



European Investment Bank (EIB)

Luxembourg, 11/11/2020

Environmental and Social Completion Sheet (ESCS)

Overview

Project Name:	NG GAS DISTRIBUTION II
Project Number:	2016-0353
Country:	United Kingdom
Project Description:	Rehabilitation and improvement of National Grid's gas distribution networks in the UK (North West England, West Midlands, East of England and North London). This project covered the period Q2 2016 to Q1 2019.

Summary of Environmental and Social Assessment at Completion

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

The Project involved the financing of a gas distribution project applying standard technologies and implemented by an experienced Promoter.

The majority of the investment, ca. 70%, was dedicated to the replacement of existing equipment and low/medium-pressure metallic gas pipelines by polyethylene ones and 30% of capex was related to the extension or reinforcement of the network to connect more customers, in the period between Q2/2016 and Q1/2019 (3 years in total).

By their technical characteristics, some of the individual schemes fell under Annex II of the EIA Directive and its amendments as transposed into UK's legislation. The Promoter had a contractual obligation to inform the EIB in the event that an EIA was required by the competent authorities for any of the schemes over the course of the Project's implementation.

According to the information provided by the Promoter, the competent authorities did not require an EIA for any of the schemes under the Promoter's lead. The Project includes, nevertheless, some components which were undertaken by the Promoter as a consequence of the ongoing HS2 rail expansion project (which is itself separate and not included in the scope of this operation), as pipeline diversions are needed for that in certain areas (so far in London and West Midlands). These works were part of the overall impact assessment for the HS2 project, for which an EIA and a dedicated Act (HS2 Act, 2017) are in place to govern environmental standards and mitigating actions, as needed. Where these works impacted or came close to areas of sensitivity, the Promoter followed the Code of Construction Practice (CoCP) set out in the HS2 Act.

No other scheme of this Project affected Natura 2000 sites, being mostly located in urban or industrial areas. The main impacts, associated with the Promoter's construction works, were temporary in nature and mitigated according to established practices in the sector.

Based on the information provided by the Promoter during Project implementation, no significant environment or social issues were noted.



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The operation provided environmental benefits through the reduction of methane leakages and through the substitution of more polluting fuel sources by natural gas. According to the Promoter, methane losses (leakages) from the low and medium pressure network have been reduced by ca. 110 GWh/year at Project completion (in comparison with the value at the start of the Project) due to the implementation of the pipe replacement component of the Project (equivalent to ca. 150 kton CO₂/year).

Summary opinion of Environmental and Social aspects at completion:

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