

## Environmental and Social Data Sheet

### Overview

Project Name: NATURAL GAS DISTRIBUTION PORTUGAL 2016-2019  
Project Number: 2016-0517  
Country: Portugal  
Project Description: Financing Sonorgas' 2016-2019 investment programme to expand the gas distribution networks in its concession areas.

EIA required: no

Project included in Carbon Footprint Exercise<sup>1</sup>: no

(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 project components consist of distribution networks (low pressure polyethylene pipelines and standalone Liquefied Natural Gas (LNG) regasification stations) and are expected to have limited environmental impact, which will typically be related to noise nuisance and disturbance during construction. They will therefore be temporary in nature and mitigated according to established practices in the sector. The project components fall under Annex II of Directive 2011/92/EU.

The gas distribution networks are below the EIA threshold defined by the Portuguese Decree Law 151-B/2013 (transposing EIA Directive 2011/92/EU) where a screening determination is required for industrial installations for carrying gas if surface  $\geq 5$  ha (or  $\geq 2$  ha within sensitive areas). The Bank will require the Promoter to obtain, where applicable, confirmation from the competent nature conservation Authority that these project components will not have significant negative effects on sites of nature conservation importance.

A screening determination is required for aboveground storages  $>300$  t or surface  $>1$  ha or construction within a sensitive area. All project components are below the threshold and they do not require a full EIA based on the screening decision for industrial areas. Regarding the four LNG regasification stations located in sensitive areas, the Authority responsible for monitoring sites of nature conservation importance (ICNB – Instituto da Conservação da Natureza e da Biodiversidade) issued a declaration following an appropriate assessment according to Art. 6(3) of Directive 92/43/EEC stating that they will not have significant negative effects on the sites of nature conservation importance PTCO0001 (Peneda/Geres), PTCO0002 (Montesinho/Nogueira), PTCO0003 (Alvão/Marão), PTCO0022 (Douro Internacional), PTCO0002 (Montesinho/Nogueira) and PTZPE0038 (Douro Internacional e Vale do Águeda). In the declaration, ICNB also foresees that it is not likely that the project components located in the remaining newly awarded license areas have significant effects on sites of nature conservation importance as they are located outside Natura2000 areas.

<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.

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It is expected that none of the planned components of the project will require an EIA; however the Bank will introduce an undertaking in its finance contract in the event that an EIA may be required.

The main quantifiable economic benefits of the investments are derived from cost savings and environmental benefits made possible through the substitution of LPG and electricity however avoided emissions will not exceed the Bank's draft Carbon Footprint Methodology thresholds<sup>1</sup>.

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

The Promoter has provided evidence of sound practice with respect to environmental management and confirmed that the projects are assessed for environmental impact including the impact on sensitive areas which include nature conservation sites.

### **Conclusions and Recommendations**

The operation will provide environmental benefits through the substitution of more expensive and/or polluting fuel sources by gas.

The Promoter confirmed that the projects are assessed for environmental impact including the impact on sensitive areas which include nature conservation sites. The Bank will require the Promoter to obtain, where applicable, confirmation from the competent nature conservation Authority that these project components will not have significant negative effects on sites of nature conservation importance.

The Promoter undertakes not to allocate the Bank's funds to components of the Project that require an EIA until the EIA and/or the necessary nature assessments have been finalized, approved by the competent authority and, in form and substance, to the satisfaction of the Bank.

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