



WATER- EN  
ENERGIEBEDRIJF  
BONAIRE

# SHORT ANNUAL REPORT 2022

## YEAR OF STRATEGY IMPLEMENTATION

WATER- EN ENERGIEBEDRIJF BONAIRE N.V.



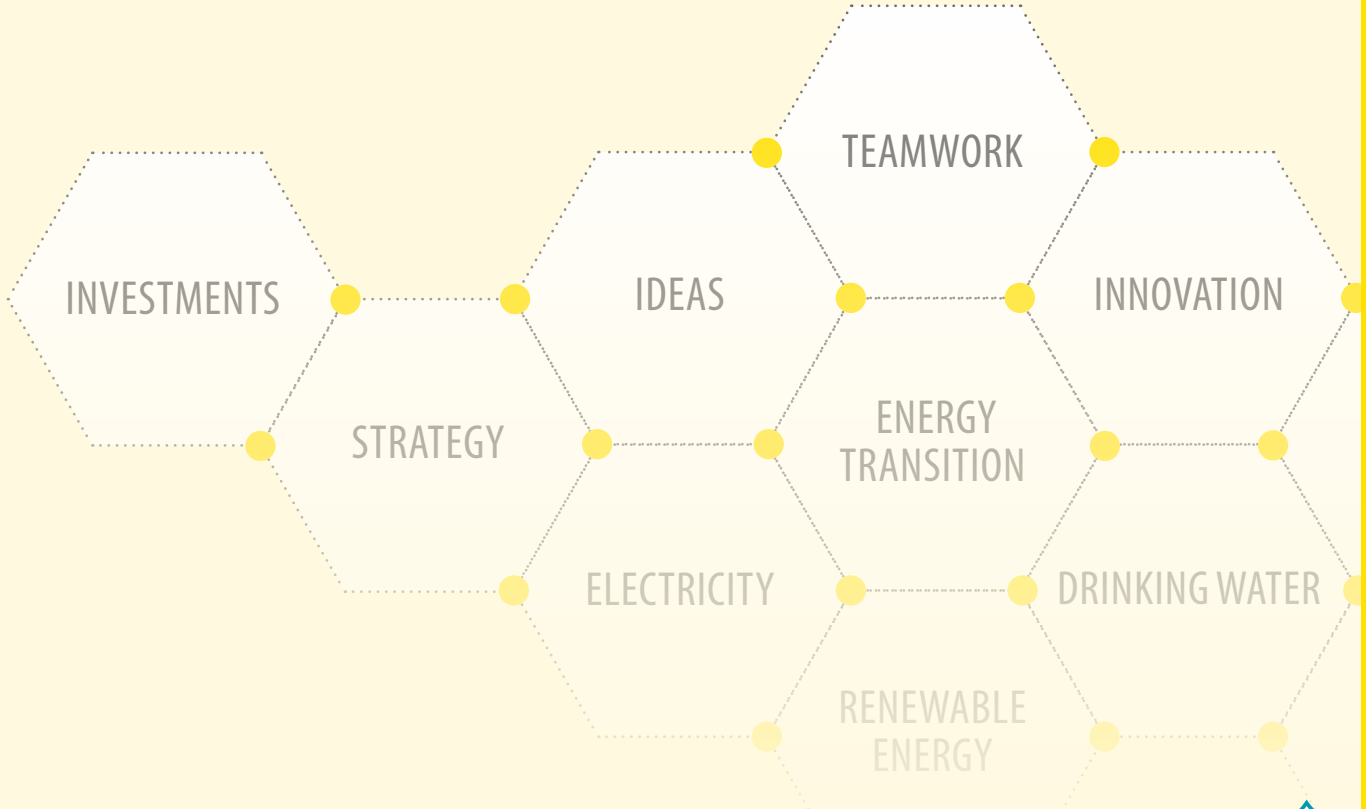
26 MAY 2023, BONAIRE

let's do it  
together



# TABLE OF CONTENTS

PREFACE	2
WATER- EN ENERGIEBEDRIJF BONAIRE	4
CORE NUMBERS	9
OVERVIEW YEAR 2022	10
FINANCIAL HIGHLIGHTS	14
NON-FINANCIAL HIGHLIGHTS	16
SUBSEQUENT EVENTS	18







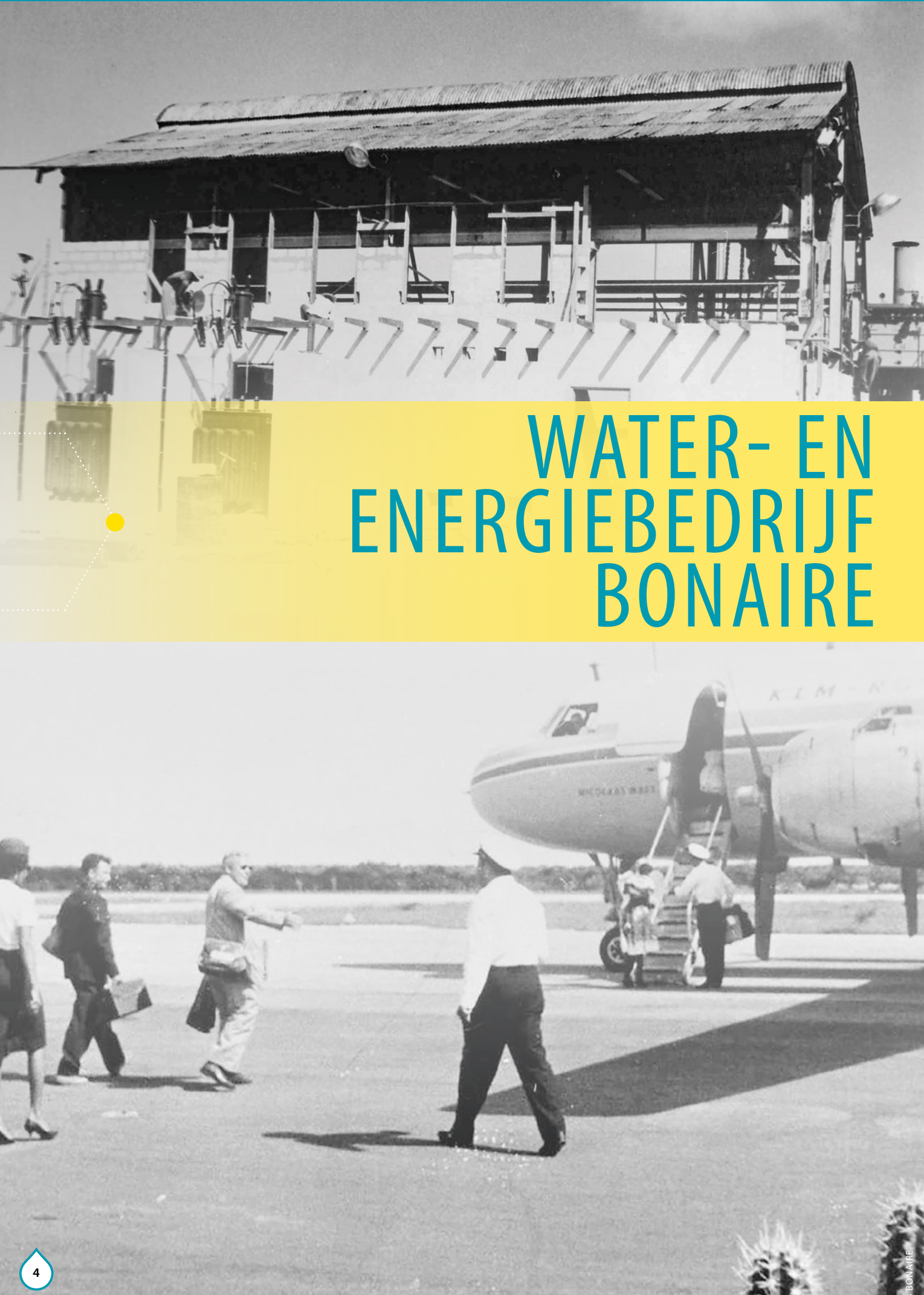
# PREFACE

2022 was a very challenging year for WEB Bonaire NV. The development of the demographics of the island has continued to show growth compared with the year before. The growth of the demographics of the island forthwith leads to more connections of water and electricity and leads to more demand of the service of the company. Considering in this regard also the natural attrition of key personnel of the company, the year under report was thus a challenge to realize the plan for that year unchanged. In different aspects, the year 2022 was a year of preparations for the energy transition of the island of Bonaire and subsequently also the corporate transition that the WEB Bonaire NV organization is going through.

## Highlights for 2022:

- In 2022 a net loss after tax of US\$ 186,045 was recorded.
  - Fuel prices have risen to higher costs in 2022 due to the war in Ukraine., at the end of the year normalization of these fuel prices were recorded.
  - Because of the increased fuel costs, other costs, e.g., transport and materials, have increased in the year under report.
  - In 2022, the Company has started the process of adding financing to the existing debt in order to finance the planned expansion of the drinking water plant. To be concluded in 2023/2024.
  - The preparations including the engineering and tendering process for the expansion of the drinking water plant also have started in 2022, to be concluded in 2023.
  - The consultancy firm TNO has released a report, requested by the Dutch government about a clean and renewable energy supply for the BES islands. According to this report, 100% sustainability must be the goal for the islands, while specifically for the island of Bonaire it is concluded that the island must continue with the hybrid plan of WEB Bonaire NV, and after implementation a new assessment must be realized for the 100% sustainability.
  - The land issue, regarding the 'Variation Order 15' about the existing power purchase agreement between WEB Bonaire NV and Contour Global Bonaire, for the realization of the 5 MW solar park, has been resolved in the year under report. The project will be realized in the year 2023.
  - The preparation for the 'Variation Order 16' about the existing power purchase agreement between WEB Bonaire NV and Contour Global Bonaire, for the realization of the expansion and renewal of the wind energy were on going in 2022. It is expected to be concluded in 2023 and realization of the project in 2025.
  - The preparation for the update of the existing power purchase agreement between WEB Bonaire NV and Contour Global was on going in 2022. It is expected to be concluded in 2023.
  - The preparation for the realization of the new corporate headquarters for WEB Bonaire NV was on going in 2022. The necessary construction agreement has been signed and construction will start in 2023.
  - The preparation for the implementation of the new systems GIS and ERP were also on going in 2022, the first phases of these projects will be crystallized in 2023.
  - Bonaire has experienced two blackouts in 2022 (February 19, 2022, and November 24, 2022). These events have been investigated, the cause for each event has been identified and cleared.
  - In cooperation with the PPA provider, WEB Bonaire NV has executed a performance test at the power plant. The results of the test were satisfactory.
  - The Island Government of Bonaire has approved by ordinance a levy for the financing of wastewater. To be implemented in 2023.
  - The Island Government of Bonaire has indicated that it will continue with the process for the new freight terminal for the island in the HATO area.
- As discussed in this report, while preparing the energy and organizational transition, the development of the community of Bonaire is not standing still, and the growth of the customer base and the demand for electricity and water continues. Although the organizational transition is in a preparatory phase, the different departments of WEB Bonaire NV went to great lengths to realize the necessary services to the customers. As of 2022 also the digital delivery of the periodic invoice to the customer for more than 10,000 customers has been realized.





# WATER- EN ENERGIEBEDRIJF BONAIRE

## PROFILE WATER- EN ENERGIEBEDRIJF BONAIRE

### Drinking water

WEB has been active on Bonaire for over 59 years. WEB is the sole drinking water distributor on the island. Modern Sea Water Reverse Osmosis (SWRO) technology is applied to produce drinking water. WEB is also responsible for the drinking water distribution. A full fletch transport- and storage system and distribution mains are applied for all the community of Bonaire.

### Electricity

WEB is also responsible for the electricity distribution on Bonaire. For this purpose, WEB manages and maintains a complete electricity network on the island. As of 2019, the generation of electricity is a responsibility of the company Contour Global Bonaire (CGB) through a power purchase agreement (PPA) between the latter with WEB. CGB manages and maintains the power plant at Karpata and the wind generation site at Morotin and Sorobon.

WEB also has a 0.2 MW solar park at Barcadera that generates electricity for the system. Furthermore, different households and businesses are also generating electricity through photo voltaic decentralized solar systems for own use. This represents 4.1% of the total demand in MWh in 2022, compared to the year before.

### Wastewater/ circular water

As of the year 2014 WEB is also responsible for the collection of wastewaters from the most urbanized parts of Bonaire. WEB manages and maintains a sewerage system for this purpose. The collection of wastewaters also takes place by trucks, for the not connected customers. For the purification of the collected wastewater, WEB manages and maintains a wastewater treatment plant. The produced circular water is distributed to the relevant parties for irrigation purposes.

### State Owned Enterprise (SOE)

WEB is a state-owned enterprise; hence the company is 100% owned by the local Government. Corporate Government wise the Government of Bonaire represent the shareholders of the Company and they also appoint the members of Board of Supervisory Directors and approve the appointment of the Board of Managing Directors in accordance with the article of incorporation of the

company. The services of WEB to the community of Bonaire are regulated by law and supervised by the Dutch Government agency 'Authority for Consumers and Markets' (ACM). This Authority for Consumers and Markets (ACM) ensures fair competition between businesses and protects consumer interests.

### Development of the demographics

Bonaire is one of the three Lesser Antilles located North of Venezuela. Together with St. Eustatius and Saba they form the BES-islands and are special municipalities of the Netherlands (so called "Openbaar Lichaam"). According to the statistics of CBS Caribbean Netherlands, in 2011 were the amount of people living on Bonaire 15,679. As of January 2022, the number of people living on Bonaire is 22,573. This is a growth of 44% in 11 years.

Year	Caribisch Nederland	Amount of people on January 1	Index 2011 = basis
2011	Bonaire	15.679	100
2015	Bonaire	18.905	121
2020	Bonaire	20.915	133
2021	Bonaire	21.745	139
2022	Bonaire	22.573	144

The positive trend of the demographic development continued during the COVID-pandemic years and has continued to develop stronger in 2022.

The economic development of the island According to the chamber of commerce of Bonaire, the most important sector of the island's economy is and remains tourism. Many people work in tourism or one of its contributing sectors. Economic activity on Bonaire is growing by an average of 2.8% annually. This is also reflected in the growth of the number of companies registering in the Chamber of Commerce's Commercial Register.

Earlier, the Chamber of Commerce conducted a representative survey among entrepreneurs on the island. The results showed that tourism, construction, and the service sector are the island's main sectors. In the survey 42% of companies indicated that they are active in the tourism sector.

It should be noted that this sector is also a driving force for Bonaire's economy. Many lines of business within the economy are suppliers for tourism or are dependent upon this sector. Below an overview of the development of the economy of Bonaire in %:

Development demand water and electricity  
Total sales of drinking water in 2022 were 2,019,065 m<sup>3</sup> (2021: 1,853,818 m<sup>3</sup>) and total sales electricity in 2022 was 116,572,417 kWh (2021: 108,937,718 kWh). The total sales of water were 8.9% more in 2022 than in 2021. The total sales of electricity were in 2022, 7% more than 2021.

At the beginning of the year 2022, WEB provided 11,233 connections with water (end 2022 11,677) and 12,186 connections with electricity (end 2022 12,599).

	2022	2021	in %
Elektra in kWh	116,572,417	108,937,718	7.0%
Water in m <sup>3</sup>	2,019,065	1,853,818	8.9%

### WEB locations

- WEB has 5 office locations on Bonaire:
- Head office
  - Water plant, warehouses and electricity and water distribution offices at HATO
  - Dispatch location in the middle of the island
  - The Bonaire Sewage and Sanitation System is located at Lagoen
  - Barcadera location

The head office of WEB is located at Kaya Gresia 6 in the center of Kralendijk. The water plant, warehouses and electricity- and water distribution offices are located at HATO. The dispatch center for electricity and water is in the middle of the island. The Bonaire Sewage and Sanitation System is located at Lagoen behind the fields of LVV, the agriculture location of the government. And at the Barcadera location WEB has its solar park installation and office facilities.

### WEB strategy

A new corporate strategy has been formulated and determined in 2021. The timeline for this plan is 2021 – 2025. Regarding the electricity supply, this new strategy is very much focused on a more process based and therefore more durable organization and the realization of the energy transition for the island of Bonaire.

### Energy transition

As of the inception of this plan, the yearly corporate business- and budget planning are focused on realizing the identified corporate objectives. This corporate strategy assumes that the supply for (i) drinking water, (ii) electricity and (iii) wastewater/ circular water always complies with preset targets. These targets are accepted levels of:

- Reliability
- Quality
- Security
- Least environmental burden
- Least cost option

Careful planning, based on the development of the demand has been realized and the capacity planning for water and electricity has been determined together with the company's partners. The earlier mentioned variation orders 15 (solar energy) and 16 (wind energy) on the existing power purchase agreement for the generation of electricity are the result of these planning exercises. Also, the distribution network for drinking water and electricity has been assessed, and the necessary grid expansion and renewal has been identified and planned in the coming years.

This integrated utility planning is also for meeting peak energy needs while holding some resource margin in reserve. These plans consist of forecasts of future load, identification of probable resources (with the least environmental burden as possible) options to meet loads and details of power costs and resource management.

Last but not least, this new strategy also is based on the vision that WEB wants to be the preferred Water and Energy Services provider of Bonaire, that ensures safe, sustainable, reliable, qualitative and affordable Water and Energy for every citizen, to preserve our natural assets and contribute to the Quality of Life of our present and future generations.

### Corporate transition

Also, a corporate transition has been identified as a goal in the near future. This corporate transition is primarily based on "best practices workflows" for most of the company's processes, aimed at serving the customer in the best possible way. This corporate transition is also necessary for the company to be more effective and efficient in its business. The least cost option is hereby leading. Different new computer systems have been implemented between 2021 and 2022.

### Asset management

We will start with the formulation of a new asset management philosophy in 2023. This new philosophy is not only identification and arranging of the physical and Infrastructure, but is also regards the combination of management, financial, economic, engineering, and other practices applied to these physical assets to provide the best value level of service for the costs involved. It includes the management of the entire life cycle—including

design, construction, commissioning, operating, maintaining, repairing, modifying, replacing, and decommissioning/disposal—of these physical and infrastructure assets.

### ERP-system

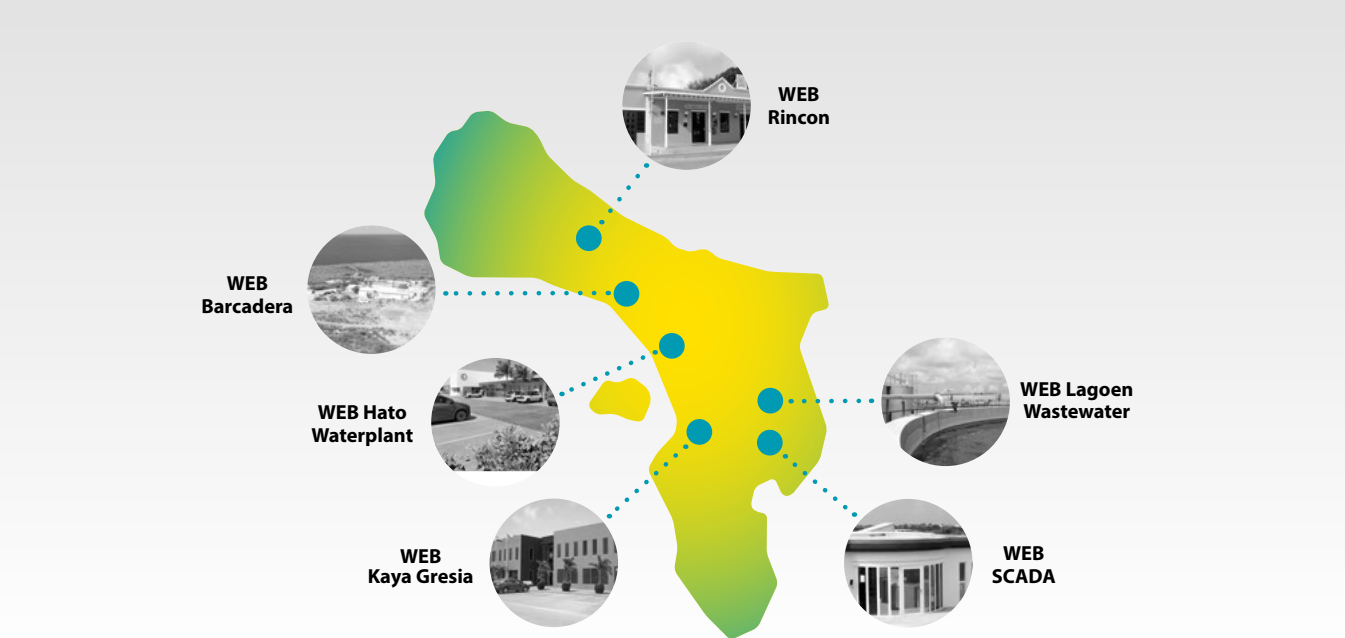
Considering the implementation of workflow management for most of the business processes, the company also has identified the need to have an enterprise resource planning (ERP) system. This ERP system must integrate varied organizational systems and better workflow, transactions and production of data, hence enhancing the organization's efficiency. It regards the integrated management of main business processes, in real time. Furthermore, the organization also will be using these systems to collect, store, manage and interpret data from many business activities (business intelligence). Preparation starts in 2023, to be operational in 2026/2027.

### Geographical Information System

WEB has distribution networks for electricity, drinking water and wastewater on the island of Bonaire. Automating the different workflow on these network assets implies that the company must also have a system that creates, manages, analyzes, and maps all types of data of these networks. GIS connects data to a map, integrating location data (where things are) with all types of descriptive information (what things are like there). This provides a foundation for mapping and analysis. GIS helps the company understand patterns, relationships, and geographic context. The benefits include improved communication and efficiency as well as better management and decision making. Implementation starts in 2023, to be fully operational in 2025.

### Advanced Metering Infrastructure

WEB also has identified the implementation of an advanced metering infrastructure (AMI) to measure, collect, and analyze energy usage, drinking water usage and collected wastewater. These systems include hardware, software, communications, consumer energy displays and controllers, customer associated systems, meter data management software, and supplier business systems. Implementation starts in 2023, to be fully operational in 2024.





The people of WEB

Implementing different new automated systems to sustain the different business workflows of the company requires a very proactive approach with the people of WEB, for them to be subject to the change and not the object of change. From an HR perspective a proactive policy has been drafted to guide the staff in every aspect of these upcoming changes. Implementation starts in 2023, to be fully operational in 2025.

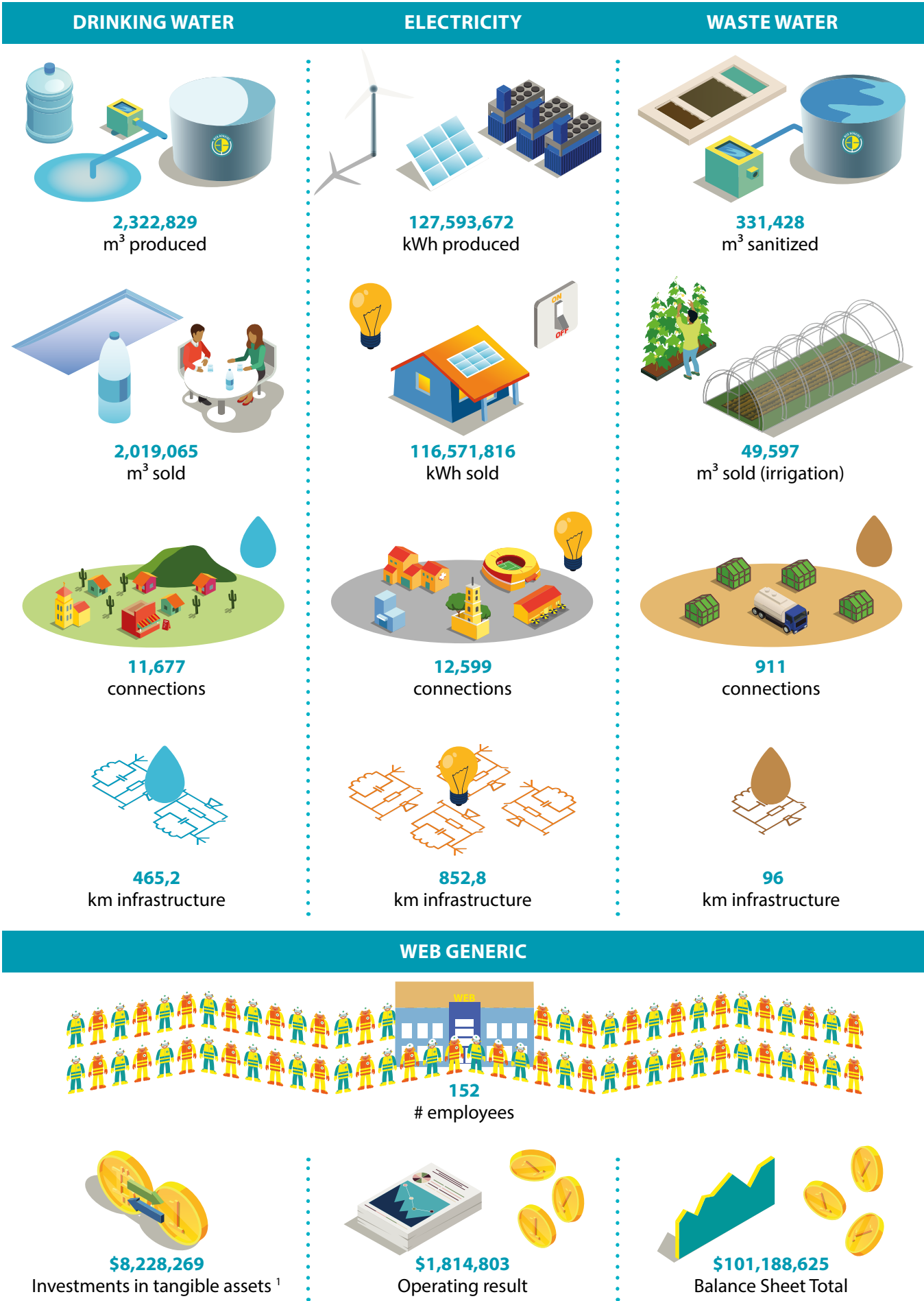
The community of Bonaire

This new strategy implies not only guaranteeing certain quality, security, and reliability of the supply, but WEB wants to facilitate the customer a structural control of their water and energy management towards a more sustainable and smarter water and energy consumption in Bonaire. WEB wants to guarantee the most affordable water and energy services, through innovative and proven solutions and technologies and close partnerships, hence communication with the customer will be very intensive in the years ahead.

As the many objectives need to be combined with increasing demand on the island, and the limited human and financial resources on the island. Management will continuously monitor and prioritize according to meet objectives and provide services to our clients.



CORE NUMBERS – 2022



<sup>1</sup> Investments in tangible fixed assets excluding work in progress



## OVERVIEW YEAR 2022

JAN

- Bonaire still (again) in COVID situation with quarantines and working from home where possible
- WEB signed VO15
- Start preparations with OLB on execution of the waste water levy
- Continue discussions with BBT on possible financing hybrid plan

APR

- EZK pays the subsidy for the electricity clients to WEB
- KPMG report on hybrid plan

FEB

- 19<sup>th</sup> of February: black-out because of software error at CGB
- TNO report on sustainability (Options for a climate-neutral energy supply in the Caribbean Netherlands)
- End of February: Start Ukraine war with enormous effects on prices of fuel and transport worldwide
- Start EDF-10 project Belnem and Hato

MAY

- Official Farewell to CEO
- Terrain issue regarding solar park arises as terrain is not government owned WEB employs a team to deal with this issue together with OLB
- Sessions with personnel on the strategy
- Recruitment process new CEO starts with recruitment agency Van Loon

MAR

- Green light to start with important projects for WEB: - GIS phase 2
- Construction new head office
- Strengthening transmission capacity
- TV special Zembla with interview WEB CFO

JUNE

- June 1<sup>st</sup>: Minister OCW visits WEB as 'learning' company and speaks with interns from SGB
- June Shareholder approves Annual Report 2021
- Maintenance on Tank 3 Seru Largu
- June 16<sup>th</sup> agreement request to start looking for financing for addition to the drinking water plant as the demand keeps growing and the production limits come in sight
- Board of Directors present electricity distribution plan with vision for future to Supervisory Board



OVERVIEW YEAR 2022

JULY

- Start pilot to digitize data collection in Belnem Project to collect information on electricity assets in Belnem in a very quick way to use as input in new GIS
- Personnel day

OCT

- Infrastructure meeting held with all infrastructure organizations on the island to identify the issues and how to deal with the current growth of the island
- First Strategy Week organized with workshops on electrical vehicles, possibility for all employees to see what employees in Business Unit Electricity are doing and a personnel meeting at the end
- 24<sup>th</sup> of October interim CEO starts at WEB

AUG

- Installation of Sounding Board with employees from all units of WEB who will support implementing the strategy

NOV

- VCA- health and safety training course for all WEB personnel

SEPT

- Beginning of September starts performance test at electricity producer

DEC

- Approval of 2023 year plan by shareholder and approval of tariffs 2023
- Wastewater levy 2023 is approved by Island Council



# FINANCIAL HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

	Unit	2022	2021	2020	2019
<b>Results</b>					
Total operating revenues	\$ 1.000	78,381	57,920	49,795	53,148
Total operating expenses	\$ 1.000	(76,566)	(54,443)	(47,819)	(51,129)
Operating result	\$ 1.000	1,815	3,477	1,976	2,019
Financial (expenses) and income	\$ 1.000	(2,001)	(1,693)	(1,312)	(781)
Net (loss)/income	\$ 1.000	(186)	1,784	664	1,238
<b>Balance Sheet</b>					
Working Capital	\$ 1.000	12,637	13,050	11,188	127
Fixed assets	\$ 1.000	75,944	73,799	63,385	54,992
Shareholders' Equity	\$ 1.000	41,582	41,768	39,985	39,321
Balance Sheet Total	\$ 1.000	101,190	96,341	81,760	66,862
<b>Ratios Financial Policies</b>					
Solvency ratio (Total shareholder equity/Total assets)	%	41.09	43.35	48.91	58.81
Current ratio (Current assets/Current liabilities)	%	2.00	2.37	2.56	1.01
ROA <sup>3</sup>	%	1.84	3.90	2.66	3.02
ROIC (Return on invested capital) <sup>4</sup>	%	(.21)	2.05	0.89	2.25
DSCR <sup>5</sup>	%	2.06	3.91	3.88	3.77
<b>Other Core Financials</b>					
Net cash flow	\$ 1.000	(1,850)	802	11,458	(3,146)
Investments in tangible assets <sup>6</sup>	\$ 1.000	8,229	23,752	6,545	5,593

<sup>2</sup> Including the sum of the direct costs

<sup>3</sup> ROA: Operating Result/ Average total assets

<sup>4</sup> ROIC: Net income/ (Fixed Assets + Net Working Capital)

<sup>5</sup> DSCR: EBITDA / Debt Service

<sup>6</sup> Investments in tangible assets excluding work in progress



# NON-FINANCIAL HIGHLIGHTS

## NON-FINANCIAL HIGHLIGHTS

	Unit	2022	2021	2020	2019
<b>Disruption numbers</b>					
Electricity <sup>7</sup>	in min.	48.19	23:53	23:29	33:38
Drinking Water distribution	Number	1,146	1,112	959	1,227
Irrigation water		179* */m Sept	78	78	28
<b>Transportation and connections</b>					
Water production to distribution tanks (available for sale)	m <sup>3</sup>	2,322,829	2,119,814	1,952,956	1,932,315
Energy generated / bought (available for sale)	kWh	127,593,672	119,854,814	112,093,244	110,584,815
Waste Water received	m <sup>3</sup>	366,312	285,700	236,743	265,757
Waste Water treated	m <sup>3</sup>	331,428	285,700	236,260	265,757
Post paid electricity connections	Number	9,796	9,500	9,096	8,722
Pagabon (prepaid) connections electra electricity	Number	2,803	2,686	2,557	2,433
Drinking water connections	Number	11,677	11,233	10,743	10,348
Smart electricity meters	Number	250	110	100	100
Smart drinking water meters	Number	0	0	0	0
<b>Sales</b>					
Total drinking water delivered by truck	m <sup>3</sup>	15,813	12,335	13,113	12,289
Total drinking water sales	m <sup>3</sup>	2,019,065	1,853,818	1,698,915	1,694,598
Total electricity sales <sup>8</sup>	kWh	116,572,417	108,937,718	102,080,924	100,663,357
Total irrigation water sales	m <sup>3</sup>	49,597	34,000	21,000	20,379
Non Revenue Electricity (NRE)	%	8.60	9.11	8.85	8.97
Non Revenu Water (NRW)	%	13.08	12.55	13.01	12.30
Renewable energy	%	21.72	22.4	20.9	27.0
<b>HR</b>					
Personnel formation	Number	158	160	148	145
Personnel Staffing	Number	152	146	137	132
Total women	Number	34	32	30	30
Sick leave	%	8.41	4.28	5.91	7.5

<sup>7</sup>Including electricity production and electricity distribution

<sup>8</sup>Including total drinking water delivered by truck



Subsequent events

**Waste water subsidy, - levy and other contributions**  
Ministry of I&W was waiting for the WOLBES law change in order to start with the amendment of the Ministerial Regulation (Ministeriële Regeling) to prolong the multi-year subsidy up to and including 2026. In December 2022 the Dutch Parliament approved the law change of the WOLBES. Formalization of the Ministerial Regulation is currently being amended.

Hotels of Bonaire filed a court case against Openbaar Lichaam Bonaire (OLB) because of the introduction of a high wastewater levy. Postponement of the introduction and implementation of the levy till October 1st 2023 will cause financial shortages in the operations of waste water. WEB send a formal letter to the finance department of OLB addressing the financial shortages caused by this postponement. WEB request the local government to cover the financial shortfalls for the current year. WEB is waiting for a formal letter of OLB to honor this request.

In the waste water steering committee (OLB, WEB and Ministry EZK) agreed upon that OLB will contribute with an additional subsidy and contribution in order to have a cost-effective operation. These additional amounts will be covered by a nature fee and a tourist tax.

**Status customer contracts for irrigation water delivery**  
Formalization of a management agreement for the waste water activities between OLB and WEB is in the pipeline. After contract signing WEB can start contracting hotels located on the coast strip for the purchase of irrigation water.

**Operations and Maintenance Agreement of Waste Water activities**  
WEB and the finance department of OLB have reached an agreement on the conditions of the draft management agreement. This draft agreement has now been presented to the Executive Council of the island territory of Bonaire and parties will soon sign this agreement.

**Electricity temporary price Cap and an additional subsidy for the variable tariff**  
As per January 1st 2023 a price cap is introduced on the energy prices by the Dutch government. This cap is applicable to all households and other small Dutch consumers and is valid till December 2023. This temporary measure is also applicable for the BES islands and is used to subsidize the fixed tariff component to zero. Additionally, the Dutch government grant for the first time an additional subsidy by introducing a cap for the variable tariff. For 2023 the variable tariff will be as follows, reduce the excess of US\$ 0.38 per kilowatt-hour by 50% according to the temporary energy price cap set by the Dutch government.

**Hybrid Plan**  
In December 2022 Bonaire Brandstof Terminal B.V. (BBT) received a grant of EUR 10 million from the Ministry of Economic Affairs. This grant is a substantial contribution to the realization of a solar park and a battery system at Karpata, Bonaire. The commissioning date of the battery is July 2023 and the solar park September 2023. Purpose of the battery system is to increase reliability of the electricity supply on the island. The solar project and battery system as well will be realized in collaboration with ContourGlobal Bonaire N.V (CGB). With this investment BBT strive to moderate the electricity price effects on the island as a consequence of the fuel oil price increase. CGB in cooperation with the local authorities are exploring the possibilities and permits to construct a large and new windfarm at the current location.

**Financing of the waterplant expansion**  
WEB is currently monitoring the continuous growing demand for drinking water. In order to meet the demand WEB need to timely invest in drinking water production units. WEB is currently refinancing the existing syndicated loan facility to release the funds to finance the RO water plant expansion at the Hato site. Refinancing of this loan has recently been approved by the lenders and Supervisory Board of WEB and is in the meantime signed by the lenders and management.

26 May 2023

Board of Directors

- Mr. A. Casperson (CEO a.i.)
- Mrs. J. Balentien-Nicastia (CFO)
- Mr. G. Scharrenberg (COO)

Supervisory Board

- Mr. G.A. De Haan (chairman)
- Mr. K. Frielink
- Mr. A.G. Stacie
- Mrs. E. Martijn
- Mrs. M. Bonhof





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