

XPRESS CASE STUDIES ON BARRIERS TO INVESTMENTS IN RENEWABLE ENERGY SOURCES

– BELGIUM –

This case is based on an interview with a representative from a SME (Bel-SME-2) in Belgium. This SME (Bel-SME-2) has established a service based on information communication technology (ICT) which allows the procurer supply electricity directly from the producer and cuts the intermediaries. It is very new in Belgium and they hope to increase the use of renewables via their services.

Analysis of current situation

a. Sustainability strategies, energy related strategies

Green services constitute the main offering in this SME. For instance, they offer point of origin services for the energy. This guarantee of Origin (Goo) is important to know whether energy is renewable.

Bel-SME-2 is a SME started in 2005. They work as a SME that submits to tenders. Also, as a consultant to SMEs which want to attend at public procurement with renewables. Also, they help PAs in designing tenders. They have a knowhow of renewables in Belgian market. They have different innovative service solutions in the field of renewables such as Guarantee of Origin (Goo), and corporate power purchasing (CPP).

The company wants to help and develop renewable energy, as much renewable energy as possible. They limit their goals to national Belgium territory. So, they are not really interested or active abroad. But they still have a long way to go in Belgium. Renewable energy share in electricity in Belgium is about 25% and if one generalizes it to energy in the whole, it's not even 10%. So, still a long way to go.

b. PP strategy or regulations & support for SMEs

Stop-and-go-policy refers to the issue of Ad hoc policies, and it takes a lot of energy from SMEs to know and become familiar with them. Public support is compared to a jungle by the interviewee, which indicates that it is confusing and difficult to find the right type of public support.

Financial support is also another important point for the interviewee. The payments are often late and sometimes SMEs need to have their own financial resources to setup the work and ask for payback afterwards. Administrative issues are another important point. The administrative work related to procurements is heavy, so SMEs need to do a lot of work to submit to a tender.



The company is moving from a market situation where renewable energy was subsidized, to a market situation where subsidies will disappear. This is happening right now in Belgium and that's why they try to be ahead of the market and be ahead of the regulations and find means to help developing renewable energy in a normal market situation without subsidies. And that is why, they are very much focusing on corporate power purchasing right now.

c. PP & supplier engagement

For smaller investments or smaller jobs that the procurement budget is limited. They give consultancy services to PAs in a free procurement phase.

d. PP & SME

They are unaware of strategies for engaging with SMEs. They do not think that a lot of municipalities are really focusing on that.

Barriers & Drivers

Identification

- Lack of human resources, legal issues, marketing issues, supply or distribution issues. Other: policy issues (interviewee highlights legal issues)

Possible solutions

- Lack of human resources is dealt by training existing human resources.
- Legal issues are being addressed by following policy developments and updates. Also, trying to influence policies.
- Marketing issues are developed by investing on information communication technologies.
- Supply or distribution issues are dealt by looking at other European countries as well as countries in other parts of the world since Belgium is a small country which limits the availability of local suppliers.
- Policies develop and update constantly, and the interviewee uses the term "stop-and-go-policies" referring to overnight development and disappearance in a short period of time. They follow-up policy developments. It has become a comparative advantage for this consulting SME since other SMEs do not have the resources to follow-up policy development. However, it is tiring and resource consuming even for this consulting SME.

Summary & Discussions

Bel-SME-2 is backed by knowledge on renewables as well as a good understanding of public market of renewables in Belgium. It is managed by a group of experts that has succeeded to invest approximately 25% of their turnover in new product development. Although, the numbers will be unchanged in the next year, the company has succeeded to hire a good position in between SMEs and PAs. They give services to SMEs due to their understanding of the legal framework of renewables in Belgium. Also, they help PAs in their tenders because of



the tacit knowledge they developed from Belgian market with the SMEs in it. It is vital for PAs to know prior to tenders whether there will be SMEs applying to a tender, and how to design new tenders which Bel-SME-2 becomes useful to consult with. Furthermore, they offer third party solutions related to renewables such as Guarantee of Origin which gives data to customer about which source the energy is from, for instance, whether the energy is produced from renewables. Another services provided by them is called corporate power purchasing, which is a program to connect producer of energy to consumer and removing the intermediaries. Hence, this SME is on the way to increase its market share, influence policies to make it easier and more understandable, and contribute to increase of RES in Belgium.

This SME has technical expertise of how the political system related to renewables work in Belgium market. It is crucial in order to help other SMEs and sometimes public authorities to maintain a tender. They have invested in finding talents and educating people, and they are on the way to increase their market share. The market in Belgium seems ready and not so competitive, which makes it easier to introduce innovative solutions in renewables such as Goo and CPP. However, as other public markets in Europe, PP in Belgium is confusing and complicated. Confusion is due to different policies which many of them are still new. This makes SMEs being tired to catch up and learn. Also, it is complicated since it needs human resources to deal with administrative issues. Furthermore, it is a wish that payments can be done sooner and part of it in the beginning of a contract that SME can finance operations. Instead, payments are late, and SME needs to have own financial resources to begin with. Considering all these barriers, it seems this market is going toward using more renewables and open more room for SMEs to attend in public procurement.

