European Investment Bank

Luxembourg, 15th June 2023

Environmental and Social Data Sheet

Overview

Project Name:	ESTONIAN RENEWABLES INVESTMENTS
Project Number:	2022-0634
Country:	Estonia
Project Description:	The project concerns the design, construction and operation of two onshore windfarms in Estonia.

EIA required: yes

Project included in Carbon Footprint Exercise[1]: yes

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

Environmental and Social Assessment

Environmental Assessment

The project consists of the design, construction and operation of two adjacent onshore wind farms in the southwest of Estonia (Pärnu County) with a total nominal installed capacity of up to ca. 255 MW. The Sopi wind farm consists of 26 turbines and the Tootsi wind farm consists of up to 12 turbines. The project scope includes the associated substation, roads, water drainage system etc. The TSO has already constructed the infrastructure connecting the site to the transmission network, which contains a substation at the site and the 330kV overhead lines with length of approximately 10 km. This network connection, which will also serve a PV plant planned in the area, was subject to separate authorization process to receive a construction permit and environmental authorization. Next to the TSO's substation, the promoter will build their own substation to which the underground internal lines of 33 kV will connect to. The busbars of the two substations will be connected; therefore, no transmission line is foreseen between the substations.

Wind farms fall under Annex II of the EIA-Directive (2011/92/EU), requiring the competent authorities to determine whether an EIA process is required. The two wind farms have jointly undergone an SEA/EIA process and received the building permits.

In 2010 the county governments of Saare, Hiiu, Lääne and Pärnu started the preparation of a thematic plan for wind energy development, which was supported by a strategic environmental assessment (SEA) report. This was the first large scale thematic plan developed for wind energy in Estonia. The thematic plan defined the principles of spatial development of wind energy, areas suitable for wind park development and principal locations of the associated electricity transmission lines. The SEA was carried out for the area of the four counties as a whole, mainly considering impacts of wind power generation with broader scope e.g., socio-economic impact, impacts on protected areas, populated zones, birds, etc. Topics that are important and discussed in more detail in case of actual wind farm development in a particular

[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.

area/region were also dealt with, however, only at the level of details and accuracy relevant for thematic planning of the county-wide spatial plan and not at the level of detailed planning. The plan together with the SEA report was approved in 2012.
In 2016 concerning the actual project, subject of this EIB operation, in addition to the comprehensive plan described above a more specific supplementary thematic plan was developed for the Tootsi Suurso area with the wind farms to be constructed. As part of the thematic plan a more specific and detailed SEA report was also prepared. The report addresses the relevant aspects of environmental impact assessment, including evaluation of potential impacts on Natura 2000 sites. According to the Estonian Environmental Act[2] if the environmental impact has already been adequately assessed in the course of strategic environmental assessment related to planning document the decision-maker will not initiate the environmental impact assessment of the planned activity. The thematic plan including the comprehensive SEA report was approved by the competent authorities in 2016. The decision approves the conclusions of the SEA report and confirms that no further EIA reports are required for the facilities and buildings to be constructed at the site as presented by the plan. By its decision the competent authority also approved the measures set out in the SEA for ex-ante and ex-post surveys and monitoring of environmental conditions.

The environmental approval covers 46 wind turbine locations for turbines of 6-8 MW unit size and up to 250 m of maximum tip height. The current project includes 38 turbines of ca. 6.5 MW nominal capacity with tip height below the allowed maximum. The environmental assessment as part of the SEA report substantially covers inter alia impacts on the natural environment, biodiversity, air, soil and water, the cultural environment, as well as visual and noise impacts. The main risks identified relate to visual impacts, noise as well as potential impacts on water, birds and bats. The construction area of the project is mainly a depleted peat production area, where vegetation is predominantly absent, or it is naturally low value formation. Therefore, the construction of a wind farm does not adversely affect the existing vegetation.

The total noise emitted from wind turbines must comply with established standards. The maximum permitted noise level emitted by a single wind turbine is 110 dB and 40 dB (or 45 dB, with the owner's consent) at residential buildings. The preliminary locations of the wind turbines were defined accordingly, to meet those criteria. Based on the manufacturer's specifications the selected wind turbines generate less noise, therefore compliance with noise standards is expected to be met. However, when the parameters of the wind turbines have been established and the potential final small adjustments of locations are completed, additional noise and shading modelling must be performed in the design stage. If necessary, noise reduction measures such as reducing power in case of adverse wind directions can be used to reduce the noise level at a specific location and to ensure compliance.

The assessment of potential environmental impacts confirmed that no significant negative effects on the water regime and water quality are foreseen by construction and operation of the wind farm, if mitigating measures are implemented. Those measures will be mainly realized during the refurbishment of the water drainage system of the area with an improved design and newly constructed and refurbished ditches and sediment ponds etc.

Impacts on birds and bats have been reviewed concerning the risk of potential reduction of living space and disruption of the ecosystem. The planning solution prescribes that the potential negative impacts on bats and bird species have to be mitigated through the selection of type of the wind turbines and by avoiding locations for the wind turbines where negative effects could occur due to likelihood of the presence of protected species. In addition, ex-ante surveys and ex-post monitoring actions have been envisaged to define additional mitigating measures for

[2] Quote from the Environmental Act: "… the decision-maker will not initiate the environmental impact assessment of the planned activity if the environmental impact has already been assessed in the course of strategic environmental assessment related to the implementation of a strategic planning document serving as the basis for the assessed activity, in the course of preparation of building design documentation or in the course of processing other development consent required for the planned activity, provided that the decision-maker has sufficient information for granting the development consent and, according to the decision-maker, the environmental impact of the activity has already been adequately assessed."

example, improving the quality of habitats, optimizing the operating mode of the turbines, etc., if necessary. Beyond the actions required by the environmental authority the promoter initiated an additional study about potential impact of the wind turbines on black storks.

Associated facilities like roads, assembly sites, buildings, underground cables and the substations connecting the project to the national grid are within the scope of the study. Cumulative impacts with potential neighbouring wind farms and a railway project have been assessed in the SEAs.

With respect to the Birds (2009/147/EC) and Habitats Directives (92/43/EEC) the assessment of the potential impact of the detailed plan on Natura 2000 sites were undertaken as part of the SEA process. The Natura 2000 site Ämmamäe (SCI or SAC EE0040368) is located inside the thematic planning area. The sites Mõrdama (SCI or SAC EE0040331), Kõrissoo (SCI or SAC EE0040321) and Taarikõnnu-Kaisma (SCI or SAC and SPA EE0020315) are in the vicinity of the thematic planning area. The screening assessment concluded that the construction and operation of the wind farms do not adversely affect the achievement of the conservation objectives of concerned Natura 2000 sites if the construction activities are carried out in compliance with the legislation in force and the plan is implemented in accordance with the set-out locations, i.e., keeping the planned distance between the wind turbines and the protected areas.

Climate Assessment

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 and the Bank's Energy Lending Policy.

EIB Carbon Footprint Exercise

There are no direct emissions related to renewable wind energy generation. The estimated emissions savings compared to the generation replaced by the wind farms are 535 kt of CO2 equivalent per year, following the Bank's standard methodology.
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.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty, Eesti Energia AS, is in scope and screened in of the PATH Framework, because it is considered high emitting and high vulnerability. The counterparty already meets the requirements of the EIB PATH framework with its existing decarbonisations plans but not for physical risk and vulnerability. Enefit Green, the borrower, has agreed to adjust its resilience plan and publicly disclose a new alignment plan within 12 months of the EIB finance contract signature. This is in line with the PATH framework which allows for engagement with the borrower, rather than the Head of Group, where duly justified in emission or resilience terms. In this case, it is deemed justified given that Eesti Energia already includes physical climate risk in their operations, and they will likely need to disclose in detail its resilience strategy in due course under the Corporate Sustainability Reporting Directive (CSRD).

The counterparty, unlike the borrower, is active in activities that are considered incompatible with the Paris Agreement in the PATH framework. However, under the new REPowerEU derogation of PATH, the Bank can temporally and exceptionally finance all renewable energy projects in the EU, also if executed by companies involved in incompatible activities.

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Social Assessment

Infrastructure developments (electricity network, roads) related to the wind farms will improve the region's economic potential and therefore has a positive socio-economic impact.
The wind farms will be constructed in a sparsely populated neighbourhood. The land under the turbines is owned by the promoter. In case of roads and electrical connections suitable solutions are expected to be reached with the residential landowners concerning the land use. This process will be finalised after final design. The area is relatively large, allowing for corrections of specific locations when there is a corresponding need. Thus, the impact of the project on the surrounding land use, including residential land, is expected to be neutral.
The area dedicated to construction of the wind farms has been an area with thick peat settlement and the corresponding mining activities have been going on for several decades. However, most of the peat deposits of the area are now exhausted and abandoned. Thus, the realisation of the plan does not have a negative impact on the use of peat deposits and does not waste peat.
Local/regional workforce is expected to cover at least partially the jobs related to construction, logistics, installation and operation of the wind farms. The project in general has a positive impact on employment, potentially for the inhabitants of the planning area but also for people from other regions accepting job mobility.
The development plan puts emphasis on fair sharing of the benefits of building the wind farms with the local community. In Estonia a recently adopted law introduces a new support system for the local community affected by development of renewable projects. The system supporting the local community has a positive impact on improving people's well-being, supporting community activities, etc.

Public Consultation and Stakeholder Engagement

The preparation of the thematic plan and the SEA included extensive and meaningful cooperation and public involvement based on a specially developed inclusion plan, in line with the applicable legislation and relevant good practice. The developed thematic plan and the proposed solutions were the result of cooperation with various interest groups, local governments, relevant authorities, county governments and the public.

Other Environmental and Social Aspects

The promoter applies management system certified in accordance with international standards ISO 9001:2015, ISO 14001:2015 and 45001:2018 as well as EU standard EMAS (Eco-Management and Audit Scheme).

Conclusions and Recommendations

Through contractual conditions the Bank will request the promoter:

- To demonstrate that the measures foreseen in the SEAs and the permits, as well as in any project related additional environmental surveys and assessments will be put in place during construction and operational phases. Those measures might include inter alia ex-ante and ex-post monitoring actions as well as measures to avoid, reduce and mitigate the impacts,
- To adjust its resilience plan and publicly disclose a new alignment plan within 12 months of the EIB finance contract signature.

Under these conditions, the operation is acceptable in E&S terms.