

## Environmental and Social Data Sheet

### Overview

Project Name: ITALGAS NETWORK UPGRADE  
Project Number: 2017-0690  
Country: Italy  
Project Description: The project is part of the Promoter's on-going investment programme to upgrade and extend its gas distribution networks. The project includes (i) rehabilitation works on the gas distribution network infrastructure including pipeline and equipment repairs and replacements (ii) extension of the networks with the associated connections and metering (iii) installation of smart meters and (iv) other supplementary investments to optimize and to increase the efficiency of network management.

EIA required: no

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

The Programme comprises typical gas distribution network investments: (i) rehabilitation and upgrade of distribution networks (including new connections and replacement of cast iron and steel pipes by polyethylene); (ii) installation of smart meters; and (iii) supplementary investments to optimize and to increase the efficiency of network management.

The activities will be undertaken using standard technologies by an experienced Promoter. The typical impacts, which can occur during the project implementation, are temporary in nature, and can be mitigated using established work practices in the sector. Given the large numbers of meters being disposed of the waste management procedures are important. The meters are aggregated at district depots and then disposed of according to regulations by certified contractors.

The Programme will be implemented throughout the Promoter's distribution networks, which covers multiple regions all over Italy.

Based on the technical characteristics, location and potential impacts of the investments envisaged and considering the criteria established under the national legislation no

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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.

Luxembourg, 27.11.2017

Environmental Impact Assessment (“EIA”) studies are required for any Programme components.

The operation will provide environmental benefits through some reduction of methane leaks and through allowing the substitution of more polluting fuel sources by gas.

For Programme components to be implemented in areas with significant archaeological and urban heritage, the promoter has processes in place to ensure that the reinstatement of excavated areas is carried out rigorously, that the surface disturbance is minimised and in any case reinstated, and that in the case of any archaeological discoveries the relevant authorities are involved.

The incremental demand created by the Programme has the most significant impact in terms of absolute carbon emissions through the additional gas used as a combustion fuel. Economic analysis shows that creating additional demand would still benefit the Project in terms of relative carbon emissions though, as substitution fuels (LPG and heating oil) have more impact than gas on GHG footprint.

### **EIB Carbon Footprint Exercise**

The estimated annual absolute emissions of the Programme in a standard year of operation are 2.6 kt CO<sub>2</sub>eq. The estimated emissions savings are 63.3 kt CO<sub>2</sub>eq/year. The scope of the GHG emissions attributable to the Programme is restricted to all the parts of the network, which will be subject to modifications by the Programme components. The calculations do not cover the rest of Italgas network. The absolute emissions include the fugitive methane emissions related to part of the network subject to modifications within the programme (replaced or newly constructed). The baseline comprises the emissions related to fuel consumption (LPG and heating oil), which would be needed to meet the energy demand without the gas distribution network extension. The network rehabilitation part of the programme is planned to realize some loss reduction. This amount is also added to the baseline, since those emissions would take place if the network rehabilitation was not completed. 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.

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

The Promoter has a well-established quality, health, safety and environmental (HSE) management system, and is ISO 14001 and ISO 50001 certified.

The Promoter has provided evidence of sound practice with respect to environmental management and confirmed that all new projects are evaluated for environmental impact. In addition to systems to meet regulatory requirements, the promoter has a comprehensive environmental management system which assesses new projects and monitors on-going operation. In particular, waste management and suppliers’ selection and evaluation are clearly identified in the HSEQ policy.

The Promoter also requires its suppliers to adhere to the principles of its Code of Ethics, operating in compliance with regulations regarding workplace safety, health protection and safeguarding the environment, through the compliance to the related legislation requirements (Italian Legislative Decree 231/2001).

Luxembourg, 27.11.2017

## Conclusions and Recommendations

The Programme will allow the Promoter to reinforce and continue developing its gas distribution networks to enhance safety and reliability and to meet demand for new connections. The Programme will provide environmental benefits through a reduction of gas leaks and the substitution of more polluting fuels by natural gas.

At the stage of appraisal the investments did not include any components that require Environmental Impact Assessments. The Promoter undertakes, however, to provide to the Bank, if requested, any screening decisions related to the Programme components. If for any reason at a later stage any of the Programme components were screened in and required an Environmental Impact Assessment (EIA) the Promoter undertakes not to allocate the Bank's funds to those components of the Programme until the EIA and/or the necessary nature assessments have been finalized and approved by the competent authority in form and substance satisfactory to the Bank. For any screened-in components once available, the Promoter will provide the Bank with the EIA report, Form A or Form B (if applicable) and the approval from the national authorities for publication on the Bank's website.

Based on the environmental and social information provided by the Promoter and considering the technical characteristics of the project as well as the Promoter's undertaking, the Programme is acceptable for EIB financing in E&S terms.