

Luxembourg, 11/12/2024

## Environmental and Social Data Sheet

### Overview

Project Name:	PARIS DISTRICT HEATING CONCESSION
Project Number:	2023-0858
Country:	France
Project Description:	Investment programme for the further development and decarbonisation of the Paris district heating network under its upcoming new concession agreement.
EIA required:	to be determined (next appraisal stage)
Project included in Carbon Footprint Exercise <sup>1</sup> :	to be determined (next appraisal stage)
Details for projects included are provided in section: "EIB Carbon Footprint Exercise".	

### Environmental and Social Assessment

#### Environmental Assessment

The Project is part of a wider envisaged investment programme consisting of the modernisation, densification, expansion, decarbonisation and operation of the Paris District Heating (DH) system, under a new concession to be awarded to a future operator through a tender process managed by the Municipality of Paris, the conceding authority, for a period of 25 years. As the tender for the new concession agreement is currently on-going, limited and preliminary information on the Project is available at this stage, and the future operator is as well unknown. The Bank is assessing the present Project under a preliminary appraisal based on the general objectives for the future concession set by the Municipality of Paris and derived from the French PAECT<sup>2</sup> and the *Schéma Directeur de la Chaleur à Paris*. Further appraisal will be undertaken once there is more information on the investment programme and the future operator.

The Project is expected to allow the replacement of individual and central fossil-based heating with more sustainable and efficient centralised heat generation and distribution solutions. The investments are thus expected to generate environmental benefits by reducing emissions of greenhouse gases and air pollutants from heat generation. This will be confirmed during further appraisal.

The Paris district heating network is categorised as efficient per the Energy Efficiency Directive 2012/27/EU (as amended by (EU) 2018/2022) definition of an efficient DH system, with the share of renewable energy currently representing more than 75% of the energy mix and expected to increase at project completion.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20 000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

<sup>2</sup> Plan Climat Air Energie Territorial.



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As indicated above, the project scope is not final at this stage and will be confirmed in further appraisal by the Bank. The alignment of the investments with the relevant environmental legislation, including the EIA Directive 2011/92/EC amended by Directive 2014/52/EU as well as Habitats and Birds Directives, will be verified during the second stage of appraisal.

The activities are expected to be located in dense urban areas and the works will be subject to building permits to be provided by the local authorities.

Projects of such nature typically have environmental impacts mainly related to noise, vibration, dust and traffic disruption during construction. These are expected to be minor when successfully mitigated but will be assessed further in the appraisal.

As the future operator may increase biomass feedstock to ramp-up sustainable heat generation from the DH system (the current DH concession is supplied by ca. 9% of biomass in its energy mix), the biomass supplies for the Project, if relevant to the Project scope, will be verified to ensure that these comply with the biomass sustainability criteria defined in the Directive 2018/2001, including with PEFC/FSC certifications.

It is also expected that the future operator would need to report annually to the Conceding Authority on different environmental indicators such as GHG emissions from the operations, RES% or water quantity used.

The Project is expected to be aligned with the low carbon and resilience goals under the policies set out in the EIB's Climate Bank Roadmap and the EIB's Energy Lending Policy (rehabilitation and expansion of energy efficient district heating networks and heating technologies using renewable sources). Assessment of the Project and Borrower for Paris alignment will be further verified during the next appraisal stage.

The location of the concession is vulnerable to flooding from the Seine, heavy rain and drought, as per assessments from the existing operator and the competent authority in France. The conceding authority will require the future operator to increase the resilience of the network in particular against flooding. This will be further assessed during appraisal.

## Conclusions and Recommendations

The environmental impacts of the Project, the corresponding prevention and mitigation measures, the carbon footprint, as well as the capabilities of the future operator to undertake the Project on environmental and social terms will be further assessed during further stage of the appraisal to confirm that the Project is acceptable for the Bank's financing from an environmental and social perspective.

Given the current status of the concession and the objectives of the Conceding Authority in terms of future development of the DH system, the following conditions are foreseen to be included in the Finance Contract to be signed with the future operator. These will be further refined and completed at the next stage of the appraisal.

- The Borrower undertakes not to allocate the Bank's funds to programme components that require an Environmental Impact Assessment (EIA) until the EIA Report and/or the appropriate assessment have been finalised, in form and substance satisfactorily to the Bank, and approved by the competent authority. When the EIA Report is made available to the public, an electronic copy shall be sent to the Bank.



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- The Borrower undertakes to send to the EIB copies of all EIA screening decisions concerning the Project components and/or decision/opinion with regards to their impact on Natura 2000 sites issued by the competent authority as soon as they are available.
- All the biomass sourced as a fuel for the Project needs to align with the EU biomass sustainability criteria principles as defined in the Directive EU 2018/2001 (Article 29), with the EU Timber Regulation (EU/995/2010) and the EU Forest Law Enforcement Governance and Trade (FLEGT), as applicable.
- Wood biomass supply chain and the underlying forest management practices are to be certified, or if not yet certified, they have to be aligned with and apply the same standards so as to be certifiable by internationally accredited certification schemes (e.g. FSC or PEFC).
- Biomass coming from irrigated plantations or from areas with natural forest conversion and logging of primary moist and tropical forests is excluded.
- If biomass feedstock from non-EU areas or from external suppliers not directly under the control of the Borrower is to be used, the Project shall prove its adherence to a recognised voluntary sustainability certification scheme for biomass and biofuels as established by the EC in the frame of Directive 2009/28/EC and any of its amending directives (RED+ and RED2+, as applicable).
- The Borrower undertakes to immediately inform the Bank should any materially adverse event occur during implementation or operation, which would prevent the Project to perform as planned, in particular with regards to environmental and social matters and biomass supply chain disruption.