Energie Voor Elkaar's first district project was in the town of Ede, right. The company now has a national municipal-partnership presence.
Asper Investment Management

An investment strategy that drives growth

Working with local developers to finance, manage and scale up district heating projects

By Indra Lancien and Eleanor Keen

While heat decarbonization initiatives offer tremendous investment opportunity, ambitious greenfield projects can come with risks caused by shortage of funding and inadequate sector expertise.

But there are responsible ways forward.

Asper Investment Management, with its expanding portfolio of district heating assets and its strong expertise in project financing, has captured such opportunities by partnering with local developers to finance, manage and scale up district projects in the Netherlands.

Turning drafting-table ideas into industrial-scale energy vehicles.

It is a model that Asper believes can be replicated elsewhere.

Asper supports development with growth capital, financing, execution expertise, investment discipline, strategic planning and access to wider market players and industry experts. In turn, its partners contribute their development experience, operational skills, and specialized technical and local market knowledge.

Together, Asper and its partners have turned drafting-table ideas into industrial-scale vehicles that make a meaningful contribution to decarbonization. The projects have also delivered solid returns.

Asper's strategy is rooted in the concept of additionality – the notion that sustainable greenfield projects create capacity that adds to existing or evolving brownfield infrastructure projects. In short, greenfield work brings infrastructure to markets that need more.

In 2020, Asper established Asper Dorothea, an investment vehicle dedicated to supporting Energie Voor Elkaar, or EVE, a greenfield company whose mission is to develop and build sustainable municipal energy networks across the Netherlands. Asper established EVE in 2020 with $269 million (250 million euros) in commitments from institutional investors.

Local partnerships that finance, manage and scale up district projects.

Asper Dorothea, managed by Asper, enables institutional investors to participate in greenfield infrastructures in a way that could not otherwise do because of a lack of in-house resources. Asper itself has over 15 years of expertise in the sustainable and renewable infrastructure sector. The firm is dedicated to investing in, developing, building and managing real assets with a focus on sustainable heat and power projects.

Since its creation, Energie Voor Elkaar has invested more than $225 million in the development and construction of municipal-scale networks.

The company's core idea is that the energy transition is, in significant part, a heat-industry transition: Globally, heating and cooling sectors account for 15% of greenhouse gas emissions, according to World Economic Forum numbers, but not enough sector decarbonization is taking place yet.

Since establishing its first district network, in 2013, EVE's district business has grown with new customers and additional energy sources. EVE began in the town of Ede and now has a presence in 15 municipalities.

Initial buildout phases of heat networks usually require a flexible and high-temperature heat source – usually gas – but EVE networks run largely on sustainable biomass, including from parks, gardens and farms. These are particularly efficient fuels for heat production and have no meaningful alternative use. EVE is gradually diversifying its generation fleet by including other sustainable energy sources like waste heat, heat pumps and geothermal energy, and through efficiency.

Three recent projects illustrate the company's ambitions.

In 2021, EVE announced a partnership with a major data center operator near Amsterdam Airport Schiphol – an exciting first-of-its-kind project in the Netherlands – that takes residual heat from the data center and uses it in the local district heating network. Polderwamte, the Amsterdam district heating company, and Interxion, the European data center operator owned by the multinational Digital Realty, are EVE's partners on the project.

Expectations are that it will deliver 10,755 tons of heat to local customers at the outset and eliminate the need to burn 1.5 million square meters of natural gas. Plans are to increase production within the first five years to 17,925 tons, and because Interxion's data centers are powered by 100% renewable energy sources, the system is expected to reduce carbon emissions by 4,200 tons a year.

In 2023, EVE completed construction on two district heating networks, in Almere and Amersfoort, with capacities of 7.3 MW and 14.6 MW, respectively. The Almere system has smart meters that provide constant usage data to predict heat demand and, as a result, minimize waste. The network provides carbon-free heat to about 9,000 households. The Amersfoort system is flexible by design, allowing for multiple sources of green energy to be connected based on availability.

Some statistics that reflect EVE's success and its growth in the past four years:

- Over 160,000 tons of connected heating capacity;
- 173% growth in employment;
- Approximately 32,000 household-equivalent customer connections;
- About 20 miles of network infrastructure construction to deliver 30MW of generated capacity.

EVE's policy is to engage actively with local communities to ensure projects have a net positive impact, a practice recognized at the 2023 Private Equity European ESG Summit, where the company won the Best Social Initiative Award.

In the latest rankings by the Dutch sustainability monitoring company GRESB, EVE scores 92, largely outperforming its competitors.

Asper, EVE and its pool of investors are showing how well-managed private capital combined with sector expertise is helping drive the heat decarbonization transition.

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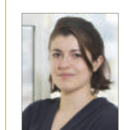

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