

Public

Environmental and Social Data Sheet

Overview

Project Name:	ENGIE SOLUTIONS DHC NETWORKS
Project Number:	2019-0725
Country:	FRANCE
Project Description:	The Project consists of the extension and rehabilitation of the district heating and cooling networks and new heat/cooling generation facilities in various cities in France.
EIA required:	yes for substantial part of the sub-projects
Project included in Carbon Footprint Exercise ¹ :	yes

Environmental and Social Assessment

The Project consists of the rehabilitation, extension and development of district heating and cooling networks and heat generation facilities. The Project will include sustainable biomass boilers, geothermal plants and the refurbishment of heat distribution pipes, as well as the extension of pipeline networks to new customers and new areas/cities. No fossil fuel related components (gas boilers) are included in the scope. All of the networks are considered to be in line with Energy Efficiency Directive 2012/27/EU as amended by (EU)2018/2002. The generation components represent ca. 23% of the total Project cost, heating networks 75% and the remaining 2% are dedicated to the extension of the cooling network in Paris.

Environmental Assessment

The investments 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 as well as from the improved efficiency of the infrastructures to be refurbished.

As combustion of biomass could be a source of emission of air pollutants, the Promoter is implementing measures to reduce emissions, especially of particulate matter (PM). Such measures applied for boilers in particular in urban areas with intensive road transport, high population density and/or complex climatic and geographical conditions.

All project components should, by virtue of their technical characteristics, fall under Annex II of the EIA Directive 2014/52/EU amending 2011/92/EU. However, given the relatively small scale of each individual operation and expected locations in urban areas, the project components are not likely to have a significant negative environmental impact, and therefore few of them will require such provisions. Under French law, the provision for the network is local road permitting and for the

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.

Luxembourg, 15/07/2020

generation, a regime of declaration or authorisation, ICPE (*“Installation Classée pour la Protection de l’Environnement”*), depending on the capacity. In that framework, the geothermal heat generation components fall under Annex II and have received the respective permits (Bordeaux, 15 May 2019) or will receive them (Champs sur Marne and Velizy still ongoing).

The biomass supplied to the Project complies with biomass sustainability criteria as recommended by ADEME and defined in Directive 2018/2001/EC, and also as according to international forest certification/chain of custody standards (such as FSC or PEFC). It is supplied mainly locally due to the high transportation costs, and the Promoter has structured the biomass supply of all its affiliates in the whole of France with an ad hoc affiliate that is managing the respective value chain segment from the timber to the boiler.

EIB Carbon Footprint Exercise

The estimated emissions savings are 222,500 tonnes of CO₂ equivalent per year, through the connection to the District Heating of buildings previously heated by fossil fuel, and through the improved efficiency of heating systems being refurbished.

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.

Social Assessment

The Project contributes to securing and extending permanent jobs in the operations, as well as in the regional forestry sectors from which the biomass originates.

Occupational and Community Health and Safety issues are deemed to be appropriately addressed in the authorisation process. The promoter has a health and safety policy in place.

No special social risks are anticipated for this Project.

Public Consultation and Stakeholder Engagement

Public consultations have been / are being carried out under the respective EIA processes. No major shortcomings have been put forward; the projects are being positively received by the local communities.

Conclusions and Recommendations

The environmental capacity of the Promoter has been assessed by the Bank as satisfactory.

The following loan conditions will be included in the Finance Contract of the Borrower:

The Promoter undertakes to provide to the Bank, if requested, any screening decisions related to the Project components. If for any reason at a later stage any of the Project components is screened in and requires an EIA, the Promoter undertakes not to allocate the Bank’s funds to those components until the EIA and/or the necessary nature assessments have been finalised and approved by the competent authority, in form and substance satisfactory to the Bank. For any screened-in components, once available, the Promoter will provide the Bank with the EIA report, Form A or Form B (if applicable) and the approval from the national authorities for publication on the Bank’s website.

The Promoter undertakes to exclusively use sustainable biomass complying with the respective EU Directives and forest Regulations, and excluding biomass coming from irrigated plantations or from areas with natural forest conversion and logging of primary moist and tropical forests.

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