ANNUAL REPORT 2020

"Affordable and Clean Energy"

UNITED NATIONS SDG 7

EUSKO JAURLARITZA
GOBIERNO VASCO

EKONOMIAREN GARAPEN, JASANGARRITASUN ETA INGURUMEN SAILA

DEPARTAMENTO DE DESARROLLO ECONÓMICO, SOSTENIBILIDAD Y MEDIO AMBIENTE

ENERGIAREN EUSKAL ERAKUNDEA

ENTE VASCO DE LA ENERGÍA

"Affordable and Clean Energy"

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ENERGIAREN EUSKAL ERAKUNDEA

ENTE VASCO DE LA ENERGÍA

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1

LETTER FROM THE CHAIR

Any summary of 2020 is inevitably overshadowed by those words that came to haunt us over the year: Covid-19, coronavirus and pandemic. The crisis has cast into stark relief the importance of striking the right balance in our relationship with the environment and the use we make of available resources. Change is no longer the stuff of the future; it is the present.

Like all sectors of society, the energy industry has been affected by the unfolding and ongoing crisis. Nevertheless, this is a time of new opportunity and the energy sector has maintained planned investments, especially in new renewable energy plant. This constancy is proof of the resilience of our industrial fabric and its commitment to a speedy recovery, as it sets its sights on its long-term objectives.

ARANTXA TAPIA OTAEGUI
Chair of Ente Vasco de la Energía

In this uncertain context, Ente Vasco de la Energía has kept its hand firmly on the tiller, managing to see all its planned projects through to fruition, as well as making progress on some major new initiatives that will help to achieve the goals set out in the Basque Energy Strategy. Just as the first energy strategy formed the central pillar and driving force of the Basque Country's industrial policy for economic transformation and modernisation at a time of crisis four decades ago, it now offers a clear roadmap for the region's future. That will inevitably mean developing a sustainable Basque Country, in which manufacture, environmental stewardship and carbon neutrality all have their place.

The responsibility for achieving this lies not only with the different tiers of government but with all the individuals who form Basque

society. In this context, EVE, the Basque Energy Agency is uniquely positioned to implement the most suitable projects to gradually attain this common goal based on sound technical criteria.

In the transition towards a new energy model, 2020 saw a significant number of new projects. Most were concerned with renewable energy, but inroads were also made in areas such as energy efficiency, energy diversification and electrification of the economy, as well as support for industrial and technological development.

The Basque Energy Agency has kept its hand firmly on the tiller, managing to see all its planned projects through to fruition

Public-private partnerships helped launch new solar plants, such as Ekian —which has now been producing electricity for a full year— and Ekienea. After a decade and a half of inactivity, new wind power is also again being installed, thanks to studies and projects by Aixeindar, which wants to boost this area to help meet the region's electricity requirements. Research into renewable marine energy also continues and promising new projects are soon to be installed at the BiMEP site, in the waters off Armintza.

In addition, EVE has undertaken energy efficiency programmes and managed grants totalling over 38 million euros for energy saving projects. All in all, the challenging circumstances did not prevent us from further building on the change in the energy and industrial fabric and advancing towards full decarbonisation of Basque society.

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STRATEGY AND ORGANISATION

DEVELOPMENTS DURING THE PANDEMIC

On 12 March 2020, the premier (*Lehendakari*) of the Basque Country declared a state of health emergency, which came into effect on 13 March. The introduction of a state of alarm the following day (14 March) further increased restrictions on mobility and workplace access. In this uncertain panorama, Ente Vasco de la Energía had to introduce special instruments and mechanisms to adapt to the new situation, making changes to its organisational models and launching impact-mitigation actions to cope with possible incidents in its processes.

The technical response to the lockdown can be considered satisfactory. Practically all staff adapted without problem to working from home and completed their tasks at much the same rate as normal. This was not entirely surprising, given that the EVE Group already had experience in teleworking.

Generally speaking, all work could continue to be performed remotely. Despite some initial concern regarding economic-financial management and programmes more closely associated with administrative tasks, such as the energy efficiency certificate and aid programmes, all of these tasks continued to be performed without incident. Rollout of the Office 365 application in 2019 enabled staff to work collaboratively via MS Teams. This formula is likely to change the way people meet and interact at work in the future.

There were no health scares at the EVE Group's facilities. All hygienic and sanitary measures adopted at the onset of the pandemic remain in place and the probability of any major incident is therefore considered to be very low.

FUTURE STRATEGIC MODEL AND PLAN FOR ORGANISATIONAL TRANSFORMATION

We are facing into an unclear future and it is difficult to plan for an uncertain —not to say unknown— panorama. We need to develop mechanisms that will help bring security to the situation of uncertainty. In this context, one of the key factors of any organizational model will be its capacity for adaptation and this is also true of the way processes are managed, with a digital transformation and a reinforcement of our systems of collaboration, both internally and with other external organizations. EVE will, of course, continue to develop its strategic model for the future, adapting to its own demographic dynamics and responding proactively to new and changing situations in the world of energy.

The organisation is bringing ever greater dedication and commitment to the areas of energy efficiency and diversification, the guiding principles that inform all its actions. It continues to extend its aid programmes to promote energy saving and efficiency and renewable energy projects, acquiring holdings in strategically important companies. Here it plays an institutional role, bringing stability and balance to these projects.

The Basque Energy Strategy sets the targets and guidelines for energy policy over a specific time period. The current strategy —the '3E2030'— sets out a long-term vision of an increasingly low-carbon energy system that is sustainable, both in terms of competitiveness and supply security. This means adapting to a period of change, motivated by an evolving landscape in terms of technology, global and local energy policy and public-sector dynamics in the area of the energy transition. In the medium to long run, this may lead to a profound transformation of EVE's role as the Basque energy agency. In addition, these developments will have to be tackled

ORGANISATION

CEO

- **GENERAL SECRETARIAT**
  - HR
  - Quality & Systems
  - Legal Services
- **ECONOMIC-FINANCIAL**
- **COMMUNICATION & EXTERNAL RELATIONS**
- **DEVELOPMENT AND INNOVATION DEPARTMENT**
  - **Technical Department**
    - Energy efficiency and sustainability
    - Renewable energies & resource utilization
    - Distributed generation & demand management
    - Energy sustainability in the Administration
  - **Studies & Planning Department**
    - Energy regulation
    - Energy planning & studies
- **GEOLOGICAL RESOURCES**
  - Geological-Mining Resources
  - Sociedad de Hidrocarburos de Euskadi

PROMOTION & SUPPORT

INTERNATIONAL

TECHNOLOGY WATCH

against the backdrop of a generational shift in the organisation, especially in management and other key positions.

Throughout 2020, EVE has been fine-tuning the process of reflection to define its future strategic model, as well as the assumptions and principles underpinning the plan for organisational transformation and generational change.

The new strategic model defines EVE as the Basque Government's instrument for the competitive development of the Basque Country and for promoting the wellbeing of Basque society from an energy perspective: energy policy + technological-business promotion + mainstreaming with other global and local policies.

The EVE Group's plan for organisational transformation and generational change will require developing new areas of activity and new competencies, addressing generational change, ensuring the organisation's recruitment capacity, extending collaboration with other agents and advancing in project-based organisation.

BOARD OF DIRECTORS

PRESIDENT
Ms Arantxa Tapia Otaegui

VICE-PRESIDENT
Mr Javier Zarraonandia Zuloaga

DIRECTOR-CEO
Mr Iñigo Ansola Kareaga

SECRETARY
Mr Álvaro Colón Barriocanal

BOARD MEMBERS AT LARGE
Ms Estibaliz Hernáez Laviña
Mr Iñaki Aldekogarai Labaka*
Mr Zigor Urquiaga Urquiza**
Mr Joseba Andoni Alcalde Amutxategi
Mr Xabier Viteri Solaun
Mr Juan Ignacio López Gandasegui
Ms Arantza Mendizabal Gorostiaga
Mr Iñigo Marco-Gardoqui Alcalá-Galiano

*Resignation: Decree 237/2020 of 27 November 2020.
** Appointment: Decree 237/2020 of 27 November 2020.

MANAGEMENT COMMITTEE

DIRECTOR-CEO
Mr Iñigo Ansola Kareaga

SECRETARY-GENERAL
Mr Álvaro Colón Barriocanal

HR, QUALITY & SYSTEMS
Mr Carlos Aguirre Arana

ECONOMIC/FINANCIAL DIRECTOR
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DIRECTOR, COMMUNICATONS & EXTERNAL RELATIONS
Ms Arantzazu Zugasti Arizmendi

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TECHNICAL DIRECTOR
Mr Javier Marqués González

DIRECTOR, STUDIES & PLANNING
Mr José Luis Sáenz de Ormijana Fulgencio

DIRECTOR, GEOLOGICAL RESOURCES
Mr Luis Muñoz Jiménez

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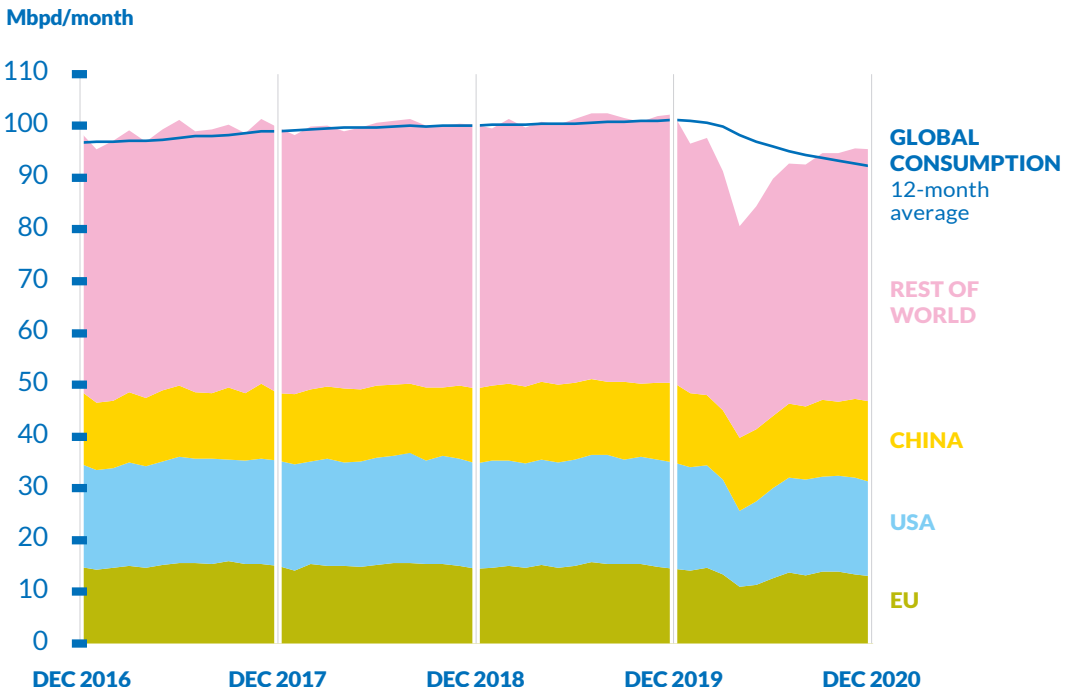
ENERGY CONTEXT 2020

Steady advance in global solar photovoltaic deployment and major fall in oil consumption.

World oil consumption fell to 92.3 million barrels per day (Mbpd) in 2020, 8.8% down on the figure for the previous year (101 Mbpd). During the same period, China's consumption fell by 3% to 14.3 Mbpd, Europe's by 12% to 12.2 Mbpd and the United States' by 12% to 18 Mbpd.

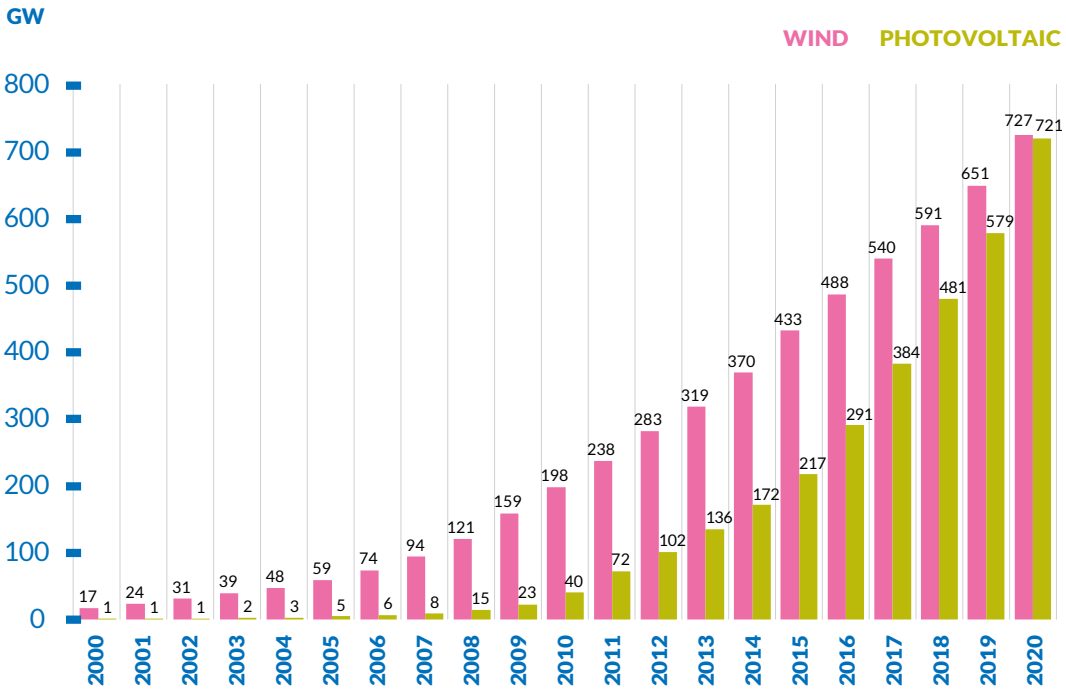
The average price of a barrel of Brent crude for the year was $42, down 35% on the previous year ($64).

AGGREGATE GLOBAL OIL CONSUMPTION



Continuing global trends for the last five years, 2020 saw a strong growth in renewables, with the amount of solar photovoltaic capacity installed almost equalling that of wind power. The global advance in photovoltaic energy output has been spectacular. According to figures practically confirmed by GWEC, total accumulated installed wind capacity in 2020 came to 727 GW, up 71 GW on the previous year. Global growth in photovoltaics was even higher, with the largest rate of installation occurring in Asia. Installed capacity for 2020 is estimated at 142 GW, giving a total of 721 GW and equalling installed wind power.

GLOBAL INSTALLED WIND AND PHOTOVOLTAIC CAPACITY (2020 FIGURES ARE PROVISIONAL)



TRENDS IN THE BASQUE COUNTRY

ELECTRICITY CONSUMPTION

Electricity consumption in the Basque Country in 2020 came to 13,678 GWh, 8.6% down on the previous year. This represents a 17% reduction compared to 2011. There was some variation in the relative share of electricity consumption in the different sectors, with industry accounting for 51% (53% in 2019), the service sector 22.3% (22.4% in 2019) and the residential sector rising to 18.5% (16.7% in 2019). Rail transport remains constant at 1.2%, while the energy sector accounts for 6.9% (6.4% in 2019).

Within the industrial sector, where consumption fell by 12% in 2020, there was a particularly significant drop (17%) in the iron and steel and foundry industry. This represents an accumulated reduction in consumption of more than 43% compared to 2011. Almost all other industrial subsectors also saw a decline in consumption, with a combined fall of 9%. The trend was particularly significant in the shipbuilding and repair, cement, lime and plaster industries, where the figures fell by 28%, 20% and 18%, respectively.

Within the buildings sector, where consumption was down 4.5% on 2020, the largest reductions were in the hospitality sector (-24%), trade and services (-8%) and public administration (-4.5%). Residential consumption, in contrast, experienced a 1.4% rise in 2019.

Electricity consumption down 17% compared to 2011

NATURAL GAS DEMAND

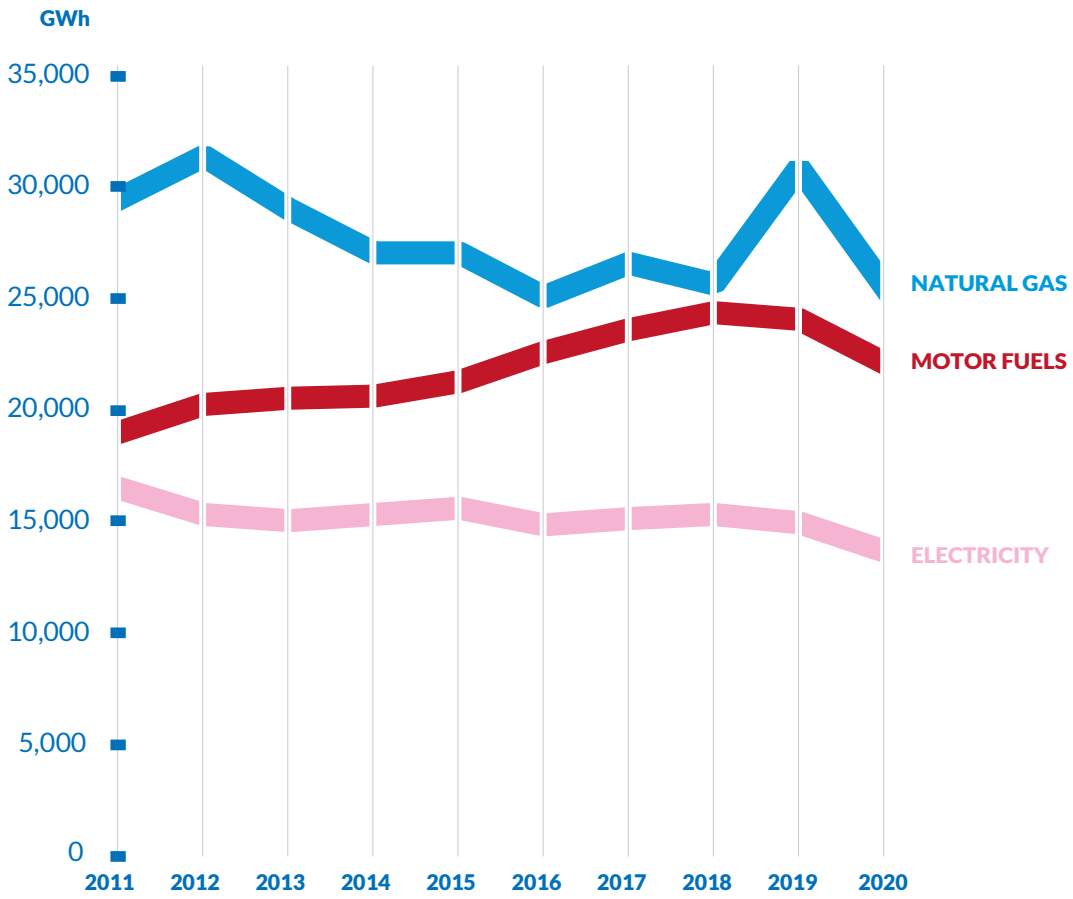
Consumption of natural gas fell by 17% compared to the previous year, to 25,517 GWh. This is the lowest figure of recent years, excluding 2016 when both consumption for electricity generation and consumption for conventional uses was low. The reduction was mainly due to lower consumption for conventional uses, although consumption for electricity generation also decreased after the major rise of 2019.

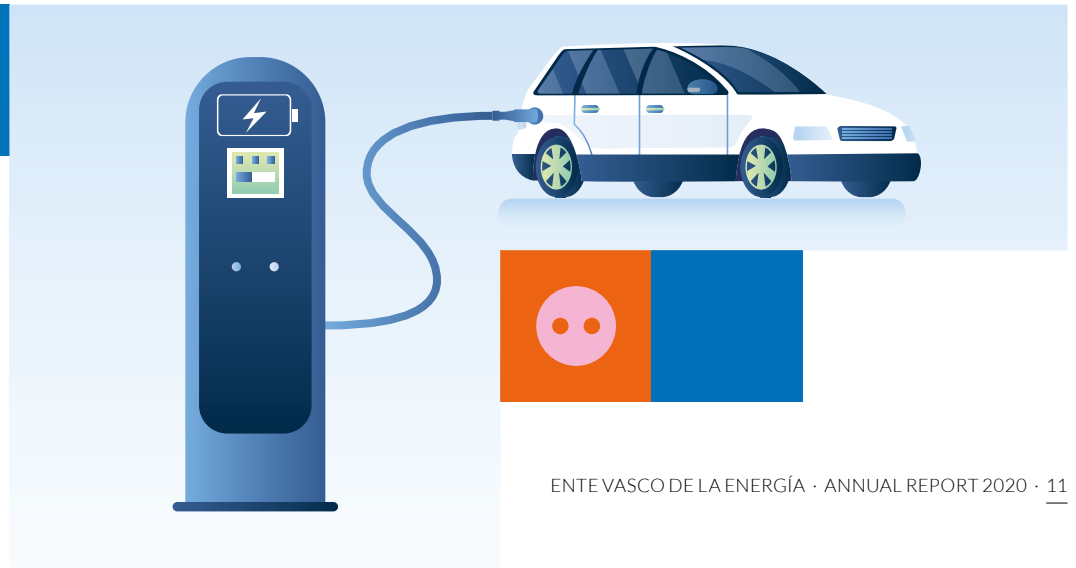
FUEL CONSUMPTION

Consumption of motor fuels in the Basque Country fell by 8% in 2020. Following a slight fall in 2019, the downward trend was reinforced by the impact of the Covid-19 crisis.

The trend in automotive diesel consumption, which had been rising steadily since 2012, was reversed in 2019 and this fall intensified in 2020, with a reduction of 7%. Despite the decline, consumption of motor diesel continued to be 22% higher in 2020 than in 2011. Petrol consumption, which has been rising steadily since 2016, fell by 19% in 2020. The relative share of motor diesel increased, and it now accounts for more than 90% of fuel consumption in transport in the Basque Country.

TRENDS IN ENERGY DEMAND IN THE BASQUE COUNTRY BY ENERGY TYPE
Source: EVE – Provisional energy figures 2020





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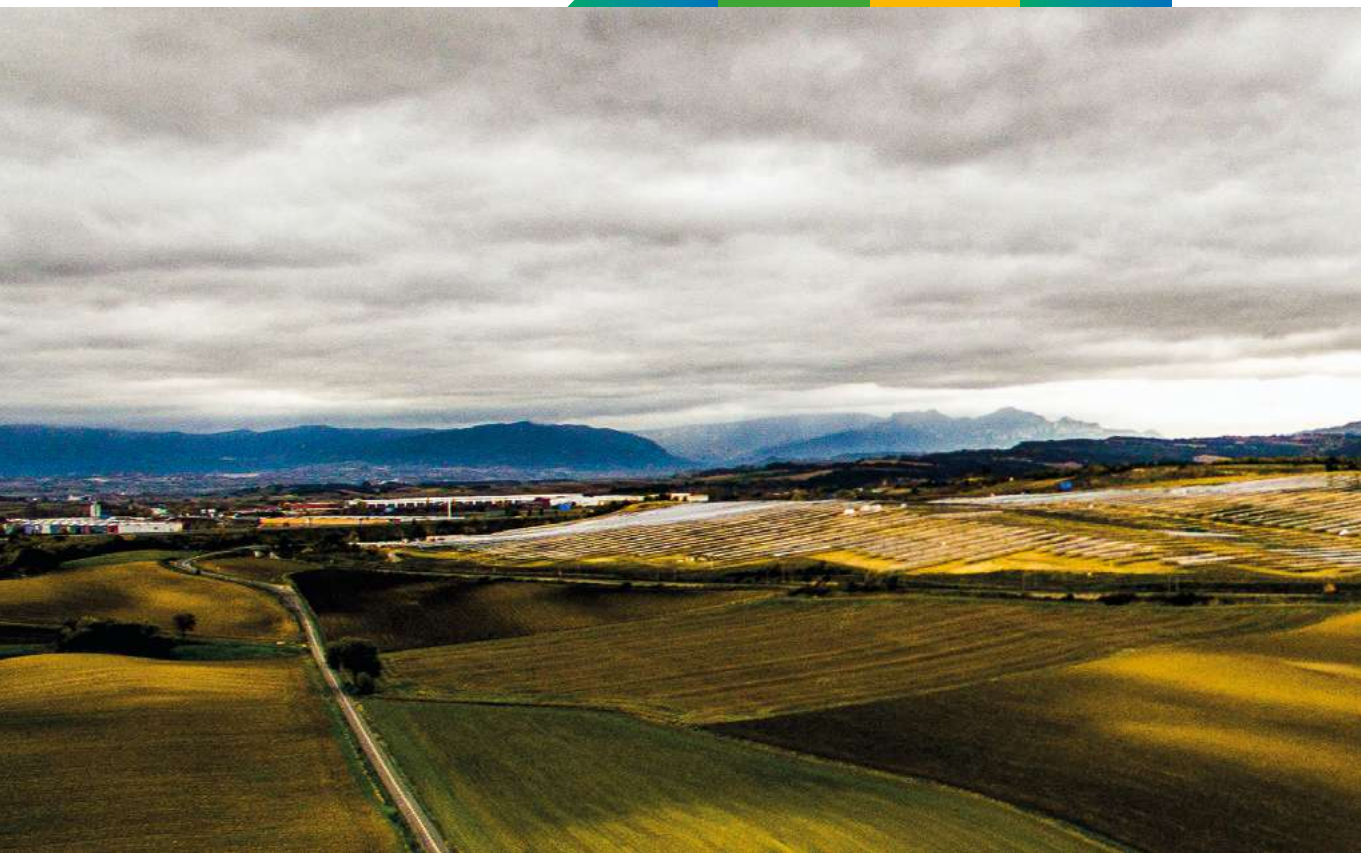
TECHNICAL DEPARTMENT

ENERGY EFFICIENCY AND SUSTAINABILITY

ALTERNATIVE FUELS AND SUSTAINABILITY

Throughout the year, EVE continued to promote collaboration with agents from the sector to increase service-station availability of natural gas as an alternative road transport fuel. A new supply point was opened in Sestao (Bizkaia), bringing to seven the number of service stations offering gas in the Basque Country.

In the area of maritime fuel, the charge structure for access to regasification terminals was amended to reflect the real market situation, and the fee for natural gas bunkering was significantly cut. This means that ship-to-ship natural-gas bunkering operations can now compete with other systems.



HYDROGEN AND FUEL CELL

Throughout the year, Ente Vasco de la Energía has led preparation of the Basque Hydrogen Strategy, which will set out the Basque Government's position in this area. The strategy is designed to guide promotion of an ecosystem of hydrogen production, distribution and consumption in the Basque Country, based on local industrial, logistic and technological capacities. The goal is to make hydrogen a viable tool for decarbonising Basque industry and other hard-to-decarbonise sectors such as transport. It will also stimulate training, R&D and industrial development to position the Basque Country as a technology exporter in a market that is expected to grow at a constant rate.

Work was also undertaken to coordinate the hydrogen working group of the Energy Cluster Association, a meeting point and forum for alignment between Basque companies, technology centres and academia. Throughout the year, the main hydrogen-related projects were presented and an analysis was made of the business sector's contribution to the development of a hydrogen-based economy in the Basque Country.

E-MOBILITY

To help promote e-mobility, a guide was published with proposals for municipal bylaws. In collaboration with local councils, a report was also drafted on municipal tax incentives for purchasing electric vehicles in the Basque Country. Altogether, 100 Basque local councils — accounting for 86% of the region's population— have economic measures in place to benefit individual and corporate EV owners.

A guide was published to help companies design a transport plan for their business centres, focusing on e-mobility initiatives. Also in 2020, the TAXIe service was unveiled. Under this scheme, companies can choose the type of fuel used by the taxi service that serves them, giving priority to alternative and sustainable fuels.

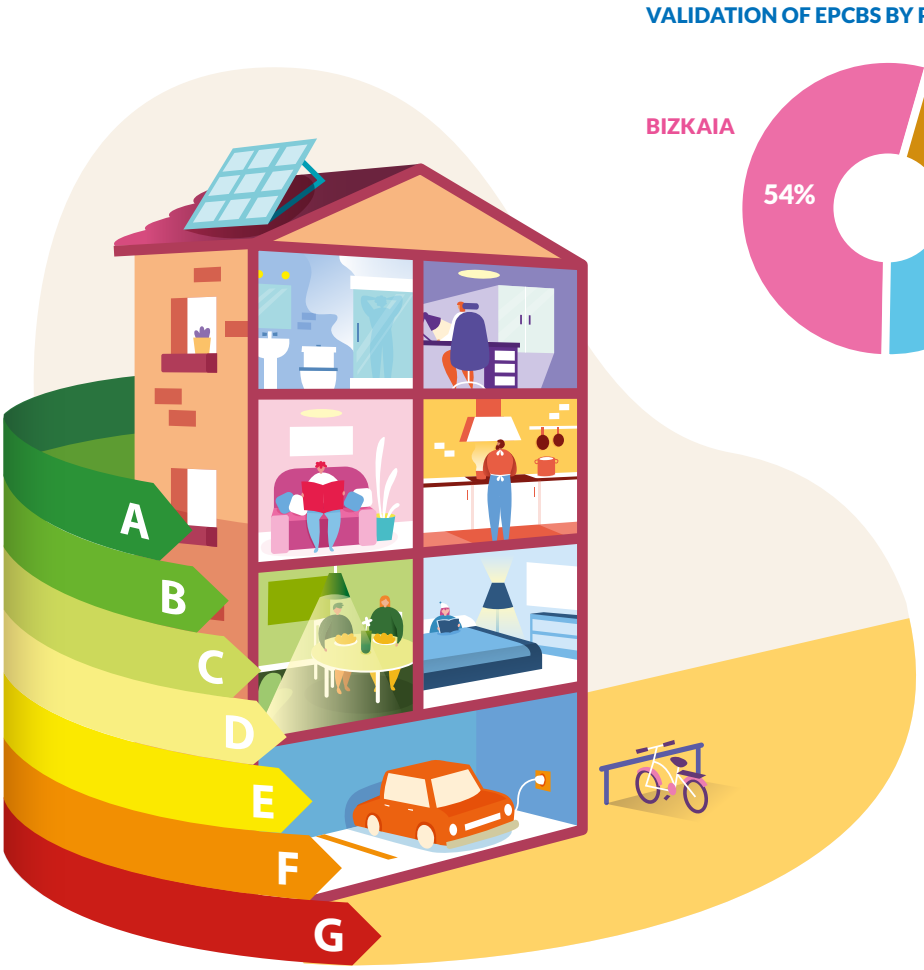
ENERGY PERFORMANCE CERTIFICATE FOR BUILDINGS

During 2020, EVE continued to provide technical support to the Basque Government in the area of Energy Performance Certificates for Buildings, validating certifications and providing support with queries.

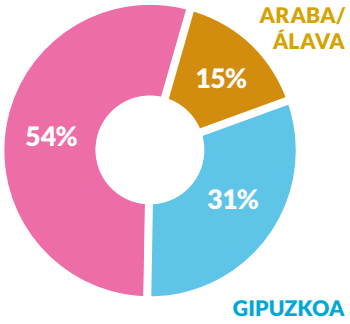
As of 31 December 2020, 23,179 certificates had been validated. The breakdown by energy class and province was as follows:

ENERGY RATING	ARABA/ ÁLAVA	GIPUZKOA	BIZKAIA	TOTAL (NUM.)	TOTAL (%)
A	125	157	198	480	2.07
B	69	129	115	313	1.35
C	36	49	69	154	0.66
D	367	378	732	1,477	6.37
E	1,911	3,304	5,153	10,368	44.73
F	483	1,450	1,892	3,825	16.50
G	416	1,761	4,385	6,562	28.31
TOTAL	3,407	7,228	12,544	23,179	100.00

Altogether 3,450 technical assistance actions were provided in 2020, in relation to the Technical Building Code (TBC), the Regulation on Thermal Installations in Buildings (RTIB), and the application for registering certificates. In all cases, queries were answered by e-mail or telephone.



VALIDATION OF EPCBS BY PROVINCE



RENEWABLE ENERGY AND USE OF RESOURCES

Throughout 2020, progress was made on technical and environmental analyses of the Territorial Sector Plan for Renewable Energies in the Basque Country. Processing of authorisations is expected to begin in 2021.

Work is being carried out in parallel on developing and preparing the renewable energy plans for the period 2021-2024.

BIOMASS

Project identification and development

- Continued development of the district heat network in the Coronación district of Vitoria-Gasteiz.
- Collaboration between HAZI and EVE to promote use of local forest biomass for energy purposes.
- Analysis of technical-economic viability of a project to use biomass from vine pruning for energy in Rioja Alavesa.
- Collaboration with companies from the industry to develop a biomass plant for energy production.
- Assessment of viability of a biomass-fuelled district heat network in the Miñano Technology Park.
- Analysis on use of landfill biogas and integration into the natural gas networks at the Lapatx and Gardelegi landfills and the Crispijana WWTP (Vitoria-Gasteiz), all within the framework of the agreement between EVE and NORTEGÁS.

Other activities

- Ente Vasco de la Energía heads the biomass task force of ENERAGEN (the Spanish Association of Energy Management Agencies).

WIND ENERGY

Project identification and development

- AIXEINDAR, joint-owned by EVE and Iberdrola, has begun the preliminary licensing process for four wind farms (on Mounts Iturrieta, Arkamo, Labraza and Azaceta) with total installed capacity of 250 MW, and continues to seek possible new locations for wind power capacity in the Basque Country.
- Initiatives to develop floating platforms for installing offshore wind turbines, and discussions on installation at BiMEP. Companies such as SAITEC have advanced plans to begin manufacturing a device and install it at the BiMEP site.

BiMEP has obtained a H2020 project which will enable sensoring of the test turbine in Mutriku

Other activities

- Support for the MSc in Renewable Energy in the Marine Environment (REM) being promoted by the University of the Basque Country.

GEOTHERMAL

Project identification and development

- Participation in the ATELIER project, in collaboration with Bilbao City Council, to provide a technical solution based on geothermal energy for the Zorrozaurre project.
- Participation in the RELATED Project to promote low-temperature heat networks.
- Studies for promoting geothermal technology in industry and services.
- Study for application of hydrothermal technology in the port of Bermeo (Bizkaia).

MARINE ENERGY

BiMEP S.A. project

- Discussions are ongoing to attract technology developers to the test site at Armintza. Finnish company Wello Oy will install its device in BiMEP in 2021.

Mutriku Project

- By December 2020, the wave energy plant had an accumulated electricity output of 2.25 GWh.
- BiMEP has obtained a H2020 project (called VALID), which will enable sensoring of the test turbine in Mutriku.

Promotion activities

- Over the next two years, EVE is to coordinate the Atlantic Arc Commission's Marine Renewable Energies working group.
- EVE will participate in the five-year EuropeWave project for European pre-commercial procurement of wave energy harnessing devices, approved by the European Commission.

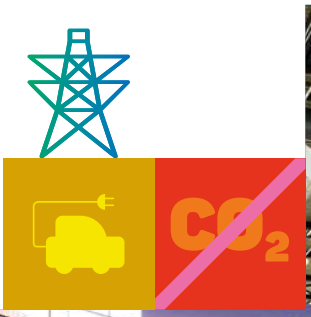
USE OF RESOURCES

Ente Vasco de la Energía has a total of 346 renewable electricity plants. Together, they produced 33,586 MWh in 2020. This was 12% below forecast, mainly due to unfavourable weather conditions.

FORECASTS AND PERCENTAGE ACHIEVED

Results 31-12-2020

PLANTS		ACCUMULATED ANNUAL	ESTIMATED ANNUAL OUTPUT	PERCENTAGE OF FORECAST
Landfill biogas (1 plant)	kWh	4,301,499	5,500,000	78.2%
Photovoltaic (337 plants)	kWh	6,419,704	7,517,000	85.4%
Small hydro (7 plants)	kWh	22,596,864	25,015,000	90.3%
Wave energy (1 plant)	kWh	267,852	280,000	95.7%
TOTAL	**kWh**	**33,585,919**	**38,312,000**	**87.7%**



DISTRIBUTED GENERATION AND DEMAND MANAGEMENT

GENERAL CONTEXT

Throughout 2020, progress continued on switching the Basque Country to a new energy model, with a greater contribution from renewables to power generation, which is becoming increasingly atomised and distributed. Electrification of the economy also continues progressively.

Royal Decree 244/2019 was passed into law on 5 April 2019, regulating the administrative, technical and economic conditions for self-consumption. Its effects were felt in 2020, with a boost to renewable self-consumption. Other significant legislative developments included the publication in 2020 of three Royal Decrees further contributing to this expansion: RDL 23/2020 of 23 June, RD 960/2020 of 3 November and RD 1183/2020 of 29 December.

Paralleling these developments, there was a very considerable drop in the price of solar photovoltaic installations, with cost prices now falling well below €1/Wp.

KEY PHOTOVOLTAIC PROJECTS

EKIAN

The 24 MW photovoltaic project in Ribera Baja (Araba-Álava) came on line at the beginning of 2020, generating a total of 32.8 GWh during the year.

This public-private partnership initiative required overall investment of 24 million euros. Ente Vasco de la Energía —through CADEM— has a final stake of 4.167% in the business, equivalent to ownership of 1 MW of the plant's total output.

EKIENEA

The public-private company EKIENEA S.A. was set up to build and operate a solar photovoltaic facility in Armiñón (Araba-Álava) with an installed capacity of 125 MWp, and investment of close to €90 million. It is joint-owned by Eólicas de Euskadi, S.A. (75%), CADEM-EVE (18%), LKS Energy Berri, S.L. (5%) and the Provincial Government of Alava (2%).

EKIENEA will cover a land area of 200 hectares, of which approximately 100 hectares will be taken up by the photovoltaic plant itself and the remaining 100 hectares will be used for environmental compensation and forest conservation.

Engineering work is currently underway, and applications have been submitted for the necessary permits.

EKIOLA

The company EKIOLA ENERGIA SUSTAPENAK, S.L —joint-owned by Ente Vasco de la Energía (25%) and KREAN (75%)— was set up to promote Citizen Energy Communities on a cooperative basis.

This formula will enable the development of significant energy infrastructures (solar farms of 1–5 MW of power), generating local energy. The ultimate aim is that members of the cooperative will be able to take advantage of the savings associated with photovoltaic installations.

Contacts have now begun with a number of municipalities and public administrations to advance the various studies required to launch the first cooperatives in 2021.

FLOATING PHOTOVOLTAIC PROJECT

A new global market of floating facilities is currently emerging and Basque companies will need experience and trials to gain access to international competitions and markets. Working with Tecnalia and Iberdrola, EVE has studied several sites to incorporate floating photovoltaics on the water surface. These include the Ulibarri-Gamboa reservoir, the Ordunte reservoir and the Gartxeta irrigation pond in Orduña.

SELF-CONSUMPTION PROJECTS

Analysis to detect projects for self-consumption facilities in publicly-owned buildings, industrial facilities and condominiums.

ADVICE TO OTHER GOVERNMENT AUTHORITIES AND INDUSTRY AGENTS

- Advice on installation of solar photovoltaic panels on buildings owned by the Basque Government and public-sector companies: the Department of the President (*Lehendakaritza*), Euskotren, SPRI, Garbiker, Azterlan, Aberekin, Zabalgarbi, technology parks, etc.
- Study on enlargement of the solar photovoltaic facility at the Bilbao Exhibition Centre to 1 MW for self-consumption.
- Analysis for adaptation of photovoltaic facilities owned by EVE and other agents, with the aim of enabling self-consumption (Bastida Ikastola, Visesa, Alokabide, etc).
- Analysis of the potential for incorporating photovoltaic in 65 possible locations, all degraded sites such as quarries, rubble tips and landfills. Among these, a more detailed analysis was made of the Gardelegi Landfill in Vitoria-Gasteiz due to its size.

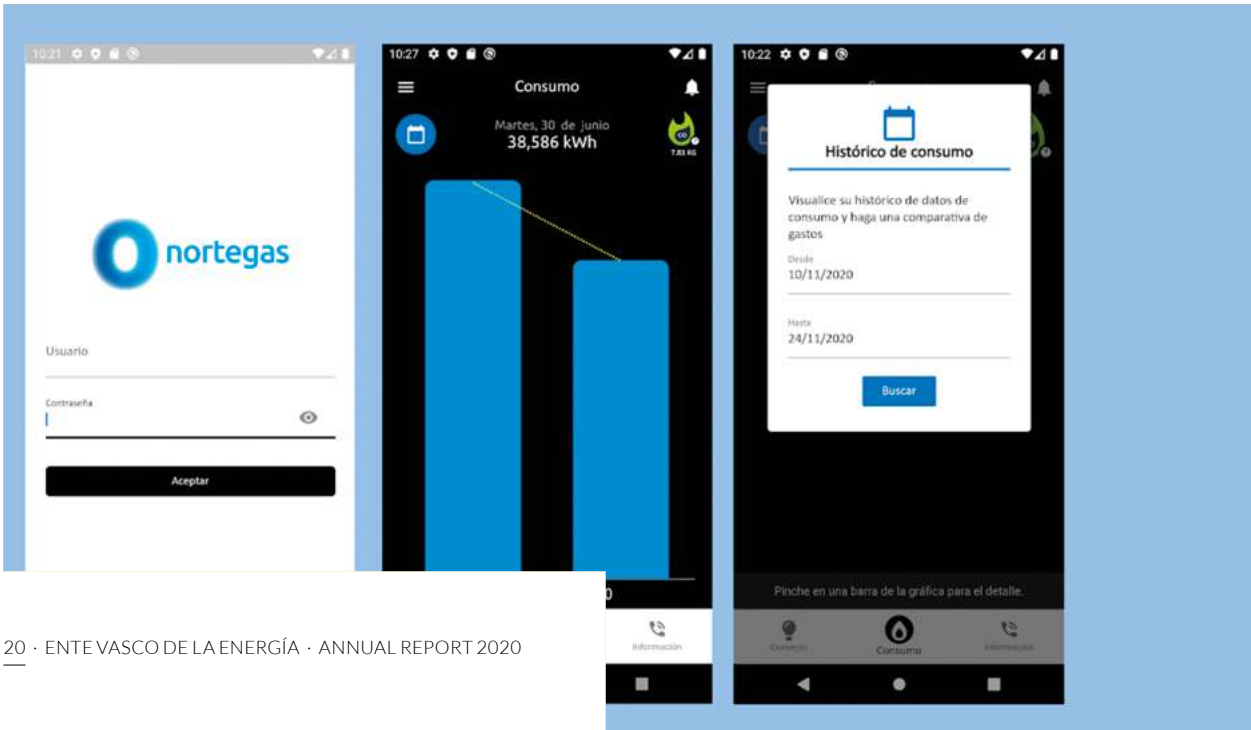
LOCAL ENERGY COMMUNITIES

A process was launched in partnership with other agents, including Oyón Town Council and the Government of Navarre, to create local energy communities.

DIGITALISATION OF THE ENERGY INDUSTRY

In this area, work was carried out on the following projects:

- BIDEGAS project for digitalisation of the natural gas distribution network in the Basque Country, in partnership with Nortegas. 1,000 domestic gas meters in the town of Ugao-Miraballes have been replaced by smart meters with remote reading capacity. A platform for energy management of the gas distribution network, operated by Nortegas, has also been developed, with a specific app for users.
- IREMEL project aimed at creating a local flexibility market management platform together with IDAE, OMIE, i-DE, Iberdrola Generación, Ibil and Petronor.



ENERGY SUSTAINABILITY IN THE PUBLIC ADMINISTRATION

The Basque Energy Sustainability Act (Ley 4/2019) sets the regulatory bases for energy sustainability among public administrations. EVE provides support to both the Basque Government and local administrations in complying with the law.

It supports the government's departments and dependent organisations in carrying out energy audits and certification of their buildings and provides them with technical advice on implementing energy efficiency and renewable energy measures. In 2020, audits were performed on 215 buildings belonging to the Departments of Education and Security, identifying measures for reducing energy consumption and encouraging the use of more sustainable alternatives. A number of feasibility studies were also carried out for renewable energy installations in the Department of the President (*Lehendakaritza*), and in the Basque network of technology parks.

These audits are part financed by the ELENA programme, managed by the European Investment Bank and the European Commission.

An advisory service was also made available to Basque municipalities currently working to apply the Energy Sustainability Act. The service provided them with criteria for drawing up inventories and action plans that will enable them to achieve 2030 targets in their facilities. *Comarca* (supra-municipal, sub-provincial) associations have often been the catalysts for this coordination and dissemination work.

EVE also continued to provide support to municipalities that have signed up to other voluntary agreements on energy improvement through the Covenant of Mayors initiative, advising them on the best ways of meeting their commitments. It actively collaborated with the Udalsarea 2030 network of municipalities, offering information on energy consumption and participating in technical groups to draw up a guide for energy and climate action plans. The Energy Sustainability Act supersedes the "Advancing towards the Covenant" initiative, which set commitments for member municipalities, and the scheme was brought to an end in 2020.

A number of feasibility studies were carried out for renewable energy installations in the Department of the President and in the Basque network of technology parks

Around 38,000 applications were received, of which grants were awarded to around 27,000

GRANT SCHEMES

Twelve aid programmes were published during 2020:

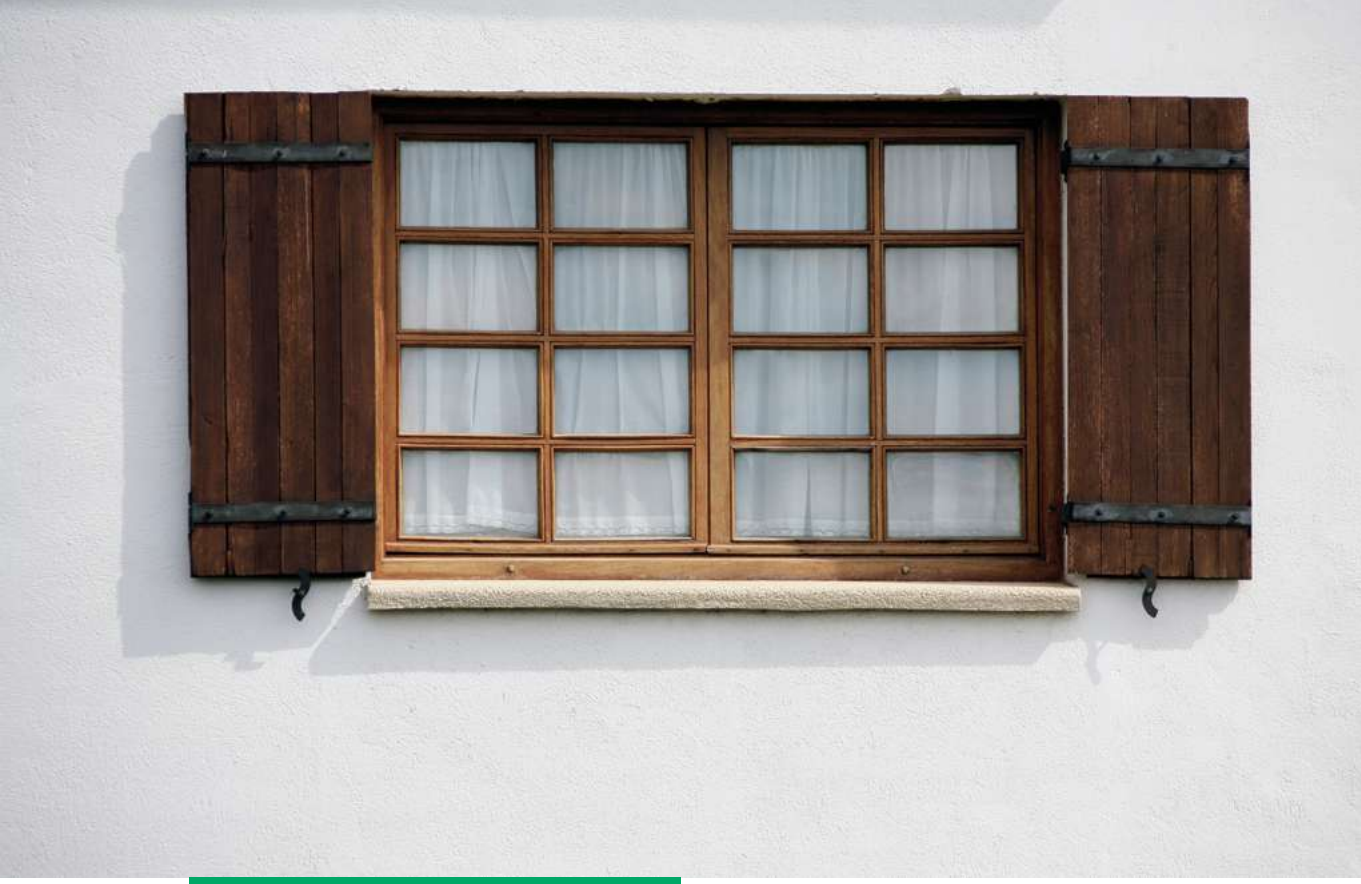
- **Eight aid programmes in energy efficiency targeted at specific sectors**: two programmes for the tertiary sector, one of which is specific to existing buildings with funds from the Institute for Energy Diversification and Saving (IDAE), one aimed at local public administrations, three programmes for actions in transport (one with funding from the IDAE) and two Renove scrappage plans for windows and domestic appliances.
- **Four aid schemes in renewable energy**: biomass, geothermal, renewable electrical installations and marine energy.
- EVE also managed the **aid programme for the industrial sector**, published in 2019, with funding from the IDAE.

The total budget came to €46,441,473, of which €15,791,473 came from IDAE funds. Around 38,000 applications were received, of which grants were awarded to around 27,000.

Declaration of a state of emergency on 14 March 2020 and the subsequent Covid-19 health emergency made it necessary to extend some of the calls for EVE aid programmes to 2021 (not including Renove scrappage schemes). The figures shown in this report do not, therefore, cover the entire call.

The main results in the area of **Energy Efficiency** (rational use of energy) were as follows:

- Of the 169 projects submitted to the aid programme for the **industrial sector** (IDAE, in force from 2019), 122 were granted aid, totalling close to ten million euros. Induced investment is calculated at €55.6 million, with total savings of 13,497 toe/year.



The efficient transport and mobility aid programme received nearly 400 applications, of which 200 were deemed eligible for support

> In the programme of aid for energy efficiency and solar thermal in the **tertiary sector**, of nearly 180 applications received, 115 received support, to a total of over €1.27 million. In this area, HVAC and indoor lighting projects were particularly significant. Total induced investment for these projects came to around €11.3m, resulting in overall energy savings of 1,900 toe per year.

> Of almost 100 applications received for the programme of aid for **local government**, 73 projects —mostly involving renovation of outdoor public lighting— were granted aid, totalling €500,000. Total induced investment for these projects is estimated at €4.2 million, with energy savings of close to 700 toe/year.

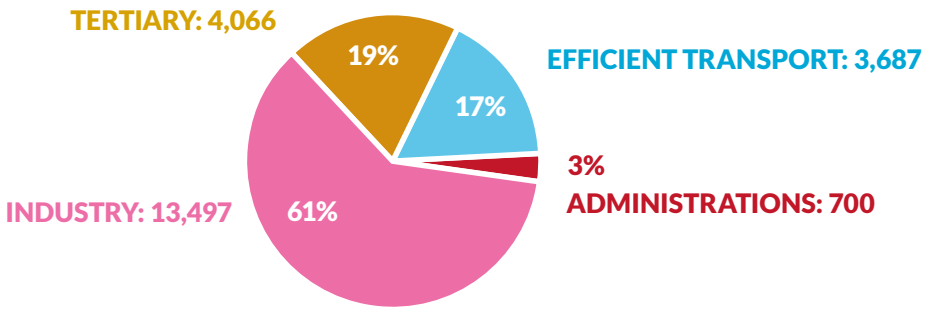
> The **efficient transport and mobility aid programme** received nearly 400 applications, of which 200 were deemed eligible for support, receiving a total of €750,000 The greatest number of projects in this area involved infrastructure facilities. Total induced investment came to over €10.2 million, providing energy savings of over 516 toe/year.

> Approximately 7,300, 5,250 and 22,500 applications were submitted for the **Renove vehicle, window and household appliance scrappage schemes** respectively, giving a total of 35,000 applications. Altogether, 25,000 were considered eligible and received total aid of nearly €14.5 million. Induced investment came to 165.3 million euros, with energy savings of 4,036.6 toe/year.

- In the **MOVES II** programme, aimed at promoting e-mobility and alternative fuels, of almost 600 applications received, 500 were awarded grants totalling two million euros. Induced investment stood at around €21 million with energy savings of around 1,300 toe/year.
- Finally, in the **programme for energy rehabilitation in buildings (PREE)**, more than 300 applications were received with a total potential induced investment of €114.5 million.

Total savings in all aid programmes targeting energy efficiency were in excess of 21,949.6 toe/year. The breakdown is shown in the graph below:

SAVINGS BY SECTOR. TOE/YEAR



Key results in the area of **Renewable Energy** included:

> In the aid programme for **biomass**, over 100 applications were processed, of which 75 were awarded aid totalling more than €290,000. In this area, the number of low-power (10-70 kW) installations commissioned was particularly significant. Total induced investment from the projects came to around €4.1 million, with new installed thermal power of 786 kW.

> Of the 70 applications submitted for the **geothermal** aid program, 48 projects were deemed eligible and received aid totalling close to €300,000 euros. Low-power installations (<70 kW) continue to account for a major proportion. Total induced investment from the projects was close to €38.8 million, with new installed thermal power of 1,489 kW.

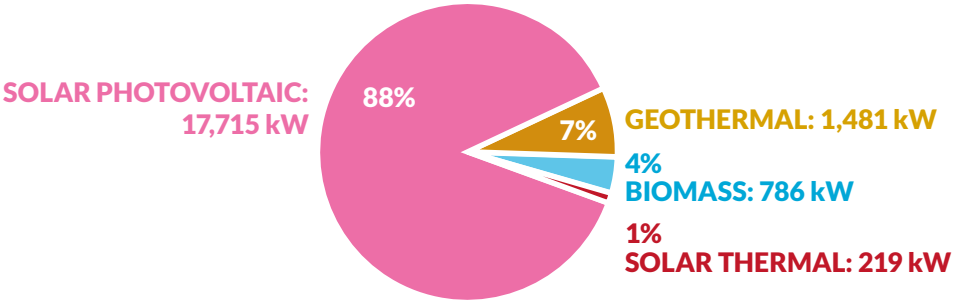
Nearly 850 applications were submitted to the aid programme for renewable electrical facilities, of which 646 projects were awarded aid

> Nearly 850 applications were submitted to the aid programme for **renewable electrical facilities**, of which 646 projects were awarded aid totalling close to three million euros. Most of the projects involved photovoltaic facilities for electricity self-consumption. Total induced investment from execution of the projects came to €23.9 million, which will result in a new installed electrical capacity of 17,751 kW.

> During 2020, two projects were submitted to the support programme for **marine energy**, which will be developed over the period 2020-2022. The two projects are prototypes for electricity production, one based on the use of wave energy and the other a floating platform for a marine wind turbine. Total investment is predicted to come to €6.5 million.

Together, all the different renewable energy projects will enable a 9,600-toe cut in conventional energy use. At the same time, around 20,500 new kW of renewable energies will come on line, as shown in the graph below.

INSTALLED RENEWABLES (kW)



INTERNATIONAL

The mission of EVE's international area is to generate knowledge, ideas and opportunities that will increase the value of activities and projects in strategic areas (measured in terms of operating effectiveness and economic efficiency) by participating in collaboration projects financed by international bodies.

In 2020, two new proposals were submitted to the H2020 programme and one to the Innovation Fund programme.

During 2020, EVE participated in the following European projects:

PROGRAMME	PROJECT	AREA	SHORT DESCRIPTION	EU GRANT	END
H2020	MARINET 2	Marine	Access for technology developers to the test site at the Mutriku OWC plant.	€103,000	Jun-21
H2020	OCEANERANET COFUND	Marine	Continuation of OCEANERANET. Coordination of aid programmes for ocean energy.	€799,000	Dec-21
H2020	SmartenCity	Urban regeneration	Support for regeneration of the Coronación neighbourhood of Vitoria-Gasteiz.	€51,000	Jul-21
H2020	EuroPACE	EE in building	Involvement in adapting the PACE financial instrument (support for energy renovation in buildings) to the Basque Country.	€164,000	Aug-21
ELENA	CODESO	EE in public authorities	Support to the Basque Government on improvements in energy efficiency of its buildings.	€1,400,000	Dec-21
H2020	OCEANSET	RE	Support for implementation of the SET-PLAN for marine energy	€24,500	Feb-22
H2020	RELaTED	EE in building	Support to the Basque Government's security department in demonstration of a low-temperature heating network.	€162,000	Apr-22
H2020	HIROSS4all	EE in building	Programme for support in building refurbishment	€170,000	May-22
H2020	ATELIER	Renewable Energy	Support for the Zorrozaurre demonstration project (Bilbao)	€316,000	Oct-24
LIFE	URBANKLIMA 2050	Renewable Energy	Support for implementation of the Basque Strategy on Climate Change 2050	€1,095,000	Dec-25

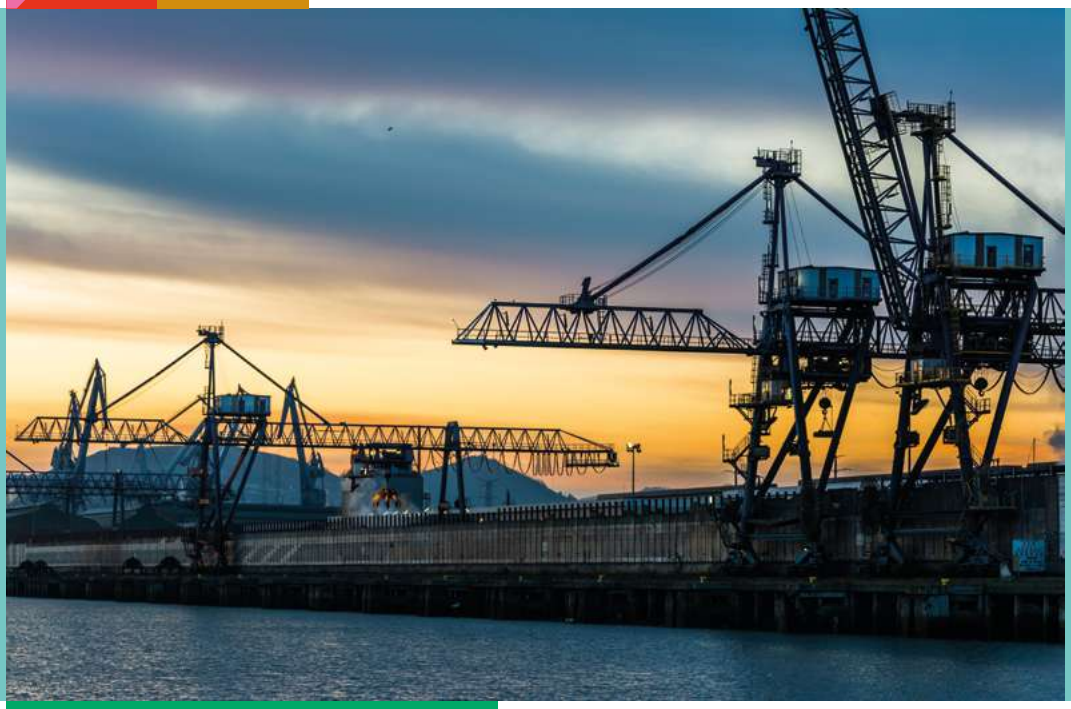
5

STUDIES AND PLANNING

STUDIES AND INFORMATION

During the year, a number of studies and sectoral and market analyses were undertaken to provide a more accurate picture of the Basque energy situation. Particularly important was the study of energy use in industry, which provides a clear picture of the energy situation of Basque industry, broken down by sub-sector. Other studies included an analysis of European energy balances, energy certification for buildings and several regulatory analyses.

The study of energy use in industry was particularly important



Given the special situation, in 2020 the agency also published weekly energy reports

EVE publishes annual energy statistics, updated historical series and annual energy balance sheets for the Basque Country. It also makes an analysis of the distribution of municipal energy consumption, a study of trends in carbon emissions in energy and an annual compilation of energy statistics in the Basque Country (Euskadi Energía). In light of the special situation in 2020, in addition to the monthly reports on the Basque energy situation and the information service for third parties, the agency also drew up weekly energy reports to determine the impact of the pandemic.

Given the importance of the residential sector in meeting medium- and long-term energy targets, a specific study was completed in 2020 of scenarios for energy rehabilitation in Basque homes, assessing costs, energy impacts and the reduction in emissions that might theoretically be attained by implementing different alternatives for energy improvement in buildings.

ENERGY STRATEGY OF THE BASQUE COUNTRY 3E2030

In 2016, the Basque government approved the Basque Energy Strategy for the period 2016-2030 (3E2030), following completion of all relevant procedures and formalities, including a strategic environmental assessment and a public consultation stage. An assessment was also made of actions carried out during the period 2016–2019. Progress for the period has been on target in the area of energy efficiency, above target in renewable energy and partially in energy resources, and below target in the reduction of oil consumption in transport (where the figure has actually grown). Overall, accumulated progress at the end of 2019 stood at 23.6%, ahead of the annual target.

REGULATION

Following the Declaration of Climate Emergency signed in July 2019 by the Basque premier, announcing "urgent and ambitious actions", work on the Basque Energy Transition and Climate Change Act began in 2020. The new law targets greenhouse gas emission neutrality by 2050 and seeks to prepare the region better for the effects of climate change. In addition, a number of new regulations on energy sustainability in the Basque public administration and the private sector were issued. These included Decree 254/2020 of 10 November 2020, on Energy Sustainability in the Basque Autonomous Community, which develops on Act 4/2019, of 21 February 2019, some aspects of which required greater detail.

In Spain in general, the wave of change that began in 2019 continued in 2020. The competition regulator (CNMC) continued its ongoing initiatives, including publishing circulars on the methodologies to be used for calculating network access charges and tolls and remuneration for regulated activities in

the electricity and gas sectors. At a ministerial level, numerous public consultation processes were set up to establish roadmaps for regulating certain energy activities and technologies. Work also continued on the Climate Change and Energy Transition Bill, which is essential for establishing and developing the bases for the decarbonisation process.

As part of the European Green Pact, the European Commission has proposed raising the 2030 target for reduction in greenhouse gas emissions, setting the bar at 55% of 1990 levels. The Commission has looked at the measures required in all sectors, including increased energy efficiency and renewable energy, and has begun the process of presenting legislative proposals by June 2021 to achieve this target. Among other actions, work has begun on reviewing the directives on energy efficiency and renewable energies. In addition, issues have been raised such as the definition of trans-European energy infrastructures, the study of financing mechanisms for certain technologies, and the improvement of recharging or refuelling infrastructures.

TECHNOLOGY WATCH

During 2020, work continued on rolling out the Technology Watch and Competitive Intelligence (VT-IC) already consolidated in 2019, throughout the organization and on incorporating non-technical staff members from different cross-cutting areas.

The aim of this system is to capture information of strategic importance for the organization and detect opportunities and challenges for action related to implementation of its mission and strategy plans. A systematic approach is used to identify action projects of interest, as well as possible partners and collaboration networks with which they could be developed.

It constitutes an organised, systematic, selective and permanent process of finding and analysing information that can be turned into knowledge, in order to reduce risks in decision-making and improve competitive positioning. In 2020, eight technology watch units were in place, with 58% of the organisation participating in them.

6

GEOLOGICAL RESOURCES

The main mission of the Geological Resources Area is to identify mineral and hydrocarbon resources in the Basque Country. The area is structured into two complementary lines: oil & gas exploration and production, performed through Sociedad de Hidrocarburos de Euskadi, S.A. (SHESA), and geological/mining investigation, through the Department of Geological and Mining Resources.

OIL & GAS EXPLORATION AND PRODUCTION

Climate change is an undisputed reality which is now shaping our energy policy. The future of global energy supply clearly lies in renewables. Nonetheless, the process of transition from the former energy model—based largely on fossil fuels and nuclear energy—to the full integration of renewables is forecast to take decades (the EU plans to complete its switch to a carbon neutral economy by 2050). In the meantime, natural gas will be the most important backup source of energy, since it is the cleanest of all fossil fuels, with low emission rates of carbon, NOx and volatile organic compounds.

One of the central pillars of the 2030 Basque Energy Strategy is to harness local energy sources. This covers both renewables and natural gas, through investigation projects being developed

by Sociedad de Hidrocarburos de Euskadi (SHESA) that will ensure supply and reduce the (economic and environmental) costs of importation.

In 2019 SHESA published a carbon footprint study, calculating that approximately 1.3 million t CO_2 equivalent/year of emissions would be avoided if all the gas consumed in the Basque Country were produced locally. This is equivalent to the emissions avoided by 8,510,756 solar panels, 518 wind turbines or 2,560,000 mature trees.

These findings underline the importance of SHESA's mission, given that prospecting in the Basque Country mainly focuses on natural gas.

During 2020, SHESA continued to participate in research projects in the Basque-Cantabrian Basin and neighbouring areas, expanding its documentary databases.

PARTICIPATION IN EXPLORATION PERMITS

SHESA currently has holdings in the following exploration permits and/or operating concessions:

Angosto-1

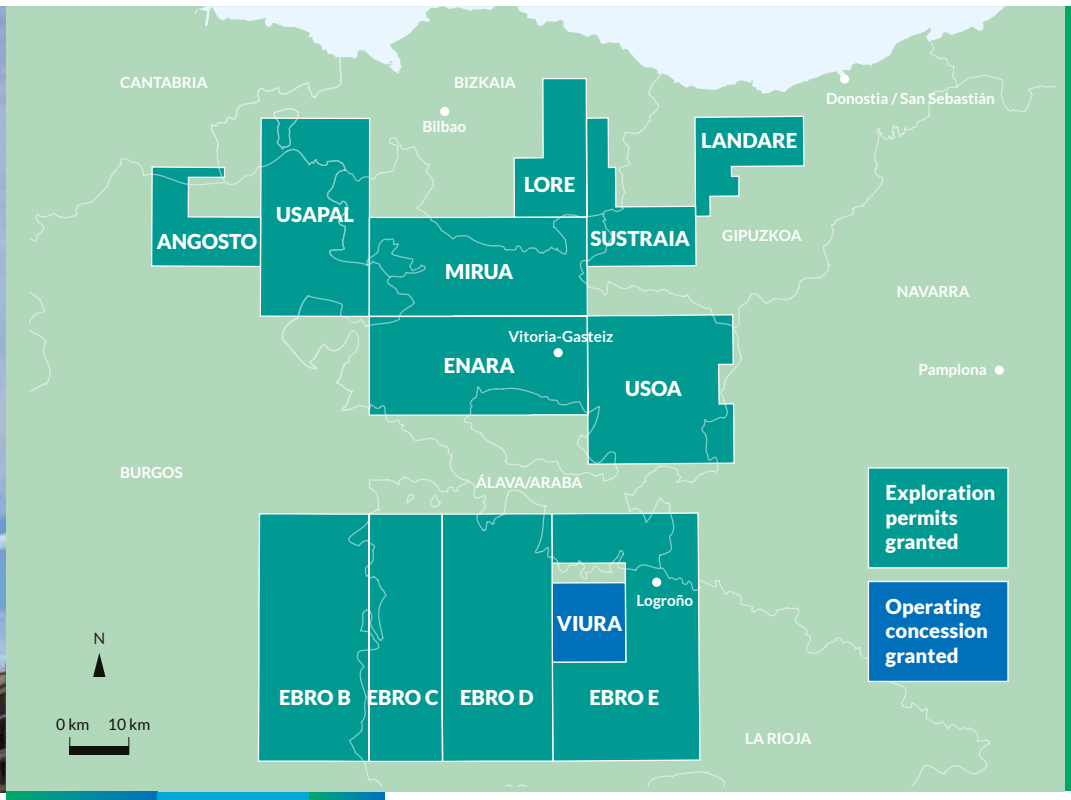
The permit is jointly owned by Sociedad de Hidrocarburos de Euskadi, Petrichor Euskadi Coöperatief UA, (Sucursal en España) and Cambria Europe, Inc. (Sucursal en España). In July 2016, following the Basque Government's announcement of its decision not to use hydraulic fracturing, an application was submitted to the Ministry of Industry, Energy and Tourism (MINETUR) for expiry of the period of the permit, which is still awaiting resolution.

Viura Operating Concession, derived from the Cameros-2 and Ebro-A Exploration Permit

Drilling and tests were performed at the Viura-1 well between 2009 and 2010 with positive results. As a result, complementary work (3D seismic, Viura-3 well, short-term production tests, etc.) were undertaken, after which a gas treatment plant and auxiliary gas pipelines were built in 2014 to carry out a long-term production test. The plant was commissioned, and a production test begun in the first quarter of 2015, after which the first gas began to be sold to the network (continuously from 2 March 2015).

The most significant activities in 2020 included production from the Viura field, with a total of 41 million Nm^3 of gas extracted during the year. Accumulated output from the field now amounts to 380 million Nm^3.

With the "Viura" operating concession now awarded, we are continuing the administrative process of terminating the former Cameros-2 and Ebro-A exploration permits.



Ebro B, C, D and E

The "Ebro-B", "Ebro-C", "Ebro-D" and "Ebro-E" hydrocarbon exploration permits are joint-owned by Sociedad de Hidrocarburos de Euskadi, Unión Fenosa Gas E&P and Oil&Gas Skills. In 2017 an application was made to the Ministry of Energy to renounce continued research in these permits. This application is currently pending resolution.

Enara, Mirua, Usapal and Usoa Permits (Gran Enara project)

These permits are joint-owned by Sociedad de Hidrocarburos de Euskadi, Petrichor Euskadi Coöperatief UA, (Sucursal en España) and Cambria Europe, Inc. (Sucursal en España).

Initially, it was decided to use hydraulic fracturing as the best technique for assessing and stimulating the site, which is linked to the Valmaseda formation. At the proposal of the Basque Parliament, in July 2016 the Basque Government announced its decision not to allow use of the technique, and it was therefore decided to assess the deposit using conventional advanced techniques. In 2016, we applied for authorisation to drill the Armentia-2 conventional exploratory well. This application was processed via environmental assessment.

Following the public information process in 2018, a favourable Environmental Impact Statement (EIS) was obtained on 27 November 2019 for the *Armentia-2 conventional hydrocarbon exploratory well.*

In October 2020, an application was submitted to Vitoria-Gasteiz City Council for a municipal works licence for the Armentia-2 well.

Saia

Sociedad de Hidrocarburos de Euskadi is the sole owner of this permit, awarded in December 2012. In December 2019, it finally waived its rights to continue exploration at this license. This was authorized by an order of 14 May 2020 from, of the Regional Minister of Economic Development and Infrastructures, published in the Official Gazette of the Basque Country (BOPV) No. 140 on 17 July 2020.

Consequently, this license is now officially terminated for all purposes.

Lore, Landarre and Sustraia

The Sustraia, Landarre and Lore licenses, jointly owned by Sociedad de Hidrocarburos de Euskadi and Petrichor Euskadi Coöperatief UA (Sucursal en España), were awarded in October 2018. During the first year of application, and following initial geological and geophysical studies, partial voluntary waiving of the rights was requested and authorised, with publication of the Regional Minister for Economic Development and Infrastructures's Order of 9 December 2019 (published in the Official Gazette of the Basque Country (BOPV) No. 10, 16 January 2020), authorising partial voluntary waiving of the hydrocarbon exploration permits "Lore", "Landarre" and "Sustraia", located in the Autonomous Community of the Basque Country. In 2020, technical desk studies continued, comprising geological interpretation of seismic reprocessing.

Environmental aspects

The following fieldwork was carried out during the year:

> Production operation from the Viura field, with natural gas piped into the gas network and marketed.

None of these works had any environmental impact. In positive terms, the local production of gas had an associated savings in emissions in 2019 estimated at 50,313 tonnes of CO_2 equivalent.

GEOLOGICAL AND MINING RESEARCH

DEPARTMENT OF GEOLOGICAL & MINING RESOURCES

The main objectives of the Department of Geological & Mining Resources are:

- To provide, maintain and update geological and mining documentary infrastructure, in its role as the geological and mining service of the Basque Country.
- To identify geological and mining resources of interest, such as industrial rocks and minerals, metal ore, geothermal resources and possible underground geological storage sites.
- To provide technical assistance to the Basque Government's Department of Economic Development, Sustainability and the Environment on legislation on mining activity and monitoring of abandoned mine works.

The principal actions carried out in the area in 2020 included:

- Technical support to the affiliate Micronizados Naturales S.A., which manufactures mineral loads of calcium carbonate.
- Technical support to Sociedad de Hidrocarburos de Euskadi S.A., in work related to regional, surface and subsoil geology.
- Technical assistance to the Basque Government's Department of Economic Development, Sustainability and the Environment in risk assessment of abandoned mining structures. Key actions during 2020 included:
  - Management and follow-up of monitoring of the fines pond at the Troya Mine (Gabiria-Mutiloa).
  - Support in matters related to the Mines Registry.
  - Monitoring of the site design to resolve safety issues in the area around the Kaolin-Eder pithead (Altzo, Gipuzkoa).
  - Geotechnical solution plans for access to the Troi pithead.
- Improvements and introduction of new tools in the "Basque Geo-Mining Portal".

Improvements and introduction of new tools in the "Basque Geo-Mining Portal"

In the area of geological information and infrastructure:

- Mapping and digitisation.
  - Publication of seven 1:25,000 geological maps using LIDAR (*).
  - Tender for the remaining 61 quadrants at 1:25,000 by LIDAR.
  - Execution of 50% of the geological and cartographic interpretation of the coastal area of the Basque Country from 100m to 200m depth (*).
  - 3D-modelling of the Basque-Cantabrian Basin (**).
  - Digitization of 10 detailed geological cartography maps.
  - Digitization of 330 mining research drilling logs.

  Through collaboration agreements with the University of the Basque Country (*) and the Spanish Geological and Mining Institute (**).
- Subsoil survey.
  - Work for installation of 12 stations and complete launch of the permanent network for measurement, control and monitoring of seismic activity in the Basque Country (EUSKALSIS).
  - Statistical study of the litho-geochemical analysis of 815 rock samples. In collaboration with the IGME.
- Mining research.
  - Work for low enthalpy geothermal research in the area of the Julia Mine, Bilbao.
- Geodiversity.
  - Promotion and proposals for valorisation of the Malaespera Mine (Bilbao).
  - Geological and mining heritage maps for the municipalities of Zerain, Mutiloa, Gabiria, Ormaiztegi and Legazpia.

7

COMMUNICATION IN TIMES OF PANDEMIC

Maintaining smooth communication activity in 2020 was a real challenge. Overnight, with practically no warning, Basque society found itself in the midst of a global pandemic, unprecedented in the last hundred years. In strange times in which contact, proximity and face-to-face visibility became practically taboo, we had to redevise all our planning with the aid of digital technologies in order to maintain our usual channels of communication. EVE too had to adapt to the changed circumstances, but new tools made it possible to keep in contact and ensure that our messages reached the public.

With an even more prominent role due to the situation itself, renewable energies were one of the main focuses of EVE's information during the year. The pandemic clearly showed the need to act and the importance of public action to improve the interaction of all human activity with the environment. Renewables are therefore one of the most important tools for the energy transition. During 2020, major solar projects such as Ekian were launched and numerous solar, wind and marine energy initiatives were presented, which will be developed over the coming months and which reflect the efforts being taken to achieve an ever cleaner energy supply for the Basque Country. Amongst the new features unveiled this year were the wind energy projects of new company Aixeindar, the marine devices using new technologies to be moored at BiMEP and the Ekienea solar plant. The year also saw new output records at other renewable facilities, such as the Mutriku wave power plant, the only one of its kind in the world.

The wind energy projects of Aixeindar, the marine devices using new technologies to be moored at BiMEP and the Ekienea solar plant were unveiled this year

The area of public aid also had a very busy year. To tackle economic difficulties arising from the health crisis, together with subsidies for the introduction of energy saving and efficiency measures and new renewable energy facilities that are published annually, specific aid was also launched to reduce residential energy consumption, as well as scrappage schemes

for household appliances, windows and private vehicles. Information was published on an almost daily basis in the media in this area, to provide the most up-to-date information possible on developments in the schemes.

The media covered these and other EVE activities closely. Altogether thirty-six press releases and communiqués were sent to the media, in addition to face-to-face, telephone and questionnaire interviews, which had a significant combined impact.

To mark World Energy Efficiency Day, a campaign was run during the first week of March in the online press and on outdoor media

Digital media also proved to be a valuable ally in achieving our goals, with both the website and social media playing a very significant role. Website readership increased during the year, peaking at 11,000 visitors on a single day in July due to implementation of the scrappage schemes; overall there were over 214,000 users and more than 1,000,000 page views. New contents on self-consumption have been added to the website, with a reformulated guide on energy saving in the home, "Energy in Everyday Life", while new gifs and mp4s were created and shared over social media. Social media were also used to provide information on work being carried out throughout the Basque Government's Department of Economic Development, Sustainability and the Environment.

Additional work was undertaken to publicise EVE's Corporate Social Responsibility work, including presentation of the Eki Foundation

In addition, there was also some face-to-face discussions for a brief period of time before the lockdown was declared in mid-March, and later in autumn, when EVE attended the following trade fairs:

- Berdeago Energy. 30–31 January 2020. Landako-Gunea, Durango.
- Go mobility. 11–12 March 2020. Ficoba Basque Coast Exhibition Centre.
- Bioterra. 9–12 October 2020. Ficoba Basque Coast Exhibition Centre.

Conferences and courses could not be staged as normal. During the year, two sessions were held via streaming video, setting out key features of grants for energy rehabilitation in buildings:

- 18/11/2020. Key features of the aid programme for Energy Rehabilitation in Buildings. Trade session.
- 19/11/2020. Key features of the aid programme for Energy Rehabilitation in Buildings. General public session.

EVE's advertising presence continued throughout the year, unaffected by the wider situation. Daily energy saving tips were broadcast on the main radio stations, and short information docuflashes were screened in EVE's time slot on the two channels of Basque public television. The organisation also maintained its presence in the print media in articles on economic matters and supplements on energy, infrastructures and innovation.

EVE's advertising presence continued throughout the year, unaffected by the wider situation

To mark World Energy Efficiency Day (5 March), a campaign was run during the first week of March in the online press and on outdoor media (advertising hoardings, scrolling advertising boards, public transport shelters, etc).

Finally, in the area of corporate communication, additional work was undertaken to publicise EVE's Corporate Social Responsibility work, including presentation of the Eki Foundation which, in collaboration with the Basque Energy Agency, is bringing solar energy to schools and hospitals in Africa; the latest expedition by mountaineer Alex Txikon, who relies exclusively on solar energy in his ascents; and the Indeus project, a collaboration between numerous public-sector companies to try to promote use of the Basque language in the business world.

8

OUR STAFF AND THEIR CAPACITY FOR ADAPTATION

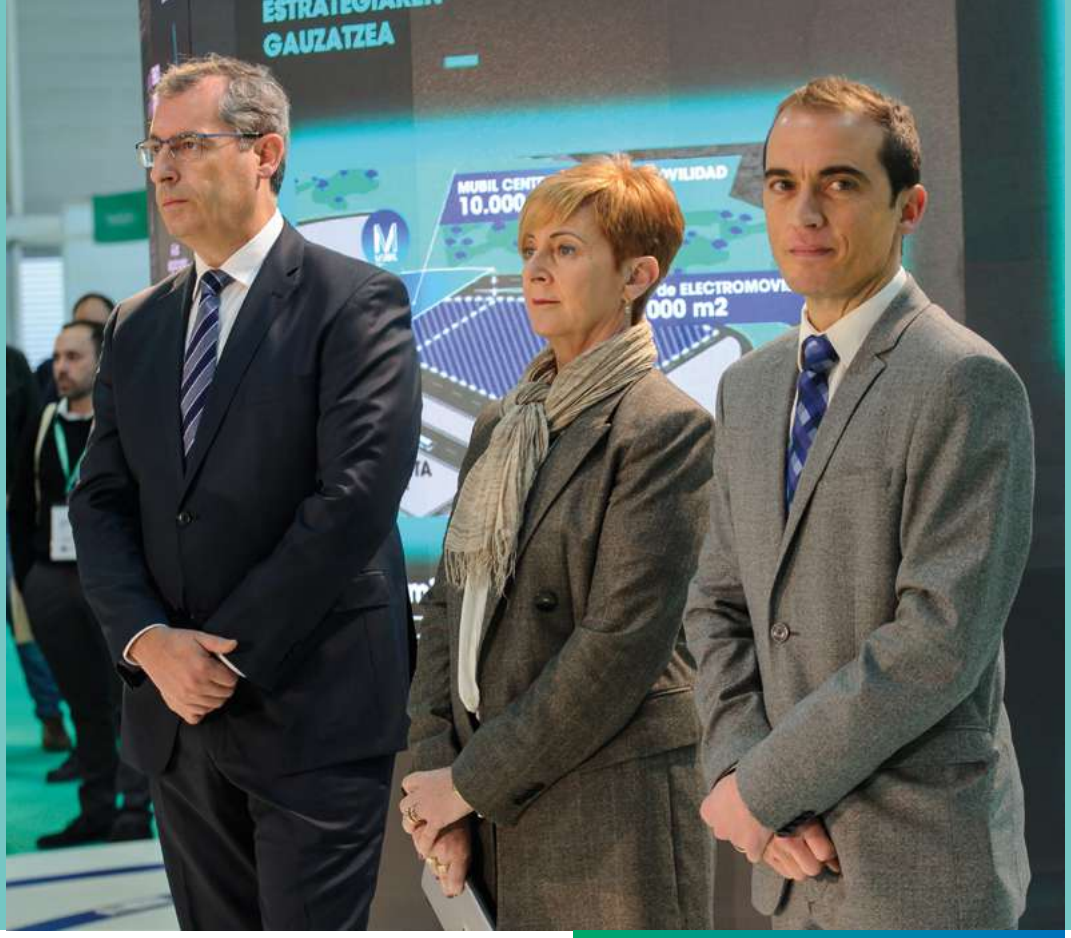
The Covid-19 pandemic has been an extraordinary event, with personal and economic repercussions that are still difficult to quantify. The outbreak of the virus, with a virulence and capacity for infection never seen before in our lifetimes, put to the test EVE's ability to adapt to adverse circumstances.

The situation placed great demands on the entire workforce, forcing staff and companies to redefine the way they act. It also turned the spotlight on new ways of working, organising and relating. In this regard, EVE showed itself to be fully prepared to react immediately to the lockdown and the consequent **home-working** regime. Its organisational structure and the management and communication tools adapted smoothly to the new situations, and the results were more than satisfactory, with no impact on productivity.

In addition, EVE continued to face the important challenges arising from the irreversible process of energy transition towards cleaner and more sustainable generation and consumption models.

Against this backdrop of uncertainty and change, EVE is now approaching its 40th anniversary. On the one hand, this means that it can draw on a wealth of knowledge and experience among its staff; however, it also means that a significant number of employees are fast approaching retirement age. As of 31 December 2020, the **average age of the workforce** was 50 years and 4 months. Eighty-four percent of staff have a university degree. Average time in the company was 19 years and 11 months. This level of experience and professional qualification is key to meeting the organisation's objectives. However, we cannot escape the fact that 39.7% of staff are now aged over 55. Among senior management, the situation is even more pronounced with 65% of staff in these tiers aged over 55. As a result, mechanisms are already being put in place to ensure a smooth **generational shift** and a transmission of knowledge.

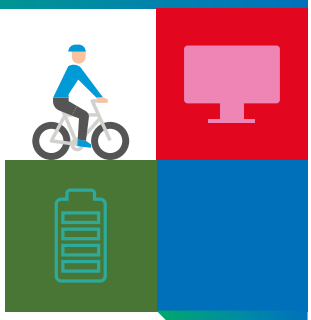
By **gender**, 55% of staff are male and 45% female. When the agency was first set up in the 1980s, its staff was overwhelmingly (95%) male, but in recent years the shift towards gender balance has intensified. As a result, while two thirds of staff aged 45 and over are male, amongst



the under-45s, the situation is the reverse (two thirds female to one third male).

There has been an improvement in **gender equality** in recent years. No discrimination has been detected in the selection and hiring processes, remuneration systems or opportunities for promotion. Mechanisms have also been put in place to improve employees' work/life balance. These include schemes to reduce working hours and the provision of parental leave, as well as opportunities for flexible hours and teleworking. All these actions have been intensified in the wake of the pandemic. The actions established in the EVE Group's current Equality Plan have been implemented to enable further progress in all aspects related to equality within the organisation (culture, people, communication and management).

EVE showed itself to be fully prepared to react immediately to the lockdown and the consequent home-working regime



Within the group's knowledge-management model, **training** is seen as a key element for adapting the skills and competences of staff and fostering their professional development. Over the year, 110 training activities were organised. Of these, 54 centred on upskilling and the remainder were related to the company's general systems (prevention, quality, environment, EVE classroom, etc.) and languages — essentially Basque, English and French.

Overall, there was a reduction in the number of courses and hours given. This was largely due to the fact that, given the impossibility of holding face-to-face training events, many organisations opted to suspend them or stage them in smaller formats than originally planned. As a result, 6,111 training hours were given, of which 4,400 were in working hours. This represents a ratio of training-to-work time of 4.9%. Adding the time spent out of working hours, total dedication to staff training came to 6.8%. Employees rated their satisfaction with training activities at 8.3 out of 10.

Employees rated their satisfaction with training activities at 8.3 out of 10

Continued progress is being made in the **Plan for Standardisation of Use of the Basque Language**, which is being developed in four main areas: corporate image and communication, external relations, internal relations, and language management.

The **Corporate Agreement** for the period 2018-2020 remained in force. Among other aspects, the agreement includes significant advances towards promoting improved work/life balance, through greater working flexibility, an increase in paid leave for private matters, and the launch of teleworking, which was further ratcheted up in 2020 as a response to Covid-19 prevention and containment measures.

The **structural workforce** remained unchanged, although a number of extra workers were hired on a temporary basis during the year to cope with the extraordinary workload resulting from the expansion of support programmes.

EVE GROUP STRUCTURAL WORKFORCE

	MANAGEMENT STAFF	TECHNICAL STAFF	ADMINISTRATIVE STAFF AND OPERATORS	TOTAL
Ente Vasco de la Energía	9	45	8	62
Sociedad Hidrocarburos de Euskadi	1	6	1	8
BiMEP	1	3	-	4
TOTAL	**11**	**54**	**9**	**74**

9

KEY FINANCIAL FIGURES FOR 2020

- In 2020, EVE transferred €26 million in dividends to the Basque Government.
- Turnover (from sale of electricity generated at EVE-owned renewable energy plants) totalled €2.3 million.
- Dividends from affiliates, the main source of income, came to €11.6 million, as compared to €44.7 million in 2019.
- A total of €22.3 million was awarded in grants under the energy efficiency and renewable energy subsidy schemes, €9.3 million up on the previous year.
- EVE recorded net losses for the year of €16.8 million.

KEY FIGURES. BASQUE ENERGY AGENCY. € X 000

ITEM	2016	2017	2018	2019	2020
Income for the year	23,522	25,839	36,103	50,898	14,879
Investments for the year	4,723	6,991	1,733	853	1,543
Equity	147,316	156,981	179,305	205,310	162,485
Total assets	157,218	167,865	187,805	218,960	196,413
Profit/loss after tax	16,685	9,665	22,324	26,005	-16,820

INCOME STATEMENT. BASQUE ENERGY AGENCY
FOR YEARS ENDING 31 DECEMBER 2020 AND 2019. ALL FIGURES IN EUROS

OPERATIONS CONTINUED	2020	2019
Net turnover	2,310,922	2,502,622
Other operating income	975,926	3,682,905
Personnel expenses	(4,654,341)	(4,441,586)
Other running costs	(22,841,119)	(17,641,072)
Depreciation in fixed assets	(1,124,146)	(1,343,689)
Allocation of grants of fixed assets	7,201	105,828
Impairment loss and losses/gains from disposals	(555,532)	(527,792)
Other profit/loss	8,784	4,663
OPERATING PROFIT	**(25,872,305)**	**(17,658,121)**
Financial Income	11,592,655	44,711,766
Exchange rate differences		(117)
Impairment loss and losses/gains from disposals	(2,540,342)	(1,048,366)
FINANCIAL PROFIT/LOSS	**9,052,313**	**43,663,283**
PROFIT/LOSS BEFORE TAX	**(16,819,992)**	**26,005,162**
Tax on profits	0	0
PROFITS FOR THE YEAR	**(16,819,992)**	**26,005,162**

BALANCE SHEET. BASQUE ENERGY AGENCY
FOR YEARS ENDING 31 DECEMBER 2020 AND 2019. ALL FIGURES IN EUROS

ASSETS	2020	2019
NON-CURRENT ASSETS	**86,124,263**	**91,240,654**
Intangible fixed assets	933,451	1,434,727
Tangible assets	2,462,787	3,326,910
Investment in real estate	7,715,077	7,887,901
Long-term investments in group companies and associates	71,973,886	75,596,404
Long-term financial investments	3,039,062	2,994,712
CURRENT ASSETS	**110,288,860**	**127,719,249**
Trade debtors and other accounts receivable	1,218,576	768,171
Short-term investments in group companies and associates	5,837,517	4,532,930
Short-term financial investments	1,897	961,897
Cash on hand and other equivalent liquid assets	103,230,870	121,456,251
TOTAL ASSETS	**196,413,123**	**218,959,903**

EQUITY AND LIABILITIES	2020	2019
NET WORTH	**162,702,346**	**205,532,974**
EQUITY	162,484,797	205,309,951
Corporate assets	90,853,985	90,853,985
Income carried forward	88,450,804	88,450,804
Profits for the Year	(16,819,992)	26,005,162
GRANTS, DONATIONS AND INHERITANCE RECEIVED	217,549	223,023
NON-CURRENT LIABILITIES	**206,370**	**298,403**
Long-term provisions	0	0
Long-term debts	137,610	227,916
Liabilities from deferred tax	68,760	70,487
CURRENT LIABILITIES	**33,504,407**	**13,128,526**
Short-term provisions	6,049,218	3,241,799
Short-term debts	20,326,304	415,284
Debts with companies in the group and associates	3,672,072	0
Trade and other payables	3,456,813	9,471,443
TOTAL EQUITY AND LIABILITIES	**196,413,123**	**218,959,903**

10

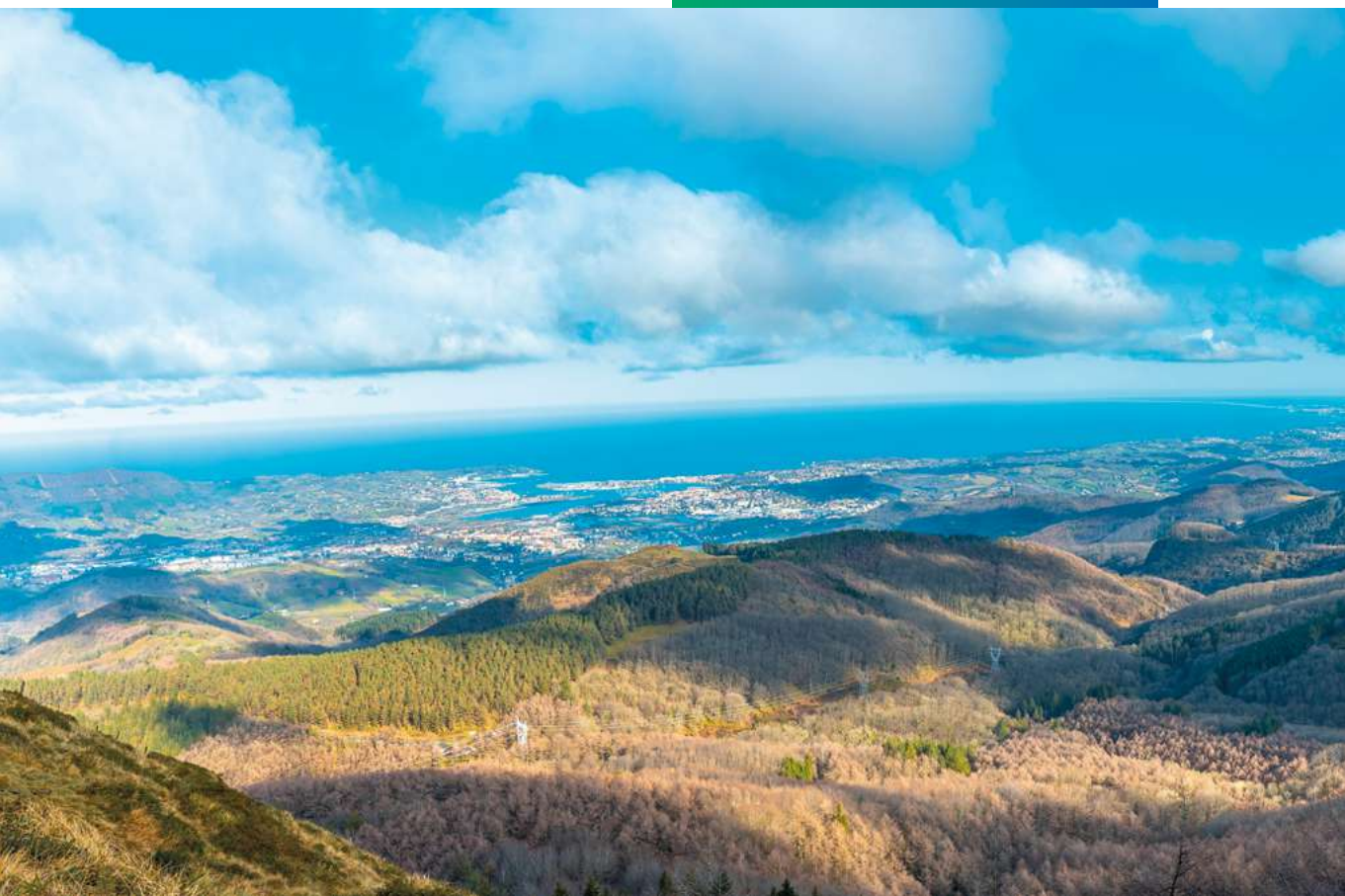
CARBON FOOTPRINT

The Basque Energy Agency is making good progress in its goal of achieving excellence in environmental management. In 2020, a Greenhouse Gas (GHG) Inventory was conducted and for the first time, the organization's carbon footprint was calculated based on data collated during 2019.

There is an increasing awareness of the need to act globally to combat climate change, and the first step on this path for any organisation is to estimate its carbon footprint.

In EVE's case, the calculation was made using international standard ISO 14064-1:2018. The study also calculated its contribution to decarbonisation, arising from decisions, activities and projects that resulted in an avoidance of emissions.

In 2020, a Greenhouse Gas Inventory was conducted and for the first time, the organization's carbon footprint was calculated



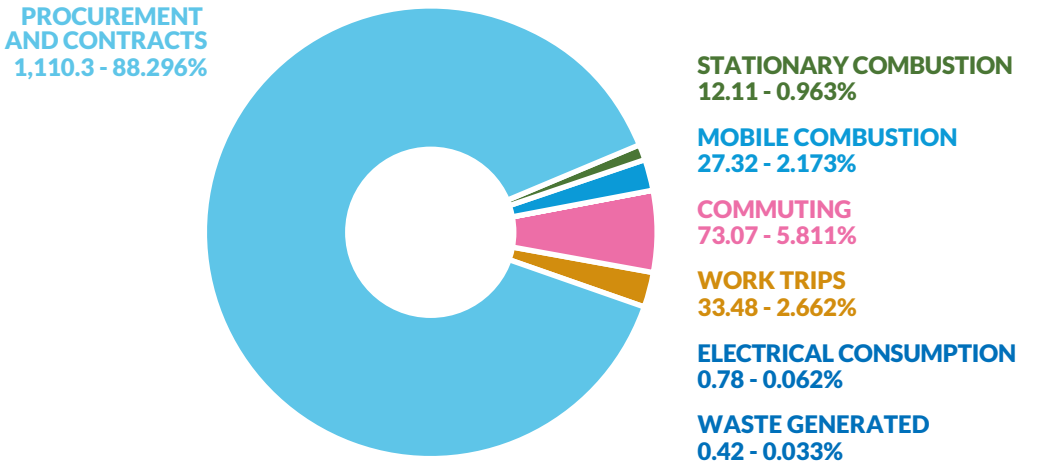
CALCULATION OF CARBON FOOTPRINT

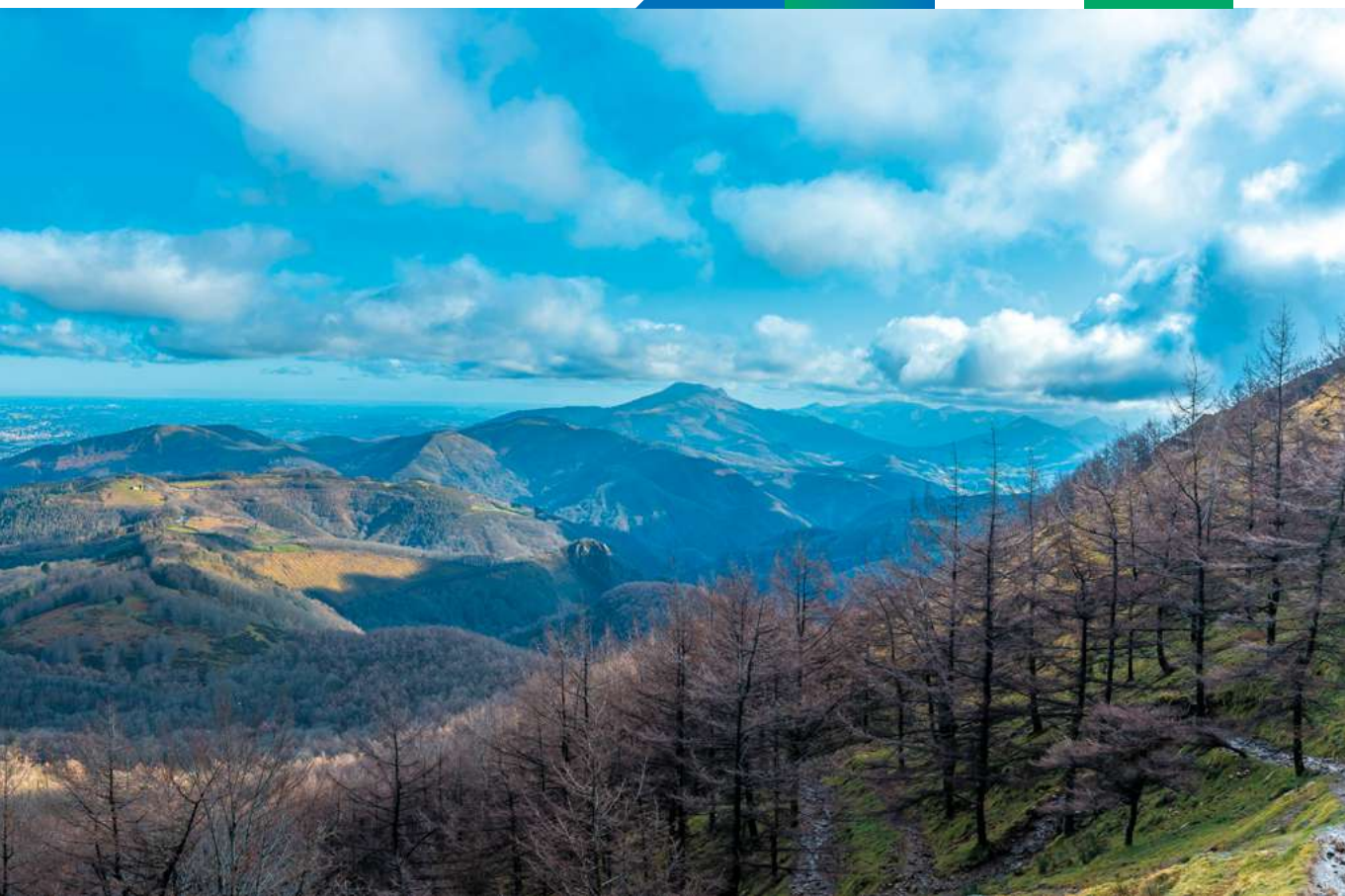
The inventory of greenhouse gas emissions took into account all 2019 emissions from facilities over which the organization had operational control, including affiliates, projects and facilities 100% owned by EVE.

Emission sources were defined using ISO 14064-1:2018, Appendix B.

The carbon footprint for 2019 was calculated at **1,257.48 tCO_2e**.

CARBON FOOTPRINT. EVE 2019. RESULTS IN tCO_2e AND %



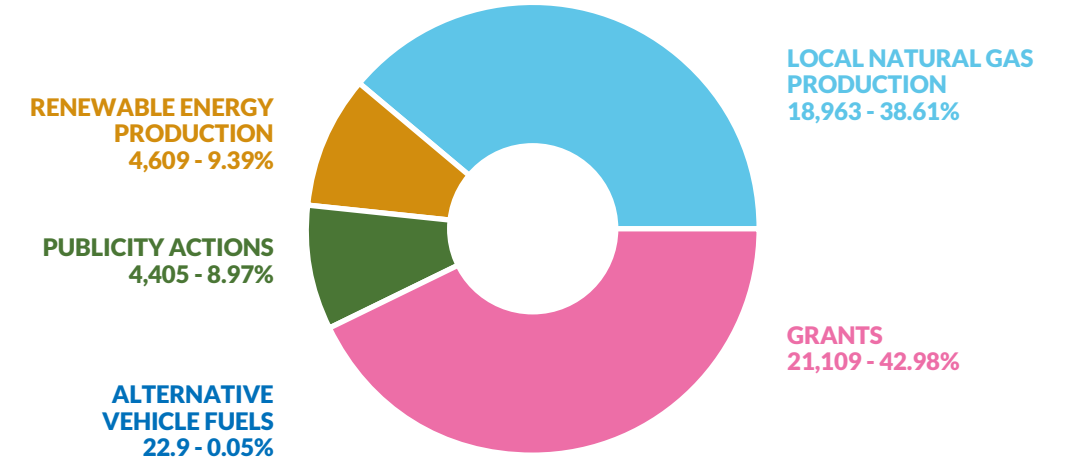


CALCULATION OF EMISSIONS AVOIDED

EVE's GHG emission avoidance for 2019 was calculated based on its participation in different facilities and projects.

The quantity of GHG emissions avoided was calculated at **49,109.2 tCO_2e**.

EMISSIONS AVOIDED. EVE 2019. RESULTS IN tCO_2e AND %



These calculations show that EVE's activities had a significant net positive impact on decarbonisation and made an important contribution to the fight against climate change.

ANNUAL REPORT 2020

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ENERGIAREN EUSKAL ERAKUNDEA

ENTE VASCO DE LA ENERGÍA