

Luxembourg, 15.10.2019

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name: CEZ DISTRIBUTION NETWORK UPGRADE  
 Project Number: 2019-0013  
 Country: Czech Republic  
 Project Description: The programme comprises investment schemes in the electricity distribution network in the Czech Republic over the period 2019-2020. It encompasses reinforcements and refurbishments in medium and low voltage networks, mainly targeting at maintaining the quality of supply and connecting new users.

EIA required: no

Project included in Carbon Footprint Exercise<sup>1</sup>: yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

### Environmental and Social Assessment

The programme comprises the installation of approx. 4,160 km of new MV and LV overhead and underground lines and the refurbishment of ca 2,475 km of MV and LV overhead and underground lines. It also includes the refurbishment and installation of new distribution transformers and the deployment of an advanced metering scheme. The programme scope does not contain high voltage schemes.

The schemes of the programme fall within 9 regions in the Czech Republic, namely Plzeň, Karlovy Vary, Ústí nad Labem, Central Bohemia, Liberec, Hradec Králové, Pardubice, Olomouc, and Moravia-Silesia.

#### Environmental Assessment

MV and LV schemes do not fall under either Annex I or II of the EIA Directive and under the Czech Republic law fall below the exclusion thresholds for EIA screening (the screening threshold is 110kV). As the routing of the MV lines is not yet known, it is possible that some of the new MV lines cross Natura 2000 areas. In such cases, the competent authority will be consulted and the assessments required under art. 6(3) and art. 6(4) of Habitats Directive 92/43/EEC will be carried out.

Given that at appraisal there was only limited information on the individual programme schemes and that slight changes in scope are inherent in operations of this type, the environmental and social due diligence has followed the programme lending approach according to the EIB's procedures and standards. Under such approach, the due diligence focuses on the promoters' capacity and capability to implement the programme in line with EIB environmental and social standards and requirements. Given that no component of the

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

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programme requires an EIA, the Bank reviewed an EIS for a component that does not form part of the programme and found it to be satisfactory.

The environmental impacts of the project are expected to be minor and related mainly to noise, pollution, dust, and traffic disruption during the construction, and electromagnetic fields (EMF) and nuisance during operation. The promoter has the capacity and is committed to implement the necessary mitigating measures at both design and construction stages. These typically include special construction procedures to minimize damages and disturbance, construction of facilities to contain oil leaking from transformers, special waste collection procedures and other.

The promoter is an experienced distribution network operator in the Czech Republic, with an in-house team responsible for the environmental and social aspects of projects. The environmental management capacity of the promoter is also reflected by the ISO-14001 standard certification obtained. The Bank has had a positive experience from the two previous investment programmes it has financed, and the environmental management capacity of the promoter is deemed to be good.

Based on the above elements and considering the performance on environmental and social matters in past operations, the promoter is deemed to have the experience and the capacity to manage the investment programme in line with EIB environmental and social standards and requirements.

### **EIB Carbon Footprint Exercise**

The source of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions for the programme is the ohmic losses of the new network equipment being installed. At programme completion, the corresponding absolute emissions are estimated at 0.4 kt CO<sub>2</sub>e per year. Therefore, at completion, the programme is expected to enable a saving of 20 kt CO<sub>2</sub>e per year. For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

### **Public Consultation and Stakeholder Engagement**

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

## **Conclusions and Recommendations**

The Bank reviewed the environmental and social capacity of the promoters including its organisation, processes and procedures, and deemed them to be good. Based on the information available and with appropriate conditions (applicable to both promoters) and monitoring, the programme is expected to be acceptable in environmental and social terms for Bank financing:

- The promoter undertakes to ensure that all programme schemes will undergo a biodiversity screening in accordance with the EU Habitats and Birds Directives. Should a component have a potential impact on a site of nature conservation, the undertaking is extended to inform the relevant authority and implement the procedures under Articles 6(3) and (4) of the Habitats Directive.
- The promoter undertakes 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 (Form A/B, or equivalent declaration by

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the competent authority) and shall, upon request, promptly deliver such documents to the Bank.

In case there is a project scope change that results in an EIA being applicable, the following two undertakings will apply:

- The promoter undertakes to store and keep updated all EIA screening decisions concerning the programme schemes issued by the competent authority and shall, upon request, promptly deliver such decisions to the Bank.
- The promoter undertakes not to allocate the Bank's funds to programme schemes that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been finalised and approved by the competent authority. An electronic copy of the EIAs must be placed on the website of the promoter from the moment the EIAs are made available to the public and maintained until completion of reporting.