



Luxembourg, 17/11/2022

Environmental and Social Data Sheet

Overview

Project Name: *MOLDOVA ELECTRICITY MODERNISATION*
 Project Number: *2021-0596*
 Country: *MOLDOVA*
 Project Description: *Regulated investment programme in the electricity distribution sector in Moldova*

EIA required: no
 Project included in Carbon Footprint Exercise¹: yes
 (details for projects included are provided in section: “EIB Carbon Footprint Exercise”)

Environmental and Social Assessment

The project is an electricity distribution expansion and modernisation programme. It comprises multiple schemes involving the construction or the modernisation of electricity distribution facilities, including power lines with voltage levels up to 110 kV, substations and transformers, as well as automation and communication equipment.

Environmental Assessment

The Project concerns electricity distribution schemes, including power lines with voltage levels up to 110 kV, some of which will usually fall under Annex II of the Directive 2014/52/EU, amending the EIA Directive 2011/92/EU, which requires the competent national authority to determine the need for an Environmental Impact Assessment. According to the national regulations, only the new transmission lines with a voltage over 220 kV (maximum voltage level of the installations owned by the Promoter is 110 kV) and a minimum length of 15 km are subject to Environmental Impact Assessment (EIA). Based on the information provided by the promoter, most of the components of the company’s capex programme are related to the modernisation and digitalisation of the electricity distribution grid. Due to their characteristics and size and according to the relevant national legislation, the projects are not likely to have significant effects on environment and therefore, will not be subject to EIA. As the investment scope is reviewed and approved every year by the regulator, some of the components might change and might be subject to EIA. For these cases, the company will require and verify the EIA decisions to be made public according to the relevant national legislation on Environmental Impact Assessment, which also establishes the process of communication, consultation and public debate.

The project has the potential for some low to moderate environmental and social impacts. During construction, the environmental impacts are expected to relate to dust, noise, vibration, traffic disruption and vegetation clearance. Environmental impact during operation will concern electromagnetic fields (EMF), noise disturbance and collision and electrocution of flying

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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vertebrates. For the advanced metering component, the main potential impact on the environment is from the disposal of the old meters being substituted by this project. Where relevant, appropriate measures will be implemented to avoid or minimise impacts. This includes measures to contain the effect of noise during operation, specific maintenance procedures to minimise potential leakage of SF6 and coordination with local authorities and property owners. In densely populated areas, particular attention will be paid to contain the effect of noise, vibration and traffic disruption during construction works. Regarding the schemes relating to works in substations, contamination from oil leakage of transformers is mitigated through the appropriate design of bunds.

The environmental and social due diligence has followed the investment programme lending approach according to the EIB's procedures and standards. The due diligence focused on the promoter's capacity and capability to implement the programme in line with the EIB environmental and social standards and requirements. The review of the E&S management organization and procedures implemented by the Promoter to ensure the required mitigation measures are enforced during the projects execution resulted in a number of recommendations for improvement to attain EBRD PRs and EIB E&S Standards. An Environmental and Social Action Plan (ESAP) has been drafted for this purpose. The Promoter undertakes to implement the recommendations included in the plan. Based on this assessment and considering subject to the implantation of the ESAP, the environmental capacity of the promoter is deemed to be "good"; it has the experience and the capacity to appropriately manage the investment programme.

Implementation of Promoter's projects is not associated with physical displacement. As part of the ESAP the Promoter will define and implement a Livelihood Restoration Framework, to cover all different types of land impacts associated with the Promoter's activities and apply impact avoidance hierarchy prioritising avoidance of such impacts wherever possible and where not possible assess such impacts and compensate to all affected land users, who is occupying, using or claiming rights to the land in question while risk being displaced as a result of imposed land use restriction (for example informal tenants or other land users that have no right under the national law) as required by EIB E&S Standards.

A Stakeholder Engagement Plan (SEP) including a Grievance Mechanism was also developed in the frame of this E&S Assessment. The Promoter is to take ownership over the proposed SEP and ensure its implementation and periodical update.

The project 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.

Gross annual GHG emissions of the programme in a standard year of operation are estimated at 3 kt of CO2 equivalent per year (on the basis of network losses). The operation will provide environmental benefits through the reduction of network losses. It is estimated that network losses would increase by 27 GWh without the project. The total avoided CO2 emissions are estimated at 8 kt of CO2 equivalent per year using a grid emissions factor of 427 kgCO2/MWh.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty Premier Energy Group, who owns the Promoter Premier Energy Distribution, is in scope and screened in of the PATH framework on the basis that it has 20% of its revenues on a high emitting activity. While the promoter is solely involved into electricity distribution activity in Moldova, the Group operates also in the field of natural gas distribution and retail as well as renewables in Romania. In a document dated January 2022 and shared with the Bank, the Group's commitments to support regional net zero and energy transition targets are described as follow:

- Facilitate reduction of oil, coal and wood burning, and introduction of green hydrogen



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- Accelerate renewables development with a target of 1GW by 2025 that will offset the GHG emission of the group within the scope of their economic capability.
- Strengthen power infrastructure and green-gas ready pipelines
- Fully aligned with European Green Deal and U.N. Sustainable Development goals

The counterparty meets only part of the requirements of the EIB PATH framework with its existing alignment plan and an updated Paris alignment plan shall be published to mitigate the latter.

Other Environmental and Social Aspects

Company operations are based on a management system certified for Quality, Environment and Occupational Health and Safety in line with ISO standards.

Conclusions and Recommendations

The Bank and its Lenders' Engineer reviewed the environmental and social capacity of the promoter including its organisation, process and procedures and deemed them to be good. Based on the information available, and with appropriate conditions (see below) and monitoring, the programme is expected to be acceptable in environmental and social terms for Bank financing:

- The promoter undertakes to store and keep updated all EIA screening decisions concerning the programme schemes issued by the competent authority for nature and environment.
- 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 implement the Environmental and Social Action Plan (ESAP) agreed with the Lenders.
- The promoter undertakes to ensure that all programme schemes will undergo a biodiversity screening in accordance with the EU Habitats and Birds Directive. 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 to store and keep updated any documents that may be relevant for the programme and which support the compliance with the provision 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.