

Environmental and Social Data Sheet

Overview

Project Name:	<i>TAURON ELECTRICITY DISTRIBUTION III (2021-0026)</i>
Project Number:	<i>2021-0026</i>
Country:	<i>Poland</i>
Project Description:	The programme concerns investment schemes in the electricity distribution network in South and South-Western Poland over the period 2022-2026. The programme includes network reinforcements and refurbishments in high and medium-voltage networks and the connection of new customers in medium and low-voltage networks. The programme also includes components for the digitalisation and automation of the network.
EIA required:	no
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 programme encompasses a large number of high voltage (HV), medium voltage (MV) and low voltage (LV) electricity distribution schemes, including approx. 11,600 km of new overhead lines and underground cables in Southern and South-Western Poland. The programme includes also investments in HV/MV and MV/LV substations as well as automation components and the installation of new advanced meters.

Environmental Assessment

Some programme schemes fall under Annex II of the of the Directive 2014/52/EU amending the EIA Directive 2011/92/EU leaving it to the competent authority to determine whether or not an Environmental Impact Assessment (EIA) is required. According to the national legislation, a screening decision by the competent authorities is required for projects with operating voltage equal or above 110 kV. Screening decisions have been/will be provided by the competent authority for all relevant components (HV/MV substations) included in the programme. At this stage, the promoter estimates that none of the programme schemes will require a full EIA. The HV lines that will connect the new HV/MV substations to the existing transmission system will also be developed by the promoter and are included in the screening process of the relevant substation. The biodiversity assessment under the EU Habitats and

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, 15.9.2021

Birds Directives, where required, is part of the EIA process. A limited number of schemes will/may be screened in for an Appropriate Assessment.

The programme has the potential for some low to moderate environmental and social impacts. These include noise, vibration, dust, and traffic disruption during the construction, and electromagnetic fields (EMF) and nuisance during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation. Particular attention will be paid to contain the effect of noise, vibrations and traffic disruption during the construction works. Typical mitigation measures include special construction procedures to minimize damages, construction of facilities to contain oil leaking from transformers, special waste collection procedures and other.

The promoter is an experienced distribution network operator in Poland, with an in-house team responsible for the environmental and social aspects of projects. The promoter's Environmental Policy adopted in 2017 defines their approach to the management of the issues related to the impact made by its operations on the natural environment. The environmental and social due diligence has followed the investment 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 programme in line with EIB environmental and social standards and requirements. Based on this assessment and considering the performance on environmental and social matters in past operations, including the preparation of EIAs satisfactory the EIB, the environmental capacity of the promoter is deemed to be good; it has the experience and the capacity to appropriately manage the investment programme.

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 68.1 kt 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 88.9 kt 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.

Other Environmental and Social Aspects

In line with Poland's overall energy strategy the company has committed to an ambitious reduction in its carbon intensity through the closure of coal plants and a large increase in the use of renewable energy. By 2030, the company aims to generate more than 65% of its energy from zero- and low-emission sources, while reducing greenhouse gas emissions by half.

Based on a comparison with the power sector's decarbonisation pathway, Tauron's carbon intensity target for 2030 is outside the average for the power sector pathway for the low-carbon goals of the Paris Agreement. The climate management quality of the Borrower is deemed to be good.

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 good. The Bank also reviewed EIAs for schemes that the promoter implemented in the past and found 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 the Bank's 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.
- 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 to send to the Bank copies of all EIA screening decisions concerning the programme components issued by the competent authority for nature and environment as soon as they are available.
- The promoter undertakes to take into account and implement conditions expressed in any screening-out decision or EIA consent granted by the competent authority for nature and environment.
- 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.