

Environmental and Social Completion Sheet (ESCS)

Overview

Project Name:	France Biomasse - Dalkia
Project Number:	2011-0203
Country:	France
Project Description:	Financing of four biomass fired combined heat and power plants in France (Lens, Rennes, Brest, Angers), developed by Dalkia and selected as winners in a tender programme of the national electricity and gas regulator (CRE).

Summary of Environmental and Social Assessment at Completion

EIB notes the following key Environmental and Social outcomes at Project Completion.

At appraisal, the project comprised the design, construction and operation of four biomass combined heat and power (CHP) plants connected to existing district heating systems in France. The plants were to be located in the cities of Angers, Brest, Lens, and Rennes. The scheme in Angers also comprised the installation and operation of a private district heat (DH) system in the Orgemont area which is an extension of the public district heat system of Angers.

Eventually, the Bank only financed two schemes under this operation: Angers CHP plant incl. Orgemont DH system and Rennes CHP plant. The ESCS focusses on these two schemes.

At appraisal, the Bank had not yet received the Environmental Impact Study (EIS) and the environmental permit for the scheme in Rennes. A corresponding disbursement condition had therefore been proposed. This disbursement condition has been fulfilled in the meantime.

The Rennes scheme consists of a 34 MWth biomass CHP plant (including an electricity generation unit of 10 MWe) in Rennes at a location reserved for industrial and service activities. A dossier for the application of the operational permit (DDAE) was submitted in May 2011, followed by a request from the authorities for additional information leading to completion of the DDAE in October 2011. In January 2012 the competent environmental authority (in this case, the Direction régionale de l'environnement, de l'aménagement et du logement de Bretagne) issued its advice on the impact and risk evaluation studies and the environmental aspects of the project. The competent authority concluded that the project's potential impacts on the environment are well identified and that residual negative impacts on flora and fauna will be very limited. Following the advice of the competent authority the promoter submitted an additional note as well as additional landscape and visual impact studies and an operational plan for the management of contaminated soil agreed by the municipality and the Préfecture's corresponding department. In January 2012 an application for a construction permit was submitted and the permit was issued in February 2012 with the condition that works cannot start before the end of the public consultation. During February and March 2012 the public consultation as required by French environmental law took place. This included the publication of both the environmental studies carried out and the advice of the competent authority on the studies and the project. A total of 18 relevant observations were received notably on visual impacts in relation to the nearby Ecomusée. The public

consultation led to a positive advice by the Commissaire Enquêteur. The operational permit was granted by the Préfecture in October 2012.

Besides the discussed disbursement condition, the following environmental loan undertakings were proposed at appraisal with relevance for both, Angers and Rennes schemes:

Loan condition	Level of implementation at ESCS stage
As soon as sustainability criteria for solid biomass for energy purpose enter into force on EU level, the promoter undertakes to present the Bank a plan, satisfactory to the Bank, on how to comply with these criteria within the limits of the CRE regime.	No such criteria entered into force until today.
Forest based raw materials from outside the EU must only come from plantation forests that have undergone an internationally recognized forestry certification scheme.	No imported biomass is being used in the two co-financed schemes. All forest biomass is being sourced from a distance of 100km around the sites.

The promoter has confirmed that until today no significant environment or social issues have occurred with regards to the construction or operating phase of both schemes.

During site preparation for the Angers CHP plant, asbestos containing pipes were found in the soil. These were extracted and disposed in line with regulation.

Third party analyses have confirmed that both CHP plants are being operated in-line with permit requirements (incl. those relating to pollutant emissions into the air, to water, and noise emissions). A single noise level exceedance has been identified for the Rennes CHP plant and it is being investigated.

Both CHP schemes emerged as preferred bids from a public tender processes run by the national electricity and gas regulator (CRE). Compliance with the biomass supply plans and the minimum plant efficiency criteria under the CRE tender regime is compulsory in order to benefit from preferential feed-in tariffs. Compliance is monitored annually by the regional préfetures over a period of 20 operating years. At the time of Project Completion, it is understood that both CHP plants are fully compliant with their CRE obligations.



European Investment Bank (EIB)

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EIB Carbon Footprint Exercise

Given the significant reduction in project scope, the operations' carbon footprint has been recalculated.

The direct emissions of the two co-financed schemes are now estimated at around 6 kt CO₂e/yr. This emission is caused by the marginal use of fossil fuel in the biomass CHP plants.

In accordance with the current Bank's Carbon Footprint methodology it is calculated that the total relative effect of the two biomass CHP plants is a net reduction in CO₂ equivalent emissions by 99 kt CO₂e/yr. This calculation assumes that 50% of generated electricity substitute power generation in existing fossil fuel based power plants whilst 50% substitute power generation in new gas-fired combined cycle power plants. It is further assumed that cogenerated heat substitutes heat generation in an industrial natural gas boiler.

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.

Summary opinion of Environmental and Social aspects at completion:

EIB is of the opinion based on reports from the promoter that the Project has been implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal.