European Investment Bank

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Public

Environmental and Social Data Sheet

Overview

Project Name:	THEIA GREEN SOLAR
Project Number:	2024-0306
Country:	Romania
Project Description:	The project comprises the implementation and operation of three solar photovoltaic plants (PV) with a combined capacity of 710 MWp, located in Teleorman county, Romania.
EIA required:	no
Invest EU sustainability proofing required	yes
Project included in Carbon Footprint Exercise:	yes

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

Environmental and Social Assessment

The project concerns the construction and operation of three ground-mounted solar photovoltaic (PV) plants with a total planned capacity of 710 MWp. The plants are located near to the village of Băbăița in Teleorman county, Romania. The solar PV plants Băbăița 1.1 (242 MWp) and Băbăița 1.2 (220 MWp) are adjacent to each other, while Băbăița 2 (248 MWp) is located approximately 2.5 km more to the north. The PV plants will be implemented on a total land area of 633 ha.

The project scope includes the associated infrastructure for the interconnection of the PV plants

to the electricity grid. Each PV plant will have a 110/33 kV step-up substation equipped with two 120 MVA transformers, through which the power will be collected and transmitted to the 110/400 kV ‘Main Transformer Station’ (MTS) located in Blejești. All plants will connect to the MTS, c. 11 km north of Băbăița 2, through three underground 110 kV transmission lines located under existing agricultural roads, with lengths varying from 16.2 km to 22 km. The MTS will be equipped with three 400 MVA transformers. The MTS will be built specifically for this project. The generated electricity will be injected into the existing București Sud – Slatina 400 kV overhead line, part of the national electricity transmission grid. The MTS will connect to the grid via a 400 kV overhead line with a length of approximately 600 m.

Environmental Assessment

Due to their technical characteristics, the PV plants fall under Annex II of the European EIA Directive, leaving it to the national competent authority to determine according to Annex III of said Directive whether an environmental impact assessment is required. The Main Transformer Station, as well as the underground 110 kV transmission lines, do not fall under either Annex I or Annex II of the European EIA Directive. The 400kV overhead line falls under Annex II of the EIA Directive.

Under national legislation, the PV plants, due to their technical characteristics, are subject to a screening to determine if an EIA is required.

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Separate applications for screening decisions for the three PV plants, including their step-up substations, were initially submitted to the competent authority, resulting in screening-out decisions for each PV plant on 11/07/2022. On 24/07/2022, the national legislation on land resources was amended to allow renewable energy projects to be developed on agricultural land located extra-muros (outside urban boundaries) without reclassification to intra-muros (urban land), provided that the plots do not exceed 50 hectares. On the basis of the amended law, the project developer resubmitted the screening applications, dividing each PV plant into segments of less than 50 hectares, for a total of 18 segments. Final screening-out decisions for all PV plant segments, including their step-up substations, were received on 07/03/2024.

The 400 kV overhead line and associated Main Transformer Station, were screened out of an EIA on 09/05/2024. The 110kV transmission lines were not subject to an EIA screening.

All the screening decisions received, indicated that cumulative impacts are not applicable. However, it cannot be determined if cumulative impact has been considered in the screening process. In view of that, the promoter will prepare a cumulative impact assessment which will be reviewed to the satisfaction of the Bank.

For projects of this nature and size, typical impacts during the construction phase relate to dust, noise, topsoil destruction, compaction of soil, habitat loss and fragmentation, alterations in landscape etc.

During the operational phase, the impacts related to this type of projects are expected to be limited, such as noise emissions from the transformers, waste generation, visual impact, impact on habitats (such as population fragmentation, barriers on movements of species etc.). The impact of the 110 kV transmission lines, to be installed under existing roads, is expected to be minimal, while for the 400 kV overhead line, due to its proximity to the existing București Sud – Slatina 400 kV overhead line, the impact is also expected to be limited.

Specific mitigation measures foreseen in the screening-out decisions can be summarised as follows:

- Minimization and prevention of air pollution and dust by ensuring proper maintenance of vehicles and machinery, covering transports of dust-generating materials, and avoiding work with such materials during strong winds, etc.;
- Soil and groundwater protection by applying proper waste management practices and storage of hazardous materials in line with local regulations, carrying out machinery maintenance on designated areas;
- Adherence to noise limits in line with local regulations and use of properly functioning machinery to reduce noise levels;
- Preservation of existing vegetation and water channels where possible and implementation of restoration and revegetation plans;

The PV plants and their associated infrastructure are not located within Natura 2000 sites or other protected natural areas. The screening decisions did not identify any impacts on Natura 2000 sites or other protected natural areas. The closest Natura 2000 sites to the project sites are ‘Vitănești – Răsmirești’ (ROSPA0148) at ca. 9 km, ‘Râul Vedea’ (ROSAC0386) at ca. 12 km, and ‘Pădurea Dandara – Corneanca’ (ROSCI0422) at ca. 13 km.

Climate Assessment

The project substantially contributes to the climate change mitigation objective. 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.

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EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty for the PATH framework assessment is OMV which is the main shareholder of the promoter (Head of Group). OMV is in scope and screened into the PATH framework, because it is considered high emitting. The counterparty is not considered as highly vulnerable to physical climate change according to the PATH framework. The counterparty already meets the requirements of the EIB PATH framework with its existing decarbonisation plan, which is publicly available[1].

The counterparty is active in activities that are considered incompatible with the Paris Agreement in the PATH framework. Because the counterparty seeks financing for renewable energy projects in support of the REPowerEU Plan and does not plan new greenfield investments in coal power plants or mines, it can be supported by the EIB.

EIB Carbon Footprint Exercise

The direct CO_2 equivalent emissions of PV plants are negligible.

In accordance with the Bank's current Carbon Footprint methodology, it is calculated that based on the avoidance of electricity generation from a combination of existing and new power plants in Romania (combined margin for intermittent electricity generation), the total relative effect of the project is a net reduction in CO_2 equivalent emissions by 354 kt CO_2e/yr.

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 promoter has engaged with the landowners for the plots needed for the implementation of the project (including associated infrastructure),and has reached voluntary agreements in the form of leases or land acquisitions.

During the implementation phase of the project, the promoter intends to employ an external Health, Safety, Security and Environment (HSSE) coordinator to support the oversight of the construction activities.

Any grievances during the implementation period are expected to be directed at first instance to the Owner's Engineer on site. The promoter has a grievance mechanism in place on a corporate level with contact details available on their website.

Public reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The promoter has a Code of Conduct in place, including the prohibition of forced labour. The promoter also signed up to the UN Global Compact including principle 4 and 5 related to forced labour. Compliance with the Code of Conduct is contractually enforced, requiring contractors and suppliers to cascade down these obligations throughout their supply chain.

The promoter shall make reasonable efforts to assess and address the labour risks associated with the solar PV panels used in the project, including throughout the supply chain, as required by the EIB E&S Standards. The due diligence to be performed by the promoter (including supply chain mappings) will be reported to and reviewed by the Bank.

Public Consultation and Stakeholder Engagement

Throughout various stages of the project development, active stakeholder engagement was conducted through public notices and media publications. There was no formal public consultation process as part of the permitting (EIA screening out decisions).

[1] Climate Change - OMV Sustainability Report 2023 and foc-climate-change-omv-sr23.pdf

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Other Environmental and Social Aspects

The promoter is known to the Bank from one previous operation and has experience in the construction and operation of energy projects. The promoter has a solid organisational structure and is ISO 9001 and ISO 14001 certified. It has experience and the capacity to implement this project in line with the Bank's requirements.

Conclusions and Recommendations

The Bank reviewed the environmental and social aspects of the project, as well as the capacity of the promoter to implement the project in line with EIB's requirements and considers them acceptable.

As part of the sustainability proofing carried for the project, the outcome of the InvestEU screening on the environmental dimension by the Bank indicates that, although the environmental permitting processes are completed and the relevant documentation only identifies limited residual environmental risk -subject to the implementation of the measures envisaged in the permits-, there is the need for a cumulative impact assessment to be prepared. This assessment will be reviewed by the Bank and is covered by the conditions listed below. This results in a medium residual risk. In addition, the Bank expects the promoter to undertake regular monitoring and reporting of the mitigation measures outlined in the permits as part of the project's progress reporting to the Bank.

For the climate dimension, considering that the project comprises PV plants, the aforementioned climate assessment and the outcome of the carbon footprint exercise, the sustainability proofing is completed with no further actions required.

The outcome of the screening on the social dimension, indicated a risk related to the forced labour in the PV supply chain, thus requiring further measures and actions to be undertaken, covered by the conditions listed below, resulting in a medium residual risk.

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:

- The promoter will be required to make reasonable efforts to carry out appropriate due diligence throughout its supply chains, with the aim of preventing the use of forced labour in the supply chains of the solar panels that will be used for this project. The outcome will be reported to and reviewed by the Bank.
- The project shall comply with the relevant provisions of the Bank's labour standard, which foresees zero tolerance for the use of forced labour.
- The Promoter shall provide a cumulative impact assessment to the satisfaction of the Bank. This requirement will be included as a condition in the financing.
- The promoter shall store and keep up to date all documents relevant for the project supporting the compliance with the provisions of EU environmental legislation, permits and environmental approvals, and shall promptly upon request deliver such documents to the EIB.