

Luxembourg, 07 April 2025

Environmental and Social Data Sheet

Overview

Project Name: *NATURGY ELECTRICITY NETWORK MODERNISATION*
 Project Number: *2022-0607*
 Country: *Spain*
 Project Description: *Investments to modernise electricity distribution infrastructure throughout Spain during the 2022-2025 period.*

EIA required: no

Project included in Carbon Footprint Exercise¹: yes

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

Environmental and Social Assessment

The investment programme includes the renovation, reinforcement and extension of distribution infrastructure and the renovation and digitalisation of network control systems. The project will cater for demand growth, connect new network users and the integration of renewables and improve the quality of services and the efficiency of operations.

Environmental Assessment

The Programme includes schemes relevant to electricity distribution network, mainly underground cables but also overhead lines, with voltage levels up to 110 kV. Some of these schemes may fall under Annex II of the EIA Directive 2011/92/EU, amended by directive 2014/52/EU, which requires the competent national authority to determine the need for an Environmental Impact Assessment. The European directives have been transposed into Spanish national Law 21/2013, amended by Law 9/2018 (the screening will be limited to overhead lines with voltage level equal or greater than 15 kV and a length over 3 km). Given their characteristics, location and potential impacts, none of the programme schemes is expected to require a full EIA. Programme schemes are also screened with respect to the need for an appropriate assessment under the EU Habitats and Birds Directives.

The programme has the potential for some low to moderate environmental and social impacts. During construction, the environmental impacts are expected to relate to dust, noise, vibration, traffic disruption and vegetation clearance. Environmental impact during operation will concern electromagnetic fields (EMF), noise disturbance and collision and electrocution of flying vertebrates. Where relevant, appropriate measures will be implemented to avoid or minimise impacts. This includes measures to contain the effect of noise during operation, specific maintenance procedures and coordination with local authorities and property owners. In densely populated areas, particular attention will be paid to contain the effect of noise, vibration and traffic disruption during construction works. Regarding the schemes relating to works in substations, contamination from oil leakage of transformers is mitigated through the appropriate design of bunds.

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.



Luxembourg, 07 April 2025

The environmental and social due diligence has followed the investment programme lending approach according to the EIB's procedures and standards. The due diligence focused on the promoter's capacity and capability to implement the programme in line with the EIB environmental and social standards and requirements. Based on this assessment and considering the performance on environmental and social matters publicly available on the promoter website, the environmental capacity of the promoter is deemed to be "good"; it has the experience and the capacity to appropriately manage the investment programme.

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

EIB Carbon Footprint Exercise

Gross annual GHG emissions of the programme in a standard year of operation are estimated at 34 kt of CO₂ equivalent per year (on the basis of network losses) and a consequent relative emissions decrease is estimated at 30 ktCO₂ equivalent per year.

For the annual accounting purposes of the EIB Carbon Footprint, the Programme emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of Programme cost.

EIB Paris Alignment for Counterparties (PATH) Framework

Naturgy Energy Group (Naturgy), as the parent company of the Naturgy Group including UFD Distribución Electricidad SA, is in scope and screened in to the EIB Paris alignment for counterparties framework (PATH). Naturgy already meets the requirements of the PATH framework with its existing alignment plans; the decarbonisation plan is publicly available as part of their Sustainability Report.

Other Environmental and Social Aspects

The promoter is ISO certified, related to Environmental Management System (ISO 14001), Quality Management System (ISO 9001) and to Occupational Health and Safety (ISO 45001). The promoter has developed an environmental management plan and has established an action plan to follow up its implementation.

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the promoter including its organisation, process and procedures and deemed them to be good. Based on the information available, and with appropriate conditions (see below) and monitoring, the programme is expected to be acceptable in environmental and social terms for Bank financing:

- The promoter undertakes to send to the EIB copies of all EIA and screening decisions concerning the programme schemes issued by the competent authority for nature and environment.
- The promoter undertakes not to allocate the Bank's funds to programme schemes that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been finalised to the Bank's satisfaction and, including public consultations, and approved by the competent authority. When the EIA is made available to the public, an electronic copy of the full EIA study shall be sent to the Bank.
- The promoter undertakes to take into account and implement conditions expressed in any screening-out decision or EIA consent granted by the competent authority for nature and environment.



Luxembourg, 07 April 2025

- The promoter undertakes to ensure that all programme schemes will undergo a biodiversity screening in accordance with the EU Habitats and Birds Directive as applicable. Should a component have a potential impact on a site of nature conservation, the undertaking is extended to inform the relevant authority and implement the procedures under Articles 6(3) and (4) of the Habitats Directive.
- The promoter undertakes to store and keep updated any documents that may be relevant for the programme and which support the compliance with the provision under the EU Habitats and Birds Directives (Form A/B, or equivalent declaration by the competent authority) in order to provide evidence to the Bank if requested.

The project benefits from financing under the Recovery and Resiliency Fund (RRF) and is expected to ensure that it does no significant harm to any of the six environmental objectives within the meaning of the art. 17 of the Taxonomy Regulation (EU) 2020/852 (the principle of “do no significant harm” (DNSH)). Based on the information provided by the Promoter, a DNSH assessment was carried out for all six environmental objectives, and it was concluded that the project does not have significant foreseeable impact on any of the six environmental objectives. Overall, the project complies with the DNSH principle by satisfying the conditions stipulated in the Council Implementing Decision Annex on the approval of the assessment of the recovery and resilience plan for Spain.