



Environmental and Social Data Sheet

Overview

Project Name:	ANDORRA ELECTRICITY AND DISTRICT HEATING FL
Project Number:	2023-0708
Country:	Andorra
Project Description:	Framework loan supporting investments in electricity generation, transmission, distribution, and district heating and cooling production and distribution in Andorra, covering the period 2024-2028.

EIA required:	This is a Framework Loan operation. Some of the schemes (allocations) may require an ESIA.
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Project included in Carbon Footprint Exercise ¹ :	no
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(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

The Operation is a Framework Loan (FL) to partially finance electricity generation, transmission, distribution, and district heating and cooling production and distribution investments, in Andorra.

The tentative pipeline submitted by the Promoter comprises a wind farm, a 220/110 kV Gas Insulated Switchgear (GIS) substation and associated connections within Andorra, refurbishment of 220/110/20 kV and 110/20 kV substations, digitalisation, including smart metering, district heating and cooling production and distribution, and refurbishment of a hydroelectric power station. The tentative pipeline also includes a 220 kV, 15.5 km overhead transmission line in Spain, which is deemed to be an associated facility.

Due to the nature of this operation, the final allocations and their environmental and social impacts are not fully known at this stage. The Bank's eligibility criteria and procedures for Framework Loan operations will apply. All allocations will require approval by the Bank prior to authorising use of funds. The Bank's requirements in terms of eligibility, including environmental and social criteria, will be incorporated into the finance contract. For investments with a project cost above €50 million, a separate Environmental Social Data Sheet will be published.

Environmental Assessment

If the schemes in Andorra were located in the EU, some of these schemes would have fallen 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) is required.

The overhead transmission line in Spain falls under Annex I of the EIA Directive 2011/92/EU as amended by Directive 2014/52/EU and has to undergo a mandatory EIA process.

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.



The Andorran legislation establishes the Environmental Impact Assessment (EIA) procedures for projects, and the Strategic Environmental Assessment (SEA - "Estudi Ambiental Estratègic") procedures for plans and programmes programs that may affect protected areas or endangered species. It is inspired by the EIA Directive 2011/92/EU as amended by Directive 2014/52/EU, and the SEA Directive 2001/42/EC, without transposing them directly. The national legislation considers protected areas in both Andorra and its neighbouring countries, and also includes a procedure for transboundary consultation.

A SEA of the Andorran Energy Infrastructure Sectoral Plan has been carried out in 2018 under the national legislation. It has been updated in 2023 to cover wind energy (Sectoral Plan for Wind Infrastructures of Andorra), including the wind farm proposed under this framework.

The wind farm will be subject to an EIA process under the national legislation. As a result, an Environmental & Social Impact Assessment (ESIA) in line with the EIB E&S Standards is necessary.

The Bank will review the ESIA requirements in line with the EIB Environmental & Social (E&S) Standards during the appraisal of each individual allocation. Whenever there is a requirement for an ESIA, a copy of the ESIA, and its non-technical summary, will be provided to the Bank prior to its approval and will be published on its website.

Some of the schemes have the potential for some low to moderate environmental impacts. These include noise, vibration, dust, and disruption of traffic during construction, and noise and electromagnetic radiation during operation. The Bank will ensure that appropriate mitigation measures will be implemented to minimise these impacts.

The Promoter is Forces Elèctriques d'Andorra (FEDA), a public utility that imports, generates, distributes, and sells electricity. Through its subsidiaries, FEDA Ecoterm, FEDA Solucions and CTRASA, it owns and operates heating and cooling production facilities and develops heating and cooling networks, promotes sustainable mobility, and manages an incineration and waste treatment plant.

The Promoter is an experienced utility operator and has the capacity and capability to implement the Project in line with the EIB E&S Standards and requirements.

The management of waste generated by the Project will follow sustainable waste management practices, in line with the applicable national legislation.

Physical climate change risks relevant to the area of installation, i.e. very cold winters, frequent alternation of freeze-thaw cycles, very hot summers, and intense rainfalls, are addressed in the design stage, by adapting the design or the equipment installation.

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 (CBR) and the Bank's Energy Lending Policy (ELP).

Social Assessment, where applicable

The envisaged schemes may give rise to typical occupational and community health, safety and security risks and impacts. These risks are primarily linked to traffic, dust and noise nuisances, presence of security personnel and the influx of labour force during construction. The Promoter will secure the right-of-way, as necessary. The main mitigation and monitoring measures to address these risks/impacts and others will be considered in the respective Environmental and Social Management Plan (ESMP), if applicable.

The Bank will require that the assessment of social impacts, including the development of necessary mitigation measures, and compliance with national law and the International Labour



Organization (ILO) Core Labour Standards, will need to be ensured by the Promoter at scheme level in accordance with the Bank's E&S Standards. Sub-projects may require acquisition, lease, or easements of land for the installation of components. The Promoter will seek to secure voluntary agreements for the land required for all schemes. It is expected that the implementation of the Project will not lead to involuntary physical displacement. Schemes with physical displacement will be excluded from the Project scope to be financed by the EIB.

Smart meters will help customers access their consumption data easily, increasing awareness of their own energy use, and encouraging behaviours that are more efficient and sustainable. They will also enable personalised electricity tariff structures which are better suited to different consumer habits, with dynamic and highly flexible pricing.

Public Consultation and Stakeholder Engagement

As part of the approval of an allocation, the Bank will ensure that adequate public consultation and stakeholder engagement, in compliance with EIB Standard 2, are carried out, including the establishment of a grievance mechanism.

Stakeholder engagement activities will be conducted in compliance with national legislation, and with the Bank's E&S Standards.

In relation to the wind farm, one objection was received during the public consultation process on the SEA mentioned above. The objection specifically raised concerns regarding the compatibility of the proposed energy use with the future operations of the neighbouring ski resorts. The aim of the objection was to ensure that the coexistence of both energy and sports uses would be feasible without compromising the quality, safety, and appeal of the ski resorts. The concerns were eventually addressed in the approved SEA. The transboundary consultation with France on the SEA mentioned above is still in progress.

Other Environmental and Social Aspects

The Promoter has obtained ISO 14001 (Environmental management), and ISO 45001 (Occupational health and safety management systems) certifications.

The Promoter has a team that specialises in environmental and social management, made up of environmental and social experts with extensive experience and training in these areas. The team is responsible for environmental control and monitoring (implementing environmental monitoring programmes during construction and operation), social control and monitoring, and reporting and communication (compliance reporting, and internal and external audits).

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the Promoter, including its organisation, processes, and procedures, and considers them satisfactory. The following undertakings will be included in the legal documentation of the Operation:

- The Promoter shall not commit any EIB funds against schemes that require an ESIA or Biodiversity Assessment, according to the EIB E&S Standards and/or national law, without receiving the consent from the competent authority, the prior approval of the Bank, and without the ESIA having been made available to the public.
- The Promoter shall store and maintain updated the relevant documents (including but not limited to environmental and social studies related to the ESIA, the Non-Technical Summaries of the ESIA, and Biodiversity Assessments, Environmental and Social Management Plans), and shall, upon request, promptly deliver such documentation to the Bank.
- The Promoter shall monitor and report to the Bank on the compliance with the EIB E&S Standards, with a frequency and scope yet to be defined for the individual allocations.



Additional contractual conditions and undertakings may be decided at allocation level.

Based on the information available, and with appropriate conditions and monitoring, the Project is expected to be acceptable in environmental and social terms for the Bank's financing.