrality is the balance between carbon emissions and the absorption of carbon from the atmosphere by carbon sinks. This means, on the one hand, drastically reducing the greenhouse gas emissions generated by fossil fuels, particularly in the sectors for energy production and consumption, while, on the other hand, deploying solutions for removing carbon from the atmosphere – for example, through reforestation, sustainable land use or innovative carbon capture technologies.

Making Belgium carbon-neutral by 2050 will involve a change in our relationship with energy. As a distribution network operator across 200 municipalities in Wallonia, a few months ago ORES commissioned a study from the consultancy firm, Climact, which guides public and private organisations in the development and implementation of energy transition.

The aim of the study is to analyse current and future changes to society and to assess the impact that those changes have on the way electricity consumption evolves in Wallonia.

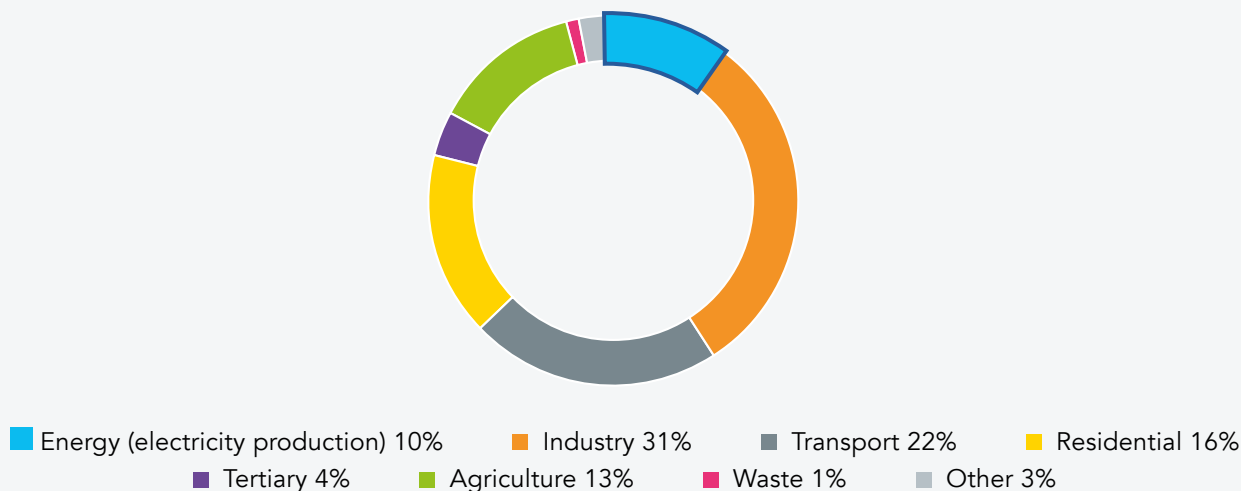
As part of its assignment, Climact has worked on various scenarios that would enable Wallonia to make this target of carbon neutrality by 2050 a reality; some pathways to this target rely on behavioural change and the adoption of new lifestyles, while others assume that innovations in low-carbon technologies are likely to solve much of the problem. The perspectives presented in the following paragraphs are

based on the analysis of a central scenario, called “CORE 95”, which is based on taking a balanced approach between the behavioural and technological answer. Three main avenues are being explored: **alternative energy production, alternative transport and alternative heating.**

3.1. Producing energy differently

The production of electricity from renewable sources and, consequently, the capacity of the grid, must be significantly increased to enable the residential, industrial and mobility sectors to find alternatives to fossil fuels.

Breakdown by sector of greenhouse gas emissions in Wallonia



Source: WPS – Walloon Public Service – Walloon Air and Climate Agency (AWAC – 2019)

The production of electricity represents 10% of greenhouse gas emissions in Wallonia. This means that the first challenge is to produce energy differently, using resources that are more eco-friendly, such as solar, wind, hydropower, biomass and geothermal.

Currently, the production of renewable energy covers 15% of the gross final consumption of electricity in Wallonia. Taken across its operating territory, which covers three-quarters of the Region, ORES had more than 166,675 renewable generation installations connected to its networks at the end of September 2021. It is important to emphasise that 100% of photovoltaic production and 95% of wind production is connected directly to the distribution network, rather than the transmission network. This shift from a centralised production system to a broad-based ecosystem with multiple local and weather-dependent production sources has necessitated an overhaul of the entire network – an overhaul that will continue and be expanded in the years to come.

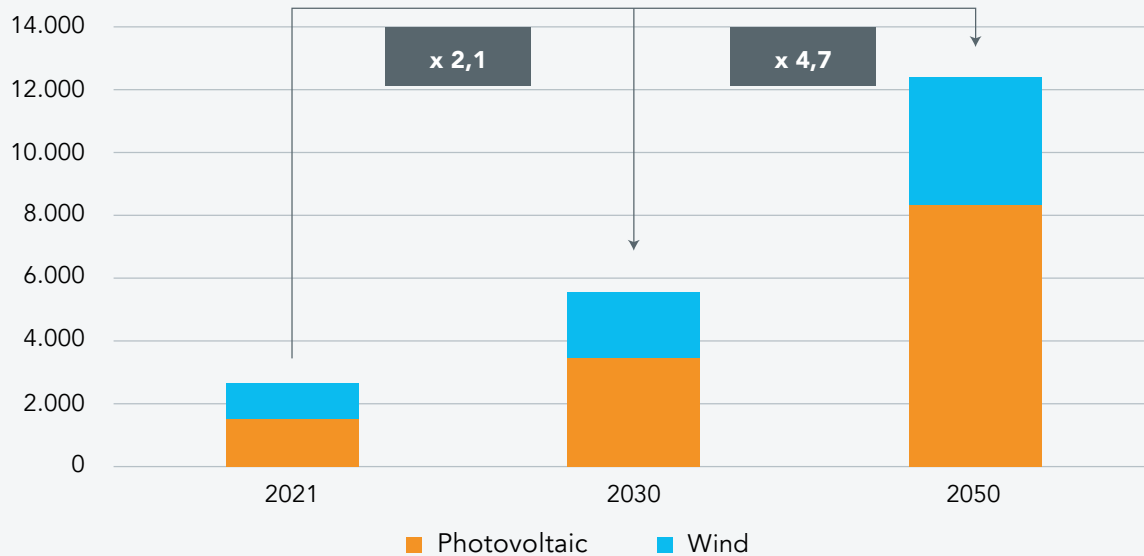
Major investments have been made to accommodate these new multidirectional energy flows and to incorporate the intermittent nature of solar and wind energy. The modernisation of infrastructures and network management tools (IT, telecoms, artificial intelligence) has enabled us to connect all of these local sources of production, while avoiding any disruption to customer supplies and security as much as possible.

However, in some residential areas where there are large numbers of photovoltaic installations, the capacity of the grid to accommodate that power may already be insufficient (which may cause customer installations to be tripped and revert to 'safe mode'). In terms of wind generation, capacity overruns can also occur, particularly at the level of the transmission network infrastructure, which may lead to a momentary curtailment of power production. Yet, to enable Wallonia to achieve carbon neutrality, Climact says that installed renewable power will need to double between now and 2030 – and practically multiply by five by 2050. This projection therefore assumes that the network infrastructure will need to be significantly reinforced along the way.

The climate-related, energy, geopolitical and socio-economic crises that we are currently experiencing mean that we will have to accelerate energy transition in Wallonia. If appropriate measures are taken by the government, virtually 50% of the country's electricity supplies will be derived from variable renewable energy sources a decade from now... which is both a huge challenge and a unique opportunity for us to move towards a more flexible, sustainable and decentralised energy system and networks. The development and management of the electricity grid will therefore have to guarantee the optimum integration of renewable electricity production – i.e. to avoid potential production curtailments as much as possible, while at the same time minimising the cost of injecting renewable electricity into the grid.

Dr Fawaz Al Bitar, General Manager of EDORA

Development of installed renewable power (photovoltaic and wind) in Wallonia [MWc]



Source Climact (2022)

Increasing renewable energy is a fundamental element for Wallonia in achieving its climate targets. First of all, renewable energy will make it possible to reduce greenhouse gas emissions in the energy production sector (10% of total greenhouse gas emissions in Wallonia). But it will

also help to make other sectors greener, such as manufacturing (31% of greenhouse gas emissions), the residential sector (16%) and transport (22%) by enabling them to replace fossil fuels with energy derived from renewable sources.

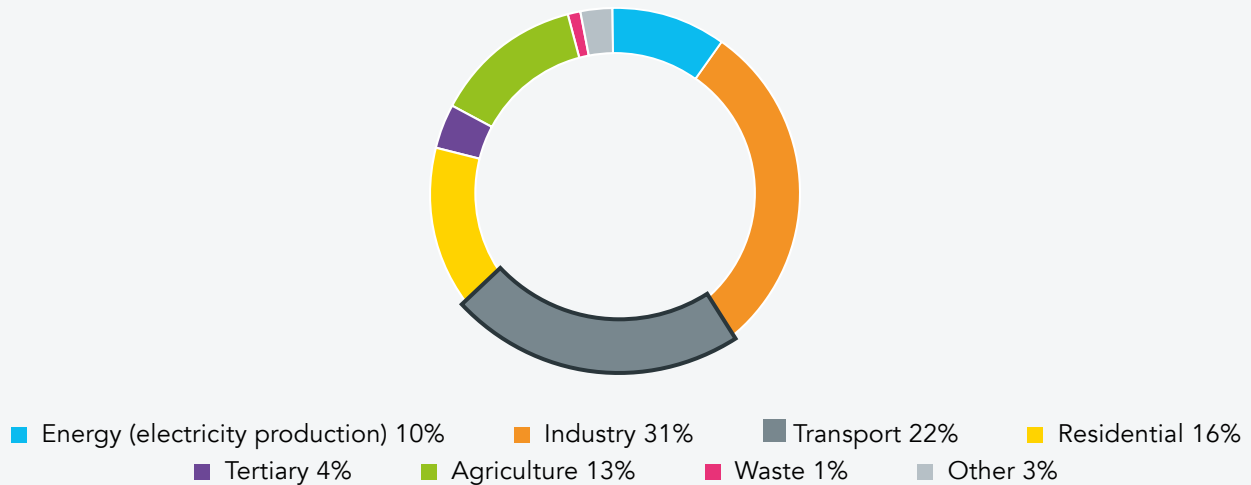
Electrification is the key factor for private individuals to become greener and for them to play a part in decarbonisation. And without a smart distribution network with the capacity to accommodate renewable production, the electrification of domestic heat production and electric mobility, it will not be possible to achieve regional decarbonisation targets.

Olivier Van der Maren, Executive Manager Energy, Climate and Mobility at FEB/VBO

3.2. Getting around differently

The large-scale arrival of electric vehicles is looming in Wallonia in the very short term. This means that the distribution network must be prepared to become a giant service station in order to meet the recharging needs of these vehicles.

Breakdown by sector of greenhouse gas emissions in Wallonia



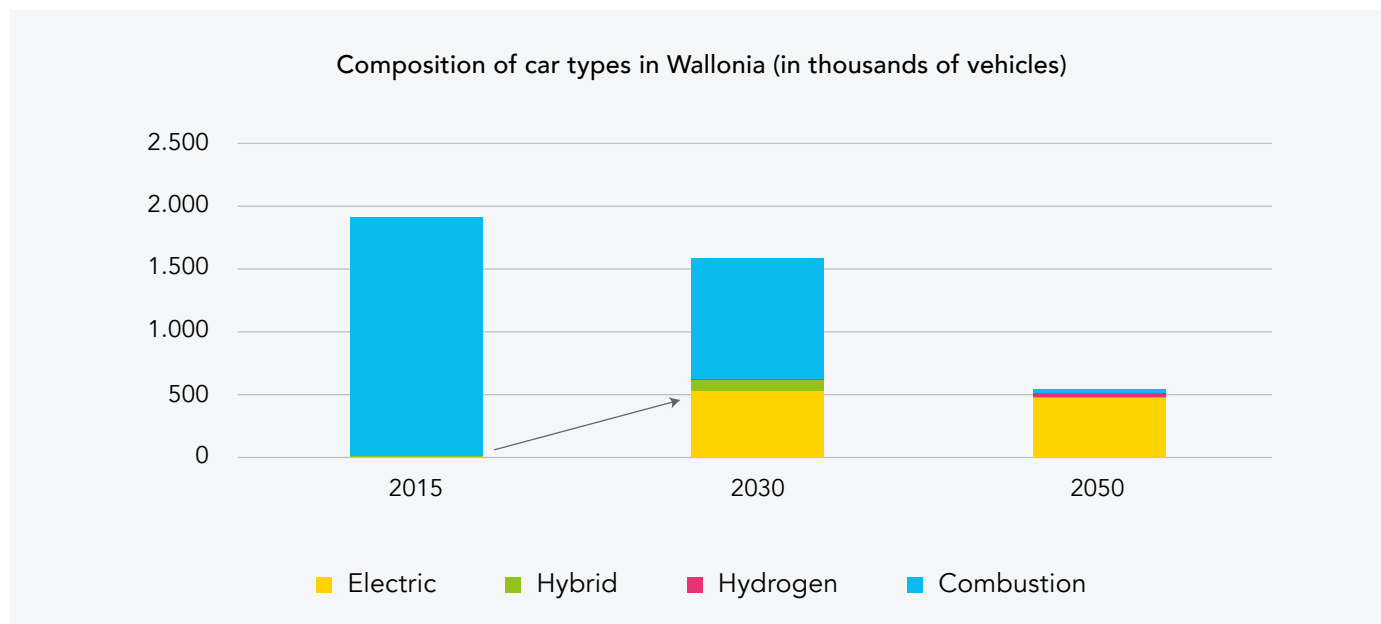
Source: WPS – Walloon Public Service – Walloon Air and Climate Agency (AWAC – inventory March 2022)

Representing almost one-quarter of greenhouse gas emissions in Wallonia, the mobility sector also needs to embark on a process of profound change to enable the Region to achieve its climate targets.

Climact states in its report that the future of mobility lies in affordable and environmentally friendly alternatives to the private car. In doing so, the consultancy firm is in line with the Regional Mobility Strategy (RMS), which envisages a significant reduction in the number of cars in the long term.

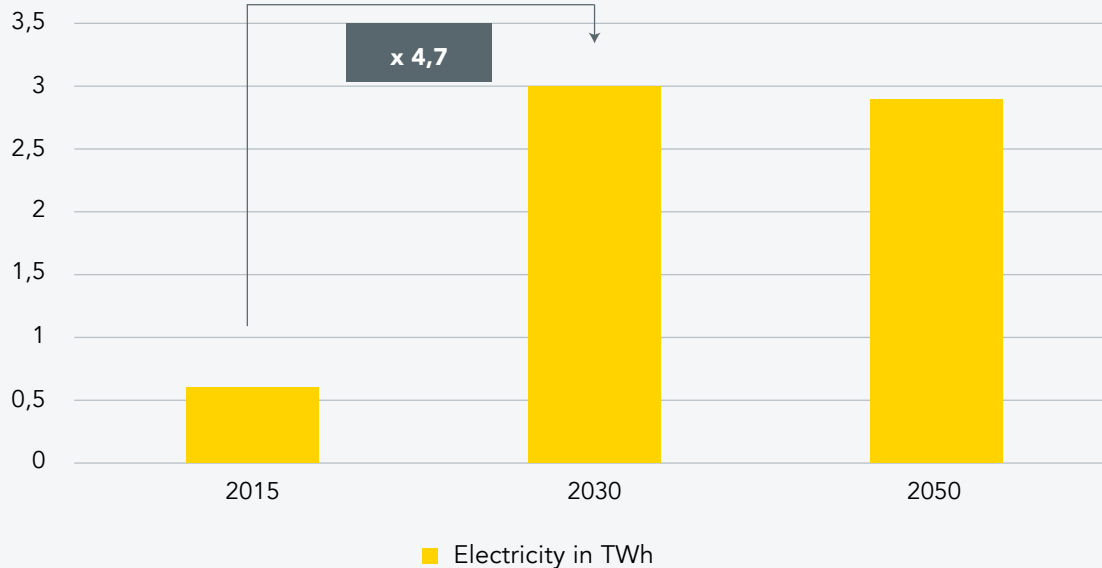
Modal shift, active mobility and vehicle electrification are different levers to be deployed in reducing transport-related emissions. As far as network management is concerned, it is the large-scale and rapid arrival of electric cars that will disrupt the sector. In recent months, the European, federal and sometimes even local authorities have given a number of boosts to electromobility. The end of combustion engines by 2035, changes in taxation on company cars, a ban on the most polluting cars in some of the large cities (...) are all steps taken that are now prompting manufacturers and motorists to opt for electric vehicles, rather than petrol or diesel.

The scenarios put forward by Climact show that to achieve carbon neutrality, making the switch to electric mobility is really a vital factor. Hence, at least 500,000 electric vehicles should be on the roads in Wallonia by 2030 if the Region is to be on the right track to reducing greenhouse gases.



Source Climact (2022)

Final electricity consumption in the transport sector in Wallonia (in TWh)



Source Climact (2022)

For ORES, this imminent large-scale switch to electric vehicles will, of course, have consequences. For example, the network will have to take on a new role, acting as a “service station” so that it can meet the recharging requirements of these vehicles. This means that a strengthening of the distribution infrastructure will be essential (change from the 3 x 230V - type network to a 3 x 400V + N

network) in many areas, such as those where the number of electric vehicles expected is greater than the national average. In addition, other measures will need to be implemented to encourage fair behaviour in relation to the distribution network – in particular to avoid the oversizing of home charging stations.

88%

of vehicles will be electric or plug-in hybrids by 2050 according to the Climact study. ORES needs to begin preparing for this development now, because by 2030, more than 500,000 electric vehicles will be driving on our roads and will be “filling up” at home, in town or at the office, thanks to the electricity distribution network.

The automotive industry is selling more and more rechargeable electric cars, light utility vehicles, heavy good vehicles and motorcycles. A whole new energy ecosystem will be essential to enable these vehicles to be used. This will include recharging infrastructures, for example, which can easily be supplied with affordable green electricity. In addition, a robust, smart electricity network will be essential to enable consumers and businesses to use these vehicles with ease for a wide range of applications. More than ever, the consumer must be at the heart of the energy system of tomorrow.

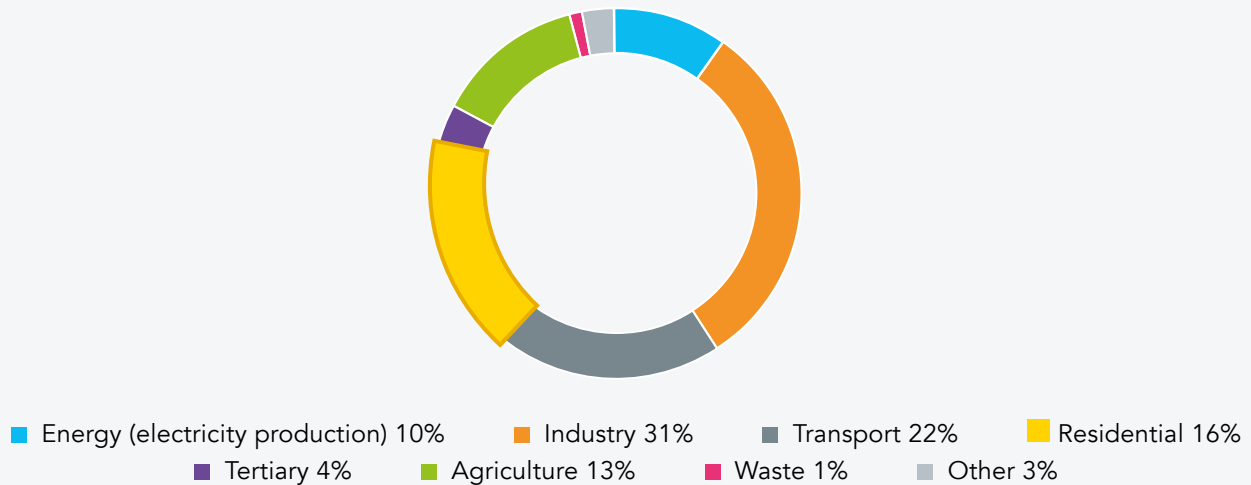
Andreas Cremer, CEO of FEBIAC.



3.3. Heating ourselves differently

Better insulation of the building stock in Wallonia, both new and existing, should enable energy consumption to be brought down. Electricity also has a role to play in making our heating consumption less harmful to the environment.

Breakdown by sector of greenhouse gas emissions in Wallonia

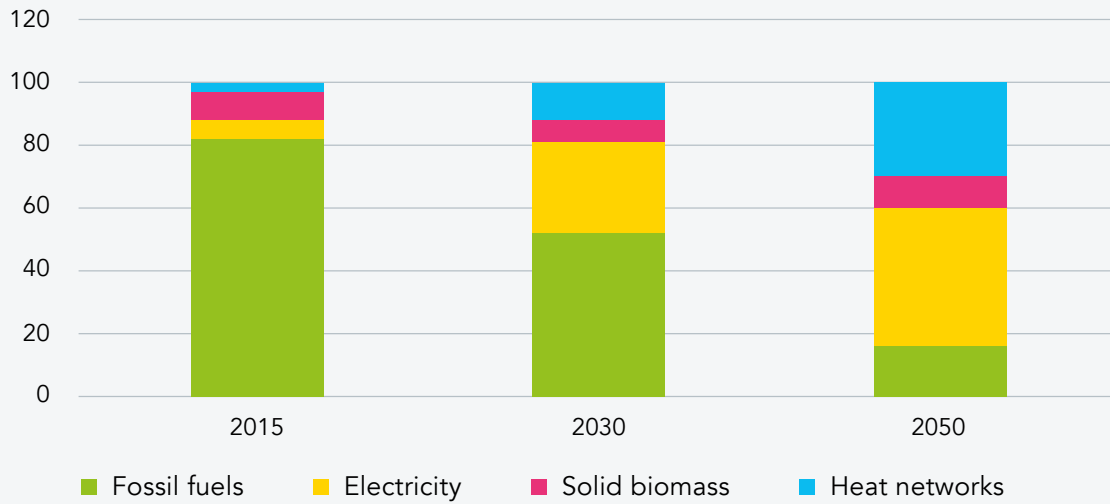


Source: WPS – Walloon Public Service – Walloon Air and Climate Agency (AWAC – inventory March 2022)

The decarbonisation of the residential sector (16% of greenhouse gas emissions in Wallonia) is the third lever for achieving carbon neutrality, which will have an impact on the management of electricity distribution networks.

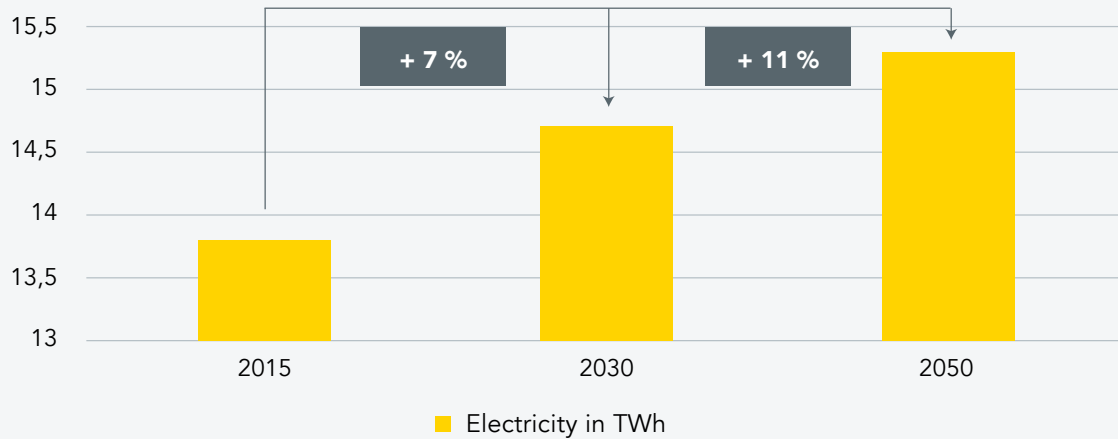
High carbon dioxide emissions from our homes are often the result of excessive heating due to poor insulation. Heat escapes – through walls, windows, roofs or attics – instead of warming the home.

Energy mix for heating in the residential sector (in %)



Source Climact (2022)

Final electricity consumption in the building sector in Wallonia (in TWh)



Source Climact (2022)

The road to carbon neutrality requires better insulation of buildings in Wallonia, as well as the development of heating alternatives. In this respect, electrical technologies (and heat pumps in particular) are once again the first choice for reducing the consumption of fossil fuels and making the best use of renewable power production.

Despite increased insulation and the arrival of tools that will allow better control of consumption (such as smart meters), the electrification of heating will lead to a 7% increase in electricity consumption in the residential sector by 2030 and 11% by 2050. Once again, the distribution network will have to support this increase to fulfil its role and enable energy transition.

44%

of residential heating requirements will be electrified by 2050, compared with 6% today, according to the study conducted by Climact for ORES.

3.4. Consuming less energy... but using more electricity

Two major imperatives come out of the study conducted by Climact. First of all, we need to rationalise our energy consumption and aim to achieve a certain level of restraint when it comes to using that energy. Whatever the path envisaged to achieve carbon neutrality, Wallonia will have to turn down its rate of energy consumption. In the main scenario of its study, Climact mentions a 2.3-fold decrease in energy consumption over the next thirty years.

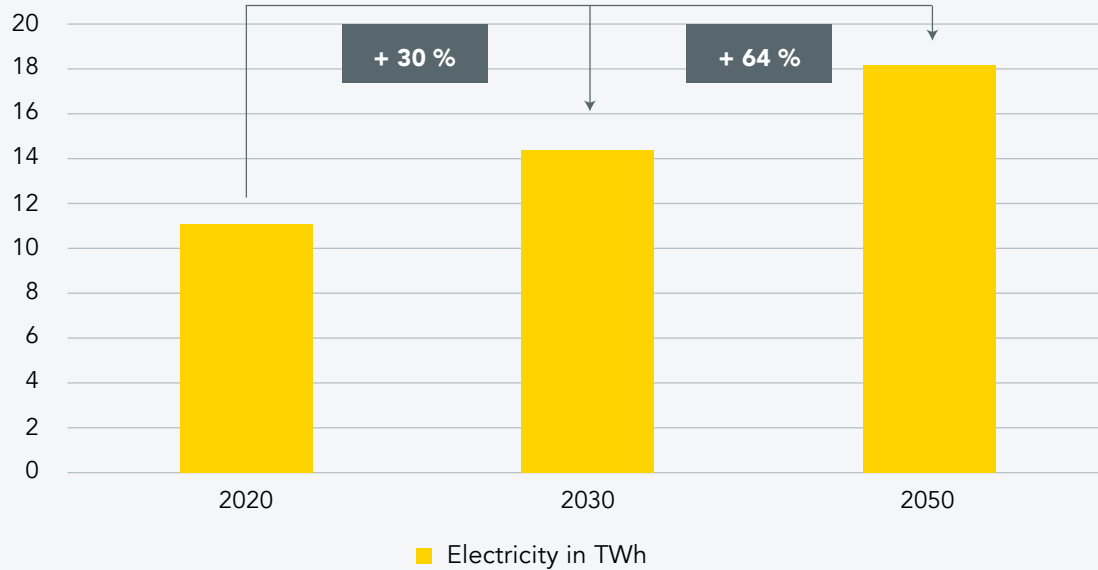
The second vital necessity will be to electrify various sectors of the economy to enable them to wean themselves off their dependency on fossil fuels. While demand for energy overall will fall, demand for electricity will continue inexorably to rise to make up for the gradual departure from more polluting “traditional” fuels. The consultancy team at Climact says that the amount of electricity that will flow through ORES networks could increase by 64% by 2050,

with significant growth of 30% in the decade from 2020 to 2030 alone.

Producing energy differently. Getting around differently. Heating ourselves differently. These three avenues for helping us to reduce our greenhouse gas emissions are a major challenge, both for the community at large and for the various sectors of business – plus, of course, for the electricity distribution system operator.

The trend towards the electrification of society is in fact a reflection of the very concept of energy transition, as adopted by Wallonia, but also on a wider scale by the European Union and the rest of the world. With the increasing urgency of climate change, it should be stressed that investments in the grid aimed at fulfilling this level of electrification are currently mainly short and medium term.

Final consumption of electricity distributed by the ORES network (in TWh)



Source Climact (2022)

Electrification is key to achieving a zero-carbon society and distribution networks are at the heart of this energy transition: to accommodate new renewable production, but also new ways to use electricity. That's why there is an urgent need to make large-scale investments in strengthening these new ways and ensuring they are 'smart'.

*Christian Buchel, member of the Management Board and Territory Customer Director at Enedis,
Chairman EDSO for Smart Grids*



4. A STRATEGY FOCUSED ALONG 5 MAIN LINES





Strategic point 1

Competitive tariffs for the different ORES customer types

ORES intends to enable all of its customers – residential, business and corporate – to benefit from competitive tariffs – and to do so regardless of where they are located.

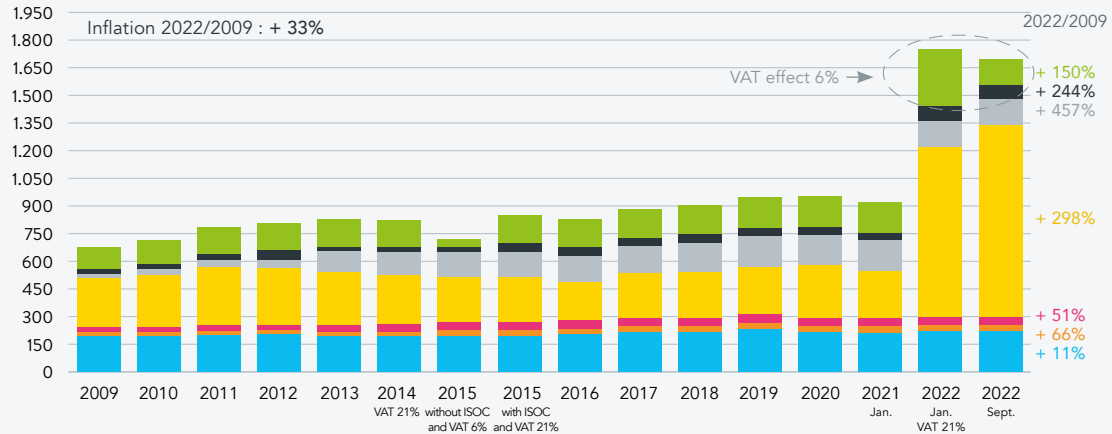
The aims are as follows:

1. Stability of distribution tariffs

Since ORES was created in 2009, the distribution tariffs – for both electricity and gas – have remained stable (see graphic on the next page). ORES has kept its distribution tariffs below the rate of inflation thanks to the productivity efforts made inside the company, while at the same time improving the quality of the service provided to customers and by preparing for energy transition.



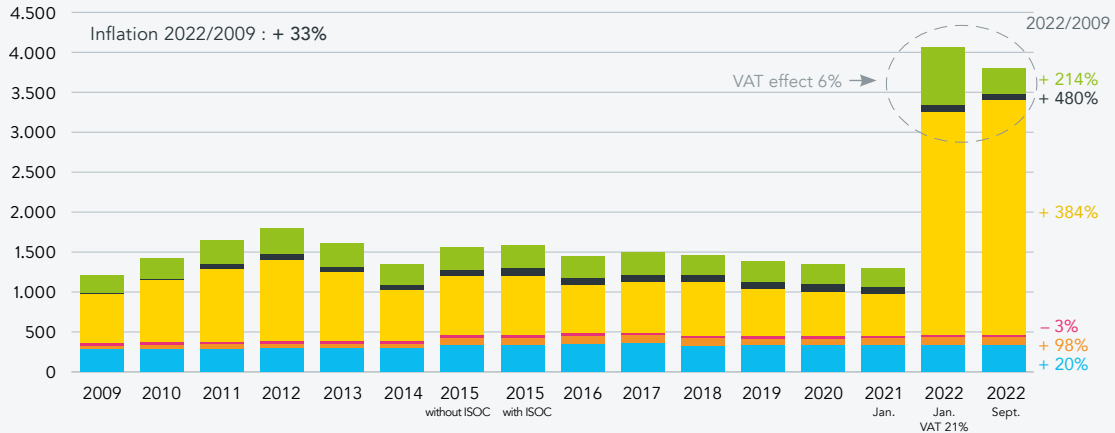
Total electricity bill – changes 2009-2022 (residential 3,500 kWh per year dual time)



* September 2022 VAT 6% March - Decembre and 21% January - February

- Distribution costs, excl. prior publ. and OSP
- OSP
- Transmissions costs excl. prior publ.
- Support to green energy
- Energy
- Fed. charge, fed dep and other prior publ.
- Energy charge + VAT

Total gas bill – changes 2009-2022 (residential 23,260 kWh per year)



* September 2022 VAT 6% March - decembre and 21% January - February

- Distribution costs, excl. prior publ. and OSP
- OSP
- Transmissions costs
- Fed. charge, fed dep and other prior publ.
- Energy
- Energy charge and VAT

Sources: ORES based on tariff tables, transmission and distribution networks

The distribution costs – for electricity and gas – for the tariff period 2019-2023 were calculated in 2017 – i.e. before the current energy crisis. They are calculated based on an annual inflation rate of 1.575%, which cannot be reviewed during the tariff period, whereas inflation reached 11.27% in September 2022. The distribution tariffs have not been adjusted to track this inflation and so, when maintained at a stable level, they are a factor of stability in the overall energy bill.

2. Implementation of an extensive efficiency programme

ORES has implemented an **extensive efficiency programme** since 2015, aimed at structurally reducing its cost base and creating value:

- With regard to organisation and processes, a reorganisation of the company took place at the beginning of 2022 with the aim of enabling ORES to remain in line with its rapidly changing environment – an acceleration in energy transition, changes in customer and stakeholder expectations, etc. – and to make the company more efficient and more agile so that it can respond effectively to the many challenges facing society.
- A number of programmes from the **transformation plan** have been conducted, aimed at achieving digitalisation for greater efficiency:
 - Implementation of the RPA (Robot Process Automation) project: this involves the automation of a number of manual processes designed to increase productivity and to make life easier for employees by avoiding the need for multiple manual entries.

- Implementation of the new public lighting management application, which is intuitive and more effective.
- Introduction of a powerful online application for consulting orthoschematic maps of the distribution network.
- Launch of the new training and development platform (Talentsoft) for all employees.

3. Consideration as to the **development of the tariff structure** is still underway and forms part of the future tariff methodology.
4. **Tariff equalisation** – a single distribution tariff for all customers for whom the distribution system operator is ORES – was approved in the autumn of 2021 and will be implemented on 1st January 2024.





Strategic point 2

The customer at the heart of our business

For several years now, ORES has sought make life easier for its customers in carrying out its various activities. This involves fully considering the expectations and constraints of our customers and making them the real driving force behind our actions, our processes and our organisation. Within this framework, we measure their satisfaction and regularly adjust the approach we take according to the needs they express.

The aims are as follows:

1. To personalise “customer journeys” by incorporating satisfaction targets

- Based on the opinions and comments received from and made by customers, the various departments at ORES are constantly enhancing the letters and forms it sends out to them, with the aim of making its correspondence easier to understand.
- For several years now, ORES has offered the “Connect My Home” service, which enables customers to make a single request to us for all their utility connections (electricity, gas, water, telecommunications) and to have the work carried out in a single day (saving time and administrative charges for customers).

- ORES offers its customers the opportunity to have preparatory work carried out prior to the main works, via the “Plus” service.
- #### 2. To guarantee a quality of service that meets customer expectations
- To improve the service it provides to customers still further, ORES also makes life easier for its employees who are in direct contact with customers. To be able to provide the quality of service expected by customers, staff at ORES and at the Connexio call centre are supported by simplified processes and high-performance IT tools.
 - ORES adjusts to the methods of communication used by its customers and gives them the option of contacting its various departments via applications such as Messenger (social networks), with the WhatsApp messaging tool coming soon. At the same time, ORES provides the same quality of service regardless of the communication channel chosen by its customers: paper, digital, telephone or social media.

- 3. To give priority to digital channels in our activities**, in addition to traditional channels, with a view to achieving efficiency, providing customer satisfaction and maintaining cost control.

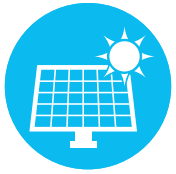
Although some customers still prefer to contact ORES services using the traditional “paper” communication channel, a growing number of them now expect ever-faster and more efficient forms of digital communication. To meet these expectations, the ORES website is constantly evolving:

- Sustainable mobility: creation of a simulator that enables customers to find out whether their home power system allows for the installation of a home charging point for electric vehicles.
 - Smart meters: video capsules and simplified illustrations for better understanding the prepayment functionalities of smart meters.
 - MyORES: creation of a portal to enable customers with a smart meter to monitor their consumption by the month, day and even by the quarter-hour.
 - Creation of a proactive information webpage in the event of incidents (such as the floods in the summer of 2021) or to provide general interest information (energy grants and subsidies decided by the federal or regional governments).
- 4. To conduct promotions/provide information about the opportunities generated by the new developments in the market**, such as flexibility or new methods of exchanging energy.

The ORES website provides customers with information about sharing energy: renewable energy communities (REC), civic energy communities, energy-sharing in the same building and peer-to-peer sharing. To make the advantages and benefits of renewable energy accessible to the greatest number of people, energy-sharing opens up new horizons, allowing production resources to be pooled, for example by creating renewable energy communities. In these communities, energy is produced locally, shared by the public distribution network and consumed between neighbours. It's a great way to use renewable energies as part of a short circuit and to allow a greater number of people to participate in energy transition while controlling their energy bill.

In 2022, ORES was actively involved in the LogisCER pilot project in Verviers. Set up in collaboration with Mons University and the Logivesdre housing company, the programme enables 18 social housing tenant households to benefit from the local production of green energy.





Strategic point 3

ORES as an accelerator of energy transition

ORES is working on behalf of energy transition, making targeted investments in its network, rolling out new communication technologies – network and metering – and promoting partnerships with the aim of developing new solutions.

The effects of climate change are increasingly visible and being felt more and more by the public. The same applies to energy supply issues on an international level. In this context, which threatens both our quality of life and our wallets, the need to step up action in favour of the energy transition is now recognised by all. Aware of the levers it has at its disposal to accelerate change, ORES is transforming its networks and data management tools to move the market towards new forms of production/consumption and to support the development of renewable energy.

The objectives are as follows:

1. Making it easier for renewable energy to be connected and injected into the grid

In the space of 15 years, ORES has connected more than 166,600 renewable electricity generation units to its infrastructure. And the process is only just beginning. In view of Wallonia's climate objectives and soaring energy prices in 2022, exponential growth in the number of connection requests for photovoltaic

and wind power installations is expected by 2030 (see Section 3). ORES is incorporating this perspective into its industrial plan, both to maintain the stability of the network and to preserve its role as a facilitator for all those – households, companies, energy professionals, etc. – who contact it with a view to connecting and commissioning their green energy production.

2. Making the necessary investments to enable the management of energy flows in line with the new realities brought about by energy transition.

The network also needs to make itself “smart” so that the increase in more local and intermittent production is not to the detriment of the quality of supply to customers and energy security overall. This includes the rollout of smart meters to customers (100,000 new smart meters have been installed so far at this stage), the implementation of remote control and telemonitoring systems on electricity cabinets (2,736 power cabinets were “smart” by the end of September 2022, i.e. about 11% of the total number) or the deployment of a new tool for the remote control of the network (in 2022, ORES designated Schneider Electric as the supplier of its new advanced dynamic distribution management system – ADMS).

3. Enabling the deployment of renewable medium-voltage energy communities and preparing for their extension to low voltage.

ORES has provided its expertise to various pilot experiments, both on the medium-voltage distribution network with industries (the “E-Cloud” project in 2017-2020 in Tournai), and on low-voltage infrastructures with the public – and in particular users in vulnerable situations (the “LogisCER” project started in May 2022 in Verviers).

4. Developing the role played by ORES as a neutral data manager between energy suppliers and customers, in line with market needs.

After a number of years in development, the federal “Atrias” platform was launched at the end of 2021. This centralised system enables the faster rollout of future market-related applications in support of energy transition.

5. Supporting the rollout of electric mobility by reinforcing the network where necessary, but also by creating a data management platform for charging cars. ORES is also testing energy storage systems to help increase the number of charging stations for electric vehicles while supporting the stability of the grid.

6. Continuing to convert municipal public lighting to LED.

Public lighting represents 50% of local authority electricity bills. The rollout of LED technology, coupled with the systematic reduction in lighting levels between 10.00 pm and 6.00 am delivers a 60% to 65% reduction in consumption on average. ORES is in the process of upgrading all of its public lighting over a period of 10 years (2019-2029). In doing so, it is prioritising the replacement of industrially obsolete light sources (i.e. bulbs that are no longer manufactured) and the most energy-intensive sources over the first five years of the programme. This strategy makes it possible to achieve significant energy savings in the initial years of the process. When the whole operation has been completed for the 460,000 or so light points managed by ORES today, more than 110,000 MWh of electricity consumption will be saved each year – corresponding to an annual reduction in emissions of some 29,000 tons of CO₂ equivalent.

7. Following the example of what is currently underway for the electricity network, switching the distribution of gas to renewable energy, thanks to the opportunity offered by the biomethanisation sector in Wallonia and via continued research into synthetic gases (generated by the capture of CO₂ from plants) or green hydrogen. ORES recently connected three initial biomethane injection units to the distribution network (enough to meet the consumption needs of approximately 10,000 households). In the autumn of 2021, ORES also presented its vision of the energy transition of gas distribution networks to the office of the Walloon Minister for Energy, together with its counterpart, RESA.



Strategic point 4

A truly responsible company

ORES intends to assume its responsibilities towards its staff by ensuring their safety and wellbeing and by preparing them for future developments. ORES aims to be a socially responsible company by accommodating the concerns of its stakeholders.

The company is pursuing various objectives, including:

1. Guaranteeing the safety, health and wellbeing of its staff and subcontractors.

- In 2022, ORES approved its overall health and safety plan for the next five years. This plan is constantly evolving and is based on a multidisciplinary and transversal approach.
- After a turbulent period brought about by the COVID-19 pandemic, ORES has reorganised its special days devoted to subcontractors in autumn 2022. The aim of these exchange days is to strengthen the partnership bond and collaboration with the subcontracting teams who work alongside the ORES teams on a daily basis to accomplish the company's various missions.

- At the same time and against a general background of rising costs of equipment and raw materials, ORES is maintaining and strengthening its dialogue with suppliers and subcontractors with the aim of finding pragmatic solutions together.
- 2. Providing staff with the skills they need as part of a forward-looking standpoint on employment,** anticipating needs and as part of a cultural environment geared to match the company's strategy.

This involves new technology training (for example on the subject of smart meters or the replacement of old network infrastructures by new ones), as well as new learning in terms of communication with customers, change management or the way work is organised (which has now become hybrid working for some staff). Finally, ORES pays particular attention to developing the notion of leadership internally, especially at a managerial level, in order to enable staff to deal calmly with what is an increasingly volatile, uncertain, complex and ambiguous external environment.

3. Strengthening and structuring the way we listen to and involve our stakeholders.

- ORES is constantly exchanging views and ideas with all of its stakeholders. This is happening, for example, on a European level with organisations such as the E.DSO (Europe's Distribution Systems Operators) and CEDEC (European Federation of Local and Regional Energy Companies).

- In Belgium, ORES conducts exchanges of information with its peers in Synergrid, the federation of electricity and gas distribution system, for which the company currently holds the chairmanship.
- Still in Belgium, ORES interacts with its stakeholders in the energy division of the CESE (the Economic, Social and Environmental Council of Wallonia), the Consultative Council for Electricity and Gas at CREG (Commission for Electricity and Gas) and the Energy and Climate Commission of the FEB (Federation of Belgian Businesses). ORES also consults its stakeholders on specific topics, such as its policy on sustainable development or the question of smart meters, within a Monitoring Committee set up specifically for this purpose.





Strategic point 5

A player committed to social inclusion and the fight against fuel poverty

Fuel poverty is a growing concern in Wallonia. ORES is committed to this issue and contributes to improving social inclusion in terms of access to energy transition (local production, renewable energy communities, etc.).

Various targets have been set to achieve this aim:

- 1. To continue being more than a mere fulfiller of public service obligations of a social nature**
 - ORES keeps its customers informed proactively – via the website, social networks, the media, etc. – about the various customer statuses that they can claim, such as the status of protected customer or cyclical protected customer, as well as about the types of assistance available to them. This sort of information is all the more important in the context of an energy crisis.
 - During the floods in the summer of 2021, ORES partnered with the public authorities to implement support measures for affected customers. ORES also spontaneously contacted customers struggling with effects of the floods for whom it provides energy in order to provide them with answers to their questions, as well as to give them support and listen to their concerns.
- 2. To strengthen partnerships with the other parties** involved in the fight against energy poverty (PCSWs, non-profit organisations, social housing companies, suppliers, etc.) to jointly improve our actions and strengthen energy inclusion
 - As a social provider, ORES has also taken specific measures following the sharp rise in energy prices aimed at enabling it to take the payment ability of its customers into account.
 - ORES works with the PCSWs to enable information to be disseminated better among customers who may be entitled to the various measures and assistance put in place.
 - ORES provides personalised guidance in the Local Energy Committees (CLÉ) and also helps to come up with solutions geared to suit the situation of the most vulnerable customers.
- 3. Based on our experience in the field, to identify measures for improving the mechanisms applied for combating energy poverty** by making modifications to our procedures and/or public policies and to the statutory and regulatory framework

4. **To roll out smart meters** as a tool for social inclusion and to strengthen the fight against energy poverty

ORES provides a prepayment management platform for customers who are equipped with prepayment-enabled smart meters. Customers no longer have to travel anywhere to top up their meters and can prepay their energy online.



5. TRANSVERSAL LEVERS THAT MOBILISE THE COMPANY



To help Wallonia achieve energy transition, ORES capitalises on its strengths: its human resources and technological expertise. Since 2020, the company has also drawn inspiration from the exchanges with its stakeholders to build its policy on sustainable development.



Corporate culture, management of human resources and adaptability to change

Energy transition involves new tools and working procedures for the network operator. While some of the changes necessary for transition – the remote control of power cabinets, intelligent metering, etc. – may be time-saving from an operational point of view, more often than not they result in increased complexity for the various trades.

Within the organisation, employees must now maintain and develop their expertise in electricity and/or gas, while at the same time learning new technologies: digital, data, etc. At the same time, members of ORES staff need to be able to continue carrying out their day-to-day tasks, while

maintaining a high level of service quality and responding to new customer expectations and demands.

Against this background of acceleration and widespread change, the company ensures the efficiency and resilience of its staff through a human resources management policy based on exchange, trust, learning and wellbeing at work. ORES also pays particular attention to the leadership development of its managers, so that they can also act as facilitators of change and transmit the organisation's values and culture to their teams.





Transformation plan

In order to develop its activities in the direction of energy transition, ORES defined a transformation plan already several years ago, the raison d'être of which is as follows: to coordinate all future-oriented work and ensure that it is carried out on time and within budget.

In recent years, numerous programmes and projects have been carried out simultaneously, mobilising a significant proportion of the company's human and financial resources. These include the "Smart Grid" programmes (implementing a smart network with a view to increasing the capacity to accommodate renewable energies), "Switch" (rollout of smart meters with customers), "Atrias" (creation of a platform to exchange data and the definition of new processes between the companies operating on the energy market), "Data" (strengthening the data management role of ORES), etc.

Of course, the different types of work are closely linked to each other. With a view to ensuring sound governance, ORES has created a specific department to help guide the transformation programmes. This department is also responsible for studying longer-term developments in the business and for testing innovative solutions, such as renewable energy communities.



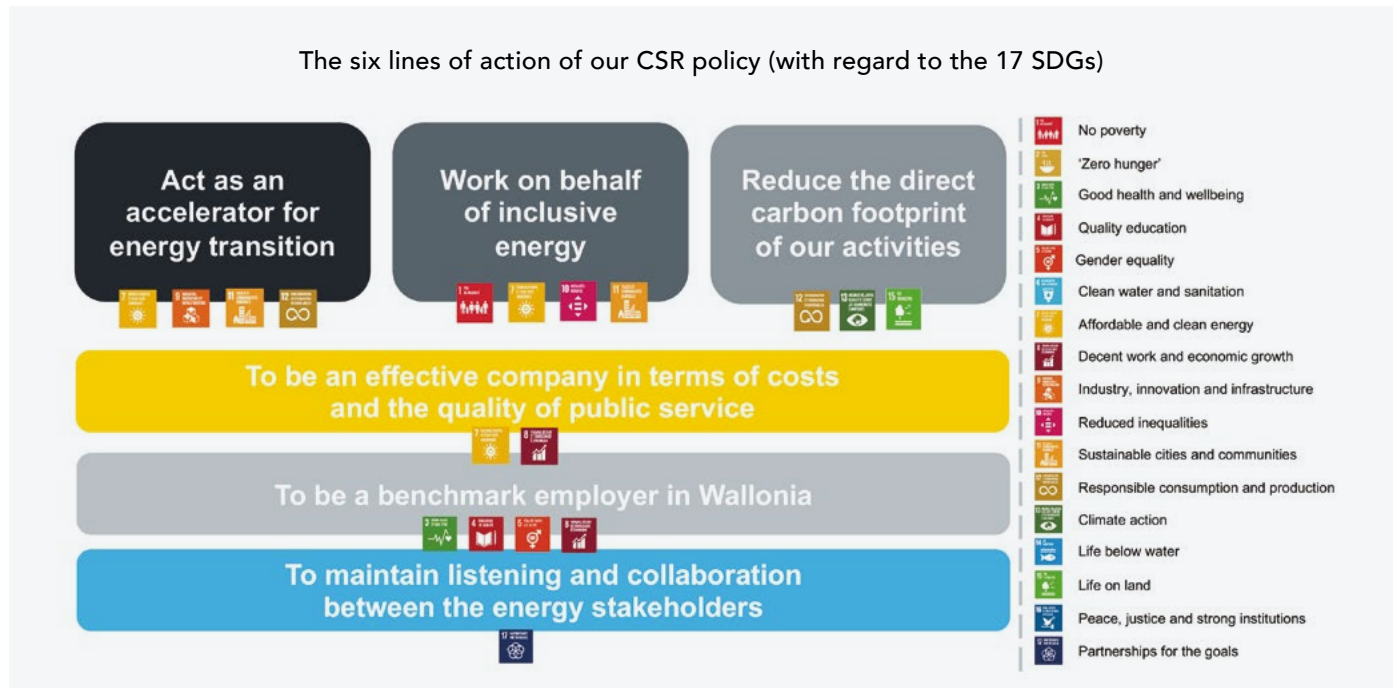


Policy on sustainable development

In 2021, the company undertook an exercise to overhaul its policy in this area in order to summarise and rationalise its CSR (Corporate Social Responsibility) commitments, while ensuring a stronger alignment with its strategic points. Six lines of action to address the priority issues of the materiality matrix established at the end of 2020 have been defined in association with the United Nations Sustainable Development Goals.

These lines of action have been translated into commitments and initiatives, the effectiveness of which is measured and monitored through 24 indicators.

To implement this policy, ORES has set up a department to coordinate CSR. This cross-functional organisational structure is affiliated with the company's corporate management and leads the continuous improvement process, providing a quarterly review of progress on the action plans.



Source ORES and United Nations SDGs

6. THE MEANS TO ACHIEVE OUR AMBITIONS



The ORES strategic plan 2021-2023 is part of the multiyear regulatory period established by the Walloon energy regulator (CWaPE) for the years 2019 to 2023. It comes at the end of a four-year “transitional” period since the transfer of tariff-setting powers from the federal government to the Regions in July 2014.

The 2019-2023 methodology was published by the regulator on 17th July 2017. The main principles are as follows:

- Definition of a cost and investment envelope to cover ORES’s industrial plan over the period in question (total authorised revenue, which in reality is a “revenue cap” regime);
- Incentives, mainly through an extension of the controllable cost base, the introduction of an annual productivity improvement factor (X-factor) and the possibility of additional budgets for innovative projects.

This tariff methodology 2019-2023 includes the approval of DSO tariffs in two steps: first, the approval of the total authorised revenues, then the transposition of these revenues into tariffs.

The total authorised revenue of the DSO is made up mainly of the following elements:

- net operating expenses (net controllable expenses / non-controllable expenses and income)
- net expenses related to specific projects;
- fair profit margin;

- quality factor;
- where applicable, the proportion of regulatory balances.

The tables on the following pages show ORES’s authorised revenues approved by the CWaPE for the period 2019-2023, with a focus on the current year (2022) and next year (2023).

They can be read as a provisional result in which:

- the authorised revenue is the turnover for ORES.
- the controllable and non-controllable expenses are the operating expenses.
- the fair profit margin makes it possible to cover the financial charges, as well as the return on the capital invested (profit).

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

Net controllable expenses
Net controllable expenses, excluding PSO
Net expenses excluding net expenses linked to fixed assets
Net expenses linked to fixed assets
Net controllable expenses PSO
Net expenses excluding depreciation charges
Variable net expenses excluding depreciation charges
Depreciation charges
Non-controllable expenses and income
Non-PSO
Expenses and income from transit invoices issued or received by the DNO
Expenses from electricity purchase invoices issued by a commercial supplier to cover losses in the electricity network
Expenses from invoices issued by FeReSO as part of the reconciliation process
Road fees
Tax charge resulting from the application of corporate income tax
Other taxes, fees, surcharges, withholding taxes on real estate and movable property
ONSSAPL accountability contributions
Unfunded pension expenses
PSO
Expenses arising from electricity purchase invoices issued by a commercial supplier to supply the DNO's own customers
Distribution expenses borne by the DNO for supply to own customers
Transmission charges borne by the DNO for supply to own customers
Income from billing for the supply of electricity to the distribution system operator's own customers and the amount of compensation paid by the CREG
Purchase expenses for green certificates
"Qualiwatt" premiums paid to network users
Expenses from invoices issued by FeReSO as part of the reconciliation process
Compensation paid to electricity suppliers resulting from the delay in placing budget meters
Net expenses related to specific projects
Net variable expenses
Net fixed expenses
Non-controllable net expenses
Fair margin
Excluding PSO
PSO
Share of regulatory balances from previous years
TOTAL

	Budget 2022	Budget 2023
	342.290	344.513
	300.478	302.544
	177.728	177.862
	122.749	124.683
	41.812	41.969
	34.954	34.980
	2.320	2.379
	4.538	4.610
	110.393	109.581
	96.043	95.993
	-1.307	-1.330
	31.939	32.522
	835	835
	30.375	30.853
	29.759	30.036
	68	69
	0	0
	4.374	3.007
	14.349	13.588
	5.330	5.503
	10.337	10.509
	4.879	4.960
	-19.197	-19.497
	1.546	1.639
	11.455	10.475
	0	0
	0	0
	22.233	21.647
	11.361	13.027
	11.716	10.238
	-844	-1.618
	106.293	107.213
	105.481	106.384
	811	830
	6.410	-660
	587.619	582.294

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

Net controllable expenses
Net controllable expenses, excluding PSO
Net expenses excluding net expenses linked to fixed assets
Net expenses linked to fixed assets
Net controllable expenses PSO
Net expenses excluding depreciation charges
Variable net expenses excluding depreciation charges
Depreciation charges
Non-controllable expenses and income
Non-PSO
Expenses from invoices issued by FeReSO as part of the reconciliation process
Road fees
Tax charge resulting from the application of corporate income tax
Other taxes, fees, surcharges, withholding taxes on real estate and movable property
ONSSAPL accountability contributions
Unfunded pension expenses
PSO
Expenses arising from gas purchase invoices issued by a commercial supplier to supply the DNO's own customers
Distribution expenses borne by the DNO for supply to own customers
Income from billing for the supply of gas to the distribution system operator's own customers and the amount of compensation paid by the CREG
Compensation paid to gas suppliers resulting from the delay in placing budget meters
Income and expenses related to the purchase of RES gas
Expenses from invoices issued by FeReSO as part of the reconciliation process
Net expenses related to specific projects
Net variable expenses
Net fixed expenses
Non-controllable net expenses
Fair margin
Excluding PSO
PSO
Share of regulatory balances from previous years
TOTAL

	Budget 2022	Budget 2023
	115.870	116.829
	90.735	91.497
	44.484	44.518
	46.251	46.979
	25.135	25.332
	13.742	13.753
	928,62	950,43
	10.464	10.629
	31.954	31.843
	30.288	30.147
	0	0
	17.621	17.621
	11.468	11.644
	43	44
	0	0
	1.156	839
	1.666	1.696
	4.859	4.939
	6.149	6.255
	-9.342	-9.497
	0	0
	0	0
	0	0
	11.260	10.860
	5.824	5.445
	5.109	4.985
	327	430
	54.575	55.722
	46.793	47.718
	7.782	8.004
	-433	-493
	213.227	214.761

The next tariff period is scheduled to run from 2024 to 2028. In order to allow enough time for a proper consultation process, CWaPE decided at the end of October to defer by one year the beginning of the new tariff methodology, from 2024-2028 to 2025-2029. Discussions are therefore currently underway on the draft 2025-2029 methodology and also on the arrangements for extending tariffs until the end of 2024.

ORES operates electricity and gas networks with a regulated value of 3.9 billion euros, including applications and IT developments and systems with an approximate value of 55 million euros. The proactive policy implemented by ORES translates into an average growth of 5% in the RAB (Regulated Asset Base) over the period 2020-2030.

The authorised revenue enables ORES to have the resources it requires to carry out and implement an ambitious investment plan that applies the vision adopted by ORES and its strategic objectives.

The three main sections of the investment plan relate to:

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

The investment programme in electricity plans to spend 211 million euros in 2023 for:

- Supporting energy transition: increasing the capacity of the high-voltage and low-voltage networks (replacing sections, switching the low-voltage networks to 400V, the gradual relinquishment of 6kV, etc.), accelerating the rollout of smart meters, etc.

- Improving network resilience: burying overhead lines and making them more reliable, remote-controlled power cabinets, etc.
- Progressively speeding up modernisation of the networks: in particular the equipment high and low-voltage cabinets and the high-voltage networks, etc.

In addition:

- ORES plans to make more than 7,500 new connections, as well as to install 250 km of new low-voltage network and extend the high-voltage network by 100 km.
- 400 high-voltage or low-voltage cabinets are due to be replaced or upgraded.
- The programme to bury overhead lines will continue by more than 135 km, as will the replacement of the obsolete overhead copper network.
- 250 km of high-voltage underground cable will be replaced.

In parallel with this work, ORES is adapting its network structure in order to better measure energy flows and to have the ability to remotely reconfigure the network and reinforce the telecoms networks, for example with fibre optics (145 km of fibre optic ducting).

The gas investment programme is also spending 103 million euros to ensure the proper operation of the network while converting networks and connections from lean to rich gas.

The electricity and gas investment programmes also plan to have the resources needed to deploy smart metering technologies.

As part of the transformation plan, **ORES will spend 53 million euros on project management and on reviewing its company architecture.**

However, none of this can be achieved without skilled and engaged staff. With this in mind, the Human Resources department at ORES prioritises three imperatives.

1. First, the availability of resources: the shortage of skilled labour concerns not only technical and IT profiles, but also many other trades. This is a reality in Belgium and a concern of the company with regard to the major project of energy transition.
2. Then there is the question of the company's adaptability to change: as we have said, our employees are faced with a context that is constantly changing. Our job is to guide and reassure them in relation to these developments, while at the same time developing the skills they will need

tomorrow, along with their ability to adapt and their overall resilience.

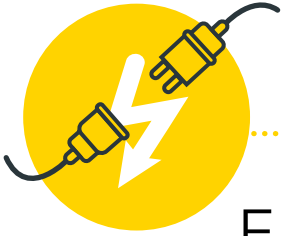
3. Finally, there is the acquisition of skills: the constant development of technologies means that we need to plan ahead for our needs in terms of future skills. We need to do this by maintaining the abilities of our teams at the right level. And we need to do this by guiding our existing staff whose skills base will be required to evolve and by recruiting the types of skills we require.

The final means for achieving our objectives is to master new digital and information technologies. **Having complete control over digital and information technologies** is essential for optimising the production of green energy, distribution, consumption, and perhaps even storage in the future. All this so that we can better coordinate all of the links in the electricity network, from the producer to the end consumer. This is also beneficial for the customer, because it allows for the development of new services, smoother communication and sometimes the ability to take action more quickly when the need arises, etc. And, finally, this control is necessary to protect against external risks, which are higher than in the past and include cyber attacks or data leaks.

With each passing year, ORES has specialised and strengthened its IT department in order to choose the most suitable tools, at the best price, and to enable the company's strategy to be put into practice from an operational point of view.

7. ORES IN A FEW FIGURES





Electricity

(in 2021)

1.392.186

customers served

52.058 km

of distribution networks

12.032.198 MWh

distributed

36.866

protected customers

33.506

active budget meters



Gas

(in 2021)

522.365

customers served

10.111 km

of distribution networks

15.226.916 MWh

distributed

18.189

protected customers

18.335

active budget meters



Municipal public lighting

(in 2021)

463.132 lighting fixtures

36.536 kW of installed power

35.246 service calls per year





Consolidated financial balance sheet

(in 2021)

234 millions €

total investment (net)

1.267 millions €

consolidated turnover (ORES group)



Human resources

(in 2021)

2.306

active full-time equivalents

110,6

days of teleworking (on average per year per employee)

20,29

hours of training (average per year per employee)

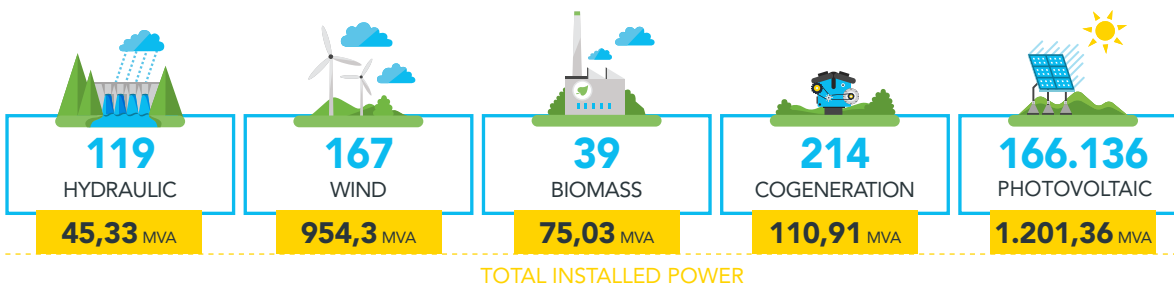




Number of local production facilities

(at the end of September 2022)

Number of production units (any power) connected to the ORES network
and installed power



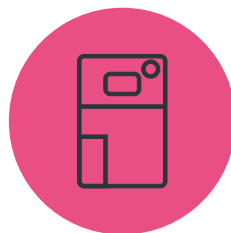
TOTAL INSTALLED POWER



Cabinets made smart

(at end September 2022)

2.736



Smart meters installed

(at end September 2022)

97.082 Electricity

4.923 Gas

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

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6041 Gosselies

VAT BE 0543.696.579

RLE Charleroi

