

Luxembourg, 28/06/2024

Environmental and Social Data Sheet

Overview

Project Name:	ELECTRICITY DISTRIBUTION SLOVENIA - LJUBLJANA
Project Number:	2023-0907
Country:	Slovenia
Project Description:	The programme comprises investment schemes in the electricity distribution network in Slovenia over the period 2024-2026. It includes network reinforcements and refurbishments in high, medium and low voltage, targeting at maintaining the quality of supply, integration of renewable energy generation, catering for peak demand growth, as well as climate-proofing part of the network.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

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

Environmental and Social Assessment

The programme comprises the installation of approx. 548 km of new MV and LV overhead and underground lines and the refurbishment of ca 512 km of MV and LV overhead and underground lines. It also includes the refurbishment/extension of a couple 110/20 kV substations, the construction of several new 110/20 kV substations, the refurbishment and installation of new secondary (MV/LV) substations, installation of automation and telecontrol equipment and the deployment of smart meters. The investment schemes of the programme fall within the area of control of the largest electricity distribution network operator in Slovenia: Elektro Ljubljana, which operates in the Central Sava, Southeast Slovenia and Central Slovenia regions.

Environmental Assessment

The MV and LV schemes are expected to fall under Annex II point 3.(b) of the EIA Directive, leaving it to the competent authority to determine whether a full Environmental Impact Assessment (EIA) is required. All lines and underground cables have operating voltages below the threshold for screening set out in the national legislation (110 kV), as per the provisions of Article 4(3) of the EIA Directive 2011/92/EU as amended by Directive 2014/52/EU. As a result, none of the schemes will require a full Environmental Impact Assessment (EIA). Environmental analyses may be carried out in the context of the construction permitting process. Substations schemes, either in the form of new construction, extension or refurbishment, do not fall under either Annex I or II of the EIA Directive. According to Slovenian Law, refurbishment or extension of the existing substations, as well as the construction of the new ones, do not need to undergo an EIA screening. Nevertheless, the promoter has formally asked the Competent authority to provide opinion that for new primary substations, 110/20 kV, an EIA is not necessary, so that for those schemes of the investment programme, screened out decision is available.

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 schemes will be screened according to national legislation with respect to the need for Appropriate Assessment (AA) under the EU Habitats Directive. Based on preliminary information, during the planning of the routes for MV and LV schemes, protected areas are avoided, so that it is expected that none of the schemes will cross Natura 2000 areas. Therefore, the Promoter at this stage expects that none of schemes will be screened in for an AA. Nevertheless, if some of the schemes interfere with these areas, the competent authority will be consulted and the assessments required under art. 6(3) and art. 6(4) of Habitats Directive 92/43/EEC will be carried out.

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. For smart meters, the main impacts of the components are electromagnetic radiation during data exchange and the disposal of meters that are replaced (in line with relevant legislation). Smart meters comply with the electromagnetic radiation limits set out in guidelines published by national and international organisations.

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 programme in line with EIB environmental and social standards and requirements. The Bank reviewed the environmental and social capacity of the Promoter, including its organisation, processes and procedures.

The Promoter outsources the preparation of Environmental Impact Studies (EIS) and Appropriate Assessments (AA) to external specialised consultants in Slovenia. However, it has inhouse expert (environmental management officer) capable of monitoring and dealing with environmental aspects of the proposed programme. In addition, the company is ISO certified which shows that the Promoter has the capacity in terms of environmental protection. Waste management plan is in place which addresses the disposal of hazardous and non-hazardous waste. Health and safety at work are among the top priorities. With ISO 45001 certified inside the Company, the Promoter showed that occupational health and safety are among the top priorities.

Physical climate change risks relevant to the area of installation of the project schemes, i.e. mainly heavy snow, flooding, storms and high winds, are mitigated in the design stage, by adapting - as necessary - the design or the location of the equipment.

Part of the investment programme includes the undergrounding of overhead LV lines, as well as the replacement of non-insulated with insulated conductors. The Promoter has engaged in such action in order to address the increasing and unpredictable extreme weather events encountered in its networks over the past years, which include heavy snow loads, icing, and frequent lightning strikes, resulting in significant damages in the network and consequently in thousands of end-users being affected. Therefore, the implementation of the programme will contribute to climate adaptation.

GHG emissions have been calculated but fall below the thresholds defined for the Carbon Footprint Exercise (CFE). The sources of CO₂ equivalent (CO₂e) emissions for the programme are network losses associated with new or refurbished network equipment with smaller amount related to SF₆ potential annual leakage from the equipment planned to be installed. At programme completion, the corresponding absolute emissions are estimated to be 3.2 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 9.8 kt of CO₂e.



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Whilst smart meters may facilitate energy savings, they are not expected to have significant impact on CO₂ emissions. As a conservative approach, the savings in end-user consumption have not been considered in the Carbon Footprint Exercise.

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

EIB Paris Alignment for Counterparties (PATH) Framework

The promoter is in scope being a corporate entity and is screened out for low carbon aspects because it is not operating in high emitting sectors and screened in for physical climate risk (combined anchor score > 3). The promoter is not involved in Incompatible Activities as listed in PATH Procedures Manual. The company's resilience assessment was performed by the Bank. Its conclusion is that the counterparty is in line with EIB PATH framework resilience requirements. As a result, the counterparty meets the requirements of the PATH framework, no further assessment required.

Public Consultation and Stakeholder Engagement

Public consultations, when necessary, are organised by the competent authority. The investment programme is derived from the Electricity distribution system development plan for the period 2023-2032, which was under public consultation by the regulatory authority and was adopted in 2022. It sets the medium-term development targets for the company.

Other Environmental and Social Aspects

Besides operating the distribution network, the Promoter is active in the installation of EV charging stations which target the decarbonization of the transport sector.

Conclusions and Recommendations

Considering the above, the Promoter's capacity to implement this operation in compliance with the EIB's Environmental and Social Standards is deemed acceptable. Based on the information available and with appropriate conditions and monitoring, the programme is acceptable for EIB financing in environmental and social term.

Disbursement condition:

- Prior to the first disbursement, the Promoter shall for schemes already permitted, submit to the Bank the confirmation by the competent authority that the schemes already permitted will not adversely affect the integrity of NATURA 2000 sites.

The Promoter undertakes:

- To ensure that all programme schemes will undergo an appropriate assessment screening. Should a component have a potential impact on a NATURA 2000 site, the undertaking is extended to inform the relevant authority and implement the procedures under Articles 6(3) and (4) of the Habitats Directive.
- 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 and shall, upon request, promptly deliver such documents to the Bank.



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- Not to allocate the Bank's funds to any Project components that require an ESIA, including relevant social and biodiversity assessments, until the ESIA and/or the necessary assessments have been finalized, approved by the competent authority, and sent for review to the satisfaction of the Bank. For schemes requiring an ESIA, an electronic copy of the relevant documentation, including EIA reports, consultation documents, EIA approvals, must be sent to the Bank as soon as each scheme is approved by the competent authority.