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I. General presentation

*« ORES, committed
to serving the community »*

1. Message from the Chairs of the Boards of directors and the Chief Executive Officer

At the time we are writing these lines, fundamental questions are being asked in Wallonia about the distribution system operators' business model. What activities can they carry out? What governance should they observe? What legal form should they take? These issues crop up every day in the news.

Since its creation, ORES has paid very close attention to these subjects, to the point that our business model and governance are, in all probability, one of our main strengths.

With our commune shareholders, we have chosen a so-called «pure player» model, in which our company concentrates on its core business areas as the operator of the electricity, natural gas and public lighting networks. This is first and foremost a clear signal which we are giving to all those involved in the market who call on our infrastructure and our services. ORES wants to be their independent partner, focused on its missions and determined to enable them to develop their competitive activities on the market under the best conditions.

This is also a strong commitment in respect of our shareholders and a transparent relationship between us: ORES is developing a clear public service network operation project supported by its shareholders who in return receive fair remuneration for their investment. These resources are freely allocated by them, essentially to their mission to provide a communal public service but also to the role that they wish to play in the energy sector.

In parallel, we have worked to establish effective governance. We are proud to be able to announce that on 1 July this year, our group will have completed its transformation. ORES is firstly an inter-municipal company owning all distribution assets and a private operating subsidiary. A legal entity governed by public law means public control of its activities and application of all regional legislation in force. Private-law subsidiary status means we can maintain flexible and attractive management

of our human resources, a model to which all of our staff is particularly attached.

In order to ensure the effectiveness of our decision-making process without encumbering the cost of our management bodies, we have opted for «mirror bodies», with the same directors making up the Boards of Directors of both entities.

With regard to our shareholders, we wish to reiterate our willingness to consolidate this model while maintaining close contact with communes over whose area we carry out our activities. The recent removal of the sector committees which we put in place when ORES Assets was created in no way reflects a desire to distance ourselves from the communes and realities on the ground. On the contrary! More than ever, and beyond the energy, environmental, technological, regulatory, economic and –human challenges which we have, we affirm our desire to put in place a local public service. More than ever, this is our commitment.

At the same time, we are asking our shareholders to validate the extension of the term of our inter-municipal company to 2045 in order that we commit sustainably to our role as key public player but also to reassure the financial markets which are so necessary to cover our significant investments in the coming years.

You will see from looking at the pages of this activity report that 2016 was not a long, peacefully flowing river for our company. We have dealt with these matters by paying special attention to the quality of service we are giving to the population and to stakeholders in the market. This was essential after the difficulties encountered following the implementation in 2015 of a new application to read and validate metering data. And finally, we are able to give a review of an overall successful year.



De gauche à droite:
**Cyprien Devillers, Pierre Dumont (Agent de contact),
 Fernand Grifnée, Didier Donfut, Cécile Rieser (Conseillère clientèle)
 et Yann Stumpf (Électrogazier)**

Of the world of energy is undergoing profound changes and ORES must adapt in order to strengthen its leading role and facilitate energy transition. This involves considerable investments in plans to transform our company and technological innovation plans to support digitisation – “smartisation” – of the networks. This therefore also involves resources. ORES is ready to meet the challenge. We have undertaken an ambitious performance plan in house and in 2016, thanks to the strong involvement of our 2300 staff, we have exceeded the value creation and cost reduction objectives which had been fixed.

This plan will continue over the next five years. But it will not cover all of the considerable financing needs inherent to the establishment of the networks of the future. The Walloon regulator is currently having to cope with tariff decisions that are fundamental for the future of our region’s energy system. Our legitimate expectation is that a consistency emerges between, on the one hand, the objectives allocated to distribution system operators – in line with the energy policy desired by the European, national and regional authorities – and, on the other hand, the resources granted to them. Because of the lack of resources and investment, it is Wallonia which will remain

behind, while numerous European countries have already initiated this movement and are progressing towards the networks of the future. We advocate moving towards this consistency, because it is our responsibility as the first distributor of electricity and natural gas in Wallonia.

Faced with an ever more rapidly changing world, ORES must and wants to be able to adapt to take on its responsibilities by meeting the expectations which all its stakeholders have of it: the regulator and public authorities of course, but also its staff, energy suppliers, customers, shareholders, subcontractors, etc. With one vision and one motto: «Making energy easier makes life easier”.

Cyprien Devillers,
 Chairman of the Board of Directors of ORES Assets scrl
Didier Donfut,
 Chairman of the Board of Directors of ORES scrl
Fernand Grifnée,
 Chief Executive Officer

2. ORES, the leading Walloon distributor

ORES is the main network administrator and operator for the distribution of electricity and natural gas in Wallonia. It is a team of over 2300 people – managers, technicians and administrative staff – at the service of the inhabitants of 197 communes and the local authority. Our staff ensure daily that more than 1.3 million households and businesses over 75% of Wallonia are supplied with energy, which represents no fewer than 28 million citizens.

ORES is therefore responsible for the daily operation of electricity and natural gas distribution networks and Commune public lighting and, in this context, all interactions with the other key players in the energy market.

Our dispatching centre in Namur monitors these distribution networks round the clock. Service teams are on call day and night, 365 days per year, to carry out service calls on the network and repair any breakdowns, technical faults and gas leaks.

Our operations teams maintain and adapt the distribution infrastructures, they carry out new connections and install meters.

We carry out readings of more than 1.3 million meters, validate consumption data and manage this data in a strictly confidential manner.

Every day, we keep nearly 2 million pieces of data updated in the access register: for each point of connection to the distribution network, this register contains data of both a technical and administrative nature and the data of the corresponding energy supplier.

We also supply energy to socially protected customers, powered by the network operator; we fit budget meters at the request of suppliers at their non-paying customers' houses and we are responsible for the operation and maintenance of communal public lighting, as well as promoting the energy efficiency of the lighting equipment.

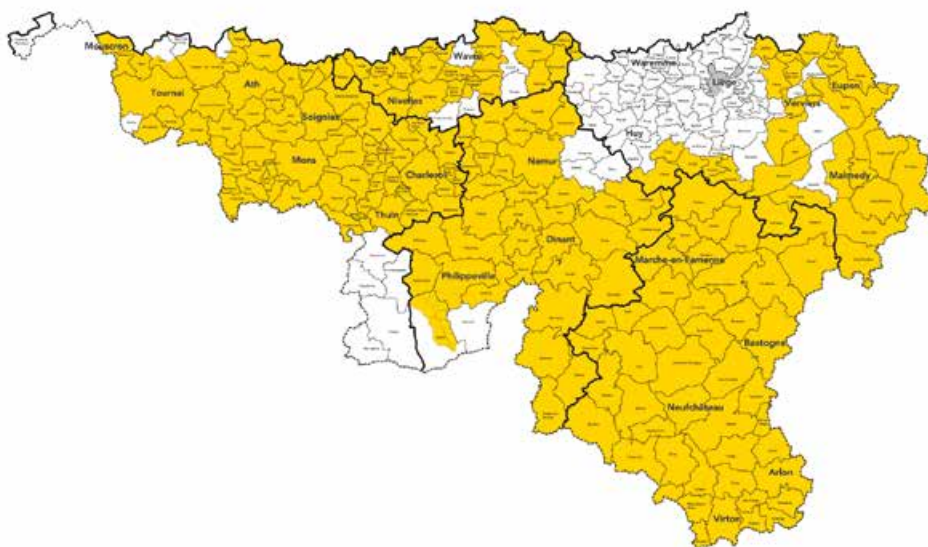


A PRACTICAL ROLE IN THE WELL-BEING OF THE COMMUNITY

Aware of its responsibilities and commitments, whether they be technical, economic, social or societal, ORES plays a very practical role in the well-being of the community and the development of Wallonia's economic and social life. Every year for the past five years, we have invested on average 250 million euro in the distribution networks and we have given over more than 400 million euro of turnover to some 300 subcontractors and suppliers.

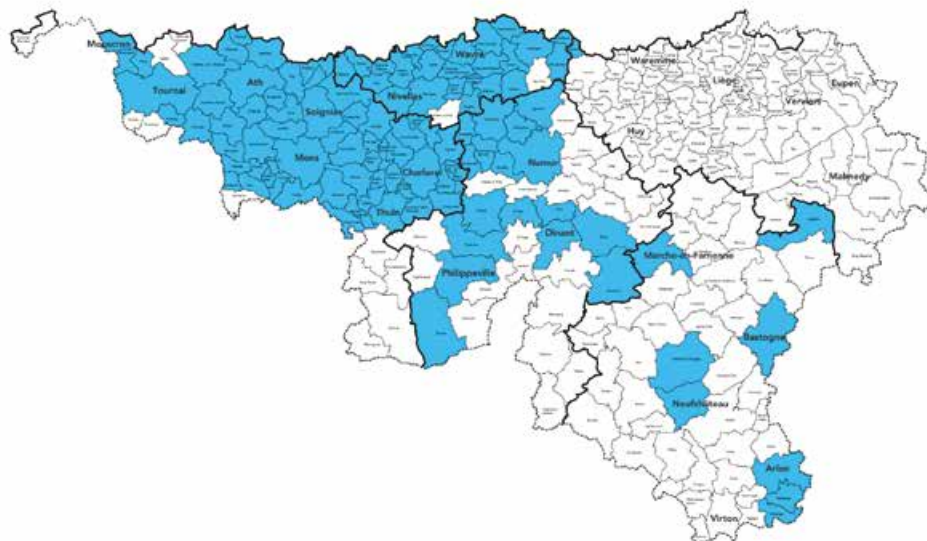
ORES is active in more than 75% of Walloon communes. Our areas of business activity cover all the communes appearing on the coloured part on the two maps below. One concerns electricity distribution, the other the distribution of natural gas. ORES' teams do not operate in the communes that are not coloured, apart from specific agreements.

Management of electricity distribution networks



■ Areas of activity of ORES in the distribution of electricity (191)

Management of natural gas distribution networks



■ Areas of activity of ORES in the distribution of natural gas (109)

3. 2016 at a glance...



January

- Up till then being partially affiliated to the inter-municipal company Gaselwest, the commune of **Frasnes-lez-Anvaing** entrusted the management of all of its electricity distribution network to ORES as from 1 January. At the same time, a reverse movement took place on the other side of our region with the transfer of the commune of **Fourons (Voeren)**, which was absorbed in one part by the inter-municipal company Inter-Energa, and in some assets by Infrax Limburg.
- Responsible for the processing and exchange of market data between the various key players in the market, the activities of the company **Index'is** were integrated by Eandis, the company operating 75% of the Flemish distribution networks, as of 1 January.
- In mid-January, snow arrived in Belgium. **Difficult weather conditions** quickly caused numerous traffic hold-ups, but also major disturbances on the Walloon electricity network. Several tens of thousands of homes were deprived of power within our area and RESA's area in Liège. ORES' on-call teams – often reinforced – were called out on many occasions and particularly over the weekend of 16 and 17 January. Their work meant that inconveniences to the households concerned were minimised as far as possible.
- **Fernand Grifnée**, ORES' Chief Executive Officer, announced the launch of the "**Optimum**" programme, intended to optimise the company's performance and to create value in order to ensure sustainability of the company's activities.



February

- In February, six months after the beginning of our operation for the **promotion of natural gas**, all of the distribution system operators, Fluxys (the transmission system operator) and the ARGB (Association Royale des Gaziers Belges - Royal Association of Belgian Gas Companies) came together for a major national marketing campaign.
- Throughout the month of February, ORES organised meetings with its entrepreneurial partners in order to strengthen collaboration on a daily basis and to consolidate the role of ambassador taken on by these players in the field with customers, and in particular in the natural gas promotion sector. Several hundreds of participants responded positively to the invitation.

March

• In mid-March, the Société wallonne des Eaux (Walloon water company) joined our «**Connect my home**» pilot project, conducted in collaboration with the operator Proximus in the Mons - La Louvière region. The concept of the initiative is simple: when asking for connection to the electricity and/or gas network, the customer can now also go to ORES to coordinate its connections to the telecoms and water distribution networks on the same day. The operator VOO will also take part in the initiative in August.



Mai

• On 9 May, ORES launched **new satisfaction surveys** of its customers. The new version of the forms should enable the company to develop towards a service which meets customers' new expectations even better. At the end of 2016, the overall score allocated to the company by its customers is 7.95/10.

• **Social elections** (held in Belgian companies to elect staff delegates for company committees) were held on 12 May within the company. The employee participation rate was 78% for Committees for Prevention and Protection at the Workplace (63% for young workers) and 82% for the Works Council (76% for young workers). On the management side, 103 colleagues took part in the vote out of a total number of 203 potential voters.

April

• ORES approached the CWaPE during the month of April to instigate a **tariff incentive scheme**, specifically applicable to **CNG** (compressed natural gas) refilling stations located in Wallonia. ORES' proposal is part of the spirit of directive 2014/94/EU of the European Parliament and the European Council of 22 October 2014 on the deployment of an infrastructure for alternative fuels.

• In Liège Province, **Limburg** joined the very exclusive club of the „Most beautiful villages in Wallonia“ on 23 April. Saint Georges Square, a symbol of the area, had its lighting equipment renewed by ORES a few months before.





June

- After France, Belgium was affected on several occasions in June by **violent storms**. The bad weather caused flooding and considerable damage over the entire area, including in our distribution infrastructure. Some cities and communes triggered their internal emergency plan. ORES' various operational sites were called upon, night and day, to restore power to inhabitants plunged into darkness.
- On 16 June, Internet users discovered the **new ores.be website**, a version that is simultaneously more user-friendly, more ergonomic and more intuitive.
- ORES' Logistics Centre at Aye (Marche-en-Famenne) put its new management system, called «**Odicea**», into production on 20 June. The tool enables the company to adapt to the IT and technological developments that have taken place in recent years.
- The **Annual General Meeting** of the ORES group was held in La Louvière on 23 June. On this occasion, the annual financial statements and annual reports for ORES and ORES Assets for the financial year 2016 were presented, and then approved by our shareholders.
- At the beginning of summer, ORES summarised its three new offerings in the field of **public lighting** in a brochure aimed at its commune partners.

July

- On 12 July, ORES' Business Development unit presented Charleroi's College of Aldermen with the results of an analysis of the potential to convert the City's vehicle fleet to **CNG**. At the end of the plenary session, the College was convinced by the ecological and economic arguments of the study and decided to replace, wherever possible, a standard vehicle with a vehicle running on compressed natural gas.
- In line with the initiatives put in place to make its customers' lives easier, ORES tested a new service in September in the **Mons - La Louvière** Region: the «all-in» construction site. As part of this, the customer as the possibility of having ORES carry out all the construction site preparatory works for which the customer is usually responsible.



October

- The «**e-cloud**» project officially started on 1 October. This pilot project, which will be spread over several years, has been partially subsidised by Wallonia. It brings together network operators, electricity producers, regional development inter-municipal companies and universities to experiment with the storage of electricity on the distribution network.

- On 20 October, the Energy Commission of the Walloon Parliament started hearings on the **draft decree** which will provide the framework for the tariff methodology and tariffs for electricity and gas distribution for the years to come. Fernand Grifnée, ORES' CEO, took part in the discussions and argued for a pricing structure which is transparent for the local authority and fair to all – including vulnerable citizens.

- The site of ORES' **future head office** was inaugurated in Gosselies on 28 October. The works should take two years and enable the company to bring together all of its administrative departments, currently scattered throughout Wallonia, in the same building located at the heart of the Aéroport.



December

- **New distribution tariffs** for distribution system operators for 2017 were approved on 15 December by the CWaPE, the Walloon energy regulator.

- On 21 December, ORES obtained **ISO 9001** certification (2015) valid for all of its activities for the next three years.

- As a partner in the operation since the year of its launch, ORES takes part in the «**Viva for Life**» action to help children living under the poverty threshold in the Wallonia-Brussels Federation. A cheque for 9056 euro, representing the proceeds of the collection organised internally and externally, was given to the facilitators of the programme.

- On 31 December, **Engie/Electrabel** transferred the 25% shareholding which it still held in ORES Assets' share capital to the partner public authorities through the pure inter-municipal financing companies. Due to the liberalisation of energy markets in Wallonia, this transaction is part of the development of the energy distribution sector in Belgium.

November

- In November, the new **Mercure** application, intended to record and communicate customers' metering data, was finally stabilised thanks to the work of teams dedicated to resolving the problems encountered after its deployment.

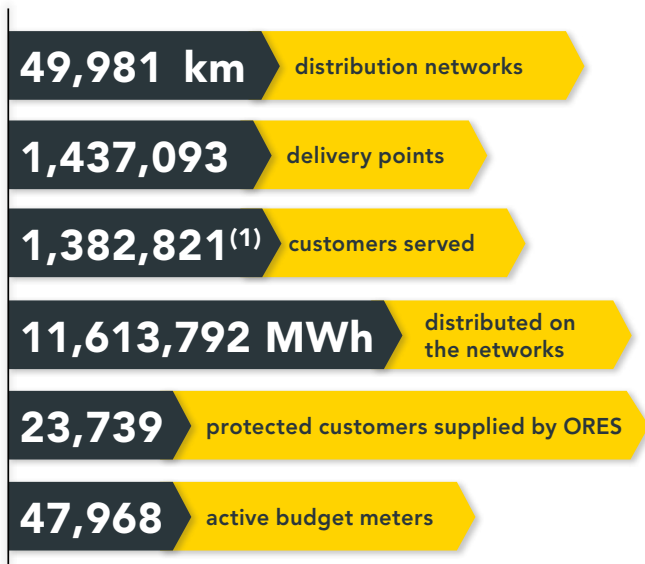
- After having established a partnership with the inter-municipal company Vivalia, on 8 November ORES inaugurated three recharging terminals for electric vehicles installed in the hospital car parks at Arlon, Bastogne and Marche-en-Famenne.

- In the night from 26 to 27 November, an arson attack at the output from a transformer substation caused a major power failure in the **Borinage** region. More than 45,000 homes were deprived of power, some to several hours. ORES' teams had to carry out heavy repair work to restore the situation.

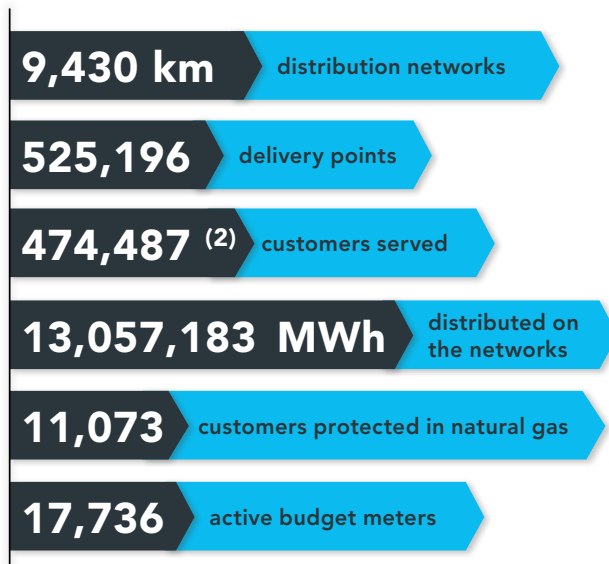
4. Key figures

(situation as at 31 Dezember 2016)

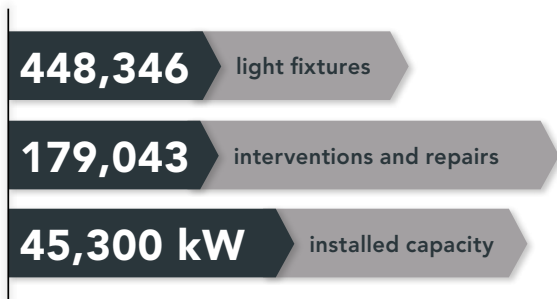
ELECTRICITY



NATURAL GAS



MUNICIPAL STREET LIGHTING



HUMAN RESOURCES



CONSOLIDATED FINANCIAL BALANCE SHEET



1. This figure includes customers located in the Gaselwest and RESA DSO regions for whom ORES carries out various services (connected to the management of the market for Gaselwest, and connected to the management of the market and network operation for RESA). Disregarding the latter, the number of customers served by ORES in 2016 amounted to 1,293,215.

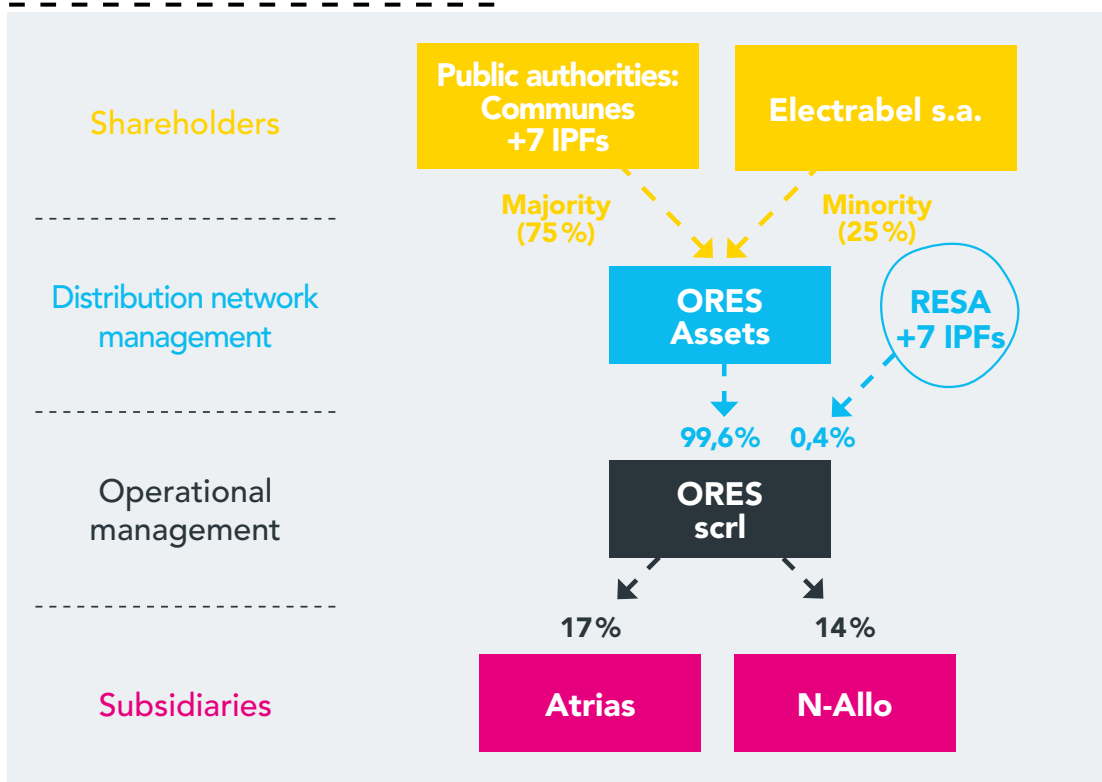
2. This figure includes customers located in the Gaselwest DSO region, for whom ORES carries out activities connected to management of the market. Disregarding the latter, the number of customers served by ORES in 2016 amounted to 467,304.

3. This total incorporates intangible fixed assets. If these are disregarded, the gross investments for 2016 amounted to €278.9 million.

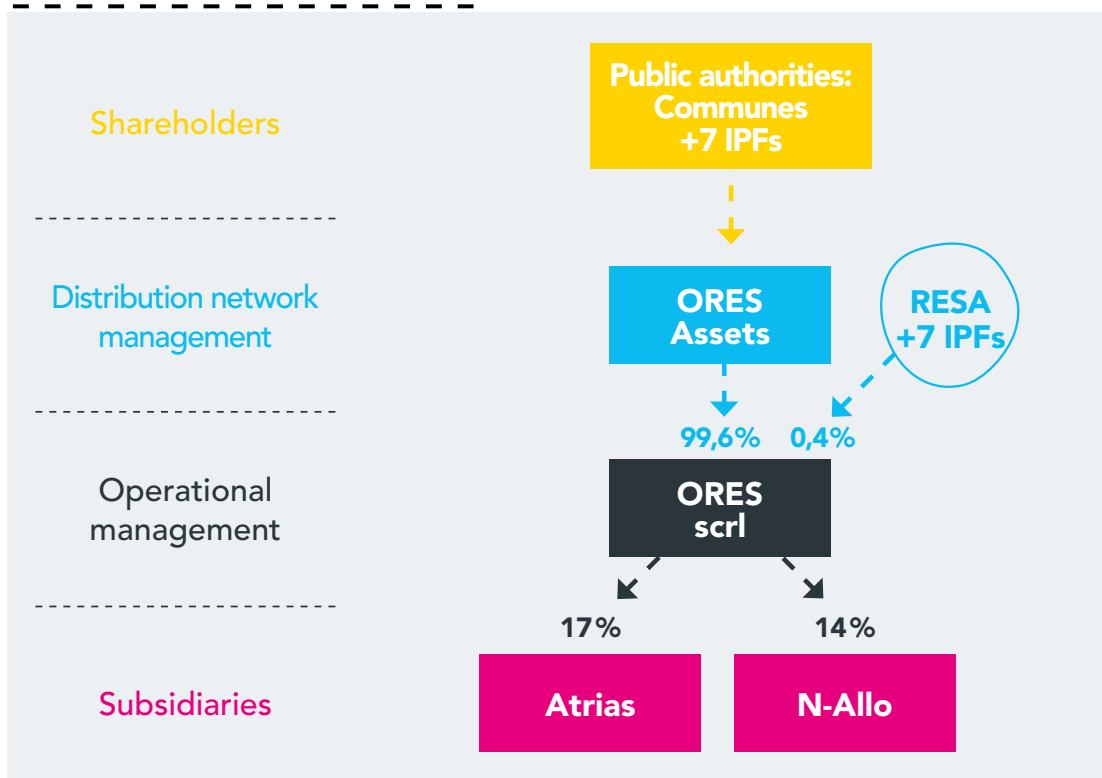


5. Shareholder structure

Situation before 31 December 2016



Situation as at 31 December 2016



On 31 December, Engie/Electrabel transferred the 25% shareholding which it still held in ORES Assets' share capital to the partner public authorities through the pure inter-municipal financing companies.



Shareholding structure on 31/12/2016 ORES Assets sclr	A Shares ORES Assets		R Shares ORES Assets	
	Number	%	Number	%
Shares owned by municipalities	417.543	0,86 %	149.610	4,19, %
Shares owned by IGRETEC	4	0,00 %	-	-
Shares owned by IDEFIN	7.238.973	15,00 %	605.351	16,96 %
Shares owned by IPFH	21.110.383	43,73 %	2.025.377	54,76 %
Shares owned by FINEST	2.268.811	4,70 %	-	-
Shares owned by SOFILUX	5.532.961	11,46 %	514.050	14,40 %
Shares owned by FINIMO	2.866.683	5,94 %	2.221	0,06 %
Shares owned by SEDIFIN	7.494.678	15,53 %	228.687	6,41 %
Shares owned by IEG	1.341.137	2,78 %	44.583	1,25 %
Total	48.271,173	100 %	3.569.879	100 %

A shares include voting rights and the right to dividends, R shares only include the right to dividends.

DEFINITIONS

IPF: Intercommunale pure de (the pure inter-municipal financing company) – the aim of pure inter-municipal financing company is to manage the financial participations of the municipalities affiliated to it in the energy distribution networks. The 7 IPF mentioned above are:

- **Idefin:** Inter-municipal financing company of Namur.
- **IPFH:** Pure inter-municipal financing company of Hainaut.
- **Finest (Finost):** Inter-municipal financing company of the East Cantons.
- **Sofilux:** Inter-municipal financing company in the province of Luxembourg.
- **Finimo:** Inter-municipal cooperative association of the province of Liège.
- **Sedifin:** Pure inter-municipal financing company of Walloon Brabant.
- **IEG:** Inter-municipal research and management (Mouscron and Comines-Warneton).

RESA - «RESA services sa»: Principal manager of the electricity and natural gas distribution networks in the Province of Liège.

Atrias: A platform for neutral and objective dialogue and data exchange between network operators, suppliers and regional regulators, Atrias strives to prepare the Belgian energy market for new developments in the industry (growth in local and renewables, smart metering, etc.) and to meet the challenges of tomorrow.

N-Allo: A company that provides complete solutions for the management of customer interactions, either by developing interactive and multichannel applications, or in the context of the outsourcing of customer contact management activities (call centres, Internet, social media, etc.).internet, réseaux sociaux, etc.).

6. Values

In order to take up its challenges for the future and successfully carry out its task to provide public utility services, ORES decided to base itself on five strong values which, every day, guide each of its activities both internally and externally with its customers, its public intermediaries, regulators or government bodies



PROFESSIONALISM

ORES' expertise and its desire for excellence are the company's strengths. Staff attain ambitious and demanding objectives so that ORES is the benchmark in its field of activity.



SENSE OF RESPONSIBILITY

ORES' priority is to manage the networks reliably, sustainably and in complete safety. Staff take on their responsibilities and comply with the legislation, ethics, procedures and undertakings, while ensuring that costs are controlled.



SENSE OF SERVICE

ORES is here to serve the community. In practical terms, this comes down to listening and being available and proactive, with one aim: to make the customer's life easier.



BOLDNESS

Everyone can, through their ideas and proposals, contribute to the development of the company to prepare it for the challenges of tomorrow. To dare to try new solutions is absolutely essential for ORES' future.



RESPECT AND FRIENDLINESS

Collaborating constructively and respectfully within a motivating environment is essential for the proper functioning of the company. For ORES, it is important that its staff are committed together, with enthusiasm.





II. Activity Report

*« All committed to making
our customers' lives easier »»*

1. Vision: “Making energy easier makes life easier”

In the face of this ever more quickly changing energy world, ORES has chosen to adapt, not only to ensure its sustainability, its legitimacy and its responsibilities as distribution service operator and a public utility service company, but also to meet the expectations legitimately expected of it by its stakeholders.

The vision is clear: ORES wants to make energy easier, and therefore make life easier.

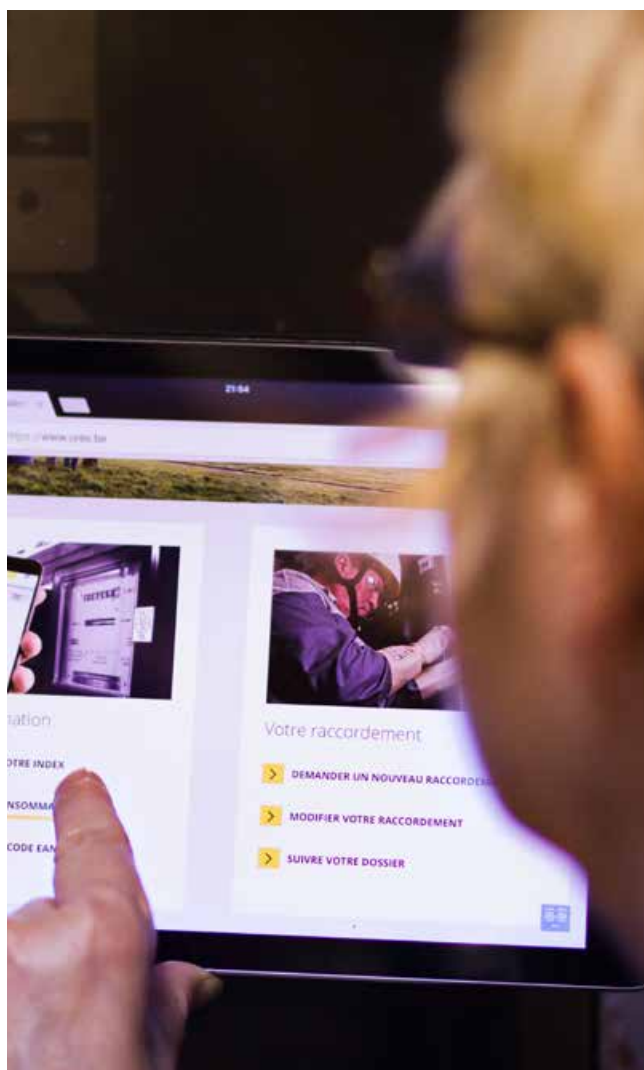
In order to do this, three challenges have been identified:

- CUSTOMER FOCUS
- ENERGY TRANSITION
- CORPORATE CULTURE

1.1. CUSTOMER FOCUS:

LISTEN TO THEIR EXPECTATIONS AND ANTICIPATE THEIR NEEDS

More than ever, customers expect a high-quality, tailored and fast service which meets deadlines. They prefer to use digital channels more and more and rely on ORES to offer them customised, high-quality services.



BE CUSTOMER-ORIENTED RIGHT FROM MAKING CONTACT

Every year, our website records more than one million visits. Requests for works, sending in a meter reading, indicating a failure in public lighting equipment, looking for information, etc. – the reasons for visiting are numerous, as well as the profile of the visitors: residential and business customers, companies, various partners or commune departments.

In June 2016, ORES' new website, ores.be, went online. A real lever to meet the customer focus challenge, this new version of the website, with its sleek design, aims to be simultaneously more user-friendly, more ergonomic and more intuitive. This new website is said to be «responsive», which means that its content automatically adapts to the type of device used (PC, tablet or smartphone). At a time when 60% of Internet users visit the site from mobile devices, offering a compatible version was imperative.

Since then, ORES has continued to develop its digital offering by putting new powerful tools online, such as a functionality allowing the progress of faults to be tracked directly, or instructional videos explaining to the customer which step should be performed if works are carried out ⁽⁴⁾.

ORES has also developed a blog bringing together practical advice intended for its customers, particularly in terms of energy efficiency. Finally, the company is continuing to show itself to be very responsive on social networks and answer questions from customers who, every day in greater number, prefer these communication channels.

4. As they went live online in 2017, more details will be given about these latest achievements in our activity report for next year. They can nevertheless already be accessed on ores.be.



SAVE THE CUSTOMER TIME THANKS TO SYNERGY WITH OTHER OPERATORS

In response to the great customer challenge, ORES' teams have developed potential solutions in the course of 2016. Among the most remarkable of these is a new service called «Connect my home», which was tested in the Mons - La Louvière region. In addition to standard electricity and/or gas connections, ORES offers new owners a service where it takes charge of the administrative management and practical organisation of their connections to the telecoms and water distribution networks. The aim is to make customers' lives easier by offering them a service which is both welcome and unexpected.

The procedure is both simple and time-saving. In a single click on our website, the customer is able to initiate a request to our services for the simultaneous implementation of four connections. These are carried out on the same day (sometimes even in a half-day) and customers therefore only have to put time aside once for all of the work, which avoids them having to make appointments with each of the operators.

As part of this pilot project, 120 new connection sites were executed in 2016 in synergy with one or more other utility providers. Over these 120 sites, ORES carried out 104 Proximus connections, 29 SWDE (Walloon water company) connections and 2 VOO (Belgian telecoms company) connections.

This difference in volume between operators can be explained by, among other things, the difference in the dates on which they joined the project. Therefore, customers in the Mons – La Louvière region can request via ORES' website, in addition to their connection to networks managed by ORES, concurrent connections to the following networks:

- Proximus since October 2015;
- SWDE since March 2016;
- VOO since August 2016.



BE RESPONSIBLE FOR THE CUSTOMER'S PREPARATORY WORKS

When customers make contact with ORES with a view to connection, strengthening or meter relocation work, they have to prepare their sites before our operations. The procedure is not simple for individuals who usually have to call on a company or rent equipment themselves to carry out their own preparatory work.

To deal with this thorny issue for the customer, ORES has been testing an «all-in» service since July 2016. After a situational analysis, ORES' technical teams assess if we can take on the preparatory work (this is not the case, for example, for apartment blocks) and then gives a price for this to the customer. If he or she so wishes, the latter gets an «all-in» offer which can be declined after reflection to return to a standard quotation.

This service has been in the pilot phase since last year in the Mons and Namur areas, and could be rolled out in the end to all areas where we are active. As at 31 December 2016, 127 customers – residing in these pilot areas – wished to receive an «all-in» offer as part of this service launched a few months earlier. On this same date, 69 offers had already been accepted and 48 sites had already been completed.

A decorative background image on the right side of the page shows several yellow sticky notes with simple smiley faces drawn on them, attached to a dark, textured surface. A white diagonal shape with a dashed yellow border separates this image from the text on the left.

ANALYSE CUSTOMER SATISFACTION AND CHANGE APPROACH WHEN NECESSARY

In the past, after having called on ORES to carry out works, customers were approached by telephone to give feedback. Satisfaction levels were determined based on the answers to four questions (with satisfaction levels approaching 90%) without, however, giving any great detail.

Throughout the year, ORES has developed forms to harvest the opinions of customers by email (a more neutral channel). The surveys, now longer and more extensive (the customer is invited to no longer answer just four but twelve questions), were developed and launched during 2016 to gather the opinions of customers on various types of services.

By increasing the number of questions put to customers, the aim is to give them more space to express their feelings, particularly on qualitative aspects or on the relationship with company staff. In the event of a problem, ORES makes contact in order to put the necessary corrective actions in place.

By refining its satisfaction surveys, ORES intends to improve its relationship with its customer base, but also develop more effective in-house reporting tools, with a view to continuous improvement.

THE RESULTS OF THESE NEW
SATISFACTION SURVEYS ARE AS FOLLOWS
FOR THE YEAR 2016

ORES
overall
average
rating
7.95/10

8,32

7,76

8,14

7,90

7,91

7,57

7,61

8

Walloon
Brabant

Charleroi

Eupen
Malmédy

Luxembourg

Mons
La Louvière

Namur

Verviers

Wallonie
picarde



1.2. ENERGY TRANSITION: SUPPORT IT AND MAKE IT EASIER

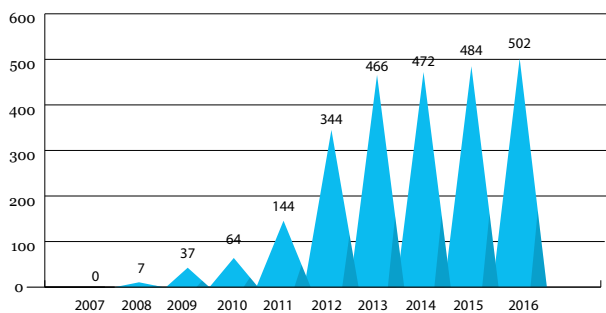
The world of energy is changing and ORES must adapt to electricity production that is ever more based on renewables, more decentralised, more intermittent and, from now on, directly connected to the distribution network.

New markets are emerging, new business areas are appearing, particularly in the area of flexibility management. The notion of

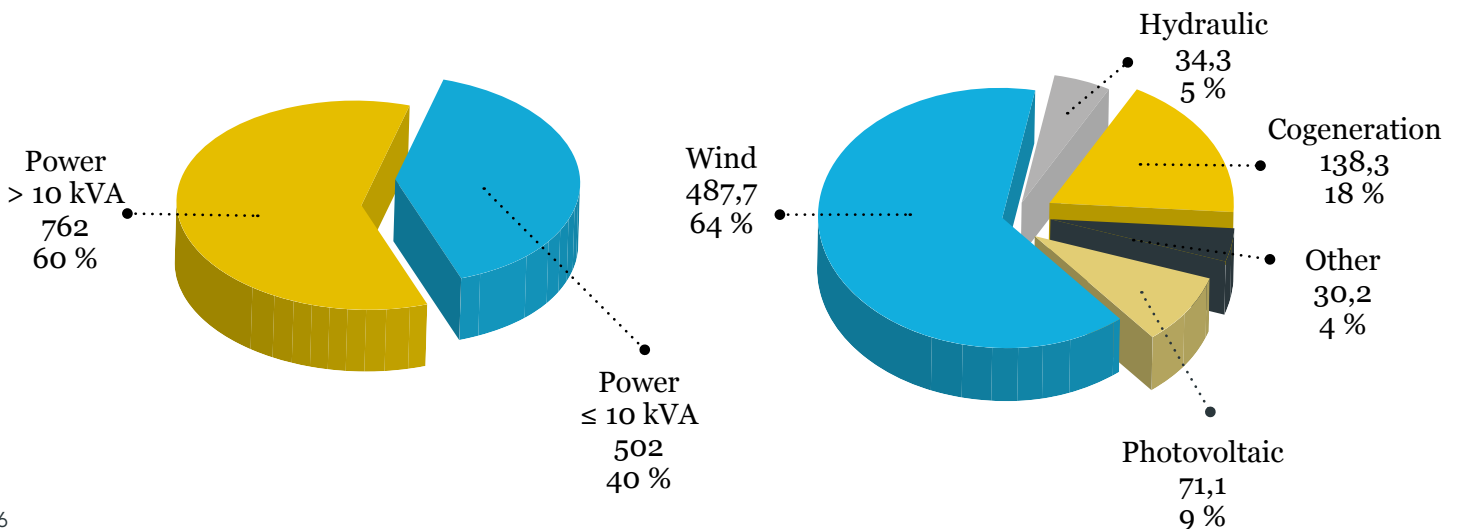
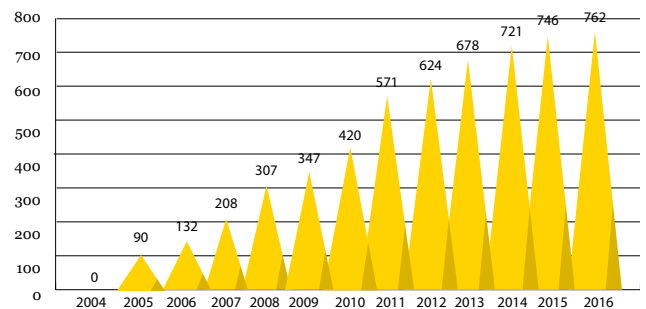
the prosumer, a consumer of electricity that has also become a producer and even a «proactive consumer» has entered into common parlance. New technologies – self-production, electric vehicles, storage, remote control, home automation, etc. – becoming more and more accessible, including to residential consumers, with an impact on the network.

DEVELOPMENT OF THE CENTRALISED PRODUCTION WHICH ORES HAS INCORPORATED ON ITS NETWORKS IN RECENT YEARS

PDE ≤ 10kVA (MVA)



PDE > 10kVA (MVA)



In order to be able to continue to manage distribution by supporting these developments, ORES must make its networks more intelligent, give them new tools for voltage adjustment, remote monitoring, remote metering and remote control, on a suitable integrated IT and telecommunication base. This is what is called the Smart Grid or intelligent network. With, as a consequence, an essential modernisation of metering tools for the customer, including residential customers, to meter the various flows of energy collected and injected in a finer way, as well as measuring the power provided, refining the metering of exact periods of consumption in order to enable customers to benefit from more dynamic tariff offerings or proposing efficient prepayment systems. That is to say, everything covered by the concept of smart metering.

This transition also concerns natural gas. At a time where passive homes and heat pumps are every day gaining market share, where switching to natural gas appears to be a real opportunity, ORES wishes to position itself as an initiator, a facilitator and a promoter of «gas» solutions. It is therefore also important to promote gas as a less polluting energy in combustion than other fossil fuels, allowing a more flexible transition towards a society with a lower carbon footprint.

ORES PREPARES FOR THE ARRIVAL OF LINKY METERS IN WALLONIA

Within this context of energy transition, ORES is preparing to deploy – gradually and in a targeted manner – a smart metering solution throughout the area covered by the company. The first residential Linky meters will therefore be installed in Wallonia by 2020.

At the end of 2015, our company made a big step forward with a view to the deployment of smart meters in Wallonia. By formalising a collaboration with Enedis (formerly ERDF), the main electricity distribution system operator in France, we have chosen to benefit from our neighbours' experience and to opt for the functionality of the Linky smart meter. However, given the characteristics of the Walloon distribution network, incorporating Linky into our infrastructure is not a simple copy-and-paste of the French solution.

In Wallonia, which is much less extended, our distribution network is not as homogenous as the French electricity network. One part is identical to that of Enedis (LV – 400 V four-phase). For the other type of configuration (LV – 230 V three-phase), and adaptive solution is necessary to be compatible with the Linky meters' communication technology. In order to implement these meters over the part of the network which differs from the French network, several ways forward were envisaged in 2016, in collaboration with Enedis' researchers, and then tested on the ground.

Once installed, these smart meters will give many advantages for society as a whole. For customers, firstly, the arrival of Linky will be synonymous with a saving in time in a series of operations, such as during a change in supplier or a move. Another fundamental aspect for customers: access to detailed information on energy consumed/input, thus resulting in better control of their consumption.

For energy suppliers, smart metering will be the basis of new tariff services, matching the expectations of various types of consumers. The latter should be able to benefit from new facilities, and even reduce their bill through tariffs that are closer to their consumption profile.

Finally, Linky will enable ORES to optimise its investments, through a more detailed knowledge of the flow of energy on the networks. Smart metering will thus enable a set of tasks – like meter reading – to be automated and a better quality of service to be offered, for example through faster detection of faults on the network and shorter service-call times for re-establishing customer power supplies.



THE FIRST LINKY METERS IN WALLONIA INSTALLED AT RIVE GAUCHE

During works at the start of construction of the Rive Gauche shopping centre in Charleroi, ORES installed the first Linky meters in Wallonia. Similar to those which will be deployed with residential customers from 2019, these meters were installed here in anticipation of a new generation lighting system, enabling dynamic control of new lights (100% LED) for the Ville Basse district.

ORES ENCOURAGES THE DEVELOPMENT OF SUSTAINABLE MOBILITY IN WALLONIA

Europe has set itself ambitious targets in the reduction of greenhouse gases by 2020 (-20%) and 2030 (-40%). These targets must be extended to Wallonia. However, while efforts have been made by Walloon energy (-7% since 1990) and industry (- 27%) sectors, the emissions produced by transport continue to increase inexorably, to reach nearly a quarter of the Walloon total.

In order to reverse this trend, there are two alternatives to petrol and diesel. The first solution, encouraged by ORES, is switching to natural gas (CNG). CNG is both eco-friendly, based on a mature technology and, of course, is available over a large part of the region through the distribution network. In the future, the prospects for inputting biogas onto this same network (in the form of biomethane) or of recovering renewable energies through power-to-gas could further strengthen the eco-friendly aspect of switching to CNG.

ORES, which has already started to convert a part of its own fleet to CNG, is positioning itself as a facilitator and wants to help all stakeholders, whether public or private, who wish to install refuelling stations for vehicles running on natural gas. This support is reflected practically through advice, information on the capacity of our networks to accommodate their facilities at the least cost, through the implementation of so-called permitting procedures and of course, through the technical connection of the stations to the network.

In spring 2016, ORES also proposed to the regulator that an incentive tariff mechanism be instigated, specifically applicable to refuelling stations intended for vehicles running on natural gas. In order to promote the development of these service stations and to support manufacturers in their CNG approach, ORES offered to take on the expense of the first 500 metres of network extension works, wherever these are necessary to connect the new station to our infrastructure. This investment is reflected in the long-term through a periodic tariff specific to CNG stations. The approach also aims to cover the risk for which we are responsible, and for which the community is therefore responsible. The CWaPE approved this proposal in July 2016.

ANOTHER ALTERNATIVE TO TRADITIONAL FUELS: ELECTRICITY

As early as 2014, ORES launched a Mobility service intended for its commune partners. The objective was to promote the installation of recharging terminals for electric vehicles on public highways by offering communes a turnkey solution, in order to enable them to achieve the minimum thresholds which had then been fixed for 2020 by the European Union.

The approach continued in 2016 with the commissioning of 16 new commune terminals in Wallonia.

Location	Commissioning and inauguration
Arlon	26/10/16
Chapelle-Lez-Herlaimont	30/09/16
Dinant	28/09/16
Eupen	14/03/16
Flobecq	12/02/16
Frameries	29/04/16
Jodoigne	14/04/16
La Hulpe	27/01/16
Libramont	26/10/16
Malmedy	21/04/16
Marche-en-Famenne	26/10/16
Neufchâteau	14/01/16
Saint-Ghislain	22/06/16
Saint-Vith	21/04/16
Soignies	8/09/16
Tubize	17/05/16



1.3. CORPORATE CULTURE: TRUST, LOCAL SERVICE, EFFICIENCY AND AGILITY

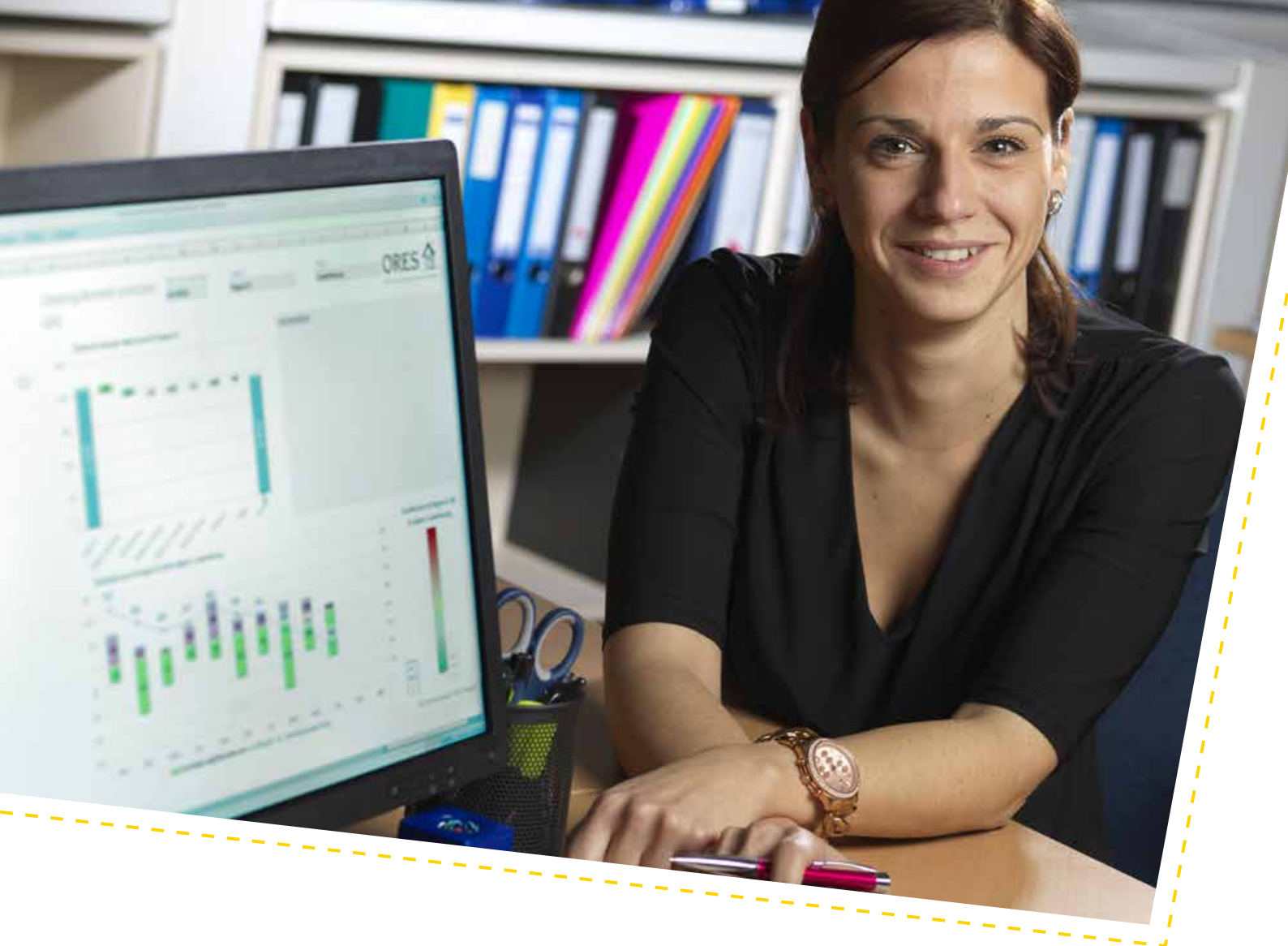
Along with energy transition and customer focus, corporate culture is one of the three major challenges facing ORES in the coming years. In its 2015-2020 strategic plan, the company gave itself the objective of transforming the organisation to adapt it to the new realities of the market and prepare for the future.

AN OVERALL CHANGE IN ATTITUDE

The changes with which our business sector is confronted, and the uncertainties that they entail, require more openness, flexibility and agility. The immediacy and hyper-connectivity that characterise our times also require that the company as a whole has an overall change in attitude and posture.

Parallel to new ways of working and new methods of interaction with the customer, ORES has chosen to develop its corporate culture. Without abandoning what has been its strength and made its reputation – its professionalism and its acknowledged expertise – the company has made the decision to review its collaboration models, propose management methods based on trust, and set up an agile working environment that is conducive to greater creativity, social interaction as well as a better balance between private lives and working lives.





3.1. TRUST AND CLOSENESS

ORES is therefore counting above all on its human capital to develop its corporate culture. In order to ensure the smooth running of the changes that have been initiated, the human resources division is offering a training path to all of its staff in 2016-2017 in order to implement a training path in manager teams in order to enable them to establish a «management based on trust» within their teams. This generic term encompasses the notions of closeness, proactivity, protection, predictability and performance, and incorporates them within staff management.

This path includes concepts from the new ways of working ⁽⁵⁾. Teleworking and working at another site (closer to home, for example) have been gradually put in place for several months now in many departments for a better work-life balance.

A new evaluation process has also been tested with members of management staff. This new system is resolutely oriented towards the future and empowers workers even more by associating them with the company's results and inviting them to enshrine ORES' five values in their day-to-day work (professionalism, sense of service, respect and friendliness, daring and sense of responsibility). This new performance management aims to anchor ORES' strategy with all its staff and to support them in their work to accentuate their development and their motivation.

At the same time, in order to measure the development and well-being of members of staff, a "social thermometer" was put in place in June 2016. The principle is simple: staff are invited to respond, once a month, totally confidentially and anonymously, to a mini-survey on various topics relating to company life. Four themes linked to business culture are therefore constantly being evaluated: cross-disciplinary interaction, innovation/creativity, well-being at work and the customer.

3.2. CREATING VALUE

As indicated in the first part of this document, ORES incorporated a "sense of responsibility" at the start of the year into its company values. The initiative goes beyond the symbolic and confirms the start of a trend, as early as the start of 2015, with the implementation of a performance, financial and operation plan within the company.

Called "Optimum", this plan is based on the following principle: to create value and improve the level of performance of the company through better cost control. Management and staff are therefore part of an approach which constantly searches for efficiency, both in terms of investment and operations, by ensuring that there is a good balance of effort over these two sources of expenditure. The company should be spending less, or spending smarter, by proving more daring in finding innovative solutions and reach a technical and economic optimum.

5. Concept of "New Ways of Working" (NWOW) connected to new forms of work organisation

Although its principles of thoroughness and rationalisation were not born with this new programme, Optimum nevertheless is worthy of formalising, structuring and providing a burst of acceleration to this overall dynamic, by inviting staff to share their ideas and/or their good practices in terms of optimisation and improvement of processes.

Against a backdrop of ever-more incentive-based regulation in terms of tariffs, ORES is encouraging its teams to do better and more with capped resources. The Optimum programme gives staff and managers an incentive to rethink the services offered to customers, by using skills available in-house as much as possible. This therefore truly is a value-creation project for the company, to benefit everyone: customers, shareholders and members of staff.

3.3. DEVELOPMENT AND SAFETY

Still with a view to the cultural and personal development of its staff, ORES gives special importance to their training and development. In 2016, each member of staff (full-time equivalent) was able to attend on average 35 hours of training.

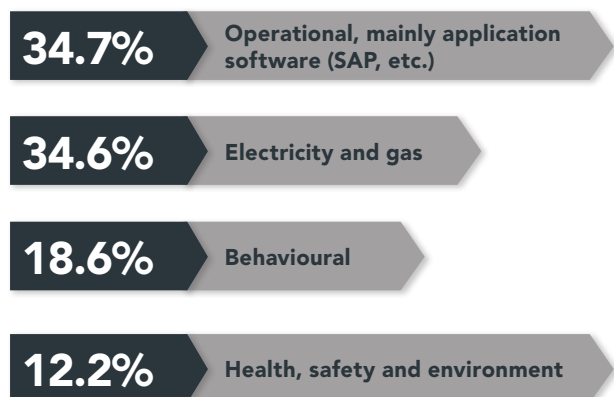
Most of the training hours delivered last year concerned our core business areas, namely electricity and gas, and on the IT applications supporting energy distribution and management of the market. Given the putting in place of a new working culture, so-called "behavioural" training courses (soft skills) were more numerous in 2016 than in previous years. The number of training hour devoted to safety remains stable compared to 2015.

TRAIN OUR TEAMS TO SERVE THE CUSTOMER BETTER

In 2016, close on 400 days of training were, in addition, devoted to our new customer-focussed approach. A specific one-day training course has been designed for the company's staff members but also for the numerous contractors appointed by ORES to carry out work. This interactive and participatory training course - which will continue in 2017 - has the dual aim of raising the company's employees' consciousness regarding customer expectations and to give them the tools to best respond to these.



BREAKDOWN OF 78,338 HOURS OF TRAINING DELIVERED AT ORES IN 2016:



ENSURE SAFETY ON THE GROUND

Another priority for ORES is the safety of workers and residents on and close to worksites. The Service interne de prévention et de protection au travail (SIPP - Internal Workplace Protection and Prevention Department), consisting of around fifteen members of staff spread over our area of activity, works day to day to ensure that this safety is ensured.

Two groups of indicators exist to help them monitor and analyse safety throughout the year: tertiary prevention indicators (frequency rate and severity level, number of accidents involving our fluids, etc.) and primary prevention indicators (safety inspections at workplaces, feedback, etc.). These two groups of indicators are strategic KPIs which should alert us and enable us to react when things are not going in the right direction.

in 2016, SIPP also reported that the number of serious accidents or accidents linked to our fluids was too high.

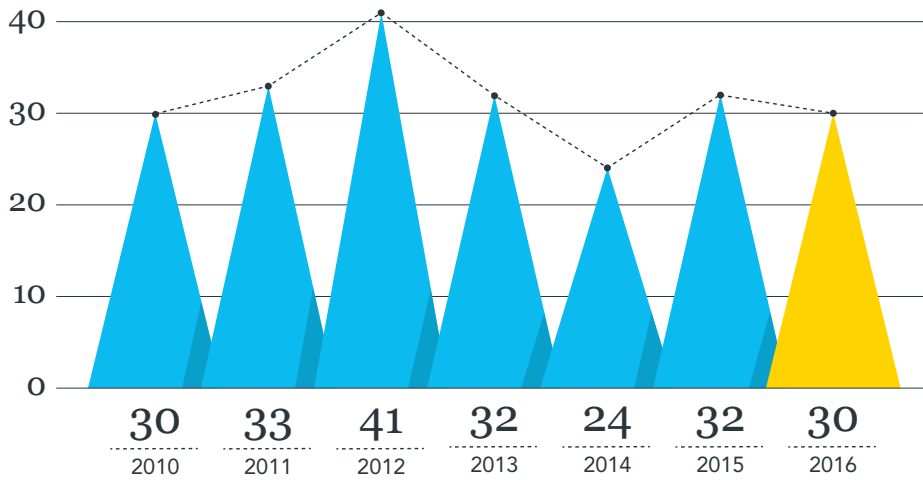
More satisfactorily, the graph indicates a reduction in the accidents which happened on the way to work in 2016 compared to 2015, as well as good results in terms of feedback and use of psychological assistance.

Despite mitigating results and a higher than expected number of accidents and days of incapacity, the 2016 results in terms of safety are better than those for 2015, particularly in terms of severity of accidents (283 days of incapacity less compared to 2015).

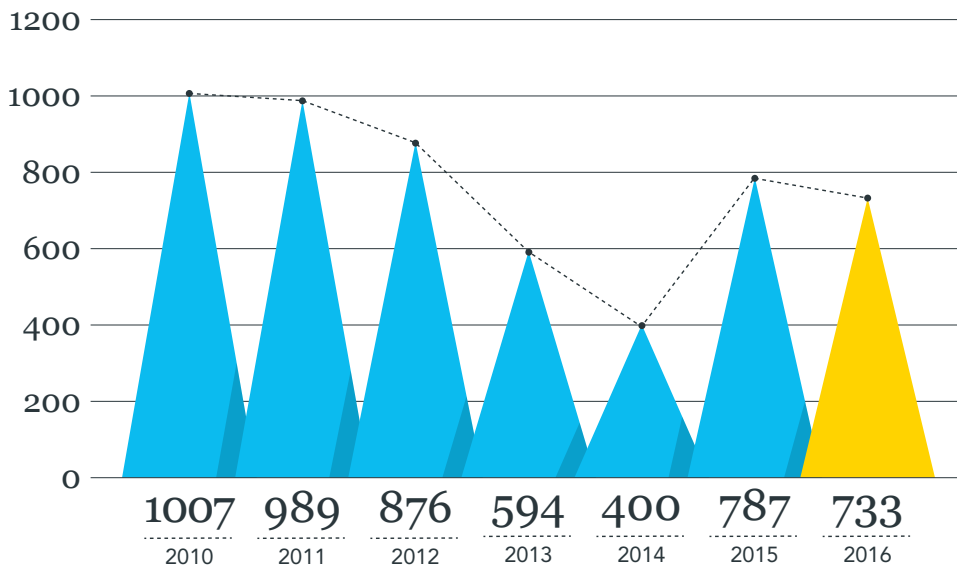
As the cultural change is linked to the well-being - and therefore the safety - of its staff, ORES has put in place a training programme called "Shared Vigilance". Launched in 2015, this programme was followed in 2016 by teams from the Provinces of Liège and Luxembourg, as well as those from the Centralised Technical Department (4,219 hours of training were devoted to this programme in 2016).



TREND IN THE NUMBER OF ACCIDENTS



TREND IN THE NUMBER OF SICK-LEAVE DAYS DUE TO TOTAL INCAPACITY FOR WORK



DRAWING ON TALENT

The cultural transformation shown throughout this section therefore is thus intended to stimulate the company's performance, but also to make staff members ambassadors on the ground and to make the company a great place to work. ORES offers not only a pleasant working environment but also interesting career prospects for its employees. In 2016, 198 staff members have therefore had the opportunity to change jobs and/or to develop within the company.

The optimisation of the performance of our various services and departments also allowed in-house human resources to be released over the last two years for our new Operational

Strategy department. Created in 2015, this department of around thirty staff centralises the company's future major projects - specifically connected to the putting in place of the networks of tomorrow - and supervises their management. Last year, five managers from the company joined this strategy department to provide their expertise to it.

ORES welcomed 98 new members of staff in 2016. These new employees were in administration (52), technical departments (29) and IT (17). The company also called on 90 temporary staff during the year to replace absent colleagues or to enable services to cope with a temporary increase in work.

BREAKDOWN OF NEW EMPLOYEES BY TYPE OF CONTRACT:

37

permanent contracts

53

fixed-term contracts

6

employees with a profile considered
to be "at risk" ⁽⁶⁾ on the job market

2

course contracts

In order to attract this new talent, ORES is undertaking long-term partnerships with training bodies and other academic stakeholders. Last year, our company also, for example, took part in meet-up and discussion days with IT students from the University of Namur.

6. Various reasons may lead to a person being considered as "at risk" on the job market: a lower level of education or a prolonged period of unemployment, for example. ORES drew on the motivation and open-mindedness of these individuals in order to integrate them within the staff, while monitoring their development by providing a specific programme of training courses.





2. The networks: the heart of our business

The electricity and natural gas distribution networks are the heart of ORES' businesses. Every day, the company ensures that a quality, sure and reliable supply is provided to its customers, whether these are private individuals, small- and medium-sized companies or commune partners.

Whatever the weather, 365 days per year and 24 hours a day, the operations and breakdown teams are ready to step in if there is a supply problem, to serve the community. When a fault occurs on the electricity network, or there is a leak on the natural gas network, ORES' technical teams always respond quickly and with professionalism.

Citizens also count on ORES to connect their residences to the networks, just like any potential decentralised green energy that they might produce.

For ORES, this therefore means the daily management of energy for more than 1.3 million households and companies over 75% of Wallonia, which represents no fewer than 2.8 million citizens.

2.1. SUPPLY OF ELECTRICITY

- 2014: 1,267,908 customers
- 2015: 1,281,405 customers
- 2016: 1,368,588 customers ⁽⁷⁾

49,981 km of distribution networks

1,437,093 points of supply

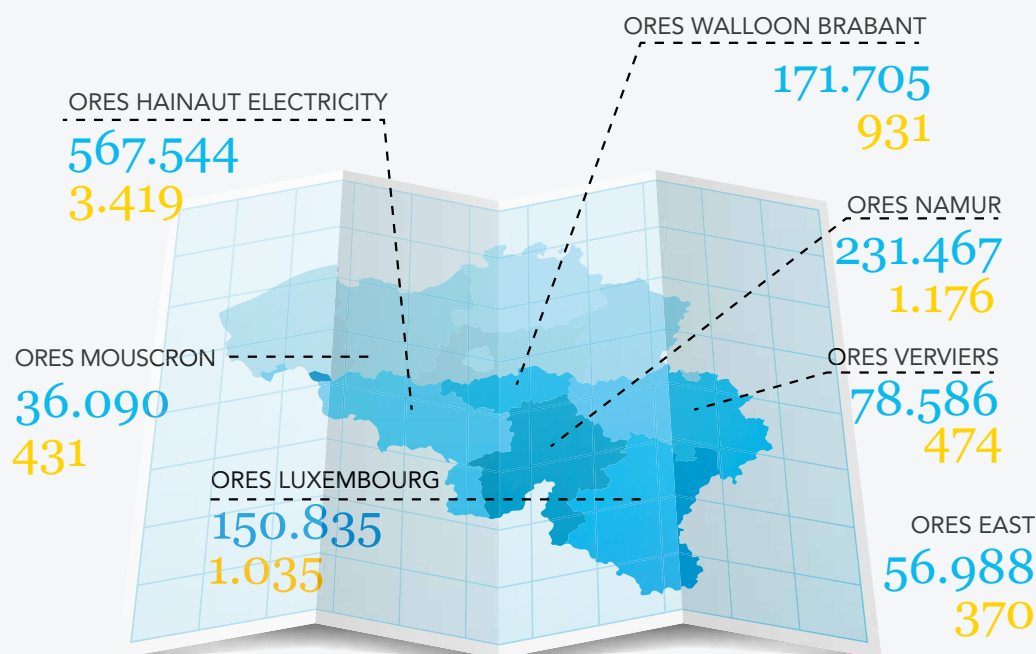
11,613,792 MWh distributed over the networks

23,739 protected customers supplied by ORES

47,968 active budget meters

7. It should be noted that this figure includes 75,373 customers located in RESA's area, but for whom ORES provided network management and operation tasks, as well as the task of managing the market (readings, validation of meter data, etc.).

SECTOR BREAKDOWN OF OUR LOW AND MEDIUM VOLTAGE CUSTOMERS



- Customers connected to the low voltage electricity network: 1.368.588
- Customers connected to the medium voltage electricity network: 8.722

ORES' technical services ensure network construction, maintenance, repair and troubleshooting, with a constant safety imperative. During the past financial year, its teams once more demonstrated their effectiveness in serving the population.

QUALITY

The time that the medium-voltage network was not available, connected to planned shutdowns for works, reached on average a little more than 31 minutes for the entire network managed by ORES. This result is better than that for the previous financial year, for which a waiting time of nearly 36 minutes was needed.

Time medium-voltage network unavailable during planned shutdowns:

- 2014: 41 minutes
- 2015: 36 minutes
- 2016: 31 minutes

1,194 service calls were counted in total on the medium-voltage electricity network last year, as against 1,167 during the previous financial year.

ORES' teams are also responsible for taking care of faults affecting the low-voltage electricity network, on a 24/7 basis. These faults may be caused by problems on the network (6,196

service calls in 2016), severe bad weather (482 service calls) or "external attacks", such as fires or acts of vandalism (601 service calls last year). On average, technical services arrive on site in a little more than 58 minutes, for an average call-out time of 1 hour 5 minutes. Power is therefore usually restored in the event of a fault on the network in just over 2 hours.

INVESTMENTS

More than 177 million euro were invested last year in the networks managed by ORES. This budget enables the work needed for the smooth operation of these networks to be done: construc-

RESTORING POWER AFTER AN UNPLANNED OUTAGE FROM THE TIME OF THE CUSTOMER'S CALL:

Indicators	2014	2015	2016
ORES WALLOON BRABANT			
Average time arrival on site	1:01:46	0:59:48	1:00:25
Average response time	1:19:40	1:26:49	1:12:14
Number of power outages where the electricity is off for more than 6hrs.	39	70	17

ORES EAST			
Average time arrival on site	0:38:42	0:42:09	0:39:24
Average response time	1:08:23	1:06:23	1:07:24
Number of power outages where the electricity is off for more than 6hrs.	1	0	0
ORES HAINAUT			
Average time arrival on site	0:54:06	0:54:43	0:51:26
Average response time	1:09:50	1:09:20	1:05:04
Number of power outages where the electricity is off for more than 6hrs.	36	44	32
ORES LUXEMBOURG			
Average time arrival on site	0:42:00	0:43:18	0:41:51
Average response time	1:02:40	1:07:24	1:03:26
Number of power outages where the electricity is off for more than 6hrs.	12	8	4
ORES MOUSCRON			
Average time arrival on site	0:55:06	0:52:41	0:44:56
Average response time	0:59:01	1:06:45	0:56:06
Number of power outages where the electricity is off for more than 6hrs.	1	5	2
ORES NAMUR			
Average time arrival on site	0:46:39	0:46:27	0:46:27
Average response time	1:02:37	1:02:16	1:01:17
Number of power outages where the electricity is off for more than 6hrs.	22	11	15
ORES VERVIERS			
Average time arrival on site	0:41:54	0:42:17	0:40:03
Average response time	1:07:00	1:09:16	1:14:36
Number of power outages where the electricity is off for more than 6hrs.	5	2	12
ORES RESA (LIEGE CITY)			
Average time arrival on site	0:44:11	0:44:00	0:46:43
Average response time	0:54:58	0:58:51	0:52:15
Number of power outages where the electricity is off for more than 6hrs.	10	11	8

tion of new connections, kiosk substations and stations; burying overhead lines underground; replacement and modernisation work; dealing with faults, etc.

ORES is ensuring that the closed budgets granted to it by the CWaPE are used responsibly and efficiently. The challenge is as follows: to ensure that the quality of our networks is maintained and to fulfil the public service obligations entrusted to us by controlling the changes in costs which are ultimately passed on in the consumer's bill.

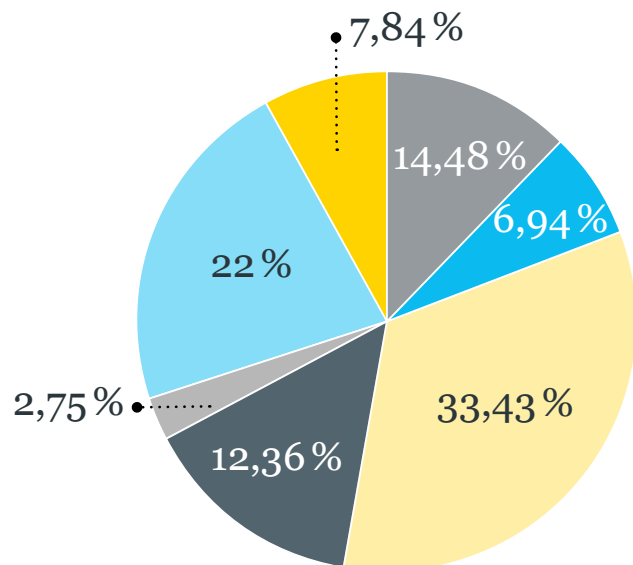
Thanks to its investments last year, ORES has been able to extend the networks through its area of activities. These extensions involved the construction of 316 km of new networks and the installation of 74 new kiosk substations. In order to respond

to new local needs in terms of living accommodation - residential housing developments in particular - or businesses, nearly 13,000 meters have, in addition, been fitted in individuals' homes or at business premises.

Beyond this development work, ORES devoted the majority of its investment in the electricity networks to the renovation and replacement of equipment (cables, lines, kiosk substations, connections, meters, etc.), with a view to maintaining, or even enhancing, the level of performance of existing infrastructures. Therefore, on the low-voltage network, 136 km of overhead lines and 122 km of underground cables have been renewed. The medium-voltage network has also been the subject of works in places with the reinforcement of 265 km of underground lines. These renovations have been motivated by seeking to optimise operations and operational costs, by the desire to improve safety conditions and through the respect of environmental regulations.

Investment shall also take into account the work carried out as part of the public service obligations entrusted to the company. Nearly 6000 budget meters were therefore fitted last year by ORES at the request of suppliers, at the homes of customers in default of payment.

BREAKDOWN OF INVESTMENTS 2016



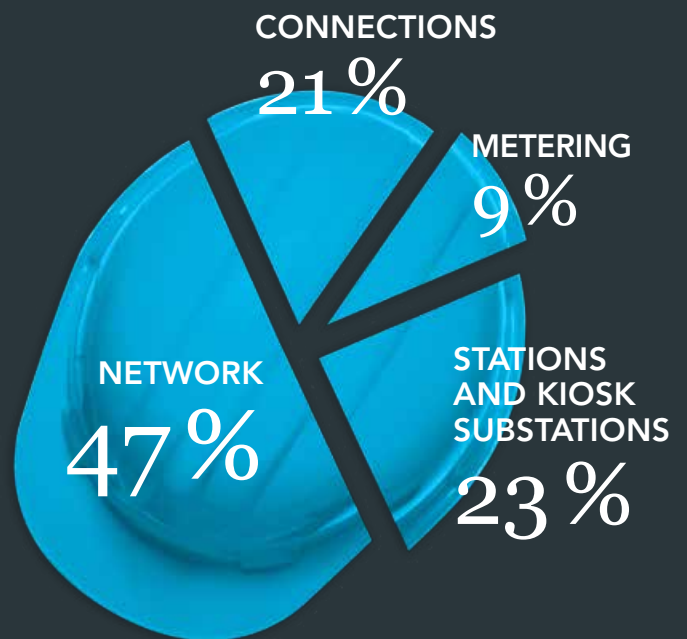
- ORES Walloon Brabant (12,36%, soit 21.920 k€)
- ORES East (6,94%, soit 12.308k€)
- ORES Hainaut Electricity (33,43%, soit 59.294 k€)
- ORES Luxembourg (14,48%, soit 26.038 k€)
- ORES Mouscron (2,75%, soit 4.871 k€)
- ORES Namur (22,00%, soit 39.018 k€)
- ORES Verviers (7,84%, soit 13.906 k€)

DETAILS OF INVESTMENTS BY SECTORS

ORES WALLOON BRABANT

Investments in ORES Walloon Brabant's electricity network in 2016 amounted to almost 22 million euro (€21,920,000). Expenditure broke down as follows:

- Low-voltage electrical network: 52.3 km of electricity lines were laid, including 26.7 to replace outdated installations or sections that are too weak (increase in load) and 25.6 as part of network extensions. 2,089 new meters were installed and 2,739 replaced. Finally, 635 budget meters have been installed at the homes of customers who are in default of payment.
- Medium-voltage electrical network: 32.7 km of underground electrical cable have been laid and 8 km of overhead lines have been demolished. It should be noted here that 130 remote-read meters have been fitted.
- Distribution kiosk substations: 11 new kiosk substations were built in 2016 and 311 kiosk substations were inspected during the same year.





A CLOSER LOOK AT OUR ACHIEVEMENTS

Renovation of the centre of the village of Recht (Saint-Vith)

As part of works relating to the Elia East loop, ORES, working in synergy with the Service Public de Wallonie (STW – Wallonia Public Service) and Saint-Vith City Council, is involved in the renovation works of the centre of the Village of Recht. The close collaboration between stakeholders has enabled the high- and low-voltage electricity networks to be integrated harmoniously into the surroundings and to install new attractive LED lighting.

Parallel to this work, ORES has replaced the old spotlights which illuminated the village church with new LED models, thus allowing local stakeholders to enhance their heritage while saving energy.

Renewal of the Val Dieu kiosk substation at Aubel

Under the Royal Decree of 2012 relating to bringing distribution kiosk substations into compliance, ORES carried out a complete overhaul of its Val Dieu kiosk substation, located beside the Abbey of the same name in Aubel.

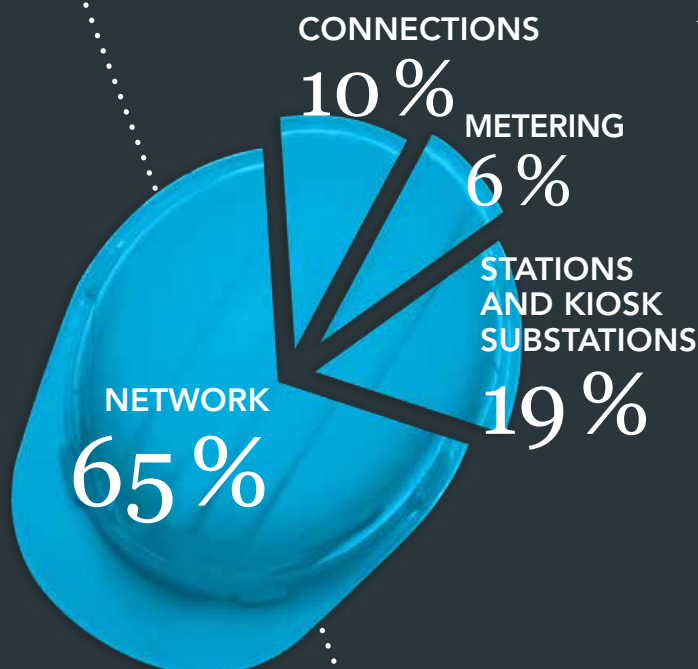
The building, which is part of the architecture of the abbey, has been conserved and completely refurbished. The neighbouring overhead electrical lines have been removed, in favour of laying underground lines. Inside the building, open medium- and low-voltage equipment has been replaced with housed and isolated equipment.

This kiosk substation, which has been carefully incorporated into its surroundings, plays a role in the «smartisation» of the networks, as the three medium-voltage outlets are now motorised and remotely controlled.

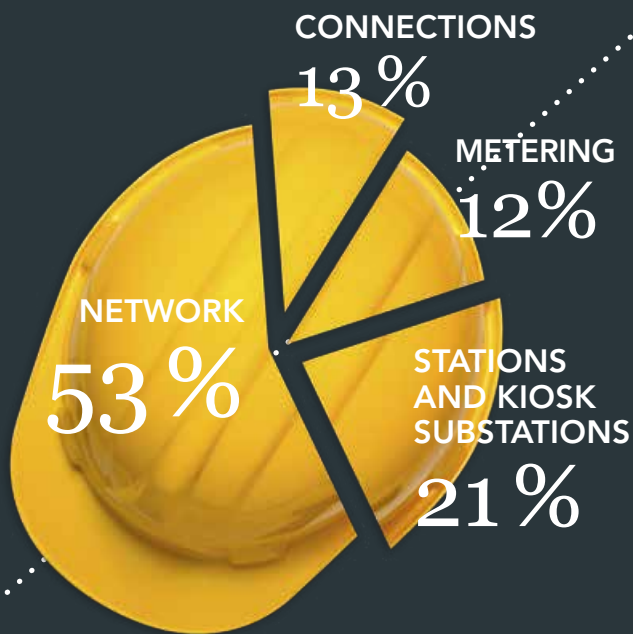
ORES EAST

The amount of work for 2016 amounted to 12.3 million euro (€12,308,000). These works have in particular enabled the following operations:

- Low-voltage electricity network: more than 42 km of electrical power lines were laid, including 16 km of network extension. 696 connections have been made. In addition, 2101 meters have been fitted, including 653 new installations at the request of customers. Finally, 239 budget meters have been fitted at the request of suppliers.
- Medium-voltage electrical network: 43.7 km of underground cables have been laid; 11.3 following requests from customers – with 14 new meters installed – and 32.4 km as part of replacing pipework and, in parallel, 102 meters.
- Distribution kiosk substations: in 2016, 7 new kiosk substations were added to the local network. 316 kiosk substations have also been inspected.



DETAILS OF INVESTMENTS BY SECTORS (CONTINUED)



ORES HAINAUT ELECTRICITY

The total amount of the works amounted to 59 million euro (€59,294,000) during the 2016 financial year. The expenditure breaks down as follows:

- Low-voltage electrical network: 96.2 km of cables were laid, including 57.3 km for network extensions. 2,456 new connections have been made. 4,780 new meters were fitted and 12,361 replaced. As part of the regional provisions in terms of public service obligations, 2,252 budget meters were installed at customers who had defaulted on payment.
- Medium-voltage electrical network: 117.5 km of underground cables were laid, including the replacement of 83.7 km of obsolete cables or sections that were too weak and the extension of 33.8 km of networks following requests from our customers. 135 new medium-voltage meters were fitted and 634 existing meters have been replaced.
- Distribution kiosk substations: 14 new cabins were built and 646 cabins were inspected during 2016.

A CLOSER LOOK AT OUR ACHIEVEMENTS

Rive Gauche in Charleroi

As a stakeholder since the first day of this colossal construction site, ORES has made its experience, know-how and creativity available to this major property project, which nourishes the hopes for the resurgence of the City.

The opening of the shopping centre, at the start of 2017, marked the end of 3 years of works in Charleroi city centre. At the heart of operations, ORES firstly moved all the existing electricity, public lighting and natural gas distribution infrastructure and fitted temporary installations, prior to rebuilding new ones. At the same time, technical teams co-ordinated the moving of other operators' cables and lines (CPOs), whether these were for water distribution, drainage or telecoms. For all underground installations, ORES was the single contact point throughout the works for the Rive Gauche property developer.

La Croyère substation equipment

Preparatory work for the removal of the Elia supply substation in La Louvière (located in the city centre) in favour of the La Croyère substation (besides the E42 motorway) began two years ago.

These investments are the result of a study carried out jointly with the transmission system operator (Elia). In addition to the construction of a new high- and medium-voltage substation, the works required the laying of numerous cables in order to restructure the network and therefore the power supply to the city of La Louvière and its surroundings, in order to be able to best meet the needs for flexibility and responsiveness required for the efficient and effective management of our networks. This project will come to an end during 2018 and will culminate in the dismantling of the old substation and the overhead line which feeds it.

Restructuring of the Antoing substation

At the end of 2016, ORES carried out significant work at the Antoing substation, following a decision made by Elia to harmonise its voltage plan (that is, to supply ORES with 15,000 V only and no longer 6000 V). The technical teams have had to carry out a whole series of operations on the new substation and mainly prepare for the production of 6000 V from the 15,000 V network. In order to do this, ORES invested in an old Elia transformer and is now able to produce the 6 kV needed to supply its customers on its own.



A CLOSER LOOK AT OUR ACHIEVEMENTS

A budget of 1.2 million euro was allocated to a significant project to renew the high- and low-voltage electricity network serving the communities of Opont and Our (commune of Paliseul).

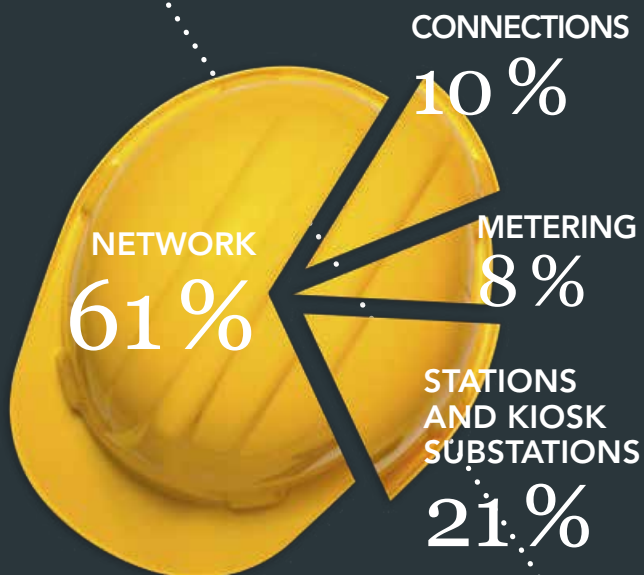
More than 10 km of cable have been laid and around ten kiosk substations have been renovated or built to replace existing installations. The public lighting has also been replaced with LED equipment, which is more efficient and consumes less energy. These new infrastructures have been incorporated into these rural surroundings in the best way possible, and will improve the quality of electricity distribution for the inhabitants of both villages.



ORES LUXEMBOURG

26 million euro (€26,038,000) have been dedicated to works in 2016, broken down as follows:

- Low-voltage electrical network: 81.9 km of underground cables were laid, including 25 km for network extensions. 13.2 km of bare copper network have been replaced. 1259 new connections were made; 2955 meters were replaced and 1711 new meters were also fitted. 718 budget meters have also been installed as part of social PSOs.
- Medium-voltage electrical network: 71.8 km of underground cables were laid, particularly as part of the replacement of overhead lines or cables for which the cross-section is too small or obsolete. 36.8 km of overhead lines which had been in service for more than 25 years have been serviced. 6.3 km of new networks were laid, 35 new meters were fitted and 211 meters replaced.
- Distribution kiosk substations: 16 new kiosk substations were built on the local network. 628 kiosk substations were inspected in 2016.

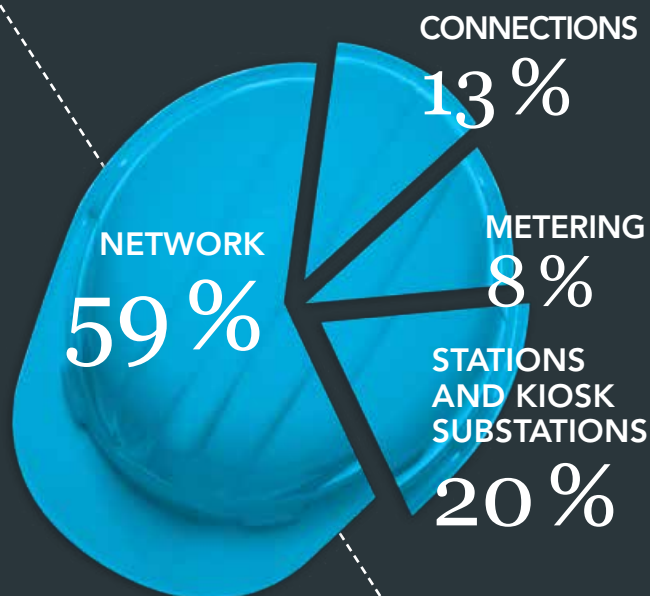


DETAILS OF INVESTMENTS BY SECTORS (CONTINUED)

ORES NAMUR

In the Namur region, the amount of investment made last year amounted to more than 39 million euro (€39,018,000). This expenditure has enabled the following work to be carried out:

- Low-voltage electricity network: almost 100 km (99.7) of electrical power lines were laid, including 35.4 km for extensions. 1642 new connections were made, 2,546 new meters were fitted and 4,584 meters replaced. As part of regional provisions in terms of public service obligations, 1,466 budget meters were installed.
- Medium-voltage electrical network: close on 100 km of underground cables were laid with a view to removing overhead lines (12.1 km), replacement of obsolete underground cables or cable with cross-sections that were too small (change in loads) and extension of 55.9 km of the network following customer requests. 46 new meters were fitted and 318 replaced.
- Distribution kiosk substations: A total number of 1,087 cabins have been inspected during the year. Finally, 15 new cabins have been added to the low-voltage network.



A CLOSER LOOK AT OUR ACHIEVEMENTS

Connection of the Alternative Green wind farm in Ernage

2016 saw the successful completion of the wind farm project by the company Alternative Green in Ernage (Gembloux). After going through procedures for several years, the company was granted a single permit to build and operate a farm of 6 wind turbines, each with a power of 2.350 MVA – or 14.1 MVA.

ORES actively participated in making this project a reality by carrying out the connection of the wind farm to the high-voltage substation at Gembloux, through the laying of 6.8 km of high-voltage cables and a fibre-optic cable.

Placing the network underground in the communes of La Bruyère

In 2016, ORES laid 10.3 km of medium-voltage cables (11.5 kV) and a fibre-optic cable in the commune of La

Bruyère, between Rhisnes and Warisoulx via Émines and Villers-lez-Heest.

The replacement of obsolete overhead lines with an underground network has improved the reliability of the local electricity network and has strengthened the connection between the Saint-Servais et de Leuze. The burying of the network, in addition, plays a significant role in the improvement of the quality of the landscape.

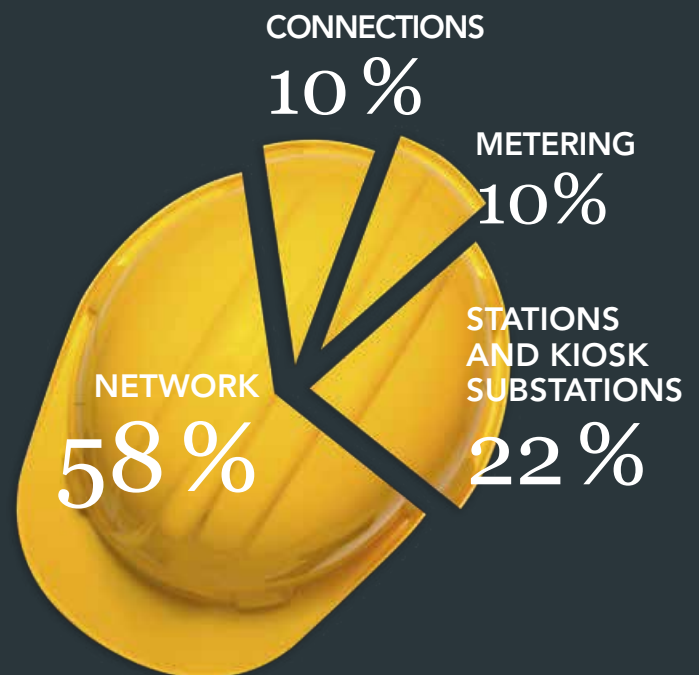
These laying works have been carried out partially in synergy with VOO (over about 2.5 km) and with the transmission service operator Elia (over about 3 km).

In 2017, the construction of 4 new «smart» kiosk substations (remote-controlled) and the disassembly of overhead lines will finalise this major project.

ORES MOUSCRON

Technical investments in ORES Mouscron's electricity network in 2016 amounted to almost 4.9 million euro (€4,871,000). Expenditure breaks down as follows:

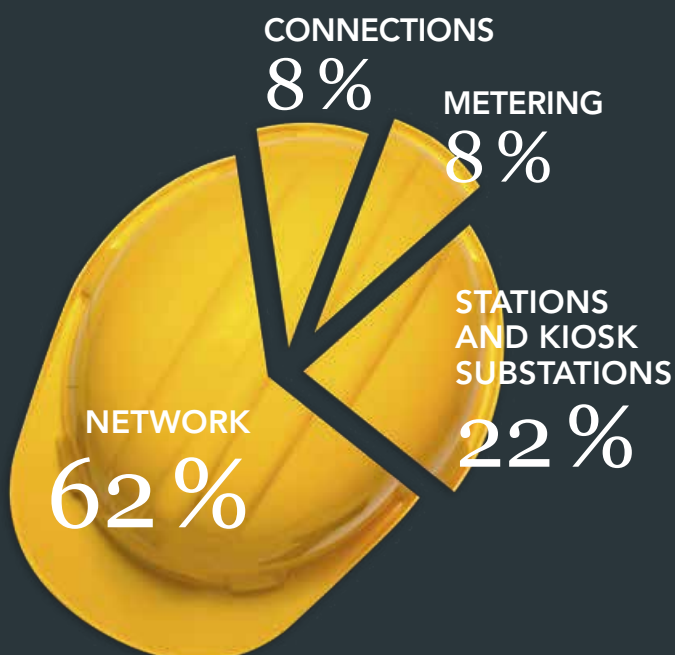
- Low-voltage electrical network: 13.7 km were laid (of which 9.8 km were extensions) and 270 new connections have been made. In addition, our teams replaced 563 meters and install 528 new meters. Finally, 204 additional budget meters have been fitted for customers in default of payment, as part of regional provisions in the area of public service obligations.
- Medium-voltage electricity network: just over 9 km of cables have been laid, including 6.3 km to replace obsolete installations or cables with cross sections that are too small (change in load) and 2.7 km as part of network extensions following requests from customers. Still with regard to medium-voltage, 9 new meters have been fitted and 70 meters have been replaced.
- Distribution kiosk substations: 6 new kiosk substations were built in 2016, while 65 kiosk substations have been inspected.



ORES VERVIERS

Finally, in Verviers, the total amount of work carried out in 2016 it is nearly 14 million euro (€13,906,000). Investments, which do not include here the financial amounts connected to works carried out on behalf of the operator RESA, had been broken down as follows:

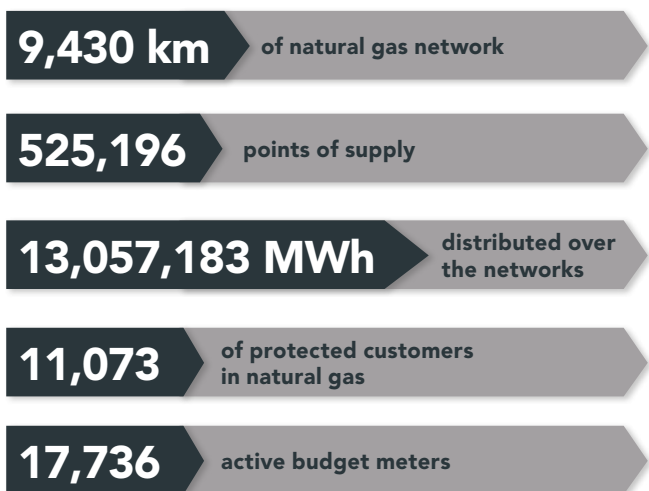
- Low-voltage electrical network: 56.2 km of cables have been laid, including 14.5 km of extension cable. ORES' technicians have carried out 394 new connections, have installed 646 new meters and have replaced 1,619 meters. 437 new budget meters have been fitted for customers who had defaulted on their payments.
- Medium-voltage electrical network: 22.8 km of new underground cables have been laid, including 18.6 km to replace underground cables that had a cross-section that was too small or were ageing, and 4.2 km of network extension. In this context, 13 new meters were fitted and 69 replaced.
- Distribution kiosk substations: 248 new kiosk substations were inspected during the year, and 5 new kiosk substations were built.



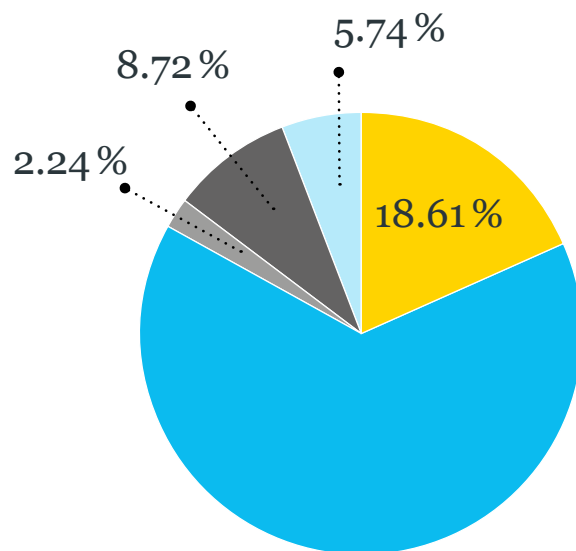


2.2. BRINGING ENERGY ON A DAILY BASIS: NATURAL GAS

2014: **453,014** customers
 2015: **460,077** customers
 2016: **467,304** customers ⁽⁹⁾

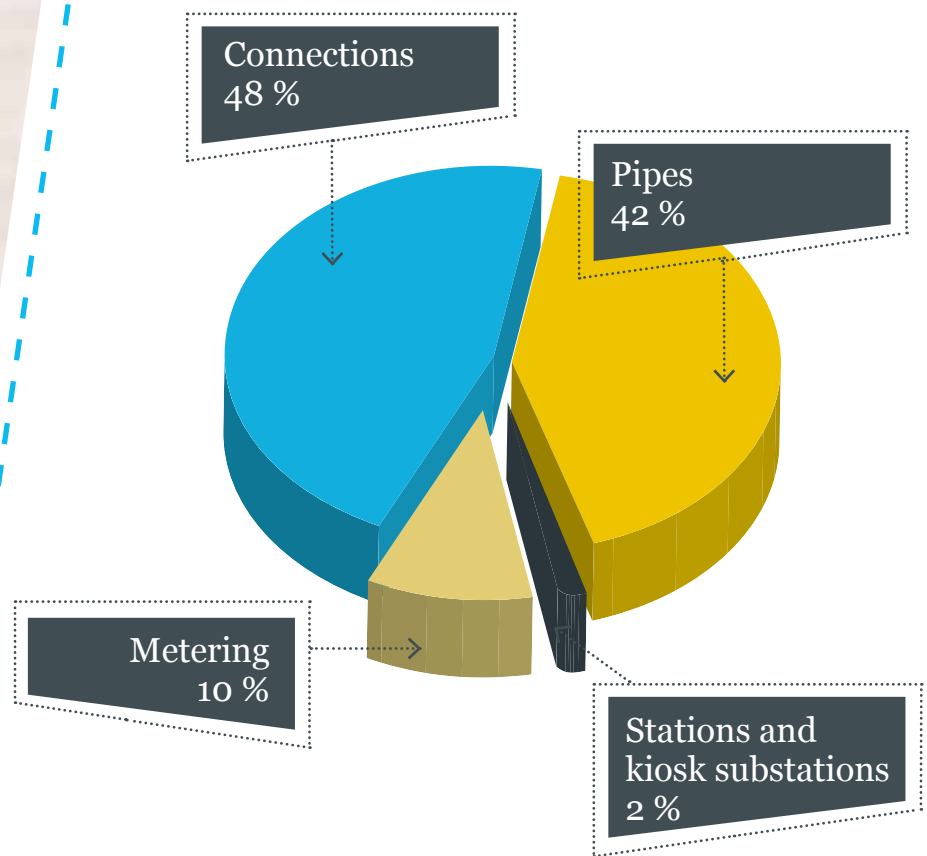


In 2016, the overall breakdown of our customers (connected to the low- and medium-voltage electricity networks) per sector was as follows:



- ORES Walloon Brabant (18,61%, soit 86.977 clients)
- ORES Hainaut Gas (64,69%, soit 302.261 clients)
- ORES Luxembourg (2,24%, soit 40.764 clients)
- ORES Namur (8,72%, soit 40.764 clients)
- ORES Mouscron (5,74%, soit 26.832 clients)

9. Counting customers located within the area covered by the TSO Gaselwest, for whom ORES provides market management (meter readings, validation of meter readings, etc.), this 2016 figure amounted to 474,487 customers.



MANAGEMENT OF THE NATURAL GAS NETWORK

ORES provides the distribution of natural gas to more than 467,000 customers – residential, professional, trade or businesses. All of the networks managed represent more than 3,700 km of medium-pressure pipes and some 5720 km low-pressure pipes. In 2016, more than 13 billion kWh of natural gas were distributed through these networks.

QUALITY

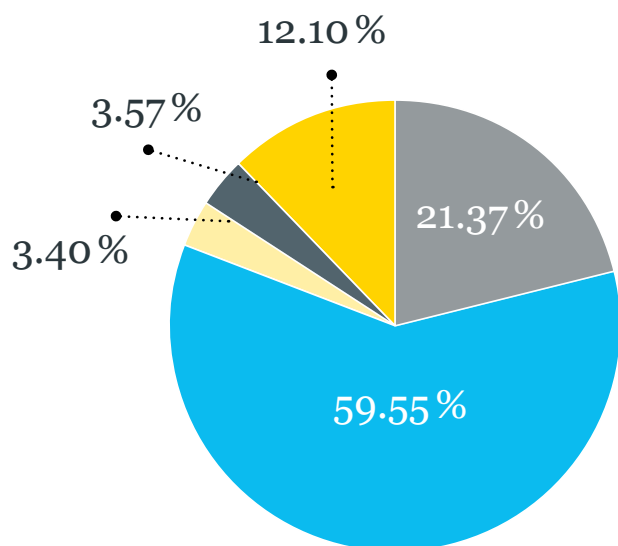
Throughout the year, ORES' first response teams were called out around 1,900 times to repair gas leaks detected as part of the routine monitoring of the network (42 % of repair work) or following calls from third parties (58 %). Nearly 1700 km of medium- and low-pressure distribution pipes were also inspected in 2016 as part of the monitoring of the network.

INVESTMENTS

Investment expenditure in the natural gas distribution networks amounted to more than 86 million euro in 2016. More than half of this expenditure was invested to meet requests from new users. These network extensions are the subject of a profitability calculation, the parameters of which are approved by the regulator.

Medium-pressure gas network	Gross expenditure in €K
Reception station and substation	342
Pipes	14.611
Connection	9.609
Metering	427
Total	24.989
Low-pressure gas network	
Kiosk substation	1.768
Pipes	22.047
Connections	29.787
Metering	7.954
Total	61.556
Total for Medium- and Low-Pressure Networks	86.546

BREAKDOWN OF INVESTMENT BY SECTOR IN 2016



- ORES Walloon Brabant (21,37%, soit 18.495 k€)
- ORES Hainaut Gas (59,55%, soit 51.540 k€)
- ORES Luxembourg (3,40%, soit 2.943 k€)
- ORES Mouscron (3,57%, soit 3.093 k€)
- ORES Namur (12,10%, soit 39.018 k€)

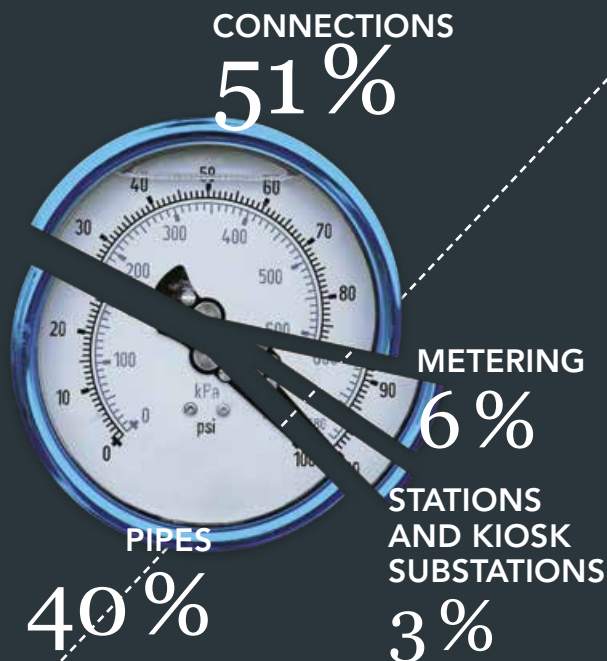
During the past financial year, extension works of various magnitudes, both in low- and medium-pressure, have been carried out in the area covered by ORES (see details of investments below).

It should also be noted that 5860 new low- and medium-pressure connections were made during the year.

In addition, several million euro were devoted to works to clean up pipes, connections or meters. The replacement of cast-iron, PVC or fibrocement low-pressure networks is continuing and nearly 40 km were removed in 2016 and replaced by polyethylene pipes, better suited to the current usage and operational conditions. They also display better ceiling and resistance characteristics, particularly with regard to resisting soil movements.



DETAILS OF INVESTMENTS BY SECTOR



ORES WALLOON BRABANT

The amount of investments made during the 2016 financial year in well in Brabant amounted to more than 18 million euro (€18,495,000). Expenditure breaks down as follows:

Extensions concern a little more than 13 km of pipes: 7.2 at average pressure and 6.1 at low pressure. 17.3 km of low- and medium-pressure pipes were replaced and, as part of this, 10.1 km of fibrocement pipes were abandoned in favour of polyethylene. In 2016, there were 1255 medium- and low-pressure connections and 1814 new meters, while 1140 connections and 1210 meters were replaced. Finally, 405 customers who have defaulted on payments have been fitted with a budget meter.

A CLOSER LOOK AT OUR ACHIEVEMENTS

Renewal of one part of the La Hulpe natural gas network

As part of its policy to renew its fibrocement gas installations, ORES has replaced – and will continue to replace over several years – its obsolete pipes with new polyethylene pipes. These new infrastructures firstly increase the safety of our installations, but also can cope with the increasing volumes of gas which pass through the pipes.

In this regard, we replaced more or less 900 m of pipes in the commune of La Hulpe during the financial years 2016 and 2017. When these replacements were carried out, ORES' teams took the opportunity to analyse the quality of the connections and replace them if needed.

Finally, when the work was carried out, a technical sales team carried out a natural gas promotion campaign to residents; the objective was to enable them to benefit from ORES' advantageous offer for connections to the existing network, and to carry out as many operations as needed during the works so as not to disturb the neighbourhood at a later date.



A CLOSER LOOK AT OUR ACHIEVEMENTS

Connections of CNG stations at Ghislenghien and Mouscron

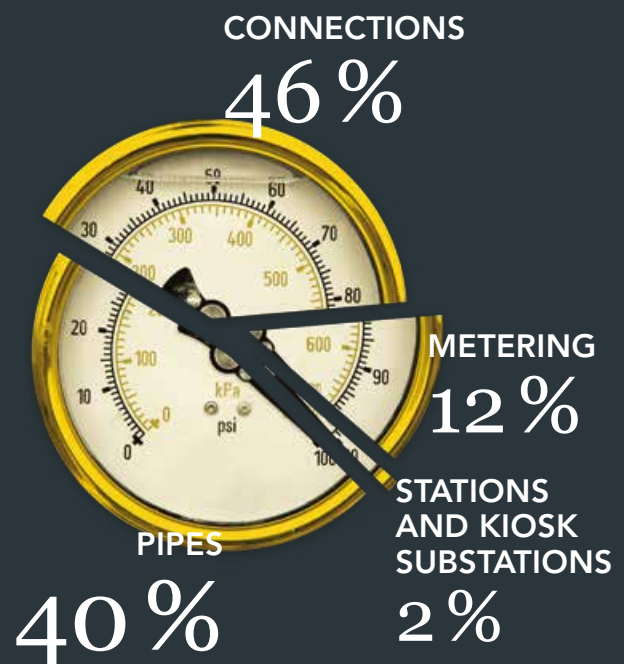
As part of its support of initiatives which aim to develop sustainable mobility – see pages 35 to 36 of this document – in 2016, ORES connected to new recharging stations for vehicles running on CNG (compressed natural gas) in Picardy Wallonia: the first is an Enora (subsidiary of IDETA) station, located on Industrial Boulevard in Mouscron, and the second is a DATS 24 (Colruyt group) station, located on the Rue du Parc Industriel in Ghislenghien.



ORES HAINAUT GAS

The total amount of works in 2016 amounted to more than 51.5 million euro (€51,540,000), broken down as follows:

More than 82 km of medium- and low-pressure pipe were laid. This was mainly renewal of existing infrastructure (44.6 km) but also extension of the low-pressure (19.4 km) and medium-pressure (18.2 km) networks. In addition, 3,674 new connections were made, with 5,330 new meters. More than 44 km of pipes, 5,596 connections and 6,609 meters have also been replaced. Some 4,038 customers who defaulted on payments were fitted with a budget meter.

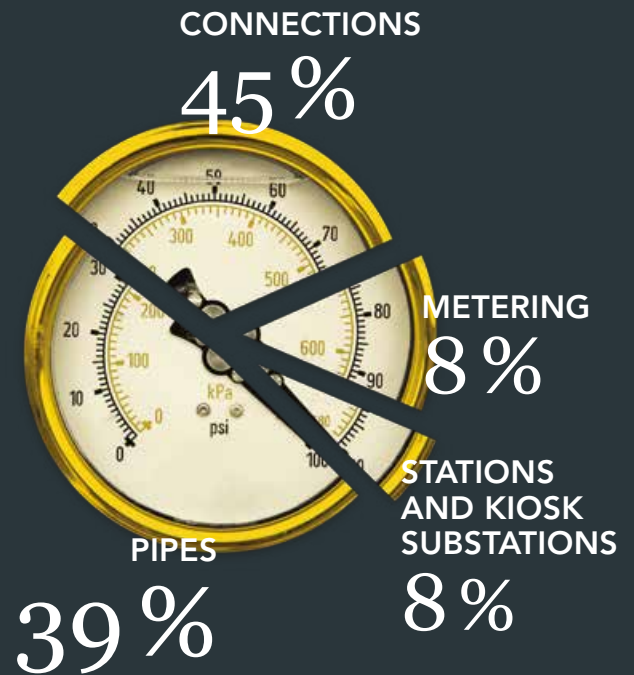


DETAILS OF INVESTMENTS BY SECTOR (CONTINUED)

ORES LUXEMBOURG

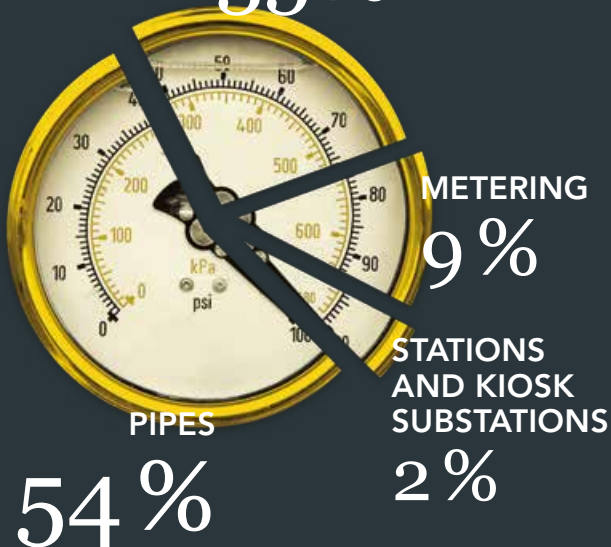
The investment works carried out in the Province of Luxembourg in 2016 amounted to nearly 3 million euro (€2,943,000) and are broken down as follows:

The gas network has been extended by 4.6 km (2.58 km medium-pressure, 2.02 km low-pressure). Built fairly recently, the local networks currently only require a little renovation work. Having said this, a few dozens of connections and meters were replaced, and a little more than 800 m of low-pressure network were renewed. 461 new meters were installed. Furthermore, 68 budget meters were installed at the homes of customers who are in default of payment.



CONNECTIONS

35%



ORES MOUSCRON

In Mouscron, Pecq and Estaimpuis, the total amount of gas investments made in 2016 amounted to more than 3 million euro (€3,093,000). These investments break down as follows:

Some 5.3 km of new pipes were laid, including 4.9 low-pressure. At the same time, 5 km of low- and medium-pressure pipes were renewed. 265 new medium- and low-pressure connections and 421 new meters were installed, while 112 low-pressure connections and 163 meters were replaced. Finally, 237 customers in default of payment were fitted with a budget meter.



CONNECTIONS
46%



PIPES
45%

METERING
8%
STATIONS
AND KIOSK
SUBSTATIONS
1%

ORES NAMUR

The total amount of works carried out on the gas network in 2016 for the Namur region amounted to more than 10 million euro (€10,475,000). The expenditure breaks down as follows:

In total, 9.1 km of new pipes have been laid, including 7.3 km at average pressure and 1.8 at low pressure. The renewal of low-pressure pipes extended over 10 km. At this time, 2000 metres of cast-iron pipes and 1600 metres of fibrocement pipe were replaced with new polyethylene infrastructure. 796 connections and 625 meters were renewed in total. 450 new connections have been installed, as well as 866 new meters. Finally, 376 budget meters were installed at the homes of customers who are in default of payment.



PROMOTION OF NATURAL GAS: AN INTEGRAL PART OF OUR COMPANY'S STRATEGY

The natural gas distribution network managed by ORES extends over more than 9000 kilometres. Although the conditions for extending this network are currently no longer encountering the necessary imperatives of economic returns, the intensification of use of natural gas on the existing network and the development of new methods for using gas are essential for our company, and, more globally, for the community.

The objective is clear: this means increasing the rate of penetration and number of users on the existing distribution network, in order to increase its profitability and, ultimately, to lower the distribution tariff for all customers.

In February 2016 - six months after the beginning of our operation for the promotion of natural gas - all of the distribution system operators, Fluxys (the transmission system operator)

and the ARGB (Association Royale des Gaziers Belges - Royal Association of Belgian Gas Companies) came together for a major national marketing campaign.

Economical, safe and convenient, natural gas is now an integral part of the plan to «decarbonise» our society. The fight against global warming involves renewable energy more than anything. But this is not enough to cover all our needs. These energies require the support of a partner energy. By making natural gas this companion to green energies, we wish to reinforce its presence in the landscape of tomorrow.

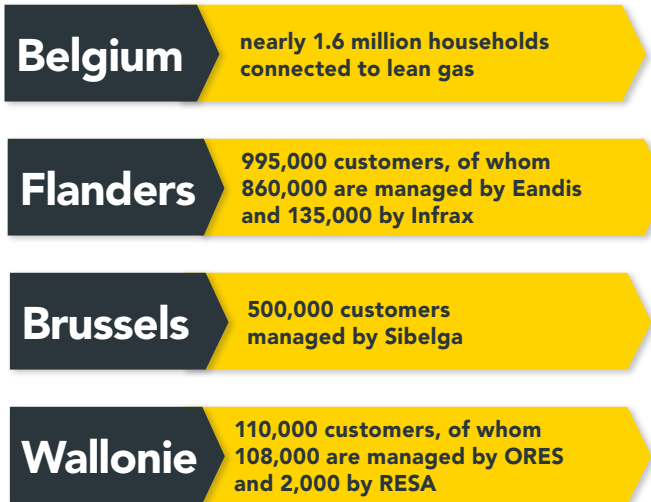
EXCLUSIVELY «RICH» GAS FROM 2024

Two types of gas are currently transported and distributed in Belgium: people commonly speak about «lean gas» (i.e. with a lower calorific value) when it comes to the gas



imported from the Dutch deposit of Groningen, and «rich» gas (with a higher calorific value) for gases coming from the North Sea or the countries of the Middle East.

As the Dutch government wishes to limit its exports and stop them by 2030, some 110 of ORES' customers served by «lean» gas (mainly residing in Walloon Brabant) will switch to «rich» gas between 2019 and 2024. The Federation of electricity and gas network operators (Synergrid) and the Association Royale des Gaziers Belges (ARGB - Royal Association of Belgian Gas Companies) are currently preparing for this conversion, both in terms of adapting technical distribution conditions and informing our customers.





2.3. PUBLIC LIGHTING: COMBINING AESTHETICS, ECOLOGY AND ENERGY SAVINGS

193 communes

448,346 lights installed

45,300 kW electrical power installed

40,810 repairs

138,233 lamps replaced

With nearly 450,000 light points, ORES currently manages three-quarters of all of Wallonia's communal public lighting equipment. Beyond the technical solutions proposed to our partners, our company provides comprehensive after-sales service: infrastructure maintenance, coverage of repairs and emergencies, carrying out the five-year audit, etc.

Thoroughness, both from a technical and budget point of view, make ORES the preferred partner of the communes in terms of public lighting. Commercially neutral and resolutely oriented toward the future, in 2016 ORES reaffirmed its role as advisor to public authorities. The desire is clear: to support City Councils and Communes who wish to go down the route of Smart Cities and offer them innovative solutions, which do not turn into burdens for their budgets.

LED AS STANDARD

In order to modernise its offering and respond to the various aspirations of its partners, ORES has developed three «turn-key» solutions. Based on a mature technology which is currently less expensive to purchase, LED is now the «Premium» offering proposed to communes. This has already been adopted by several large cities such as Charleroi, Mons, Namur, Thuin and Tournai. The main advantage of these lamps which have become must-have is their economic (and therefore eco-friendly) potential. With an estimated lifetime of 15 years and maintenance costs reduced to the minimum, LED light sources are particularly effective when they are combined with the principle of dimming ⁽¹⁰⁾.

LED it is also distinguished by its aesthetics. Lights are available in a wide range of colours with effects and renderings that are constantly developing. A weighty argument if it is understood how important of public lighting is in highlighting a commune's heritage and contributing to a safe and pleasant atmosphere in the streets.

FROM STANDARD TO INNOVATIVE

In addition to this new standard, ORES proposes to alternative solutions to communes for their lighting equipment: a «Traditional» solution based on the reliable, proven technology of metal iodide lamps and an «Avant-garde» solution – also based on LED – which proposes street lights fitted with presence detectors and the lighting of which adapts automatically to how much footfall there is at a location.

¹⁰. The principle of dimming is based on the gradual adjustment of light flows. By reducing the level of illumination of lights temporarily and according to predefined settings (hourly, type of roadway, traffic density, presence of pedestrians, etc.), dimming enables considerable energy savings.

FUNDING

The management, operation and coverage of a part of the investments needed in communes' lighting equipment falls under the public service obligations (PSOs) which are entrusted to us at ORES, and are therefore funded as such.

In this regard, in the face of the future obligation to modernise the equipment, as a result of the end of manufacture of sources such as low-and high-pressure sodium lamps, major projects are planned between now and 2033. These will require large financial resources, a significant part of which will be at the expense of government bodies. In its role as a partner of the authorities, but also as a facilitator, ORES is currently looking for solutions to support these investments without compromising PSO cost control.

REPLACEMENT OF «HGHP» LIGHTS: A TRUE PARTNERSHIP WITH THE COMMUNES

For two years now, a European directive on the eco-friendly design of products (the Ecodesign directive) prohibits the

marketing of so-called «HgHP» high-pressure mercury vapour lamps. The regulations aim to promote energy saving through the gradual replacement of these inefficient, energy-guzzling lamps with new technologies.

The devising of a technical lighting solution is based on various parameters: the search for energy savings naturally, but also aesthetics, the long-term operability of the equipment, the purchase price, controlling maintenance costs, complying with environmental standards and the safety of citizens, road users and pedestrians.

As part of the program to replace HgHP lamps, ORES' teams have been listening to their commune contact points in order to gather their wishes and objectives, both in terms of image and investment. ORES offers an inventory for each entity concerned. Depending on the existing equipment and the areas affected, the company's technical services consider solutions which take account of aesthetic, budgetary and environmental criteria.

A CLOSER LOOK AT OUR ACHIEVEMENTS

Illuminations in Nivelles

Over the weekend of the feast of Saint Gertrude - in autumn 2016 - Nivelles' commune authorities invited their counterparts from Saintes, in the Charente-Maritime, to celebrate 60 years of twinning between the two cities.

A small surprise was waiting for the French hosts on arrival: the French "Bleu-Blanc-Rouge" tricolour illuminated and projected by ORES on the collegiate church for the entire duration of the festivities.

Mons switches to LED

The program to replace high-pressure mercury vapour (HgHP) lamps started in 2015 and should be completed by the end of 2018. Approximately 40,000 lamps are concerned in ORES' area, of which 13,000 are in the Mons - La Louvière region.

The objectives pursued as part of this operation are the removal of obsolete equipment in response to a legal imposition and, on the other hand, energy savings and efficiency gains through the installation of more current technology. The preferred solution for these replacements is "dimmed" LED (see principle of dimming on p. 55). This is the choice that has especially been taken by the City of Mons for its 3,600 light points concerned as part of this programme.

In 2016, this modernisation on public lighting equipment specifically took place in the Maisières area. The action will continue in Mons (but also in all the Cities and Communes concerned) and will intensify in order to achieve the objectives fixed for 2018.





3. Market facilitator

ORES plays a fundamental role at the heart of the market. Every year, hundreds of thousands of daily life situations are dealt with by the company's teams: a customer who is moving, a tenant who is changing supplier, a supplier who sends a bill to a customer or a producer who wants to connect to a distribution network... So many market "mechanisms" for which the network operator acts as a pivotal point. The distribution network is in fact becoming a truly dynamic interconnection platform, serving all the stakeholders in the market: producers, suppliers, transport system operators, distribution systems operators, regulators and customers.

CONTRIBUTE TO THE SMOOTH RUNNING OF THE MARKET

At the heart of the market, ORES is responsible for regularly issuing suppliers with reliable metering data with regard to their customers' consumption. The work of reading and validating these data enables a correct bill to be drawn up for the customer.

Within the company, several dozens of members of staff are responsible for reading meters on the ground, at the premises

of a residential or business consumer, every two years. The consumption of large business consumers is read monthly or, in certain cases, remotely using smart electronic meters.

In 2015, ORES had updated its system for recording meter readings with the installation of a platform named Mercure. Despite significant preparatory work and tests beforehand, the application proved to be unstable which for several months caused major difficulties for the smooth operation of the market. 2016 saw the situation gradually get back to normal and the application was completely stabilised in November.

ATRIAS: TOWARDS MORE FLUID COMMUNICATIONS BETWEEN MARKET STAKEHOLDERS

For various participants in the world of energy - network operators and suppliers mainly - Atrias is a unifying project which will enable a new market model to emerge by 2018.

In facing the challenges which energy transition poses, including the growth of decentralised production and the arrival of automated meter management, the need for a review of the market process has emerged. The general model for the exchange of useful data for the market (called MIG which stands for Message Implementation Guide) has also been reviewed so as to harmonise and facilitate communication between those involved in the energy market.

Given the complete overhaul of market processes, all of the Belgian distribution service operators took the initiative to create a new subsidiary company, called Atrias, with a shared IT platform called CMS (Central Market System) at its heart, so as to harmonise their working methods. This new single portal will also give an advantage in terms of quality of service for energy suppliers. ORES is clearly taking part in the implementation of this system and is adapting its computer applications to the new market processes and the new data model. The operational implementation of the platform is scheduled for September 2018.

ALLOW ACCESS TO ENERGY... FOR EVERYONE!

In Belgium, access to energy is a right. ORES is committed on a daily basis to ensure that this right is respected in assuming very practical responsibilities: the company plays the role of social provider for protected customers or those who can no longer be supplied by a traditional commercial supplier, it fits budget meters at the premises of customers who are not able to honour their energy bills or participates in «Local Committees for Energy» organised at commune level to help customers who are finding it difficult to find solutions. In doing this, ORES is implementing the public service obligations (PSOs) entrusted to it based on European directives and Belgian and Walloon legislation.

When a customer is in default of payment in Wallonia, it is up to the network operator - and not the commercial supplier - to contact the person concerned and to agree upon a meeting with them with a view to the fitting of a budget meter in their home. Network operators in effect have the legal task of managing the purchase, storage, fitting and reloading system of these devices. ORES' teams have a period of 40 calendar days to carry out the work, dating from the request from the supplier.

In 2016, the development of all budget meter equipment managed by our company is as follows:

- **Electricity: + 7.24 %**
- **Natural gas: + 9.11 %**

This development has brought the number of electricity budget meters up to 121,045 - of which 39.65% were active as at 31 December 2016, since these meters are quite often enabled and disabled depending on the change in situation of the customers - and the number of gas budget meters up to 34,514 (51.39% active), for a total of 155,559 budget meters over our entire area of activity.

The tool has several advantages: it facilitates the daily management of energy consumption, avoids potential costs of reminder charges for unpaid monthly bills and limits unpleasant surprises when making payment. Reloading is simple and more than one million transactions (1,060,958) were recorded by our systems in 2016. Customers can reload their card at merchants equipped with the system (681,513 reloads last year), possibly at their commune's CPAS (public welfare service) (288,133) or at ORES' branches (91,312).



CARD METERS SOON TO BE REPLACED BY «LINKY»

The technology of current budget meters is slowly coming to the end of its life and customers who must be equipped with them in the future will gradually have - from 2020 - a "Linky"-type meter. The model of smart meter chosen by ORES has the advantage of being able to operate normally or in prepayment mode, with the possibility of remote configuration. The system will also allow reloading by customers and prepaid cards will therefore no longer be necessary.

This remote management of consumption prepayment and meters will ultimately lead to a significant reduction in the costs currently incurred through the fitting and management of budget meters. "Linky" will therefore also make customers' lives easier; as the technology is no longer connected to a card, they can reload their meter not only through standard terminals, but also thanks to new ways of reloading put in place for the web or via smartphone.

ORES AS SOCIAL PROVIDER

In 2016, almost 35,000 socially protected customers were provided with energy (electricity and natural gas) by our company. Within this context, our teams are also stakeholders in the projects managed as part of the «Local Commissions for Energy». These commissions, within which ORES is systematically represented, examine on a communal scale the individual circumstances of protected customers who find themselves defaulting on payments and offer appropriate solutions.

During the year, more than 500 cases were examined within the context of the minimum supply granted to customers. Nearly 2400 cases were also processed to decide whether or not to grant the status of protected customer to a third party. More than 800 requests were examined at the Committee for granting natural gas power cards for the winter period – in two-thirds of cases, a card was granted to the customer concerned.

HELP CUSTOMERS TO SORT OUT THE SITUATION IN THE EVENT OF A MOVE

Another task entrusted to ORES as part of these public service obligations is to manage market situations connected to problematic moves. This process aims to enable situations experienced by customers to be sorted out more rapidly, whilst reducing the number of service calls needed on the ground to carry out administrative or technical operations, or even disconnections. In this context, almost 49,000 requests were sent to our services by suppliers in 2016 and just under 2000 disconnections have had to be carried out – which is a reduction in disconnections compared to 2015 of more than 30% for electricity and 25% for gas.

MANAGING COMPLAINTS

A big reduction in the number of complaints - that is, in the number of customers expressing their dissatisfaction with regard to our services or our products and who have not been able to be satisfied through the standard processing procedure, in the number of requests for compensation as well as in the mediation proceedings passing through the competent federal or regional services - was observed in 2014 and 2015.

In 2016, the trend in this area is upwards. This change is specifically explained by weather conditions that are sometimes complicated – particularly during the months of January and June – by acts of vandalism committed on our infrastructure or by the few months of instability of the meter reading registration platform, which engendered 10% of complaints in 2016.

But beyond these situational factors, one major item explains the increase in the number of complaints registered: the setting up of new satisfaction surveys in 2016, more specifically in the past – see pages 19-20. Unhappy customers are routinely invited to instigate a complaint when they are not entirely satisfied with the work carried out. This is to be able to monitor cases more closely and thus respond better to customers' expectations.

	2014	2015	2016
Total ⁽¹¹⁾ complaints & compensation registered	6,243	5,634	6,613
Changes compared to the previous year	-12.58%	-9.75%	17.38%
"Dissatisfied" complaints	3,165	2,892	3,406
Requests for compensation	2,608	2,344	2,749
Actual compensation made	475	363	493
Mediation cases	470	399	458

Amounts compensated (in €)

	2014	2015	2016
As part of the "2008 decree"	450,515	371,006	423,250
Fixed rate	32,292	14,497	32,950
Non-fixed-rate	418,224	356,509	390,300
Outside decree	409,333	94,890	128,908
TOTAL	859,848	465,896	552,158

11. This figure still includes the commune of Fourons (Voeren), but not the customers from the Gaselwest DSO's Walloon communes for whom ORES carries out certain market operations.



4. Local authority partner

Within the context of energy transition and technological development mentioned throughout this report, defining an energy policy which meets the needs and expectations of the largest number is not an easy thing to do. As the preferred partner of public authorities in terms of energy distribution, ORES takes on a consultative or even advisory role in matters of legislative changes or market processes relating to the sector. By doing this, the company wishes to place its skills and its expertise at the service of citizens and their representatives.

For Wallonia, 2016 was a year of intense activity in terms of energy policy. ORES participated and gave its support to a number of approaches, studies and discussions led by the Government or the regulator.

IMPROVE ENERGY SOCIAL POLICY

In 2016, ORES first participated in the Committee supporting a study sought from the CWaPE by the Minister of Energy on the evaluation of social measures applicable in the Walloon region, and more particularly on the budget meter mechanism. This request was made following the plan to combat poverty adopted in September 2015 by the Walloon Government, which provides for – in its point 3.2.4 – an evaluation of the budget metering system with prepayment for electricity and natural gas.

As a reminder, network operators have the legal task of managing the purchase, storage, fitting and reloading system of

these devices. ORES therefore chose to make its experience available to the competent authorities, in order to participate in looking for avenues for improvement aiming at strengthening the efficiency of these devices, both for the customers who benefit from them, and in terms of cost and impact on the bills of all consumers.

For this same social element of Walloon energy policy, ORES participated in the discussions led by the office of the Minister of Energy aiming to revise the Public Service Obligations (PSOs). As part of this, the company specifically took part in numerous discussions on the issue of protected customers ⁽¹²⁾.

PUT AN END TO MULTIPLE ROADWORKS

In 2015, Wallonia and five cable and line operators, including ORES, set up the ASBL (not-for-profit organisation) 'POWALCO'. Objective: to put an end to untimely roadworks thanks to better communication between operators, and with the public authorities.

Thanks to the commitment of the various stakeholders in the project throughout 2016, the powalco.be portal went online on 2 January last. By 2018, this platform will bring together all requests for work from the main Walloon operators and will enable them to coordinate better.

POWALCO: WHAT ARE THE BENEFITS?

- ✓ Avoid repetitive roadworks in the same street a few months apart thanks to coordination between network operators and roadway operators.
- ✓ Ensure more security on roadworks thanks to better communication.
- ✓ Facilitate and standardise the authorisation procedures for roadworks through a single channel.
- ✓ Improve information going to the public authorities and citizens.
- ✓ Improve and add to the mapping of the Walloon subsoil.

PREPARING FOR 2030 FROM TODAY

During 2016, ORES also took part in the «Vision 2030» strategic exercise initiated by Francis Ghigny, the former Chairman of the CWaPE. The principle of «Everything on the network», developed by the latter, consists of the establishment of a smart network capable of absorbing more renewable energy and enabling the adoption of new behaviours (prosumers, electric vehicles, etc.), but which is also able to bring together all consumers virtuously.

ENABLE THE CONNECTION OF PRODUCTION UNITS WHILST CONTROLLING COSTS

Another important issue in the Walloon energy policy calendar for 2016 and for which ORES was able to take the role of adviser: the establishment of the new Walloon Government Order defining «technical flexibility» rules. This Order, adopted by the Government in late 2016 on a proposal from the CWaPE, introduces a set of new concepts based on modifications made to the Electricity Decree in 2014. The concepts of «economically justified nature of a network investment», «permanent injection capacity» and «flexible injection capacity» create a new, more dynamic model for the connection of production units on the distribution network, aiming to maximise connection possibilities while controlling the costs of strengthening the network.

ORES has also contributed to discussions on the new tariff decree in the Walloon Region. Fernand Grifnée, ORES' CEO, was given a hearing by the Energy Commission of the Walloon Parliament in October 2016. Fernand Grifnée stress the need for the Walloon authorities to define a clear vision of the way in which tariffs should be established and the targets towards

which they should aim. He also insisted on the need to take account of the new behaviours of network users and new uses of the network, made possible because of technical developments (solar panels, domestic batteries, etc.). In some cases, the principal service provided by the network to these customers becomes an insurance service and a guarantee to be able to draw off electricity at any time when the customer's internal installation is no longer able to provide it.

The tariff must be able to incorporate this new dimension – see in addition, appendix «Change in costs and analyses of the components of the electricity Bill» – by incorporating a more fixed and more efficient tariff components, such as an insurance premium. Fernand Grifnée then insisted during his intervention on the need to allow innovation and funding – and therefore attracting capital – of the investments essential for making the network «smart».

INCORPORATE RENEWABLE ENERGY ALSO IN THE GAS DISTRIBUTION NETWORK

In 2016, the Walloon authorities continued their work with a view to establishing a framework favourable to the injection of biomethane in natural gas distribution networks. This injection of «renewable» gas – produced locally from organic waste – into distribution networks is a significant technical and societal development, to which ORES wishes to contribute while maintaining the level of quality of the gas distributed to users and ensuring the safety of the network.

PARTICIPATE IN INNOVATIVE PROJECTS

By submitting two research projects to the Walloon authorities, ORES was finally a key player in innovation in 2016.

* The «e-Cloud» (for energy cloud), submitted as part of the Marshall Plan, aims to test methods of sharing renewable energy produced within an industrial zone in order to maximise companies' internal consumption. This unprecedented experience – which the first time include storage on the Walloon distribution network – should benefit companies and enable them to reduce their energy costs.

* The other key project is called «Smart Users». Submitted as part of a call-for-projects from the Direction générale opérationnelle de l'Aménagement du territoire, du Logement, du Patrimoine et de l'Énergie (Operational Directorate-General of Planning, Housing and Heritage) (DG04), this project aims to analyse, in collaboration with teams from the University of Mons, to what extent and under what conditions smart meters can help consumers to improve their energy control and their ability to act on their consumption.

12. A customer whose financial or social situation is such that federal or regional legislation provides protected status. Any customer – or cohabitants or child living under the same news – who fulfils the criteria defined by the Federal (Federal protective customer) or Walloon (regional protective customer) government has protected customer status and benefits from assistance measures.



Appendix



Changes in costs and analysis of the components making up an electricity bill

These last few months, the question of distribution tariffs has often been at the centre of everyone's attention. The «distribution» section of the bill in particular poses a question regarding the costs that it actually covers.

As a regulated business, ORES is obliged to apply distribution tariffs that are approved by the Walloon regulator, the CWaPE. In 2015 and 2016, the CWaPE carried out preparatory works with a view to drawing up a new tariff methodology for the period 2019-2023. ORES participated in the working groups formed as part of this. It then made tariff proposals for 2017.

The methodology proposed for the next tariff period is based on incentive-based regulation: it fixes an overall budget and restricts tariff increases by obliging network operators to make efforts to improve productivity. It therefore gives an incentive for efficient management, whilst also accepting that a part of the result of these efforts goes back to the network operator. It also allows some innovative projects to be supported, by allocating specific additional budgets, based on detailed business plans.

ORES it is currently arguing that the tariffs and their methodology should also keep up with the issues and challenges encountered by the whole of the distribution sector. The network is a collective asset, an instrument of solidarity which must remain indivisible and be funded fairly by all its users, keeping up with the services provided. Furthermore, the funding needs relating to innovation and digitisation – that is, the «smartisation» of the networks – are considerable, with risks which are also increasing. There must therefore be consistency between tariff decisions and long-term issues as fixed by the Walloon government, in particular. ORES not only needs clarity in this regard, but it is also vital that it has the resources needed to fully accomplish this transition.

Finally, with energy transition and the development of renewables, networks are in the process of changing nature: the electrical system is functioning in an ever more decentralised manner. The role of distribution networks is more essential than ever, especially since they enable safety of supply to be pooled, secured and guaranteed. From now on, given «the electricity insurance» that they provide, the networks must also be remunerated for the power that they can guarantee, rather than on the quantity of energy distributed. This is an avenue which should be explored for the future.

WHAT ARE THE VARIOUS COMPONENTS OF A BILL?

In order to analyse the various components of a bill, the information provided below is based directly on the study relating to the electricity bill published in March 2017 by the CWaPE. The components of this study are, in their entirety, available on the regional regulator's website ⁽¹³⁾.

Conducted by the regulator following a request from the Minister of Energy, the aim of the study was to present «an analysis of the electricity bill for a residential customer, broken down according to the following items: the various energy strands (fossil, nuclear, biogas and incineration, offshore and onshore wind turbines, solar and hydraulic), the indirect cost of nuclear energy including the dismantling and management of waste, support for renewable energy by sector, the transport tariff, the distribution tariffs, taxes/surcharges and VAT».

THE METHODOLOGY USED BY THE CWAPE RELIED ON THE FOLLOWING DISTINCTIONS:

- **the «energy» component:** this component incorporates, for the part of the invoice specific to the supplier, the fixed term and the proportional term of the contract binding the residential customer to their supplier;
- **the «green energy» component:** this component concerns the impact of the cost of green certificates to be submitted by the supplier to the CWaPE in order to meet the quota obligation;
- **the «distribution» component:** this component concerns distribution costs ⁽¹⁴⁾ which incorporate, in particular, the costs of public service obligations (PSOs) which the DSOs cover as well as the taxes imposed by regional (roadway fees) and federal (corporation tax) legislation;
- **the «transport» component:** this component concerns the costs of transport ⁽¹⁵⁾ excluding the federal contribution which, although it is an integral part of the DSO's tariff grid for rebuilding of transport costs, is contained within the «federal surcharges» component;

It should be noted that the transport tariffs incorporate the costs of the public service obligations covered by Elia, essentially with regard to support for renewable energies;

13. CWaPE, 21 March 2017, *Étude sur la facture d'électricité (Study on the electricity bill)* (online). <http://www.cwape.be/?dir=2&news=652> (page browsed on 11 April 2017).

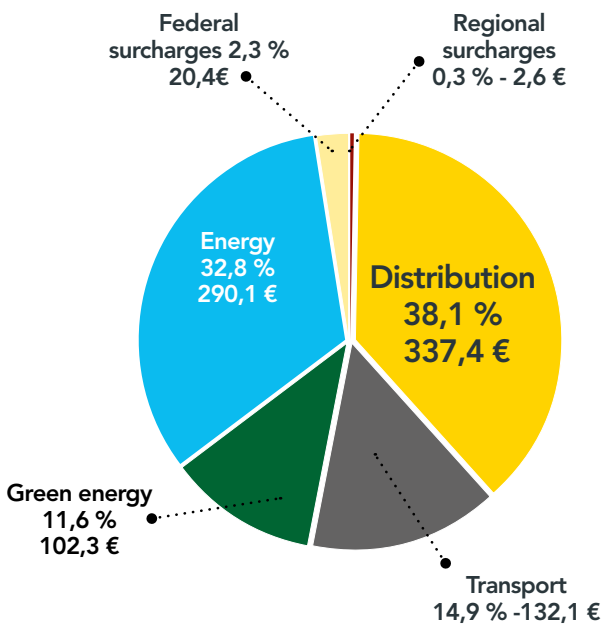
14. According to the DSO tariff grid – electricity prepayment tariff

15. According to the DSO tariff grid – transport cost rebilling tariff

- the «Federal surcharges» component: this component contains the federal contribution on the one hand, and the contribution for energy on the other hand;
- the «regional surcharges» component: this component contains the connection fee.

Although value-added tax (VAT) of 21%, applicable on the various components, excluding however the federal contribution and the connection fee, is not considered to be a full component or as being part of the «federal surcharges» component, the breakdown of the items on the electricity bill is as follows:

COMPONENTS OF THE PRICE OF THE KWH OF ELECTRICITY FOR CUSTOMER DC



(1600 kWh peak rate – 1900 kWh off-peak rate),
February 2017 (CWaPE)

16. The «designated supplier» product over the ORES NAMUR area was taken as a reference for the exercise of breaking down items on the electricity bill carried out in February 2017 by the CWaPE. A customer who signs a contract with the same supplier or with another supplier of their choice may see that the part of their invoice belonging to the supplier varies and goes down in the case of a less expensive product or up in the case of a more expensive product..

17. This «Rational Use of Energy» (RUE) involves costs for the DSO connected to the Solwatt and Quali watt projects. These costs are related to the administrative management of the projects but also and above all the payment of Quali watt premiums.

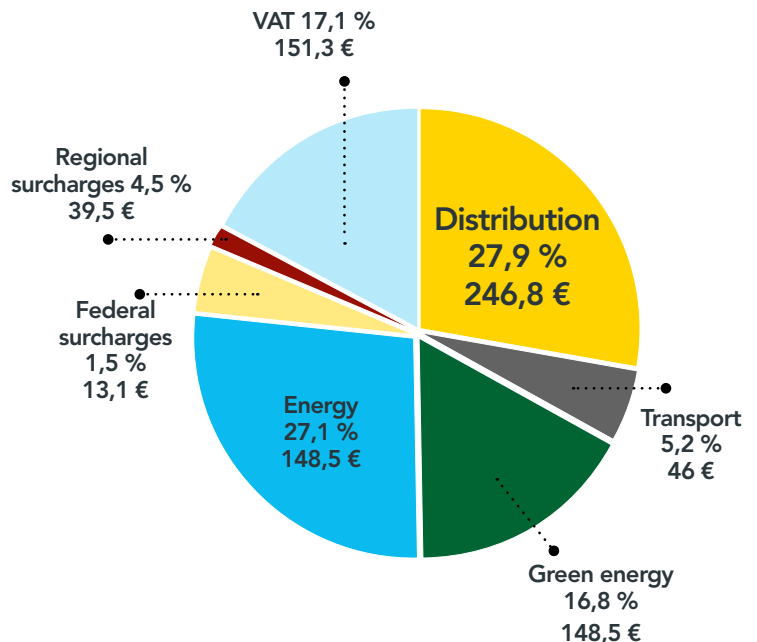
ANOTHER BREAKDOWN

Secondly, the same exercise was carried out with a view to clearly identify taxes, surcharges and support for renewable energies. Compared to the previous breakdown, the «distribution», «transport», and «federal surcharges» components have been modified and separated.

During this exercise, distribution costs were also brought out:

- the taxes imposed by regional (roadway fee) and federal (corporation tax – ISOC) legislation. These have been incorporated in the «regional surcharges» and «federal surcharges» components respectively.
- measures for supporting renewable energies, traditionally included in the «rational use of energy»⁽¹⁷⁾ part of the «public service obligation» (PSO) item of the DSOs' distribution tariffs. These costs have been incorporated here into the «green energy» component.
- VAT, also extracted from each of the components and presented as a completely separate component.

Based on this reformulation of the various components of the bill – identical to that of the previous year – the breakdown of the various items is as follows:



(1600 kWh peak rate – 1900 kWh off-peak rate),
February 2017 (CWaPE)

WHAT ARE THE VARIOUS COMPONENTS OF THE «DISTRIBUTION» SECTION OF THE BILL?

In this study, the CWaPE also identified the relative weight within each component of each of the items making it up.

For each «distribution» component of the bill, without taking account of the roadway fee and corporation tax, as well as renewable energy support measures, the CWaPE distinguished six items:

- a tariff for the use of the network connected to subscribed demand
- a tariff for the use of the network connected to management of the system
- a tariff for the use of the network connected to measurement and metering
- ancillary services connected to compensation for network losses
- tariffs for public service obligations (PSOs)
- a surcharge for funding non-capitalised additional pension charges

The breakdown of these various items, excluding VAT, is as follows:

It should be noted that the «public service obligations» (PSOs) item currently represents 11.5% of the «distribution» component of the kWh of electricity. The term “public service obligations”, as a reminder, brings together the various tasks entrusted to ORES (and to DSOs as a general rule) through regional legislation.

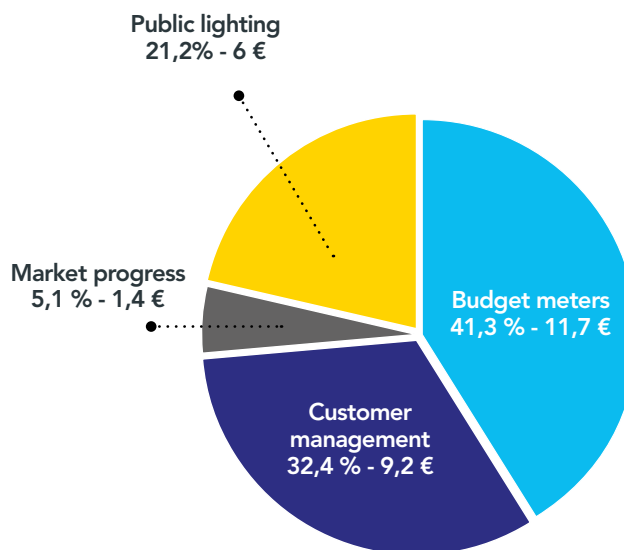
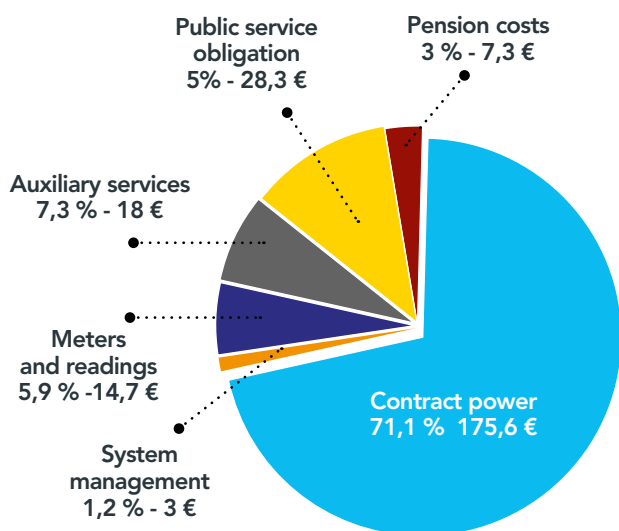
These tasks, which are also described in more detail in this report, consist of the following activities:

- the fitting and reloading of budget meters;
- the customer base supplied by the DSO (social customer base and temporary customer base), including bad debts relating to the supply of this customer base;
- the operation of the market (managing problematic moves and ends of contract);
- the maintenance and improvement of the efficiency of communal public lighting.

Has estimated the weight of each of the public service obligation tasks provided by the DSO based on information provided to it as part of the evaluation report on the costs of service obligations covered by the DSOs. Data relating to 2015 was used as reference.

“DISTRIBUTION” COMPONENTS OF THE PRICE OF THE KWH OF ELECTRICITY FOR CUSTOMER DC

“PSO” ITEM OF THE “DISTRIBUTION” COMPONENT OF THE KWH OF ELECTRICITY FOR CUSTOMER DC



(1600 kWh peak rate – 1900 kWh off-peak rate), February 2017 (CWAPE)

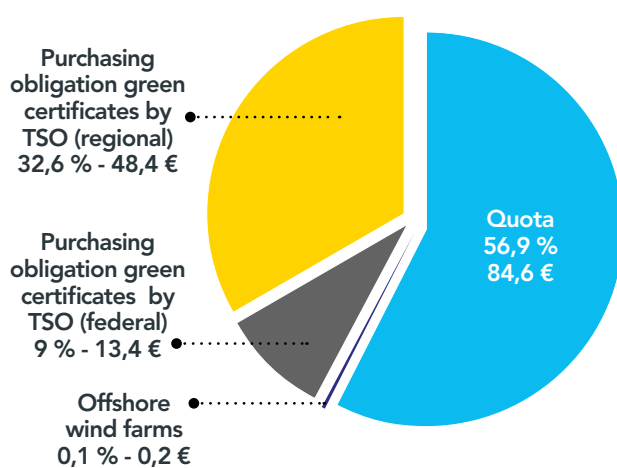
Another detailed analysis of the electricity bill by the CWaPE in its report for the attention of the Minister of Energy: the identification of the various items (and their respective weight) of the component entitled «support for green energies».

The various items taken into consideration in this context are as follows:

- quota: this item specifies the impact of the cost of green certificates to be submitted by the supplier to the CWaPE in order to meet the quota obligation;
- Quali watt: the "RUE" part of the «public service obligations» item of the distribution component. This item covers the costs connected to Quali watt cases, including the costs of the administrative management of cases but also and above all the Quali watt premiums paid;
- offshore wind farms: this item, contained in the public service obligations incorporated into the transport tariff, covers the costs of connection of offshore wind farms in the North Sea;
- green certificates (federal): this item, contained under public service obligations incorporated into the transport tariffs, covers the impact of the cost of purchasing green certificates at federal level by Elia;
- support for renewable energies (regional): this item, contained under public service obligations incorporated into the transport tariffs, covers the impact of the cost of purchasing green certificates at regional level by Elia.

The breakdown of these various items, excluding VAT and still based on this same invoice, is as follows:

**“GREEN ENERGY” COMPONENT
OF THE PRICE OF THE KWH OF ELECTRICITY
FOR CUSTOMER DC**



(1600 kWh peak rate – 1900 kWh off-peak rate),
February 2017 (CWAPE)

CONCLUSION

The CWaPE’s analysis shows that a significant part of the total of the bill for a residential customer is currently attributable to the various taxes, surcharges and public service obligations (PSOs) aiming to finance various energy policies. By identifying these clearly in the presentation above, and by isolating them from the components in which they are traditionally incorporated, the exercise carried out by the CWaPE shows that the cost of distribution activity is practically

equivalent to that of energy (27.9% as against 27.1%), although it appears to be much greater at first sight.

The current form of the bill does not enable the customer to make this distinction. In the face of this, ORES has been arguing for a long time to have a more transparent bill, which enables the customer to make a better analysis and have a better understanding of all the components.

Contacts

ORES - Avenue Jean Monnet, 2
1348 Louvain-la-Neuve

www.ores.be

Customer service: 078/15.78.01
Technical assistance: 078/78.78.00
Emergency smell of gas: 0800/87.087