

**Public**

## **Environmental and Social Data Sheet**

### **Overview**

Project Name: MVM Distribution Network Upgrade  
Project Number: 2019-0761  
Country: Hungary  
Project Description: The investment programme comprises a large number of schemes for the reinforcement and modernisation of the electricity distribution network in South-East Hungary. It encompasses high, medium and low voltage electricity distribution schemes, including the deployment of advanced meters.

EIA required: maybe (for some components)

Project included in Carbon Footprint Exercise<sup>1</sup>: no

### **Environmental and Social Assessment**

The programme comprises (a) the construction and extension of HV/MV substations (132/22kV), (b) the construction of overhead and underground HV lines (132kV), and (c) the refurbishment of MV and LV overhead and underground lines. It also includes the refurbishment and installation of distribution transformers, the deployment of an advanced metering system, as well as the implementation of part of an on-going bird protection programme for facilities already in operation.

The schemes of the programme fall within four counties in Hungary, namely Bács-Kiskun, Csongrád and Békés counties, as well as the southern part of Pest County.

#### **Environmental Assessment**

The environmental due diligence has followed the 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 investment programme in line with EIB environmental and social standards and requirements.

The Bank has assessed the promoter's environmental competence and processes, including a review of a preliminary Environmental Impact Study (EIS) for a scheme not forming part of the programme. Based on this assessment, the environmental capacity of the promoter is deemed to be satisfactory.

Due to their technical characteristics, none of the programme schemes fall under Annex I of the Directive 2014/52/EU, amending the EIA Directive 2011/92/EU. The programme schemes involving the erection/refurbishment of HV overhead lines fall under Annex II of the EIA

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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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Directive, leaving it to the competent authority to determine whether an Environmental Impact Assessment (EIA) is required. Under Hungarian law, a full EIA is obligatory for lines above 220kV and with a length of more than 15km. Schemes above 35kV undergo an environmental screening, following which the competent authorities determine the need for an EIA. Screening for an EIA will not be required for the programme schemes with operating voltage equal or below 35 kV, which comprises all MV and LV schemes of the programme. The remainder programme schemes will undergo a screening for an EIA. In addition, programme schemes will be screened with respect to the need for an Appropriate Assessment under the EU Habitats and Birds Directives.

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 the design, construction and operation stages. These typically include construction procedures to minimize damages and disturbance, construction of facilities to contain oil leaking from transformers, waste collection procedures and other. To minimise the potential impact on birds, caused by electrocution and collision with overhead lines, the promoter will install on the network devices for increasing visibility (e.g. flight diverters), as and when necessary. Other mitigation measures implemented by the promoter include carrying out the works in the non-growing season when possible, and replacing excavated topsoil according to applicable regulations in the country.

In cooperation with the Hungarian Ornithological Society, National Parks and the competent Ministries, the promoter will implement part of an on-going bird-protection programme under the EIB financed scope. The aim of this programme is to reduce impact on birds, caused by electrocution and collision with existing overhead lines, especially for lines located in sensitive areas. The measures implemented under the programme mainly include (a) the replacement of certain sections of overhead lines with underground cables, (b) the replacement of poles with bird-friendly structures, (c) the installation of flight diverters, (d) the replacement of switchgear on poles with encapsulated switchgear etc.

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

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

### **Other Environmental and Social Aspects**

The promoter, an experienced distribution network operator in Hungary, runs an Integrated Quality System covering its operation and has obtained certifications for compliance with standards ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007.

## **Conclusions and Recommendations**

The Bank reviewed the environmental and social capacity of the promoter including its organisation, processes and procedures, and considers them to be satisfactory. Based on the information available and with appropriate conditions 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.

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