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Public

Environmental and Social Data Sheet

Overview

Project Name:	ENI EDISON SECURITY OF SUPPLY - RESTRUCTURE
Project Number:	2013-0018
Country:	Italy

Project Description: The Project concerns the expansion of Italian gas production principally offshore, but also with a small onshore component. The Project includes 23 components, which activities cover the drilling of sidetracks and work-over wells in existing wells; infill drilling in already producing fields; the installation of a number of new platforms and the revamping of some onshore compression stations.

EIA required:	yes
Project included in Carbon Footprint Exercise[1]:	yes

(details for projects included are provided in section: “EIB Carbon Footprint Exercise”)

Environmental and Social Assessment

The modified Project consists of 23 components, with a majority of those falling under Annex II of the EIA Directive 2011/92/EU (amended by 2014/52/EU) and the remainder falling under Annex I of the Directive.

Components falling under Annex II of the EIA Directive (19 components):
These concern workover, sidetracks, drilling and revamping of compression stations within existing installations which were already subject to environmental permitting procedures applicable at the time of previous field/project development phases.

These characteristics, and the fact that the new components do not exceed Annex I gas production thresholds, are such that they typically fall under Annex II of the EIA Directive, leaving it up to the national Competent Authority to determine whether an EIA is required according to criteria defined in Annex III of the Directive.

To date, all components requiring a screening decision have been screened-out by the Competent Authority with conditions, as the new components operations do not exceed production and emissions limits as set-up in the context of the existing infrastructure approvals or as defined in the national legislation for those types of production improvement works on existing installations.

[1] Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100 000 tons CO2e/ year absolute (gross) or 20 000 tons CO2e/year relative (net) – both increases and savings.

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Components falling under Annex I of the EIA Directive (4 components):
These concern new platform installations and associated wells drilling.

A total of 4 out of the 23 project components concern developments that are planned to exceed a production of 500,000 m3/d of gas or that may impact Natura 2000 sites and therefore are subject to Annex I of the EIA Directive and the Habitats Directive.

At present, all 4 project components have been granted EIA approval by the Competent Authority (Bonaccia NW; Clara NW; Elettra; and Fauzia).

Environmental Assessment

Regarding the results of the EIAs finalised so far, no unacceptable residual impact on the environment, in particular on Natura 2000 sites, marine ecosystems nor on seawater quality, were identified. Residual impacts are low, mainly localized and reversible.

Regarding the 19 components falling under Annex II, those have been assessed as likely not having any significant effect on Natura 2000 sites beyond originally approved work programmes, therefore an appropriate assessment required under Article 6(3) was not deemed necessary.

The Project activities will take place within areas where gas is already produced or treated so will be brownfield in nature.

The main environmental impacts during implementation typically arise from drilling activities and increased traffic. To mitigate these, the operator follows a “zero discharge to sea” policy. Cuttings and fluids from drilling operations are transported to shore to be treated and disposed. The only disturbances (mainly noise and traffic) to communities are likely to be from the onshore and close to shore components and these will be limited to the duration of the construction period.

During offshore operations, produced water is managed in different ways depending on the results of water quality impact studies carried out during the EIA related to the sub-projects. It is first segregated by gravity separation from the gas on the platform and then either: (i) sent onshore via subsea line to be disposed by appropriate means; (ii) injected into disposal wells; (iii) or further treated to a quality that allows for discharge at sea. The latter is closely monitored by the concerned Port of Authority and Environmental and Economic Development Ministries.

Human-induced subsidence along the Italian Adriatic coast[2] has been identified since the early 1980s. It is essentially caused by onshore water extraction and hydrocarbon production. Since 1993, the operator has undertaken a detailed monitoring programme in the Ravenna area in conjunction with the local authorities to determine the contribution of gas production to the regional subsidence and determine whether remedial action (i.e. water injection) is necessary. Most existing offshore installations have monitoring systems in place; these consist of GPS and other sensors (including radioactive markers), and also onshore monitors. The Promoter has developed a geodynamic monitoring network since the 1990s which serves as an international reference and is recognized for its technological excellence. All new (i.e. greenfield) projects have sensors installed or are monitored through neighbouring platforms.

[2] The northern zone around Ravenna in particular, but also in some localized areas offshore Ancona and Pesaro.

The Ministry of Environment and Maritime Affairs and the regional environmental agencies where applicable receive and check the monitoring data.

Most of the components are located offshore, therefore social impacts due to these operations mainly concern fishing and marine tourism activities. The activities pertaining to the Project are undertaken in already operating areas, with appropriate mitigation measures in place where and as needed. Any observations/comments from local authorities or stakeholders were evaluated during the EIA process. Social impacts have been assessed to be moderate for the Project and where those are identified, appropriate mitigation measures have been put in place.

The operator has a well-established integrated health, safety and environmental (HSE) management system[3], and is ISO 14001 and OSHAS 18001 certified. Eni is also experienced in managing offshore operations and has proven its respect of the environmental and HSE laws in past projects.

The Promoter confirmed that the design of its offshore installations, its operational procedures and HSE integrated management systems are aligned with the EU Offshore Safety Directive (2013/30/EU, amending 2004/35/EC), as transposed into the national legislation by Legislative Decree 18/08/2015 n. 145. This includes in particular the installation of safety systems at best available technology, the set-up of integrated emergency response plans, budgeting for decommissioning costs as part of new developments and reporting to competent authorities on the Company's HSE integrated management system. The operator has implemented the requirements of the Directive on the Project components without needing to make significant changes to its existing procedures, which already took most of these factors into account in previous designs.

Eni's approach is therefore aligned with recognized International Standards. Furthermore, all the design and structural assessment activities are submitted to a Third-Party Certification Body, for final check and approval. Existing platforms also have to pass recertification audits before being allowed to continue in service.

It has to be noted that amongst the 64 operating platforms within Eni's DICS unit, 52 are unmanned and attended mainly in case of maintenance or emergency operations.

EIB Carbon Footprint Exercise

The Project's source of CO2e emissions comes from the consumption of gas to fuel the operations for the major part and from fugitive emissions due to offshore gas production operations and additional gas treatment. The absolute emissions of the Project during an average year of operations are estimated to be 57 kt CO2e/y. The alternative to the Project would be to import gas by pipeline; the production of the imported gas would also consume gas and in addition, require compression for transport and result in fugitive gas emissions. Fugitive emissions due to onshore gas production operations and additional gas treatment have also been included in the calculations. The baseline emissions are estimated at 71 kT CO2e/y, resulting in relative emissions of -14 kT CO2e/y.

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.

[3] Following the national legislations 624/96 and 81/08 as well as Legislative Decree 18/08/2015 n.145.

Eni is ensuring that emissions of those operations comply with the limits set out in Annex I to Part V of Legislative Decree 152/2006 and subsequent amendments. Eni is also engaged in progressing its fugitive emissions reduction campaign, through the mitigation of identified losses on its gas treatment plants and platforms.

Public Consultation and Stakeholder Engagement

For those components requiring a full EIA process, public consultation was carried out and stakeholders' comments (mainly on monitoring and waste management requirements) have been integrated into the permits.

Other Environmental and Social Aspects

Mitigation and monitoring measures are described in the environmental permits, granted by the Competent Authorities and supervised on a regular basis by the regulators in the regions involved. Failure to comply with the permit provisions may result in suspension of works.

In addition to systems to meet regulatory requirements, the promoter has an environmental management system that assesses new projects and monitors on-going operations. The environmental monitoring plans are comprehensive and have been submitted and approved by the competent authorities.

The environmental procedures employed by the operator (lead promoter) are considered to be appropriate and in line with the requirements of the relevant EU and national legislation.

Conclusions and Recommendations

The Project will improve the security of gas supply in Europe by contributing to further development of domestic gas production. It will also decrease associated emissions by substituting imported gas transported over long-distances by pipelines or LNG carriers means.

The results of the available assessments and authorisations for the various components do not raise any significant E&S concerns. Documentation pertaining to E&S assessment and permitting has been provided to the Bank. An undertaking was introduced in the finance documents for the Bank to be informed shall the environmental authorization status of any of the Project components change over the course of their implementation.

With the contractual conditions described above in place, the Promoter's environmental capability and the low impact from the various components, the Project is acceptable for EIB financing in E&S terms.