Luxembourg, 17/09/2013

Environmental and Social Data Sheet

Overview

Project Name:	*REE ELECTRICITY TRANSMISSION-TEN*
Project Number:	*2011-0540*
Country:	*Spain*
Project Description:	The Project comprises sixteen electricity transmission sub-projects geographically dispersed throughout peninsular Spain, the Balearic and the Canary Islands. These include the 132 kV subsea interconnector Mallorca -Ibiza, the 400 kV interconnection Galicia-North of Portugal (Fontefria-Vilafria), the 400 kV line Bescano-Ramis-Santa Llogaia and associated substations that will be needed to enable the operation of the interconnector Inelfe currently being implemented between France and Spain, four 400 kV OHL (Almaraz-Guillena, Pinilla-Ajora, Boimente-Pesoz, Grado-Salas), three 220 kV OHL (Aljarafe-Rocio, Mazaricos-Lousame-Tibo, Oriol-Arenales), two 400/220 kV substations (Torrejón de Velasco, Solorzano), three 220/66 kV substations (Rafal, San Martín, El Sabinal) and one 132 kV substation (Torrent).
EIA required:	Yes
Project included in Carbon Footprint Exercise[1]:	yes

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The Project is part of the promoter's Grid Development plan that underwent Strategic Environmental Assessment in line with the requirements of the SEA Directive. According to the decisions made by the Spanish competent authorities, all the sixteen sub-projects do require Environmental Impact Assessment (EIA). The authorisation processes are at various stages depending on the sub-project.

Eleven sub-projects have been already granted environmental permits (Declaración de Impacto Ambiental, DIA). Environmental impact studies have been carried out for the remainder five sub-projects but the corresponding DIA are still outstanding. The DIA for the sub-projects Mallorca-Ibiza, Mazaricos-Lousame-Tibo and Torrejón de Velasco are expected by the end of 2013 while the DIA for sub-projects Oriol and Galicia-Portugal are expected in March 2014 and December 2014, respectively.

All relevant authorities, stakeholders, and the public have been/will be consulted during the authorisation process. The construction of the 400 kV line Bescano-Ramis-Santa Llogaia was strongly opposed by the local population but, after several years of consultation, it has been finally granted DIA as well as Administrative Authorization and is currently under construction. Given characteristics and size of the infrastructures involved, it cannot be excluded at this stage that some other sub-projects may face local oppositions.

The various analyses carried out along with the conclusions of the DIA already available indicate that, subject to the implementation of the specified mitigating measures, the Project would neither have significant adverse effects on the environment nor adversely affect the integrity of any European site on view of the site's conservation objectives. Further to that, experience from past operations shows that the environmental capacity of the promoter is

[1] Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO2e/year absolute (gross) or 20,000 tons CO2e/year relative (net) – both increases and savings.

strong. Finally, by reducing losses and facilitating the dispatching of renewable generation across the grid, the Project will substantially contribute to reducing CO_2 emissions.

The Project is therefore acceptable to the Bank in environmental terms.

In the Finance Contract disbursement against the sub-projects Mallorca-Ibiza, Mazaricos-Lousame-Tibo, Torrejón de Velasco, Oriol and Galicia-Portugal will be conditional upon the approval of the corresponding EIA and the integrated biodiversity assessment by the competent authorities. Copy of the DIA and written confirmation by the competent authority, either integrated in the DIA or as standalone document, that each of these sub-projects would not adversely affect the integrity of any European site on view of the site's conservation objectives shall be sent to the Bank as soon as available.

Environmental and Social Assessment

Environmental considerations have been incorporated in the design of the sub-projects from the earliest stages. Lines and cables routes and substations locations have been selected so to minimise proximity and crossing of human settlements, sensitive areas, and hydrogeological risk areas. All sub-projects have been designed to strictly comply with current regulations concerning electromagnetic fields.

Further to that, appropriate mitigating measures have been planned and will be implemented to minimise the impacts of the sub-projects during construction and operation. In densely populated areas particular attention will be paid to contain the effect of noise, vibrations and traffic disruption during the construction works.

As regards the natural environment, flight diverters will be installed on ground wires to avoid birds' collision and mortality in sensitive areas. Felling and trimming of trees will be done in a selective way and, as necessary, compensatory plantations will be realised. In proximity or in case of crossing of sites of nature conservation importance, construction works and restoration of sites will be executed with great care and avoiding breeding periods of wildlife species.

As regards the subsea cable Mallorca-Ibiza (DIA still pending), in the landing points horizontal directional drilling between the land-sea transition joint and the sea will be used for 400 m in Mallorca and 500 m in Ibiza. The subsea cable route has been selected among several alternatives in order to minimise the crossing of beds of Posidonia oceanica and Cymodocea nodosa. Additionally, the EIA proposes to use low-impact burial method (trenching instead of water-jetting) where the cable route cannot avoid to cross Posidonia oceanica beds.

EIB Carbon Footprint Exercise

The source of CO2 equivalent (CO2e) emissions for the Project is the ohmic losses of the network equipment being installed. At Project completion the corresponding absolute emissions are estimated at 85 kt CO2e per year.

These absolute emissions are however offset by the reduction of the overall system losses enabled by the network reinforcements under the scope of the Project. Therefore, at completion, the Programme is expected to enable a CO2 saving of 27 kt CO2e per year.

The CO2 savings achieved by releasing network-constrained renewable generators are not taken into account in the Carbon Footprint Exercise for electricity networks.