

## Environmental and Social Data Sheet

### Overview

Project Name:	Hohhot Energy Efficiency (FL 20090490)
Project Number:	2016-0279
Country:	China
Project Description:	The project consists of the conversion of coal-fired boilers to gas-fired boilers, renovation of gas-fired boilers and renovation of heating supply pipelines. The total capacity of the replaced boilers is 1200 MW. The project location is Hohhot, Inner Mongolia, China.
EIA required:	yes
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

In the fight to reduce pollution and in line with the recent environmental policies of China, the City of Hohhot has developed a Master Plan, "Coal to Gas", to replace all coal burning by significantly less polluting alternatives.

This project, a second phase under the Cities Master Plan, will additionally (109 boiler houses already replaced between 2013 and 2015) reduce energy consumption and CO<sub>2</sub> and other emissions in the city of Hohhot with a significant positive impact on air quality in the whole North Eastern part of China including Beijing area.

The projects are in line with the EU energy and climate change objectives as they contribute to improve energy efficiency as well as reducing greenhouse gases and other polluting airborne emissions.

All sub-projects are subject to a full EIA as required by Chinese environmental laws and are part of the building permitting process. For the first subprojects, planned to be implemented in 2017, EIAs have been completed and reviewed to the satisfaction of the Bank.

Due to the nature of the investment no significant negative environmental impacts are expected. Impacts are expected to be minor and temporary in nature, mainly nuisance due to construction works (dust, noise, traffic disruption). Such impacts will be mitigated through appropriate site organisation and construction management.

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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.

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The Promoter will follow Environmental and Social Management Plan as included in the EIA procedure, as well as any other requirement specified in the feasibility study report (FSR) and EIA approvals from the relevant Chinese authorities. Since this project would consist of dismantling existing boilers and upgrading existing heating pipelines, the Promoter is required to conduct an asbestos survey and provide a protection programme, satisfactory to the Bank, if asbestos is detected through the survey.

The Bank will, supported by consultants, monitor the implementation of the projects focussing on compliance of the work with the Quality Manual and ex-post verification of the energy savings.

### **EIB Carbon Footprint Exercise**

In accordance with the Bank's Carbon Footprint methodology it is calculated that the total relative effect of the project is a net reduction in CO<sub>2</sub> equivalent emissions by 657,300 t /yr when compared to the operation before the project.

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.

### **Social Assessment,**

The project contributes to securing and extending permanent jobs in the operations. Occupational and Community Health and Safety issues are deemed appropriately addressed in the authorisation process. The promoter has a health and safety policy in place.

No special social risks are anticipated for this project. On the contrary, the project is expected to bring about considerable positive social benefits related to cleaner and nicer urban environment.

China has a long tradition in building gas infrastructures and developed a very comprehensive set of construction standards for gas pipelines which are in line with international and ISO standards.

### **Public Consultation and Stakeholder Engagement**

Public consultations have been carried out under the respective EIA processes. No major shortcomings have been put forward; the projects are being positively received by the local communities.

## **Conclusions and Recommendations**

The replacement of inefficient coal boilers by efficient natural gas boilers providing part of the heating demand in the city of Hohhot, will reduce air pollution (SO<sub>2</sub>, NO<sub>x</sub> and particulates) and will help mitigate climate change by avoiding CO<sub>2</sub> emissions.

To the extent possible, other coal boilers will be shut down and replaced by connections to the district heating network which will reduce noise, free up space and embellish the city.

Based on the above it is concluded that this operation is acceptable to the Bank from an environmental and social point of view.

PJ/SQM/ECSO