

Luxembourg, 06/02/2024

Environmental and Social Data Sheet

Overview

Project Name: IBERDROLA DISTRIBUTION NETWORKS GREEN LOAN
 Project Number: 2023-0448
 Country: Spain
 Project Description: Modernisation and expansion of the electricity distribution network in Spain over the period 2024-2026.

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 programme covers investments in overhead lines and underground cables, substations, transformers, and digitalisation. The maximum voltage is 132 kV.

Environmental Assessment

Some programme schemes fall under Annex II of the EIA Directive 2011/92/EU as amended by Directive 2014/52/EU leaving it to the competent authority to determine whether an Environmental Impact Assessment (EIA) is required. According to the national legislation, a screening decision by the competent authorities is required for all distribution lines, including their associated substations, irrespective of their voltage, unless they run entirely underground on urbanised land. Given their characteristics, location, and potential impacts, and considering the criteria established under the national EIA legislation, none of the programme schemes are expected to require an EIA. Programme schemes are also screened for an Appropriate Assessment under the EU Habitats and Birds Directives.

The programme has the potential for some low to moderate environmental and social impacts. These include noise, vibration, dust, and disruption of traffic during construction, and electromagnetic radiation during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation.

The programme schemes that have to do with digitalisation are expected to have limited environmental impact.

The Promoter is I-DE Redes Eléctricas Inteligentes S.A.U., an experienced Distribution System Operator (DSO) in Spain. The environmental and social due diligence has followed the investment programme lending approach according to the EIB's procedures and standards, i.e. the due diligence focussed on the Promoter's capacity and capability to implement the

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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programme in line with EIB environmental and social standards and requirements. Based on this assessment, the environmental capacity of the Promoter is deemed good, i.e. the Promoter has the experience and the capacity to manage the investment programme.

The programme includes a company-wide replacement of transformers with oil contaminated with polychlorinated biphenyls (PCBs), ≥ 50 ppm, by the end of 2025.

The management of waste generated by the project will follow sustainable waste management practices, in line with the applicable EU directives and Spanish legislation.

Physical climate change risks relevant to the area of installation of the project schemes, i.e. mainly heat waves, wildfires, flooding, temperature increase and high winds, are mitigated in the design stage, by adapting - as necessary - the design or the location of the equipment, monitoring, and regular inspections.

The operation has been assessed for its Paris alignment. It is considered to be aligned for low carbon and adaptation, in line with the policies set out in the Climate Bank Roadmap and with the Bank's Energy Lending Policy.

EIB Carbon Footprint Exercise

The source of CO₂ equivalent (CO₂e) emissions for the programme is network losses associated with new or refurbished network equipment. At programme completion, the corresponding absolute emissions are estimated to be 37 kt of CO₂e/year. These absolute emissions are offset by the reduction in network losses enabled by the programme in comparison to the do-nothing alternative. Therefore, at completion, the programme is expected to enable a saving of circa 47 kt of CO₂e.

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 Iberdrola S.A. is in scope and screened in to the PATH framework, because it operates in a high emitting sector.
- The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plan.

Public Consultation and Stakeholder Engagement

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

Other Environmental and Social Aspects

The Promoter is certified to ISO 9001 (Quality management), ISO 14001 (Environmental management), and ISO 45001 (Occupational health and safety management systems).

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the Promoter, including its organisation, processes, and procedures, and considers them satisfactory. Based on the information available and with appropriate conditions and monitoring, the programme is expected to be acceptable in environmental and social terms for the Bank's financing:



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- The Promoter undertakes to send to the EIB copies of 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, including public consultations, and approved by the competent authority. When the EIA is made available to the public, an electronic copy of the EIA study shall be sent to the Bank.
- The Promoter undertakes to take into account and implement the conditions expressed in any screen-out decision or EIA consent granted by the competent authority for nature and environment.
- 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 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.