



Luxembourg, 3 November 2022

## Environmental and Social Data Sheet

### Overview

Project Name:	BRNO DISTRICT HEATING AND BIOMASS
Project Number:	2022-0386
Country:	Czech Republic
Project Description:	Financing of the upgrade of the heat generation and distribution system in the City of Brno, including construction of a new biomass CHP unit.
EIA required:	Investment programme, some schemes may require EIA
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

This three year (2022-2024) investment programme concerns the district heating system in Brno, the Czech Republic, and consists of a retrofit and extension of the district heating network and construction of a biomass CHP unit. The retrofit will allow a decrease in losses of the network by replacing the old steam pipes with modern, pre-insulated pipes carrying hot water. The extension of the network will also bring about demand-side energy efficiency gains by connecting newly built houses and service buildings to the network. The new biomass-based source of heat will decrease GHG emissions of the Promoter.

The new generation facility will comply with the relevant EU legislation including the Directive (EU) 2015/2193 of 25 November 2015 on the limitation of emissions of certain pollutants into the air from medium combustion plants.

#### Environmental Assessment

The investments in heat generation and distribution systems included in the programme fall within Annex II of the EIA Directive 2011/92/EC amended by Directive 2014/52/EU thus requiring a review by the competent authorities at the planning/consent stage with due regard to the necessity for environmental and biodiversity impact and appropriate assessments.

The screening of the investment in biomass CHP unit by the competent authority resulted in a decision concluding that an EIA was not required.

Overall, the environmental impacts of the project are expected to be minor and related mainly to noise, vibration, dust, and traffic disruption during the construction (this concerns mostly investments in the district heating network) and to airborne emissions during operation of heat generation unit, i.e., a boiler (NO<sub>x</sub>es, particles). Appropriate mitigation measures are envisaged

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



Luxembourg, 3 November 2022

to minimise the investments' impacts during construction and operation. Project's potential positive environmental and social impacts result from advantages of district heating over individual boilers, such as lower costs of heat and lower pollution and GHG emissions.

The project contributes to improving the share of RES in Czechia's heating sector, which is currently at 23.5% while the 2020 National Energy and Climate Plan expects to reach 30.7% by 2030.

Absolute emissions of the project are zero, relative emissions are negative and reach 19.4 kt of CO<sub>2</sub> per year, therefore, the project is not included in the Carbon Footprint Exercise.

The project is to be implemented in an urban environment within the existing sites therefore no impact on biodiversity and protected areas is expected.

The project has been assessed for Paris alignment and is considered to be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap (renewable combined heat and power generation using sustainable biomass, district heating network, immaterial physical exposure to climate change).

The project contributes to Bank's lending priority objectives on energy (100%) as well as on climate action (also 100%).

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

### **EIB Paris Alignment for Counterparties (PATH) Framework**

- The counterparty Teplarny Brno is in scope and screened in to the PATH framework, because it is considered high emitting.
- The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plans.

### **Public Consultation and Stakeholder Engagement**

In case EIAs and public consultations are requested by competent authorities for any of the programme schemes, the Promoter will be required to forward the outcome of the public consultation process to the Bank.

## **Conclusions and Recommendations**

Based on the information available, the Project is expected to have minor negative residual impacts and thus is acceptable for Bank financing from an environmental and social perspective provided the fulfilment of the following undertakings:

The Promoter undertakes to send to the EIB 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 not to allocate the Bank's funds to programme components that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been finalised, satisfactorily to the Bank, and approved by the competent



Luxembourg, 3 November 2022

authority. When the EIA is made available to the public, an electronic copy of the full EIA study shall be sent to the Bank.

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 to store and keep updated any documents as may be relevant for the project supporting the compliance with the provisions under the EU Habitats and Birds Directives and shall upon request promptly deliver such documents to the Bank.

All the biomass sourced as a fuel for the project need to align with the EU biomass sustainability criteria principles as defined in the Directive EU 2018/2001 (Article 29) and with the EU Timber Regulation (EU/995/2010).

Wood supply chain and the underlying forest management practices are to be certified, or if not yet certified, they have to be aligned with the standards so as to be certifiable by internationally accredited certification schemes (e.g. FSC or PEFC).