

Luxembourg, 8th December 2022

Environmental and Social Data Sheet

Overview

Project Name: IBERDROLA SOLAR PV GREEN LOAN PORTUGAL
 Project Number: 20220298
 Country: Portugal
 Project Description: Financing of a multi-schemes 188 MW solar PV project in Portugal.

EIA required: yes¹

Project included in Carbon Footprint Exercise²: yes

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

Environmental and Social Assessment

The present project entails the implementation and operation of five solar PV plants in Portugal (Montechoro I and II (37 MWp), Alcochete I and II (46 MWp), Algeruz II (27 MWp), Conde (14 MWp) and Carregado (64 MWp) with a total capacity of ca.188 MWp and their grid connection works.

Environmental Assessment

The projects fall under Annex II of Directive 2011/92/EU (as amended by Directive 2014/52/EU) according to which the Member States shall determine whether the project shall be made subject to an assessment based on defined criteria. According to national legislation solar PV plants with more than 50 MW, or more than 20 MW if located inside sensitive áreas (“Rede Nacional de Areas Protegidas” (RNAP) and Natura 2000 sites), are subject to a mandatory EIA, including public consultation. Transmission lines equal or above 100 kV and equal or above 10km are also subject to a mandatory EIA.

According to their characteristics, the PV plants were subject to a screening decision by the competent authority. The Alcochete I and II, Conte and Algeruz projects were screened out based on their characteristics (screening decision dates were 7/7/2020, 7/7/2020, 26/3/2021, 23/7/2020 respectively). The Carregado project and its transmission line were screened-in for EIA due to its installed capacity and the length of transmission line respectively. The Montechoro project was screened-in for EIA due to cumulative impacts with a neighboring PV project.

The solar PV plants will occupy land mostly dedicated to agro-forestry use (pine plantations), with undergrowth forest (broom) in the non-exploited plots, and are expected to generate minor

¹ Required for some schemes only.

² 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.



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impacts during both construction and operation phases. The impacts of the projects during construction relate to the increase of dust and noise due to construction related activities, as well as increased traffic in the surrounding areas, soil erosion due to the loss of vegetal cover, and loss or fragmentation of habitats.

During the operation phase, the main impacts are related to the loss and fragmentation of habitats, barrier effect, visual impacts and collision risk (for the transmission line). General prevention and mitigation measures are foreseen for the construction and operations of the PV plants, in particular for dust and noise emissions, protection of soil and groundwater, restoration and revegetation. For the transmission line, specific mitigation measures include the use of bird flight diverters.

None of the project components are located within a Natura 2000 site. A summary of the key points of the environmental assessment for each project is provided below. In all projects, cumulative impacts were assessed by the authorities. The three smaller projects (Conde, Algeruz, Alrochete I & II) were not deemed by the competent authority to entail significant negative impacts on biodiversity or significant negative cumulative impacts, provided that the measures foreseen in (i) the environmental documentation submitted by the promoter to the authorities and (ii) the screening out decisions are implemented. The two projects that were screened in for EIA (Montechoro, Carregado) entail different type of impacts which are analyzed below. All projects are required to implement measures to avoid bird mortality in the transmission lines.

The Conde project (13MW) occupies an area of c.20ha dry grassland without agricultural or forest activity. The project was screened out from the EIA process based on its characteristics. The project is not within or near a Natura 2000 site or other sensitive area as per Law 151-B/2013 of October 2006. Such sites are also not in the vicinity of the project. A part of the project is within a National Ecological Reserve zone (Reserva Ecológica Nacional "REN"). The 6.3km transmission line will not be installed in protected areas. The competent authority, following their consultations, concluded that the project is not likely to cause significant negative impacts on the environment provided that the measures proposed by the promoter and the measures outlined in the screening decision are implemented.

The Algeruz II project (25MW) occupies an area of c. 57.9ha, grassland without agricultural or forest activity. The project was screened out from the EIA process based on its characteristics. The project is not within a Natura 2000 area or other sensitive area as per Law 151-B/2013 of October 2006, but part of it is within REN. Due to proximity to sensitive areas (Nature 2000 sites PTZPE0010 (16m) and PTCON0010 (200m), Ramsar site 3PT007 (255m), Reserva Natural do Estuário do Sado (255m), which are overlapping each other), the ICNF was consulted as part of the screening process. The 3.4km transmission line will not be installed in Natura 2000 areas or REN areas or sensitive areas as per Law 151-B/2013 of October 2006. The competent authority following their consultations, concluded that the project is not likely to cause significant negative impacts on the environment provided that the measures proposed by the promoter and the measures outlined in the screening decision are implemented.

The Alrochete I (35MW) and Alrochete II (13MW) projects, occupy an area of c. 57ha of irrigated land. The project was screened out from the EIA process based on its characteristics. The project is not within a Natura 2000 area or other sensitive area as per Law 151-B/2013 of October 2006, but part of it is within REN. The 4.8km transmission line will traverse through Reserva Agrícola Nacional (RAN) and REN areas, and for 700m through a protected site "Áreas de Sobreiro e Azinheira". The project is c. 1.2km from important areas of nature conservation (Natura 2000 sites PTCON0009 and PTZPE0010) which will not be impacted by the project. The competent authority following their consultations, concluded that the project is not likely to



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cause significant negative impacts on the environment provided that the measures proposed by the promoter and the measures outlined in the screening decision are implemented.

The Montechoro I (11.5MW) and Montechoro II (24MW), occupy an area of c.42ha of a site which in the past was used as a quarry. The project was screened-in for EIA due to potential cumulative impacts with a neighbouring PV project (all three projects together would exceed the EIA screen-in threshold of 50MW). There are two Natura 2000 sites in the vicinity of the project, (PTCON0038 (0.5km) and Barrocal SCZ (PTCON0049 1.5km). The project is not within Natura 2000 area or other sensitive area as per Law 151-B/2013 of October 2006, but part of it is within REN. The competent authority for Natura 2000 sites and biodiversity considered also that the project site has an important ecological function. Therefore, it requested to avoid certain habitats within the intervention area. Consequently, the design of the project has been updated. In addition, the implementation of the project may require the felling of oak trees, for which the competent authority required (i) a separate notification and approval process for felling activities, (ii) mitigation measures in case impact of certain habitats cannot be avoided, (iii) survey of floral species with conservation interest and mitigation measures in case impacting them cannot be avoided. The 4.4km transmission line will not be installed in Natura 2000 area or other sensitive area as per Law 151-B/2013 of October 2006. The competent authority concluded that, provided the mitigation measures are implemented, the above negative impacts are generally negligible, temporary and may be reversed after the project has been decommissioned. The environmental permit (Declaração de Impacte Ambiental) was issued in 26/05/2021.

The Carregado project (50MW) occupies an area of 258ha. The project was screened-in for EIA due to size and the transmission line. The site is used for eucalyptus timber extraction. The project is not in a Natura 2000 area or other sensitive area as per Law 151-B/2013 of October 2006 or REN area. No Natura 2000 sites are located in the vicinity of the project. The implementation of the project will require the felling of existing eucalyptus trees. In addition, the implementation of the project may require the felling of oak trees, for which the competent authority required (i) additional surveys for oak trees, (ii) a separate notification and approval process for felling activities, (iii) mitigation measures in case impact of certain habitats cannot be avoided. In addition, due to the presence of the Bonelli eagle in the area, the competent authority required (i) avifauna surveys, (ii) and the implementation of a plan to maintain the ecological function of the site (e.g. maintain the presence of hunting prey for the local eagles). The 15.4 km transmission line will not be installed in protected areas or REN areas. The environmental permit (Declaração de Impacte Ambiental) was issued in 18/3/2022.

As required by the legislation, the environmental documentation of the solar PV plants covers also their lifecycle, including the decommissioning, and foresee the implementation of recuperation plans to reinstate the sites in their original states.

The project has been assessed for Paris alignment and is considered to be aligned with the policies set out in the Climate Bank Roadmap and the Bank's 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 Portugal (combined margin for intermittent generation), the total relative effect of the project is a net reduction in CO₂ equivalent emissions by ca. 110 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.



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EIB Paris Alignment for Counterparties (PATH) Framework

Iberdrola S.A. as the head of group for the different Iberdrola subsidiaries is in scope and screened in to the PATH framework, under the low carbon requirements. The counterparty is not involved in incompatible activities and it already meets the requirements of the EIB PATH framework with its existing alignment plan.

Social Assessment, where applicable

The implementation of the project will not lead to involuntary physical or economic displacement or resettlement. The current use of the lands is mostly for agro-forestry, and such activity will continue to be carried out in the area (outside the plants perimeter).

The promoter has engaged with the landowners to reach voluntary agreements for the project infrastructures, in the form of leases and / or surface rights or rights of way. The promoter has confirmed that voluntary agreements were obtained for all the plots of land required for all the project components.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The promoter has a Policy on Respect for Human Rights 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 has performed a supply chain mapping exercise with its suppliers, concluding that it did not find evidence that any of the factories involved in this project are using forced labour. The promoter is committed to continue its engagement with the PV module manufacturers and their sub-suppliers, and review their practices to avoid the use of forced labour in the supply chain. The project will have to comply with the EIB E&S Standards, which foresees a zero tolerance of forced labour, and require promoters to make reasonable efforts to assess if there are labour risks associated with the primary suppliers of goods and materials essential to the core functions of the project.

Public Consultation and Stakeholder Engagement

Public consultation was carried out under the EIA process, as required by the EU, and as transposed into national law. The public consultation for Montechoro and Carregado and the substation and the 150 kV line were held at the end of 2019. The promoter has reported no complaint so far for the project.

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, having experience in the management of complex infrastructure projects.

Conclusions and Recommendations

With the implementation of the mitigation measures outlined in the environmental studies and environmental approvals (and summarized above) in an Environmental and Social Management Plan (ESMP), especially for the Carregado and Montechoro projects, the operation is acceptable for EIB financing in E&S terms. The finance contract will include information undertakings requiring the promoter to inform the Bank about the progress of the implementation of the said measures.