

Luxembourg, 24th January 2023

Environmental and Social Data Sheet

Overview

Project Name:	LANDSNET POWER TRANSMISSION
Project Number:	2021-0525
Country:	ICELAND
Project Description:	<i>The operation is an investment programme of two projects to extending the 220 kV power transmission grid in the north-eastern part of Iceland, in order to strengthen the transmission system between eastern, northern and south- western parts of Iceland to increase transmission capacity, stability and reliability of the system.</i>
EIA required:	yes/
Project included in Carbon Footprint Exercise ¹ :	no

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

Environmental and Social Assessment

Environmental Assessment

The operation is a multicomponent investment project consisting of two projects to extend the 220 kV power transmission grid in the north-eastern part of Iceland. The first project, Kröflulína 3, comprises the construction of a 121 km long 220 kV overhead transmission line between Krafla and Fljótisdalur, the modifications to the 220 kV substation at Krafla and extension of the 220 kV substation and an underground cable link at Fljótisdalur substation. The second project, Hólasandslína 3, comprises a 62 km long 220 kV overhead line, a 10 km long 220 kV underground cable, construction of a new 220 kV substation at Rangárvellir, Akureyri and the construction of a new 220 kV substation at Hólasandur.

The EIA Directive 2014/52/EU amending Directive 2011/92/EU has been transposed into Icelandic law. In Iceland, it is mandatory to carry out EIA for overhead power lines of 132 kV or higher regardless of the length of the line and potential new substations are included in the assessment. Consequently, EIAs have been carried out for both subprojects. The National Planning Agency of Iceland is responsible for the process of EIA including how public consultations are carried out regarding the provisions of the EIA Act. Based on the Act of Nature Conservation, protected areas and threatened individual species or populations under protection must be considered in the EIA. The Environmental Agency of Iceland is the competent authority on biodiversity and reviews as well the Scoping document as the Initial Statement of the EIA Process. A specific permit is required to cross special protected sites.

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.



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The final EIA Study on Kröflulína 3 was issued in July 2017 and for Hólasandslína 3 in March 2019, following public consultations. The Studies are divided in sections covering the different terrain types the line passes and addresses overall impacts on biodiversity, flora, fauna and in particular birds as well as visual impacts as cumulative impacts with parallel lines.

The Kröflulína 3 line crosses c:a 150 m of the national park Vatnajökulsþjóðgarður. This is the narrowest part of the park and no masts will be in the protected area. The main impact is visual and the park's protection plan already assumes the power line. The Kröflulína 3 line will cross about 480 m of the Nature conservation area of Mývatn and Laxá, again without masts erected in the area. The main impact will be visual impacts and possible impacts on birds (collisions). The Environmental Agency of Iceland has issued a permit for the project in the area.

The project will cause disturbance to about 20 ha of wetlands, where 12 ha are protected based on on Article 61 in the Nature Conservation Law. The promoter will compensate by restoring the same area of wetland in another location as a mitigation action. The project will also cause disturbance to about 18 ha of young lava which is protected based on the same law. A small population of reindeer lives near the line, which will cross the reindeers' passage but the line is considered not to have any impacts on them.

Overall, impacts are thoroughly addressed, different alternative routings are analysed and mitigating as well as compensating activities are recommended. To a large extent the routing follows existing transmission corridors, which mitigates the cumulative effect in particular on birds. The Planning permits for the project have been issued and have gained legal force.

The project appraisal was initiated in 2021 and is therefore outside of the Bank's PATH framework. However, while it would be in scope of the framework, the counterparty would be screened out, given that power generation on Iceland is effectively 100% from renewable sources and the promoter is not involved in high-emitting activities, the project is considered to be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap and the Bank's Energy Lending Policy.

The Bank's methodology for assessing greenhouse gas emissions from investments in the transmission system is based on emissions from losses in the system. Given that, energy generation on Iceland is to 100% renewable, there are no emissions attributed to losses, regardless of volumes or improvements.

Public Consultation and Stakeholder Engagement

The public, stakeholders and statutory commentators were given the opportunity to make comment on the draft proposal for the scoping documents before they were submitted to the Planning Agency for formal discussion. As part of the EIA Process, Scoping documents and Initial statements were presented. The promoter had discussed with the municipalities, landowners, and managers of nature conservation areas about possible alternatives of the line route. During the consultations, results of the initial assessment report were presented to residents, landowners, the project councils and the local councils of the municipalities that the line passes through.

As an addition to the statutory consultation, project councils are established for all major regional projects such as Kröflulína 3 and Hólasandslína 3. In addition to representatives from municipalities, the councils include a cross-section of local stakeholders, such as representatives of nature conservation organizations, academic communities, business development associations, forestry, employers, etc. The Project Council is a consultation forum



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for direct dialogue and the purpose is to ensure more active dialogue, understanding and a better flow of information between stakeholders. The process is open and transparent. Information on the council's activities is posted on the website and open to all.

Conclusions and Recommendations

The Promoter is experienced in conducting works of this nature, with an in-house team responsible for environmental and social aspects of projects. Based on the information available, the project is acceptable in environmental and social terms for the Bank's financing.