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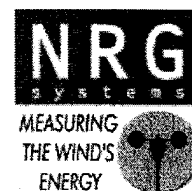
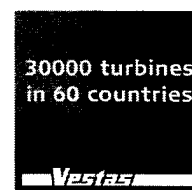
# With the accelerator flat on the floor

Crowned as one of Europe's fastest growing firms, Dutch Econcerns rapidly internationalising its broad-based sustainable energy business, with its wind development portfolio alone now topping 3500 MW

Two decades ago six physicists studying at the University of Utrecht in the Netherlands, united in their worries about the environment, decided to form a small co-operative, Ecofys, which would later become the Econcern group. From its humble beginnings, Econcern is now one of Europe's top 500 fastest growing companies, according to Europe's 500 Entrepreneurs for Growth. It is the holding company for a string of familiar names in the world of Dutch renewable energy development, including Ecofys, Evelop, Ecostream and Ecoventures, doing business in almost everything in the sustainable energy industry, from project development to consultancy work.

Since 1999, the Utrecht firm has been growing at an average rate of 50% a year. Net profit grew to EUR 6.6 million in 2005, climbing 56%, and turnover stood at EUR 45 million, rising 26%. In 2005, Econcern opened offices in Italy, France, Switzerland and Canada. In the wind energy sector alone, its project development firm Evelop has a portfolio totalling 3500 MW, 200 MW of that offshore. Despite its rapid growth, Econcern is showing no signs of taking its foot of the accelerator. Referring to the offshore wind farm it is currently building, the company says its target is to achieve a "Q7-type" 120 MW project every year -- and that is only offshore. For onshore wind and biomass, the company has similar goals.

When Ecofys started in 1984, wind energy played a role from day one. Board member Dirk Berkhout, responsible for Evelop and Ecoventures, says: "Our company was at the forefront right from the early days. The founders were concerned with what was happening to the environment and at that time not so many people were. Nowadays it is quite difficult to find someone who is not aware of climate and environmental issues." Today, consultant firm Ecofys has a presence in ten European countries and it recently opened an office in Turkey. The firm is heavily involved in the wind energy sector, whether advising governments or private



(United States)

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firms.

Econcern will continue to grow organically and through acquisition, says Berkhout. In April, it acquired Dutch project developer WinWind, which is just embarking on the Windpark Koegorspolder, the largest onshore wind farm in the Netherlands. The project's 22 Vestas 2 MW turbines will go up in an industrial area south of Terneuzen and are to be operational next June, supplying 120 million kWh a year, enough for 35,000 homes. Based in Terneuzen, WinWind was founded in 2000 and has developed several onshore wind farms in the Netherlands and the UK, with a total capacity of 300 MW. In the UK, WinWind is represented by Breeze Ltd, in which it is a 50% shareholder.

The company was acquired because it has an interesting project portfolio onshore, plus a group of experienced and qualified people, says Berkhout. "We have a very ambitious growth scenario and we need to have very good people." Finding the right people is difficult. With market growth of between 40-45% a year and the company's growth, it will continue to be an issue.

Currently, the group employs about 400 people in the Netherlands, Germany, Belgium, Spain, the UK, Poland, Italy, Switzerland, France, Turkey, Canada and China. In the next six months it aims to take on another 100, bringing the total number of new staff this year to around 200.

The WinWind buy also gives Econcern a stronger presence in the onshore market and it intends to use its Breeze share to further develop its UK business. Econcern is targeting Europe, particularly EU countries. "The simple reason is that it's the market that is nearby. Why travel across the world when around the corner we have the UK, Germany, Scandinavia, France, Spain and Belgium," says Berkhout.

Take Germany, he says. Prospectors and developers start initiatives but often fail to get them to the "ready to invest" stage. These companies are perfectly capable of obtaining the permits and doing the designs, Berkhout stresses, but they fail to make it "a bankable project." Essentially, the right financial structure is missing. "It is a matter of experience, having the right contacts in the financial world and with the insurance companies."

Offshore

In the early days, onshore projects were typically one to four turbines, but he points to Econcern's UK Sheringham Shoal offshore project, which at 315 MW is a relative monster in the wind business, as moving the company onto a whole new platform. "At £1000-2000 per kW, that represents £2 million per MW installed, so this is talking about a £600 million investment. It is a totally different ball

game."

When it comes to offshore wind at home in the Netherlands, Econcern modestly describes itself as being in the top two. Its rival is Nordzee Wind, a joint venture of Shell and Dutch utility Nuon, currently installing the 36 Vestas turbines for the 108 MW Nearshore Wind Farm off Egmond aan Zee. Econcern is on the verge of announcing its selection of Van Oord as contractor for **Q7**, which at 120 MW is to be built 23 kilometres off the Dutch coast near IJmuiden by end 2007. The foundations and cabling are being done this year. Econcern reached agreement in November 2004 to take over all permits and rights of the **Q7** Offshore Windpark from the original developer, E-Connection.

**Q7** is far from the end of the offshore story. Of the 70 or so North Sea start notices for offshore projects in the Netherlands, Econcern is behind ten/eleven of them, with four currently active. The company has no quibble with the government's ruling that subsidies will only be available for around another 500 MW, or two to three new offshore projects before 2010. Berkhout is more understanding of the government's position than others in Dutch wind, even though a permitting system for allocating sites has still to be devised. Everybody is on a learning curve when it comes to offshore, he says.

"Personally, I am in line with the decision by the Dutch government. The development of technology was not yet in place and the ability to build big power plants offshore. Further development of wind technology and the grid installation was needed. I am not totally unhappy by this step-by-step approach...I think it is a wise decision." After 2010 he believes offshore will take off. "**Q7** and Nearshore Windfarm are adapters -- the launching projects whereby everybody, the financiers, developers and the government, are building up experience."

The future

So what now? Econcern says it is "talking a lot" about potential new acquisitions, with its sights set on Germany, France, the UK and Italy in particular. Canada, however, with its various provincial wind programs, is presenting some "interesting opportunities" and is also of interest. The particular attraction of the market is as a launching pad into the rest of the American market. Econcern has already done some business in central and south America. The US is more tricky, he says.

The immediate target is to get **Q7** built and running and then replicate the success each year. "It is achievable and realistic. We are engineers, we like to calculate achievable targets," says Berkhout.

Econcern's five year business plan, put together in 2004,

deals with the need for new investors. SHV, one of the largest privately-owned companies in the Netherlands, and Entrepreneurs Fund (EFBV), a private equity investor which is part of Cofra Holding, have invested EUR 80 million in Econcern. SHV has taken a 23% stake, while the rest of Econcern is in the hands of around 150-160 employees. The company intends to grow into a EUR 1 billion concern by 2010. He says he is not so much surprised by Econcern's success, but "extremely happy." There is no danger of the bubble bursting, he assures. "We are not alone. We think that with environmental and climate issues and high oil prices, sustainable energy is on the radar," he adds.

At Econcern, managing risk is seen as just another challenge. "Three of us control the company and we have a full portfolio within one company -- a service provider, know-how, project development, systems supplier -- we can cover full range. Not so many companies have that competence."

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