

Environmental and Social Data Sheet

Overview

Project Name: *CHILE CCFL - SAN PEDRO*
 Project Number: *2015-0057*
 Country: *Chile*
 Project Description: *Construction and operation of a 36 MW onshore wind farm, including a 22 km connection line to the transmission network.*

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

The project consists of the development, construction and operation of an onshore wind farm of a total capacity of 36 MW (18x2 MW) on Chiloé island in southern Chile, together with a 22 km long 220 kV grid connection tie-line. The project is an allocation financed under an existing framework loan (FL)². The project was commissioned and entered into commercial operation in July 2014, after the signature of the FL. The project was known to the Bank since the appraisal of the FL operation however, for operational reasons, the allocation request was formally submitted to the Bank only recently.

If located in the EU, the wind farm would fall under Annex II of the EIA Directive leaving to the competent authority the decision as to whether an EIA is required. According to the applicable Chilean law, power plants with a capacity beyond 3 MW require an environmental impact study (EIS). Subsequently, the competent authority decides whether projects require an EIA on the basis of a set of predefined criteria. These criteria are in line with the criteria set out in Annex III of the EIA Directive.

The associated grid connection would fall under Annex I of the EIA directive, if located in the EU. According to the applicable Chilean law, power lines for voltages above 23 kV do not necessarily require an EIA procedure, but an EIA screening is performed based on an environmental impact study (EIS).

In the case of the project a single EIS was carried out for both the wind farm and its grid connection, which concluded that the project does not fulfil any of the criteria that would trigger an EIA. On this basis, the competent authority screened out both project components. Although there was consultation with the relevant authorities, and this consultation and the related EIS were published on the environmental authority's website, there was no formal public consultation for either of the project components. The environmental authority screened out the grid connection following criteria in line with Annex III of the EIA Directive.

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.

² Cf. CHILE CCFL (2013-0413).

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According to the EIB's E&S requirements, the promoter should have conducted a formal public consultation for the grid connection, which in this case did not take place; however, the project environmental and social documentation was published two years before the project began construction, and there have been no complaints related to the grid connection. In addition, the Bank has reviewed the environmental and social impacts of the project and has found them non-significant after mitigation. The grid connection did not require any resettlement or economic displacement. Finally, the EIS, which has been reviewed by the Bank to its satisfaction, is of good quality and complies with EIB standards and best practice. On this basis, the lack of formal public consultation for the grid connection is acceptable to the Bank.

The wind farm's main impacts relate to clearing of ca. 4 ha of native forest needed to prepare the site access road; potential impacts to vulnerable fauna with limited mobility (small amphibians, reptiles and mammals) and to the continuity of their habitats; potential impacts on vulnerable flora species (ferns and epiphytes). The bird survey undertaken in the EIS indicates that the site avifauna consists of common³ bird species which are not likely to collide with the wind turbines. The site is not within a migration route of large bird species susceptible to collision with the turbines. In addition, the project has negligible noise and visual impacts due to its location on a secluded plateau, relatively far from dwellings. Noise impacts were limited to vehicle traffic during construction.

The mitigating and compensating measures included in the wind farm environmental permit include reforestation with native species (see below); a relocation and protection preconstruction plan for vulnerable fauna with limited mobility, as well as wildlife crossings adapted to small fauna under the site access and internal roads; and a preconstruction relocation program for vulnerable flora species.

The grid connection's main impact is the clearing of ca. 36 ha of forested land during the construction of the site access road and the overhead tie-line. These forested areas consist of autochthonous species and had already been modified by human activities in the past. As such, they were not considered a critical habitat in the Environmental Impact Study, as approved by the competent authority. The clearing was compensated by reforesting an area of 56 ha using autochthonous species. The power line routing does not include any large bird species subject to collision with the conductors. There is however a vulnerable pigeon species with potential presence in the area. In order to mitigate electrocution hazards for this and other small bird species, the environmental permit requires deterrent devices to be installed on top of the overhead line towers.

During the construction of the power line, the promoter requested a modification to the environmental permit, to allow for the clearing of an additional surface of ca. 12 ha, which would be compensated by reforesting an equivalent area, using autochthonous species. This modification was needed due to the impossibility of trimming certain forested areas, as proposed in the original environmental impact study. Before the modification was approved by the competent authority, the contractor in charge of the tie line proceeded to the clearing of ca. 2 ha. This was detected by the competent authority in an unrelated site visit. The competent authority then launched a proceeding against the promoter for the unauthorised clearing of forested land. This proceeding resulted in a fine that was immediately paid by the promoter.

All the compensatory reforestation activities, amounting to ca. 70 ha, have already taken place and are pending the approval of the competent authority.

³ Cataloged as "Least Concern" by IUCN or others

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The project does not affect any natural protected area. The closest protected area, Parque Nacional Chiloé, is located 6 km west from the project site.

Overall, the project social impacts are positive. These include additional work opportunities for nearby communities, increased municipal tax revenues and significant improvement of access infrastructure.

EIB Carbon Footprint Exercise

The project is estimated to save greenhouse gas emissions of ca. 72 000 tonnes of CO₂ equivalent per year. This has been calculated according to the EIB Carbon Footprint Methodology.

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

Public Consultation and Stakeholder Engagement

Given that the project was screened-out, no formal public consultation was required by Chilean national EIA laws and regulations and none took place. However, the authorities relevant to each of the expected project impacts were consulted during the environmental permitting process. The promoter has a good continuing relationship with the community and organizes and participates in local events. The promoter has taken a proactive approach towards stakeholder concerns, for instance fully collaborating with a site visit organised by a civil society committee that sits within the Chilean Ministry of Energy. This site visit took place in December 2016, and was open to all interested parties. It was well attended, and visitors included members of NGOs, local authorities, etc.

In addition, the promoter has set up informal stakeholder engagement system and grievance mechanism, on the basis of continuous contact with local stakeholders. This contact is done through various channels, such as email, phone numbers and a physical office in the closest city. The promoter also performs regular visits to the community councils, where most of the complaints were communicated. These complaints were mainly related to dust and speeding during construction, and they were dealt with by the promoter in a satisfactory manner.

In regards to the tie-line, the promoter has followed the same approach during its construction. Subsequently, the tie-line has been transferred to the local distribution company, which has in place a formal stakeholder engagement system.

There is neither involuntary resettlement involved nor impacts on indigenous peoples.

Other Environmental and Social Aspects

The promoter is using best international practice in its health and safety management systems during construction and operation.

Conclusions and Recommendations

The promoter is bound by law to comply with the requirements of the environmental and social conditions indicated in the relevant permits for the wind farm and the grid connection. On this basis, and after having performed its due diligence summarised above, the Project is acceptable to the EIB for financing in environmental and social terms.