

Luxembourg, 20th June 2024**Public**

Environmental and Social Data Sheet¹

Overview

Project Name:	<i>KELME ONSHORE WIND GREEN ENERGY LOAN</i>
Project Number:	<i>2022-0894</i>
Country:	<i>Lithuania</i>
Project Description:	<i>Construction and operation of a wind farm of ca. 300 MW of capacity and associated infrastructure in Kelmė district, Lithuania.</i>
EIA required:	yes
Invest EU sustainability proofing required	yes
Project included in Carbon Footprint Exercise ² :	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 an onshore wind farm in the west of Lithuania (Šiauliai county, Kelmė district municipality) with a nominal installed capacity of ca. 300 MW. The wind farm will be constructed in two phases. Phase 1 will comprise an installed capacity of ca. 105 MW (16 turbines) and Phase 2 will comprise an additional capacity of ca. 195 MW (28 turbines). The two phases are located adjacent to each other. The wind farm comprises in total 44 turbines, with a hub height of 135m or 155m and a tip height of 218 m and 239 m and a rotor diameter of 163 m, as well as the ancillary infrastructure, such as substations and the ca. 29 km underground transmission line in 330kV.

Wind farms fall under Annex II of the EIA-Directive (2011/92/EU as amended by Directive 2014/52/EU), requiring the competent authorities to determine whether an Environmental Impact Assessment (EIA) process is required. High voltage underground cables do not fall either under Annex I or Annex II of said Directive. Phase 1, which included the underground transmission line in 330 kV, was screened out and obtained the screening decision in November 2019 which was extended in November 2022, for 18 turbines (only 16 are to be built) up to of maximum tip height of 250 m and a rotor diameter up to 170 m. Phase 2 was screened in, subject to public consultation which took place between June 2021 and December 2021 (see Public Consultation and Stakeholder Engagement section) and received the environmental decision in May 2022, for up to 33 turbines (instead of up to 34 as initially proposed by the promoter, however, the project will only build 28) with a maximum tip height of 250m, except for three turbines that were limited to 220m and 200m of tip height by the competent authority.

¹ The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary.

² 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.

Luxembourg, 20th June 2024

The screening decision of Phase 1 was based on an EIA screening report, covering inter alia impacts on, biodiversity, birds and bats, as well as visual, noise and cumulative impacts. Phase 1 falls within the territories of renewable energy development approved by the local municipality. It was concluded in the screening decision that Phase 1 will not exceed the limit levels related to noise or shadow flicker in the nearest settlements. Furthermore, the promoter undertook a birds and bats survey in 2022, as requested by the screening decision, aiming at better defining the mitigation measures to reduce the negative impact on birds and bats, if a significant impact on birds and bats is identified. The survey concluded with mitigation measures related to limiting speed of the turbines in June-September, installation of ultrasonic deterrents, recommendations on future monitoring activities and implementation of nesting boxes for bats and fixed perching sites out of the wind farm. To further assess the possible impact on birds and bats, the promoter was requested in the screening decision to develop a monitoring programme, which was submitted in November 2023 and acknowledged by the Competent Authority. If significant effects on birds or bats are identified, the monitoring programme includes mitigation measures for birds and bats.

Phase 2 also fall within the territories of renewable energy development approved by the local municipality. The EIA report of Phase 2 substantially covers inter alia impacts on the natural environment, biodiversity, air, soil and water, the cultural environment, as well as visual and noise impacts. According to the EIA report, cumulative impact of Phase 1 are also taken into account. The main risks identified relate to visual impacts as well as potential impacts on bird and bats. Birds and bats monitoring surveys were carried out in Phase 2 site and the immediate vicinity between May 2020-June 2021. Measures for avoiding, reducing and mitigating for negative environmental impacts on birds and bats include the deletion of one turbine, implementation of 100 bat boxes away from the wind farm, and the preparation of a monitoring programme, which will include an impact assessment of the wind farm one year before the start of the operation, another one three years after the start of the operations, and repeated every five years thereafter, which could lead to additional measures to be applied. The environmental decision additionally contains requirements on mode regulation and shadow flicker shut-down mechanism to reduce the noise and the shadow flickering respectively.

The nearest natura 2000 site are Pamedžiokalis forest (SAC LTKEL0024) ca. 2.5km NW from the site and Paginskiai village surroundings (SAC LTKEL0023), ca. 2.5km W. The closest SPA areas are Dubysos upės slėnis (LTRASB001) ca.18 km SE and Biržulio ir Stervo pelkių kompleksas (LTTEL001) ca. 15km NW. Based on the information presented in the EIA screening reports for Phase I and the EIA report of Phase II, the Competent Authority concluded in both cases that there is no likely adverse effect on Natura 2000 sites, therefore no need for Appropriate Assessment to be carried out.

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. Residual risks from physical climate hazards are deemed low.

EIB Paris Alignment for Counterparties (PATH) Framework

The project will be implemented by a single-shareholder Special Purpose Vehicle, owned by AB Ignitis Grupe. The counterparty is in scope and screened into 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 alignment plans.

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 power plant are 144 000 tonnes of CO₂ equivalent per year, following the Bank's standard methodology.

Luxembourg, 20th June 2024

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.

Social Assessment

The project is not expected to have significant impact on public health with the mitigation measures in place. The promoter manages community and NGO relations by supporting projects and initiatives at local level related to energy efficiency and climate change awareness amongst others. In addition, in 2023 the Republic of Lithuania approved the amendments to the Renewable Energy Law in virtue of which wind and solar energy developers who have received a production permit after July 1st 2023, will pay an operations fee to local residents. Land rights are secured by land lease.

Public Consultation and Stakeholder Engagement

Regarding Phase 1, which was screened out, the Environmental Protection Agency (EPA) published on its website the screening decision in 2019 and did not receive any comments or suggestions. For Phase 2, the EIA report was published on the website of the contractor who prepared the EIA report in June 2021 and this publication was also announced on the notice boards of Kelmė district municipality, Kelmė county and Kražiai eldership during the same period. Copies of the EIA report were publicly available from 13 July 2021 to 12 August 2021 in the premises of the Kelmė county and Kražiai eldership, while being also kept available on the website of the consultant. During the publicity period, no comments were received on the EIA report, which was then delivered to the EPA. The EPA published the EIA report in November 2021 and received comments from public concerned. Consequently, the EPA organised a remote consultation in December 2021. The environmental decision was issued in May 2022, and it was not appealed.

Other Environmental and Social Aspects

Ingitis Grupe has certified its management systems (environmental standard ISO 14001, health and safety standard ISO 45001, information security standard ISO 27001, anti-corruption standard ISO 37001 and quality standard ISO 9001). The non-financial performance of the company in the area of Environment, Social and Corporate Governance (ESG) has been assessed by several ESG rating agencies. Besides, Ingites Grupe is following a process in analysing the alignment of its activities based on the EU Taxonomy Regulation.

Conclusions and Recommendations

Based on the information available, the project is expected to have minor negative residual impacts and thus is acceptable for Bank financing from an environmental and social perspective provided the fulfilment of the following conditions. The promoter undertakes:

- To share with the Bank the report on the pre-operational birds and bats surveys of Phase 2.
- To confirm that the mitigation measures recommended by the birds and bats surveys of Phase 1 and Phase 2 are duly implemented before operation.
- To produce a birds and bats survey report after one year of operation of Phase 1 and Phase 2, based on the three-year survey as required by the environmental permit, including additional measure, if the case, and provide the results to the Bank. To confirm that the proposed additional mitigation measures recommended will be implemented in due time.

Following the environmental, climate and social screening of the Project against the InvestEU sustainability proofing requirements, given the EIA screening and EIA process as well as identified risks and mitigants, the residual risks are considered low, which justifies not carrying out further sustainability proofing.