

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name:	DOROTHEA INVESTMENT VEHICLE
Project Number:	2019-0659
Country:	Netherlands
Project Description:	Investment Vehicle targeting equity investments in district heating projects. Structured as a fund, it will invest in a non-blindpool of exclusive projects focused on Dutch heat networks.
EIA required:	Multi-scheme project. Depending on the technical characteristics of the investments financed by the fund, sub-projects may be subject to an EIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The Project contributes to the decarbonisation of the Dutch residential and industrial heat supply as enshrined in the National Energy and Climate Plan (NECP). The Project will support the development, construction and operation of a pipeline of sustainable district heating networks in several municipalities, with a first phase of sub-projects located in Ede, Almere, Amersfoort and Haarlemmermeer. These sub-projects consist of 90 km of network and a fleet of 5-6 MW biomass-fired boiler units, for a total of c. 123 MW.

#### Environmental Assessment

The Project will generate environmental benefits by reducing emissions of Green House Gas from heat generation in the buildings to be connected to the District Heating networks.

Given the relatively small scale of each sub-project, their nature and their expected location in urban areas, the Project is not likely to have a significant negative environmental impact, and would not fall under the EIA Directive 2014/52/EU, amending 2011/92/EU. Under Dutch law, the sub-projects do not require an EIA because of the type of biomass being used (not classified as waste), and their size (below 15 MW per production unit). The only cases where sub-projects may be subject to an EIA is if they were to include geothermal heat generation, which is not foreseen for the scope of this first phase.

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<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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Only the Ede and Almere sub-projects are close to Natura 2000 sites<sup>2</sup>. Both have already obtained permits. The Investment Vehicle pipeline includes other future sub-projects that could potentially be close to Natura 2000 sites<sup>3</sup>. The Finance Contract will include a condition to ensure that impacts to those sites are properly assessed in accordance with the Habitats Directive 92/43/EEC.

Temporary nuisance due to construction works (traffic, dust, noise) will be mitigated through appropriate site organisation and construction management.

The Promoter experienced abnormally high emission levels in one of its biomass plants in 2017. As part of its improvement plan, the Promoter has put in place better measurement, monitoring and start-up procedures. In particular, the frequency of measurement by accredited measuring agencies is now twice the frequency required by law. The Investment Vehicle undertakes to put in place similar measurement and monitoring processes to guarantee that flue gas emissions outperform Dutch legal requirements.

The biomass supplied to the projects complies with biomass sustainability criteria as defined in certification scheme NTA 8080. It is locally supplied and mainly abundant low-grade biomass. It consists of fresh wood chips and shreds from local landscaping and gardening, and other low-grade fresh wood with no alternative use and, in particular, not suited for human or animal consumption. Part of this biomass comes from the black cherry tree (*Prunus serotina*), an invasive species.

## Public Consultation and Stakeholder Engagement

In Ede, where district heating activities with biomass-fired boilers have started since 2013, the Investee Company has set up a grievance mechanism to register and respond to all complaints. The Investment Vehicle undertakes to request to proceed similarly for all future investments included in the Project.

## Conclusions and Recommendations

During appraisal, the Bank has verified that the Promoter and the Investee Company are capable of implementing the Project in line with national and EU environmental regulations. The Bank has already invested in a previous fund managed by Investment Vehicle team, which is successfully implementing the Bank's E&S requirements, including in regard to reporting.

The Finance Contract will include the following conditions:

1. For investments subject to an environmental impact assessment (EIA) as defined by national legislation, the Fund Manager shall (i) ensure that an Environmental and Social Impact Assessment (ESIA) is carried out and that public consultation is undertaken in accordance with national legislation and the EIA Directive, (ii) collect and publish a non-technical summary (NTS) and the ESIA on the Fund Manager's/Investee Company's website, (iii) retain on file a copy of the Environmental Impact Study and NTS for a period of not less than six (6) years, (iv) provide a digital copy to the EIB, and (v) confirm to the

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<sup>2</sup> Ede: 300 m to NL9801023; Almere: 2600 m to NL9803029.

<sup>3</sup> Groningen (NL0902041), Meppel (NL3009017), Ermelo (NL2003064).

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EIB that the investment incorporates relevant mitigating measures recommended as a result of the EIA.

2. The Fund Manager undertakes that each sub-project will exclusively use sustainable biomass complying with the respective EU Directives and forest Regulations, and that will exclude biomass coming from irrigated plantations or from areas with natural forest conversion, and logging of primary moist and tropical forests.
3. The Investment Vehicle undertakes to set up, at the Promoter level, Environmental Social Governance processes in line with national legislation and EU Directives, and will designate an environmental expert responsible for overseeing all the environmental and social aspects of the investments and, if necessary, selecting and appointing an environmental manager within the Promoter.
4. The Investment Vehicle will, on an annual basis, prepare and submit to the Bank an aggregated E&S performance report.

In view of the above findings and conditions, the operation is deemed satisfactory from an environmental and social compliance perspective.