

# The ASTER Project

Tackling Energy Poverty through  
access to Renewable Energy

**SOLARISE**

10 February 2020, Middelkerke



# What is ASTER?



# ASTER - VVH initiative

- VVH is the Association of Flemish Social Housing companies
  - Member of Housing Europe
  - Supports information / expertise exchange
  - Represents interests to municipal and regional government
- 76 Social Housing companies
  - Around 7% of the total housing stock
  - Rental housing for the lowest incomes in Flanders
- Majority shareholders are municipalities
  - Social company status
  - legally mandated to tackle poverty



# ASTER

- Special purpose company to finance and manage investments in social housing stock
  - reduce energy use; renewable energy; middle income housing (future)
  - Acts as ESCO / invest and leaseback (future)
- Owned and managed by Flanders social housing sector
  - Structured to ensure social housing sector controls the company
- Aims to be neutral to the public budget



# Origins of ASTER

- Consolidation of VMSW in public accounts
  - Long term risk of reduction in market priced budget for lending
  - Used to finance non-core activities (i.e. not building or renovation of social housing)
- Mature market in residential solar
  - Very common to see solar here on rooftops (...but still only 9% final energy use from renewables in Belgium!!)
  - Should be deliverable without public subsidy
- VVH WG set up to advise on required regulatory changes to deliver solar integration
  - Strong sector demand - very 'visible' investment but not problematic for the tenant
  - Split ('shared') incentive model – investment costs recovered as a % of energy savings



# 'Split Incentive' Model

- Flemish Housing Law specifies the costs SHCs can charge to tenants
  - Regulates rent and housing costs
- Changes in the law enable SHCs to recover investment costs for renewables
  - Enabled by Parliamentary Decree 2018 and Government Decision 2019
  - Includes financing costs, installation, maintenance etc.
- *Operates on principle that Energy savings must always be higher than investment costs*
- Law mandates real time monitoring and monthly correction to ensure net benefit to the tenant



# Acceleration – ELENA

- PDA grant programme subsidising preparation of EE and renewable energy integration investment programmes (under H2020)
- Subsidises staff and external experts required to develop eligible investment programme
- 90% of project cost, 10% own resources (may be existing salaries)
- First ever private entity awarded an ELENA grant, contract start date – 1 December 2018



# Planned Investment Programme

- ESCO model
- Technical assistance activities:
  - Assessment of solar potential of stock, planning of implementation of inv. programme
  - Marketing activities to gain support – SHMs/tenants
  - Legal advisory to establish the SPV
  - Financial advisory to get the financing
  - Tender preparation
- Approximately 20.000 installations / 40 million EUR
- Generates 35,102 GWh/pa; saves 10.002 t CO<sub>2</sub>eq/year)





# Where is ASTER today?



# Solar Investment Programme

- New staff hired to improve VVH's marketing and finance/bookkeeping capacity
  - Executive and Operations Director also devote time to the project
- Bringing in of three expert partners to advise on:
  - **Energy - ENBRO** i.e. assessing stock for solar integration & tender preparation
  - **Structure – EQUATOR** i.e. the set up of the structure of the SPV
  - **Investment – AXHA** i.e. bringing together the right financial partners with social



# Solar investment – state of play

- Assessment of stock for integration completed
  - Assessed the entire social housing stock, comprising single family homes, apartments, garages, commercial property
  - Combined data from the Zonnekaart with the data from SHMs regarding their housing stock and renovation state
  - SHMs signed mandate to provide EAN numbers (GDPR conform)
  - Potential of over 400 MW capacity, approx 400 million + identified



# Solar Programme - challenges

- SHMs demand that all tenants must benefit
  - Strong culture of fairness / equity in the sector
  - But not all properties are suitable for solar installation
- How to realise solidarity in practice?
  - by sharing the energy produced by installations
  - by sharing the financial benefit from installations
  - ....combination of both....i.e. Renewable Energy Communities



# Business model

- ASTER owns and manages PV, aggregates energy produced
  - SHMs offer concession for ASTER to install panels
  - SHMs become shareholders with voting rights (A-shares) in ASTER CV, contribute concession value as quasi-equity (B-shares)
- Maximisation of potential capacity for a given stock
  - Aims to maximise the solar generation capacity for each participating SHM
- Tenant benefits from direct use of energy produced
- Residual energy production (not used directly) to be placed in energy market
  - For purchased by energy suppliers
- Provides energy savings to the tenants and generates 'zonnebonus'
  - i.e. windfall to tenants of properties unsuitable for solar integration for participating SHMs
  - Maximises energy produced and financial benefits to tackle energy poverty



# Solar investment - implementation

- Assessment of stock for integration completed
- Business model signed off & ongoing engagement per SHMs
- Business model presented to domestic lenders, high level of interest
- Form and statutes of SPV (ASTER CV) agreed & notarized
  - To date 26 (out of 77) SHMs have formally confirmed participation in ASTER as shareholder
- Tender launch aiming for Summer 2020, implementation Winter 2020
- Market for tenants to support acceptance of the programme



# Remarks? Questions?



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<https://www.aster.vlaanderen/nl>

