European Investment Bank (EIB) Luxembourg, 05.12.2019

Environmental and Social Completion Sheet (ESCS)

Overview

Project Name:	AGSM VERONA NETWORKS & RENEWABLES
Project Number:	2012-0352
Country:	Italy

Project Description: Investments for the development of the gas and electricity distribution networks in the concession areas of the promoter and small to medium electricity generation plants from renewable energy sources (wind and small hydro).

Summary of Environmental and Social Assessment at Completion

EIB notes the following key Environmental and Social outcomes at Project Completion.

The Bank's requirements with regard to eligibility, including environmental criteria, were incorporated in the finance contract.

The environmental impacts of most of the renewable energy and other investments of this project were limited, with no significant negative residual effects. They have generally resulted in positive environmental impacts, notably by reducing GHG emissions. Due to their technical characteristics, however, some of the investments have fallen under Annex II of the EIA-Directive 2011/92/EC ; therefore the decision as to whether an EIA was required was left with the competent authority on the basis of the criteria defined in Annex III of the EIA Directive. The network schemes did not require an EIA, while the two renewable energy projects (Belfiore hydro plant and Affi wind farm) has been screened in by the competent environmental authority and underwent an EIA process according to EU and Italian regulations.

The Promoter confirmed that the implemented wind and hydro projects were compliant with the relevant environmental legislation and a copy of the regional council authorisation ("Autorizzazione Unica") with favourable opinion to proceed was provided to the Bank in due time. No significant environmental or social issues were observed at the completion of the project.

The permitting process risk identified at appraisal materialised and one wind farm and one hydro power plant, envisaged at appraisal stage, were cancelled due to the lack of achievement of the relevant authorisations from the competent authorities, leading to the current significant reduction of the final investment cost of the programme.

Methane is a greenhouse gas and its emissions can be converted into CO2 emission equivalents. The gas distribution projects were expected to reduce methane leakages (from 10 to 9 tCO2eq/km/yr) for the network replacement investments (86kms) and introduce new methane emissions for the new network investments (29kms). All in all the gas network projects has resulted in positive relative emissions of 0.9 kt CO2 eg/year.

The renewable energy projects produce 39 GWh of electricity per year and will not generate any absolute CO2 emissions. According to the Bank's carbon footprint methodology, the CO2 savings are estimated on the basis of avoided emissions from existing fossil fuel-fired power plants in Italy and from the most efficient gas-fired CCGTs to be built in the near future.

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Overall the renewable energy projects result in emissions savings of 17 kt CO2e/yr.

The project as a whole have emissions savings of 16 kt CO2e/yr.

Summary opinion of Environmental and Social aspects at completion:

EIB is of the opinion, based on reports from the Promoter, that the Project has been implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal.