2018 saw Elia Group shift up a gear in a number of areas. Now that Elia has acquired an additional 20 percent stake in 50Hertz and a new local investment partner has come on board, the partnership between Elia in Belgium and 50Hertz in Germany is stronger than ever. Together, the two companies aim to become one of Europe’s leading groups of transmission system operators. The context in which they operate is changing rapidly and becoming increasingly supranational due to the energy transition, the emergence of new market players, innovative technologies and the rise in digitalisation. The only option is to move forward – and quickly, rather than slowly.

Why is Elia Group in such a rush to change?

Chris Peeters: It is what society expects of us. The UN climate change conference in Poland once again highlighted the urgent need for action. The way things are going now, we are heading for a temperature increase of 3.2 degrees Celsius. That is completely unacceptable. Progressive countries are trying to speed up the energy transition: for instance, Germany has decided to increase its share of renewable energy to 65 percent by 2030.

Bernard Gustin: Our activities are central to the issues that most concern young people today: the climate and the rise in digitalisation. Our grid has equipped us with the resources we need to respond to this. We are making the energy transition possible and ensuring that it is progressing at the right pace. We want to move forward with digitalisation too.

The technology is available. As a leading energy company, we have to live up to our responsibility, along with the distribution system operators and the rest of the sector. This is a key shift in our role. Ten years ago, we, as a system operator, were just another boring, regulated transmission monopoly.

Chris Peeters: We are also seeing a trend towards convergence. Technologies and market parties are moving ever closer to one another: heating and mobility are going electric, and a third horizon is opening up through Power-To-X. The pieces are all in place for major changes to be made very quickly. Of course, this means that Elia Group will have to adapt too – both locally and at European level, since the integrated, low-carbon economy will be a European economy.

Bernard Gustin: That is why it is still extremely relevant for the Group to operate in two countries through Elia and 50Hertz. Our shareholding structure may be Belgian, but if you look at our figures and our activities, you will see that we are just as German as Belgian. And although we are not the biggest player in the market, our unique position has made us a European leader in our industry. We intend to fully live up to our responsibility and will seek further opportunities to become an even stronger European player.

Was that also the Group’s reason for increasing its stake in 50Hertz?

Chris Peeters: Definitely. It is time for us, too, to accelerate. We want to bolster our profile as a European Group that actively assists local and European policymakers in devising the energy system of the future. Our vision paper on digitalisation and the consumer-centric energy system is a good example of what we can do. We have put forward concrete proposals to advance the goals set by the European Commission’s Clean Energy Package. Operating in two countries that currently have different approaches to the energy transition gives us real added value, which is directly relevant to present developments in Europe.
our share price is rising, going against the prevailing downward trend. The acquisition will have a major impact on our international structure too 2019. We will see an expansion of some group functions to cover areas including IT, purchasing, innovation, finance and communication. We want to move towards a structure that allows our talent to make an active contribution to our international activities, which will give us an edge in the “war for talent”.

Bernard Gustin: Our additional stake in 50Hertz is so much more than an extra 20 percent in a company in which we already held a 60 percent stake. The acquisition has given us a far more solid base in one of Europe’s key countries. We are one of the few system operators to operate in two countries and have experience with international expansion. This puts us in a position to learn from our own experience and to apply it to our business. We must continue to invest in the infrastructure and to develop new projects. For example, we are looking at developing a subsea interconnector between the two countries. The amount of available interconnection capacity will increase and decrease depending on the demand. How can Elia and 50Hertz strengthen our position in the European market and have your finger on the local pulse? Our new German partner is an excellent example of how we can work together. We are moving towards a structure that allows our talent to make an active contribution to our international activities, which will give us an edge in the “war for talent”.

Bernard Gustin: Our additional stake in 50Hertz is not the only thing that has changed. The Group’s investment partner is different too. IFM Investors from Australia has been replaced by KfW Bankengruppe (KfW) from Germany. Why is it so important for the Group to have local roots? Chris Peeters: Local roots are essential for us because our activities are intrinsically linked to the local context. To be successful, it is vital to understand the local market and have your finger on the local pulse. Our new German partner has an excellent insight into the local context. KfW is a German investment bank and is thus closely connected and highly sensitive to local political developments. It is important because it allows us to better judge the pace at which we should carry out developments and makes it easier for us to seize future opportunities. Ultimately, we need to ensure that our achievements also benefit the local community. For our German partner, this is a strong incentive to work with us to make our partnership a success.

Bernard Gustin: It is extremely challenging for a multinational group to strike the right balance between integration and having local roots. While integration is essential for boosting our performance on the integrated European market, we also want to respect local identity. That is why it is very positive to have a strong local partner. For me, the changes in the Group’s shareholding structure are one of the highlights of 2018. The changes took place in two stages, each lasting six weeks. Our teams were under tremendous pressure but they pulled everything off in the end, which is a testament to their dedication.

Bernard Gustin: I was very impressed by the positive response of the international press to the launch of the Nemo Link project to build a subsea interconnector between Belgium and Great Britain. The specific skills of the Group’s two companies complement one another perfectly here offshore (50Hertz) and onshore (Elia). The Nemo Link is an entirely new activity that will be added to our profile in 2019 and is sure to have an impact on our figures. At the end of the day, that really matters for a privately held company.