

Environmental and Social Data Sheet

Overview

Project Name: CEZ Distribution Network Upgrade II
Project Number: 2020-0786
Country: Czech Republic
Project Description: The programme comprises investment schemes in the electricity distribution network in the Czech Republic over the period 2021-2022. It encompasses reinforcements and refurbishments in medium and low voltage networks.

EIA required: no

Project included in Carbon Footprint Exercise¹: yes

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

LV: Low Voltage, MV: Medium Voltage, HV: High Voltage

Environmental and Social Assessment

The programme comprises a large number of electricity distribution schemes in the Czech Republic. It includes (a) the construction of new overhead and underground MV and LV lines, (b) the refurbishment of MV and LV overhead and underground lines, (c) the refurbishment and installation of MV/LV power substations and of distribution transformers. It also includes components for network automation and tele-control. The programme does not contain HV assets.

The programme schemes are located in the areas served by the promoter. These service areas are Plzeň, Karlovy Vary, Ústí nad Labem, Central Bohemia, Liberec, Hradec Králové, Pardubice, Olomouc, and Moravia-Silesia.

Environmental Assessment

The electricity distribution schemes of the Programme do not meet the minimum threshold for EIA screening set out in national legislation (set at 110kV), as per provision of Article 4(3) of Directive 2014/52/EU amending the EIA Directive 2011/92/EU. Therefore, none of programme schemes requires an EIA. Environmental analyses, as appropriate, may be carried out for some schemes in the context of the permitting process. All programme schemes will be screened with respect to the need for appropriate assessment under the EU Habitats and Birds Directives.

Given that at appraisal there was only limited information on the individual programme schemes and that slight changes in scope are inherent in operations of this type, the environmental and social due diligence has followed the programme lending approach according to the EIB's procedures and standards. Under such approach, the due diligence

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, 12.07.2021

focuses on the promoters' capacity and capability to implement the programme in line with EIB environmental and social standards and requirements. In the context of this assessment, the Bank reviewed an EIS conducted by the promoter for a component that does not form part of the programme and found it to be satisfactory.

The project has the potential for some low to moderate environmental and social impacts. These include 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 both design and construction stages. These typically include special construction procedures to minimize damages and disturbance, construction of facilities to contain oil leaking from transformers, soil restoration, traffic management measures, appropriate waste collection procedures and other.

The promoter is an experienced distribution network operator in the Czech Republic, with an in-house team responsible for the environmental and social aspects of projects. The environmental management capacity of the promoter is also reflected by the ISO-14001 standard certification obtained.

Based on the above elements and considering the performance on environmental and social matters in past operations, the promoter is deemed to have the experience and the capacity to manage the investment programme in line with EIB environmental and social standards and requirements.

EIB Carbon Footprint Exercise

The source of CO₂ equivalent (CO₂e) emissions for the programme is the ohmic losses of the new network equipment being installed. At programme completion, the corresponding absolute emissions are estimated at 27kt CO₂e per year. These absolute emissions are, however, offset by the reduction of system losses enabled by the programme in comparison to the do-nothing alternative. Therefore, at completion, the programme is expected to enable a saving of ca 16kt CO₂e per year. 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.

Public Consultation and Stakeholder Engagement

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

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the promoter including its organisation, processes and procedures, and deemed them to be good. 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.

In case there is a project scope change that results in an EIA being applicable, the following two undertakings will apply:

- 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.
- 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 made available to the public and maintained available until completion of reporting.