

Environmental and Social Data Sheet

Overview

Project Name:	ENDESA WIND AND SOLAR GREEN FRAMEWORK LOAN
Project Number:	2020-0916
Country:	Spain
Project Description:	<i>The operation is a framework loan to finance the deployment across Spain of Endesa's renewable energy generation assets over the 2021-2023 period (solar photovoltaic (PV), wind onshore and potentially batteries).</i>
EIA required:	Some of the underlying schemes may require an EIA
Project included in Carbon Footprint Exercise ¹ :	yes

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

Environmental and Social Assessment

Environmental Assessment

The present operation concerns a Framework Loan (FL) that will support the investment plan of the promoter, Endesa, over the period 2021-2023. The FL is expected to finance a large number of utility-scale solar PV and wind projects in Spain, including the ancillary infrastructure for the interconnection to the grid, for a total of ca. 2 GW of new renewable energy (RE) capacity. These projects represent a subset of the pipeline of schemes which are at an advanced stage of development, presented by the promoter, Endesa. This pipeline includes 16 utility-scale solar PV projects (ca. 2 GWp) and 8 wind projects (ca. 0.6 GWp), with sizes ranging from 20 MWp to 250 MWp for solar PV and 25 MW to 180 MW for wind projects. The FL includes the possibility to support Battery Energy Storage Systems (BESS) as well.

Due to their technical characteristics, most of the investments are expected to fall under Annex II of Directive 2014/52/EU amending EIA Directive 2011/92/EU, leaving it to the national competent authority to determine according to Annex III of the said Directive whether an environmental impact assessment is required.

According to the national legislation, ground-mounted solar PV occupying more than 100ha are automatically screened in for EIA process (*evaluación ambiental ordinaria*). Projects occupying more than 10ha in a protected area are also automatically screened in. Other solar PV plants are subject to a screening decision (*evaluación ambiental simplificada*) if occupying more than 10ha (PV plants occupying less than 10ha would be screened-out automatically, unless they would affect directly or indirectly a Natura 2000 site). The regionally transposed

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, 22/07/2021

legislations may foresee thresholds that are more stringent. The current pipeline of projects includes 14 plants occupying more than 100ha.

According to the national legislation, wind farms with more than 50 Wind Turbine Generators (WTG), or with an installed capacity above 30 MW or that are located less than 2km from an existing wind farm, are automatically screened in for EIA process. Projects with more than 10 WTG or 6 MW are automatically screened in if they are located within a protected area. Other wind farms are subject to screening decision (except the wind farms of less than 100 kW for self-consumption, which are automatically screened-out, unless they would affect directly or indirectly a Natura 2000 site). The regionally transposed legislations may foresee thresholds that are more stringent. The current pipeline of projects includes six wind farms with more than 30 MW of installed capacity for which an EIA would be required, being automatically screened in based on the national thresholds.

With regard to schemes subject to the requirements of the Habitats Directive 92/43/EEC and/or Birds Directive 2009/147/EC, the Promoter will be required to verify that none of the schemes have a significant adverse impact on any site of nature conservation importance. The promoter will be required to obtain and provide to the Bank the written confirmation to this effect from the competent authority, or an equivalent confirmation satisfactory to the Bank. Schemes having a significant adverse impact on any site of nature conservation importance will not be eligible under this operation.

The Bank will assess EIAs and all permitting documentation (including screening decisions) when reviewing the documentation for the allocations, including the compliance with applicable EU Directives. Whenever an EIA process is required, the environmental impact study (EIS) and the nontechnical summary of the EIS report will be provided in copy to the Bank prior to the Bank's approval of the allocation, and will be published by the Bank. Out of the twenty-four schemes in the initial pipeline, eleven have already secured their environmental consent, with the remaining ones expected to be granted their permit by mid 2022. The schemes to be financed by the framework loan will be assessed in detail prior to the allocation of the EIB funds to these schemes. For investments with a cost above 50 MEUR, a separate Environmental Social Data Sheet will be published.

The project is fully aligned to the goals and principles of the Paris Agreement as set out in the Bank's Climate Bank Roadmap and the Energy Lending Policy.

EIB Carbon Footprint Exercise

In accordance with the Bank's current Carbon Footprint methodology it is calculated that based on the avoidance of electricity generation from a combination of existing and new power plants in Spain (combined margin for intermittent generation), the total relative effect of the project (based on the initial pipeline of schemes presented by the promoter) is a net reduction in CO₂ equivalent emissions by ca. 1317 kt CO₂e/yr.

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, where applicable

The schemes to be implemented under the FL will require for the installation of the projects' components the acquisition, lease or easements of land. The promoter is engaging with the landowners in order to secure voluntary agreements for the lands required by all project infrastructures. If a voluntary agreement cannot be reached, the promoter intends to require expropriation, in line with Spanish legislation. In Spain, all projects required for the implementation of the different activities within the electricity sector, including generation,

Luxembourg, 22/07/2021

promoted by public or private companies, are considered of public utility, and are subject to urgent forced expropriation to be carried out by the authority in the interest of the promoters. Therefore, the Promoter is expected to ask for declaration of public utility for some of the schemes. It is expected that the implementation of the schemes under this FL will not lead to involuntary physical or economic displacement or resettlement. Schemes with significant negative social impacts shall not be eligible.

Public Consultation and Stakeholder Engagement

It is expected that for all project components subject to EIA, the public consultation will be carried out under the EIA process, as required by the EU, and as transposed by the national and regional law. The Promoter has channels of contact on sustainability and environmental matters (sostenibilidad@endesa.es, medioambienteiberia@endesa.es). The promoter has a program of “shared creation of value”, aimed at engaging with local stakeholders of its projects to define and put in place sustainability initiatives and plans that will have a positive impact on the communities.

Other Environmental and Social Aspects

The Promoter is known to the Bank from previous operations and has sufficient E&S capacity to implement the project. The promoter has a solid organisational structure and has certified its management systems (ISO 9001, ISO 14001, ISO 45001).

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The promoter has a Human Rights Policy in place, including due diligence mechanisms, rejecting the use of any form of forced or compulsory labour. The promoter has reinforced its assessment process on supply chain sustainability, including on key aspects like forced labour and ethical practices. The promoter shall ensure that the supply chain of the solar PV panels used in the project is compliant with the applicable provisions of the relevant labour standard of the Bank, and avoids the use of forced labour. The Bank will assess this as part of the allocation process.

Endesa has set a goal to reach a total decarbonisation of its generation mix by 2050, and a target to reduce by 80% its GHG direct emissions by 2030, to reach less than 95 gCO₂eq/kWh – compared to 2017 levels that were about 439 gCO₂eq/kWh. According to assessments conducted by the Transition Pathway Initiative (TPI), both the promoter and ENEL (its parent company) have emissions intensity and target aligned with the Paris agreement benchmark of TPI of “Below 2 Degrees”². TPI considers that the promoter has a sound managerial awareness on the Climate Change objectives, achieving the level of “Strategic Assessment (4)”. The promoter is also disclosing actively its climate strategy and policies³.

Conclusions and Recommendations

The Promoter shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to EU and national law without, prior to commitment, receiving consent from the competent authority, and the Non-Technical Summary of the EIA having been made available to the public.

The Promoter shall store and maintain updated the relevant documents (including environmental studies related to the EIA, the Non-Technical Summaries of the EIAs, and Nature/Biodiversity Assessments or equivalent documents supporting the compliance with the

² The promoter considers its 2030 target aligned with a scenario of a maximum increase in global average temperature of 1.5°C compared to the pre-industrial period.

³ Scoring A under the Carbon Disclosure Project (CDP) in 2020 – Leadership level



Luxembourg, 22/07/2021

EU Habitats and Birds Directives and the absence of significant impact or equivalents), which will be provided to the Bank.

For schemes subject to an EIA, the Promoter should deliver the environmental studies and documents related to the EIA to the Bank before the funds are allocated (including EIA studies, Non Technical Summary, environmental consent).

For schemes subject to a screening decision and screened out from the EIA process, the Promoter should deliver such decision from the competent authority together with the related documents and studies, prior to the Bank's approval of the allocation.

Whenever applicable, the Promoter undertakes to fulfil the requirements of the environmental impact studies (EIA studies or others) and Environmental Permits.

For schemes that may have an impact on a nature conservation site, the promoter shall obtain confirmation from the competent nature conservation authority, or an equivalent confirmation satisfactory to the Bank, that the scheme does not have a significant negative impact on any such site. Such confirmation should be delivered to the Bank before the funds are allocated. Schemes with significant negative impacts on a nature conservation site shall not be eligible.

The schemes should comply with the Bank E&S Standards.

Under these conditions, the operation is acceptable in E&S terms.