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**Public**

## Environmental and Social Data Sheet

### Overview

Programme Name: *MVM Transmission Network Upgrade*  
 Programme Number: *2021-0398*  
 Country: *Hungary*  
 Programme Description: The programme comprises the extension and reinforcement of the electricity transmission network in Hungary, over the period 2021-2025.

EIA required: yes (for some components)

Programme included in Carbon Footprint Exercise<sup>1</sup>: yes

(details for programmes 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 electricity transmission schemes with voltage levels ranging from 132 kV to 400 kV, including (a) the construction of new power substations and a new 400kV power line, (b) the refurbishment of existing power substations, the reconstruction of their secondary side and the installation of new transformers, (c) the refurbishment of existing 220kV transmission lines and the increase of their capacity, as well as (d) the conversion of an existing gas-insulated power substation to open-air.

The programme schemes are located in all regions in Hungary, namely Közép-Magyarország, Dél-Alföld, Dél-Dunántúl, Észak-Alföld, Észak-Magyarország, Közép-Dunántúl, Nyugat-Dunántúl.

#### Environmental Assessment

Some of the programme schemes fall under Annex II of the EIA Directive, leaving it to the competent authority to determine whether an Environmental Impact Assessment (EIA) is required. One programme scheme, the new 400kV overhead line falls under Annex I of the EIA Directive, thus requiring an EIA. Under Hungarian law, (a) overhead lines with voltage level above 220kV and longer than 15km require an EIA, and (b) new HV/MV power substations and overhead voltage lines above 20kV need to undergo an environmental screening, following which the competent authorities determine whether a full EIA is required or not. For the rest of the programme schemes, i.e. the extension/refurbishment of power substations and the refurbishment of overhead lines, a screening decision is necessary only when new land allocation is required (or expansion outside the boundaries of the existing asset). The new 400kV overhead line is still at the design stage, with the initial routing not being yet determined – as such, the relevant EIA process has not yet commenced. The EIA

<sup>1</sup> Only programmes 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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process has started for some schemes but none of the screening decisions were issued at the time of appraisal.

All programme schemes likely to have an impact on Natura 2000 sites will be screened with respect to the need for an Appropriate Assessment (AA) under the EU Habitats and Birds Directives and will undergo Appropriate Assessment, if applicable.

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 focuses on the promoters' capacity and capability to implement the programme in line with EIB environmental and social standards and requirements. The Bank reviewed two EISs conducted by the promoter for components that do not form part of the programme and found them to be satisfactory.

The programme 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 construction procedures to minimize damages and disturbance, soil restoration, traffic management measures and appropriate waste collection procedures. Furthermore, they include the installation of flight diverters and nesting platforms on sensitive corridors to prevent birds' impact and electrocution –where necessary-, the installation of noise-blocking walls/panels to reduce noise levels and proper containment in substations to avoid oil leakage from transformers.

The promoter confirmed that in order to minimize the environmental impact when designing a transmission line, the line is routed as much as possible through peripheral, mainly agricultural areas and through forests only when necessary, and where feasible, in parallel/next to an existing line, in order to reduce land occupation and mitigate visual impact.

Physical climate change risks relevant to the area of installation of the programme schemes, i.e. mainly extreme rainfall events, flooding, storms and high winds, are mitigated in the design stage, by adapting -as necessary- the design of the power lines' towers, adjusting the span between the line towers and appropriately designing the foundation of both the substations and towers.

The programme has been assessed for its Paris alignment and is considered to be aligned both against low carbon resilience goals in line with the EU Taxonomy Regulation and with the EIB Energy Lending Policy. The programme is expected to generate positive environmental impacts by enabling the integration of renewable energy generation in the transmission system of the country, thus supporting national and EU decarbonisation goals. Furthermore, the reconstruction and refurbishment of aged assets currently operating in the electricity transmission network will reduce the environmental load, such as soil and ground water pollution.

### **EIB Carbon Footprint Exercise**

The source of CO<sub>2</sub>-equivalent (CO<sub>2</sub>e) 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 35kt CO<sub>2</sub>e 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 26kt CO<sub>2</sub>e per year. For the annual accounting purposes of the EIB Carbon Footprint, the programme emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of programme cost.



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## Public Consultation and Stakeholder Engagement

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

## Other Environmental and Social Aspects

The appraisal focused on the capacity of the Promoter to manage environmental aspects of the programmes. Previous monitoring experience from an operation financed by the EIB is deemed satisfactory.

The Promoter is experienced in conducting works of this nature, with an in-house team responsible for environmental and social aspects of projects. An Integrated Quality System is in place, covering the promoter's entire operations. The promoter is ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 27001:2014 certified.

Based on the aforementioned elements and the assessment undertaken, 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.

## 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 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 programme schemes will undergo a biodiversity screening in accordance with the EU Habitats and Birds Directives, as applicable. 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 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 to the Bank's satisfaction and approved by the competent authority. For schemes requiring an EIA and/or an Appropriate Assessment (AA), an electronic copy of the relevant documentation, including EIA/AA reports, consultation documents, EIA approvals, must be sent to the Bank as soon as each scheme is approved by the competent authority.
- The promoter undertakes to store and keep updated all EIA and AA screening decisions concerning the programme schemes issued by the competent authority and shall, upon request, promptly deliver such decisions to the Bank.