

Environmental and Social Data Sheet

Overview

Project Name: NG GAS DISTRIBUTION II
Project Number: 2016-0353
Country: United Kingdom
Project Description: Rehabilitation and improvement of National Grid Gas Distribution's network covering four gas distribution networks in Great Britain – North West England, West Midlands, East England and North London. This project will cover the period Q2 2016 to Q1 2019.

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

Environmental Assessment

This is a typical gas distribution project applying proven technologies. The key activities involved are: i) mains replacement, ii) refurbishment of pipelines, valves, pressure reduction stations, governors and pressure management assets, iii) network reinforcement, iv) connection services 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 as well as for archaeological / cultural heritage issues is fully integrated in the EIA procedures.

The promoter submits project components for screening, when and where required. It is expected that 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

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.

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and/or the necessary nature assessment has been finalized and approved by the competent authority.

EIB Carbon Footprint Exercise

Absolute CO₂ emissions from the incremental gas consumption of 1380 GWh as a result of this project are estimated at 279 kt CO₂eq/yr. The emission factor for natural gas used for calculation is 56.1 t CO₂/TJ. The alternative to the project would be continuation of electricity (90%), coal (9%) and heating oil (1%) consumption, with emission factors of 144.7 t CO₂/TJ, 94.6 t CO₂/TJ and 74.1 t CO₂/TJ, respectively. Taking these assumptions into account and the reduction in leakage from the rehabilitated network (ca. 5,625 km metallic pipe replaced), the estimated emission savings are estimated at around 615 kt CO₂eq/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 both the substitution of more polluting fuels by natural gas and the reduction of methane leaks.

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 and social 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.