
Photo: Yang Liu/Corbis

The fast growth of decent

One of the fastest growing niche markets in the European energy sector is that of decentralised energy production. Belgian producer Thenergo owns and operates 22 highly diversified medium-sized energy plants in Europe. 'The projects are falling into our lap.'

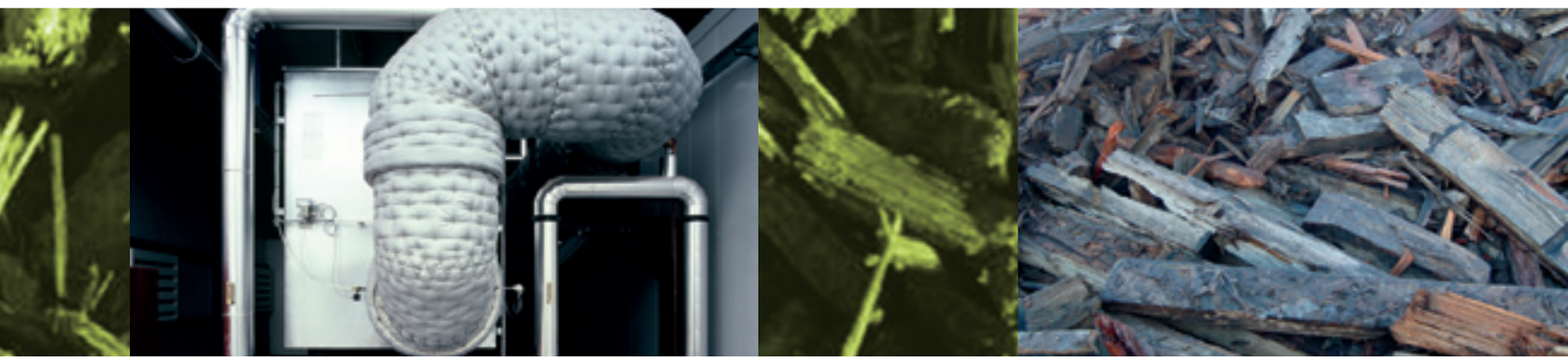
by Remco de Jong

Thenergo, the Belgian producer of sustainable energy, was badly affected by the crisis in the financial market at the beginning of this summer. The company wanted to raise at least €80 million with its public offering on Euronext in Brussels. Thenergo was listed on Alternext Paris and hoped that a transfer to the Brussels stock exchange would give its stock more liquidity. This would also encourage small investors to invest in its fast-growing business. There initially seemed to be a good deal of interest from institutional investors but when share prices dropped around the world, orders failed to materialise. Cancellation of the flotation has no effect on current investments but new funding has to be found for projects that are planned from 2010 onwards.

Thenergo considers itself one of the few European producers of sustainable energy to offer customers flexible and integrated solutions. At the moment, Thenergo owns 22 total energy plants, or Combined Heat and Power (CHP) plants, in Germany, Belgium and the Netherlands. These plants produce electricity (63 MW) and heat (184 MW). Twelve new power plants are under construction. Projects to produce 432 MW of electricity and 510 MW of heat are planned for the distant future.

Gunter De Pooter, chief operations officer, says that Thenergo's main points of difference as compared to the competition are their flexibility and comprehensive solutions. 'We are the only company in Europe that produces decentralised sustainable energy with this kind of approach. Thenergo develops projects and manages the financing, exploitation and sale of the electricity and heat generated by its CHP plants. Thenergo is a "people business"; it is the sum of the talents of our employees who all come from different disciplines.'

Thenergo itself does not develop new technological solutions but purchases existing and proven technologies. 'We seek customers with energy issues,' says De Pooter. 'They need electricity and heat for different reasons, such as heating hot houses or making fertilizer. We investigate what fuel is available locally. We use gas, biomass, bio-oil, wood or high calorie waste. The use of so many different fuels makes us less vulnerable.' CHP plants are more efficient than traditional plants because they reuse the heat released from generated



Photos: Thenergo

ralised energy production

electricity. 'That heat goes to waste in traditional plants,' he adds.

Thenergo's ambition goes far beyond just building plant after plant for new customers. 'We design a concept, and build and operate the plant for a period of 10 to 15 years. As a matter of principle, we also want to be the main shareholder of the project,' says De Pooter. Thenergo sells the energy that is surplus to the local partner's requirement on the market and also manages the entire energy portfolio.

The company was established in 2002 under the name of Energo and its main focus was gas-fuelled CHP plants. Theolia, a French energy company, acquired the majority of the shares in 2006. Theolia's main focus in France is wind energy. A year later, when it became clear that the primary shareholder wanted to intensify its focus on wind energy, the decision was made to split Thenergo off and list it on Alternext in Paris. Theolia is still a shareholder and owns nearly a third of the company. Thenergo experienced major growth last year that was partly due to several acquisitions. One of the acquisitions was Belgian waste company Leysen, which supplies waste to fuel power plants. Turnover increased from €3.7 million in 2006 to €20.8 million last year. If the figures of last year's acquisitions were to be included over the entire financial year, the turnover would be €54 million. 'Ours is a niche market,' says De Pooter, 'and we believe that this and offshore wind energy are the fastest growing markets in the renewable energy sector.'

Thenergo has no aggressive growth objectives. 'We believe that it is not the biggest company but the most flexible company that will do best on the market,' says De Pooter. Thenergo is therefore looking for production sites in European countries that have financial incentives to build and exploit such power plants. 'We don't want to be dependent on just one country that might have a favourable scheme. A healthy mix gives us more security. We are not interested in generating only electricity. It has to be a combination of electricity and heat. We want to be a problem-solver for companies and that also adds a certain value to our service.'

Thenergo deliberately relies on different types of fuel to spread

Photos: Thenergo

its risks. Gas, bio-oil, biomass, wood and even Jathropha-oil imported from Asia is used to fuel the power plants. Recycled high-calorie waste is used for fuel in Germany.
De Pooter, who has worked in the decentralised energy sector for over twenty years now, has seen a lot of changes. 'In the past there were many hobbyists and small businesses that were all looking to solve their own local problems. Now we have standard techniques that can be used in any country as long as it has a subsidy scheme in place. We still need subsidies to make operations profitable.'

Thenergo, whose head office is in Antwerp, actively seeks customers all over Europe but lately customers have also been approaching them. 'More and more countries are encouraging these production methods. We are expecting a natural but strong growth in Europe.' De Pooter also sees good opportunities in central and southern Europe where, as he says, 'the projects are just falling into our lap'. The minimum capacity is approximately one megawatt. 'We want to build a portfolio with small, medium and large installations and a new candidate would have to fit into that.'
Thenergo regularly encounters the common problem that the electricity generated cannot be injected into the existing electricity grid because of its limited capacity. 'Europe has a traditional grid with power stations distributing electricity via a grid to their end users. The wire gets thinner as it gets closer to the consumer. It could create problems if consumers suddenly started to produce electricity and feed it into the grid. So we can't put CHP plants just anywhere. Some parties complain that grid operators don't do enough to increase the grid capacity but that is not our style. We will work together to try and find a solution.' To demonstrate, Thenergo invested €1 million in a power cable near the Belgian-Dutch border region to connect CHP plants to the national grid. 'We always try to do things in partnership with the grid operator but if that is not possible we do it ourselves. The cost of a connection like that is 10 to 15% of the overall cost but if the project remains profitable, why not?' De Pooter does not think that if the impact of the green hype diminished, it would have a negative effect on his company. 'I don't think that will happen. Actually, I don't think it is hype at all. Europe, and slowly the rest of the world, is beginning to recognise the need for sustainable production and the reduction of CO_2 emissions. It is reality, not hype, that fossil fuels are becoming scarce. We can contribute to the sustainable goals. I am convinced that our sector will become a pillar of society.' ■