European Investment Bank

Luxembourg, 20/06/2024

Environmental and Social Data Sheet

Overview

Project Name:	NORTHERN POLAND ELECTRICITY GRID - REPOWEREU
Project Number:	2023-0040
Country:	Poland
Project Description:	An investment programme of Energa SA electricity distribution network in Poland over the period 2023-2025. The programme includes investments in network rehabilitation and expansion, and metering.
EIA required:	no
Project included in Carbon Footprint Exercise[1]:	yes

(Details for projects included are provided in section: “EIB Carbon Footprint Exercise”)

Environmental and Social Assessment

The programme encompasses a large number of high voltage (HV) up to 110 kV, medium voltage (MV) and low voltage (LV) electricity distribution schemes, including approx.10,000 km of new overhead lines and underground cables in northern and central Poland. The programme also includes investments in HV/MV and MV/LV substations as well as the installation of new smart meters.

Environmental Assessment

Some programme schemes fall under Annex II point 3.(b) of the of the Directive 2014/52/EU amending the EIA Directive 2011/92/EU leaving it to the competent authority to determine whether or not an Environmental Impact Assessment (EIA) is required. According to the national legislation, a screening decision by the competent authorities is required for projects with operating voltage equal or above 110 kV. At this stage, the promoter estimates that none of the programme schemes will require a full EIA. The HV lines that will connect the new HV/MV substations to the existing transmission system will be developed by the promoter and are included in the screening process of the relevant substation. The biodiversity assessment under the EU Habitats and Birds Directives, where required, is part of the EIA process. A limited number of schemes may be screened in for an Appropriate Assessment.

The programme has the potential for some low to moderate environmental and social impacts. These include noise, vibration, dust, and traffic disruption during the construction, and electromagnetic fields (EMF) and nuisance during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation. Particular attention will be paid to contain the effect of noise, vibrations and traffic disruption during the construction works. Typical mitigation measures include special construction procedures to minimize damages, construction of facilities to contain oil leaking from transformers, special waste collection procedures and other.

[1] Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.

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For the smart meters, the main impacts of the component are the electromagnetic radiation resulting from the communication means used for collecting the information from the smart meters and the disposal of the existing meters that will be replaced. The communication system is based on the PLC[2] technology in the communication part from the meter to the data concentrator. Communication using GSM technology is used from the data concentrator to the measurement base. The project is in line with the national and EU standards. The promoter reports that exposures to radiation from smart meters comply with the limits set out in the guidelines published by national and international organisations (amongst others the International Commission on Non-Ionizing Radiation Protection, ICNIRP). Regarding the disposal process of the meters, it will be done in line with the national legislation, with subcontractors that have the appropriate certifications in order to reduce the environmental impact of the waste.

Physical climate change risks relevant to the area of installation of the project schemes, i.e. mainly extreme rainfall events, flooding and storms and high winds, are mitigated in the design stage, by adapting - as necessary - the design or the location of the equipment.

Part of the investment programme includes the undergrounding of overhead lines, as well as the replacement of non-insulated with insulated conductors. The promoter has engaged in such actions in order to address the increasing and unpredictable extreme weather events encountered in their networks over the past years, which include heavy snow loads, icing, and frequent lightning strikes, resulting in significant damages in the network and consequently in thousands of end-users being affected. Therefore, the implementation of the programme will contribute to climate adaptation.

Whilst smart meters may facilitate energy savings, they are not expected to have significant impact on CO2 emissions. As a conservative approach, the savings in end-user consumption have not been considered in the Carbon Footprint Exercise.

The operation has been assessed for its Paris alignment. It is considered to be aligned for low carbon and resilience, in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

EIB Carbon Footprint Exercise

The source of CO2 equivalent (CO2e) emissions for the programme is network losses associated with new or refurbished network equipment. At programme completion, the corresponding absolute emissions are estimated to be 37.7 kt of CO2e/year. These absolute emissions are offset by the reduction in network losses enabled by the programme in comparison to the do-nothing alternative. Therefore, at completion, the programme is expected to enable a saving of circa -3.4 kt of CO2e.

EIB Paris Alignment for Counterparties (PATH) Framework *If the counterparty is <u>not</u> in scope of the PATH framework, delete this section including this heading.*

- The counterparty, Orlen Group, is in scope and screened into the PATH framework, because it is considered high emitting and high vulnerability.
- The counterparty is deemed to meet the requirements of the PATH framework with its existing alignment plans. The counterparty is active in activities that are considered incompatible with the Paris Agreement in the PATH framework for which a derogating from the PATH framework is requested.

[2] Power Line Communication, communication technology that uses existing electrical wiring to transmit data.

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Public Consultation and Stakeholder Engagement

Public consultations, when necessary, are organised by the competent authority, as part of the permitting process.

Other Environmental and Social Aspects

The promoter is an experienced distribution network operator in Poland, with an in-house team responsible for the environmental and social aspects of projects. The environmental management capacity of the promoter is reflected by the ISO-14001 and ISO-50001 standard certifications obtained. The environmental and social due diligence has followed the investment programme lending approach according to the EIB's procedures and standards, i.e. the due diligence focussed on the promoter's capacity and capability to implement the programme in line with EIB environmental and social standards and requirements. Based on this assessment and considering the performance on environmental and social matters in past operations, including the preparation of EIAs satisfactory to the EIB, the environmental capacity of the promoter is deemed to be good; it has the experience and the capacity to appropriately manage the investment programme.

Conclusions and Recommendations

Considering the above and considering the performance on environmental and social matters in past operations, the promoter's capacity to implement this operation in compliance with the EIB's Environmental and Social Standards is deemed acceptable. Based on the information available and with appropriate conditions and monitoring, the programme is acceptable for EIB financing in environmental and social term.

The promoter undertakes:

- to ensure that programme schemes that may have an effect on a Natura 2000 site will undergo an analysis (or screening) to determine whether the scheme requires an Appropriate Assessment. When an Appropriate Assessment has been deemed necessary, before allocating the Bank's funds to the relevant programme scheme, the promoter will ensure that such assessment is carried out in line with Article 6(3) of the Habitats Directive.
- to store and keep updated any documents that may be relevant for the programme, and which support the compliance with the provisions under the EU Habitats and Birds Directives and shall, upon request, promptly deliver such documents to the Bank.
- to send to the Bank copies of all EIA screening decisions concerning the distribution programme components issued by the competent authority for nature and environment as soon as they are available.
- to take into account and implement conditions expressed in any screening-out decision or EIA consent granted by the competent authority for nature and environment.
- not to allocate the Bank's funds to programme schemes that require an Environmental Impact Assessment (EIA)/Appropriate Assessment (AA) until the EIA and/or the AA have been finalised to the Bank's satisfaction, including public consultations, and approved by the competent authority. For schemes requiring an EIA and/or an AA, an electronic copy of the relevant documentation, including EIA/AA reports, consultation documents, EIA approvals, must be sent to the Bank as soon as each scheme is approved by the competent authority.