



Luxembourg, 28.10.2022

## Environmental and Social Data Sheet

### Overview

Project Name:	CEZ DISTRIBUTION NETWORK UPGRADE III
Project Number:	2022-0496
Country:	Czech Republic
Project Description:	An investment programme for CEZ Distribuce's electricity distribution network in the Czech Republic over the period 2023-2024. The programme includes investments in the reinforcement and refurbishment of medium and low voltage networks.
EIA required:	no
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The programme comprises a large number of electricity distribution schemes in the Czech Republic. It includes (a) the construction of new overhead and underground MV and LV lines, (b) the refurbishment of MV and LV overhead and underground lines, (c) the refurbishment and installation of MV/LV power substations and of distribution transformers. It also includes components for network automation and tele-control. The programme does not contain HV assets. The programme schemes are located in the following areas served by the promoter: Plzeň, Karlovy Vary, Ústí nad Labem, Central Bohemia, Liberec, Hradec Králové, Pardubice, Olomouc, and Moravia-Silesia.

#### Environmental Assessment

The electricity distribution schemes of the Programme do not meet the minimum threshold for EIA screening set out in national legislation (set at 110kV), as per provision of Article 4(3) of Directive 2014/52/EU amending the EIA Directive 2011/92/EU. Therefore, none of the programme schemes requires an EIA. Environmental analyses, as appropriate, may be carried out for some schemes in the context of the permitting process. All programme schemes will be screened with respect to the need for appropriate assessment under the EU Habitats and Birds Directives. Given that at appraisal there was only limited information on the individual programme schemes and that slight changes in scope are inherent in operations of this type, 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.

<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.



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The project 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 special construction procedures to minimize damages and disturbance, construction of facilities to contain oil leaking from transformers, soil restoration, traffic management measures, appropriate waste collection procedures and other.

The promoter is an experienced distribution network operator in the Czech Republic, with an in-house team responsible for the environmental and social aspects of projects. The environmental management capacity of the promoter is also reflected by the ISO-14001 standard certification obtained.

Based on the above elements and considering the performance on environmental and social matters in past operations, 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.

The programme has been assessed for its Paris alignment and it is considered to be aligned both against low carbon and resilience goals in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

The absolute emissions of CO<sub>2e</sub> resulting from the programme amount to 7.6 kT, the relative emissions are negative and reach 12.9 kT, both below the Bank's methodology thresholds.

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

- The counterparty ČEZ A.S. (controlling the CEZ Group to which CEZ Distribuce belongs) is in scope and screened into 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**

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

## **Conclusions and Recommendations**

The Bank reviewed the environmental and social capacity of the promoter including its organisation, processes and procedures, and deemed them to be good. Based on the information available and with appropriate conditions and monitoring, the programme is expected to be acceptable in environmental and social terms for Bank 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



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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.

In case there is a project scope change that results in an EIA being applicable, the following two undertakings will apply:

- The promoter undertakes to store and keep updated all EIA screening decisions concerning the programme schemes issued by the competent authority and shall, upon request, promptly deliver such decisions to the Bank.
- The promoter undertakes not to allocate the Bank's funds to programme schemes that require an Environmental Impact Assessment (EIA)/Appropriate Assessments (AAs) until the EIA and/or the biodiversity assessment have been finalised to the Bank's satisfaction, including public consultations, 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.