

12th October 2016

## Environmental and Social Data Sheet

### Overview

Project Name: WWU 2016-2019 – GAS DISTRIBUTION  
Project Number: 2015-0838  
Country: United Kingdom  
Project Description: Part financing Wales & West Utilities' 2016-2019 capex programme to modernise and expand the gas distribution network in Wales and the southwest of England.

EIA required: no

Project included in Carbon Footprint Exercise<sup>1</sup>: yes

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

### Environmental and Social Assessment

#### Environmental Assessment

This is a typical gas distribution project applying proven technologies. The key activities involved are: i) expanding the network to connect new customers, ii) reinforcing the network to increase capacity, iii) renewing and/or refurbishing network components (e.g. governors and pressure management assets), iv) installation of new IT systems for enhanced network management and v) acquisition of equipment. The main environmental impacts occur during construction, are temporary in nature, and are mitigated according to established practices in the sector.

The project components fall under Annex II of Directive 2011/92/EU. In the UK, the primary environmental legislation applicable to the promoter is Regulation 14 consent of the Public Gas Transporter Pipeline Works (Environmental Impact Assessment) Regulations, amended 2007. Part 1 makes an EIA mandatory if the pipeline is >800 mm diameter and >40 km length while Part 2 requires a screening determination if the pressure is >7 bar or the construction is within a sensitive area. The screening obliges the promoter to produce a supporting statement or volunteer an Environmental Statement. The screening and assessment for nature conservation issues is fully integrated in the EIA procedures.

None of the planned components of the project meet the requirements for an EIA; however the Bank will introduce the following condition in its finance contract in the event that an EIA may be required: The Promoter undertakes not to allocate the Bank's funds to project components that require an Environmental Impact Assessment (EIA) until the EIA and/or the necessary nature assessment has been finalized and approved by the competent authority.

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

### **EIB Carbon Footprint Exercise**

Absolute CO<sub>2</sub> emissions from the incremental gas consumption are estimated at 157 kt CO<sub>2</sub>eq/yr. The emission factor for natural gas used for calculation is 56.1 t CO<sub>2</sub>/TJ. The alternative to the project would be continuation of electricity (75%), heating oil (15%) and coal (10%) consumption, with emission factors of 144.7 t CO<sub>2</sub>/TJ, 74.1 t CO<sub>2</sub>/TJ and 94.6 t CO<sub>2</sub>/TJ, respectively. Taking these assumptions into account and the reduction in leakage from the rehabilitated network, the estimated emission savings are estimated at around 250 kt CO<sub>2</sub>eq/yr.

### **Other Environmental and Social Aspects**

The operator has a well-established health, safety and environmental management system, and is ISO 14001 certified.

### **Conclusions and Recommendations**

The operation will provide environmental benefits through the reduction of methane leaks and through the substitution of more expensive and polluting fuel sources by gas.

The promoter has provided evidence of sound practice with respect to environmental management and confirmed that all new projects are assessed for environmental impact including the impact on sensitive areas which include nature conservation sites. In addition to systems to meet regulatory requirements, the promoter has a comprehensive environmental management system which assesses on-going operations as well as any new projects.

The Promoter undertakes not to allocate the Bank's funds to project components that require an Environmental Impact Assessment (EIA) until the EIA and/or the necessary nature assessment has been finalized and approved by the competent authority.

With the conditions in place, the project is acceptable for Bank financing from an environmental standpoint.