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Public

Environmental and Social Data Sheet

Overview

Project Name:	SGI – GAS NETWORK DEVELOPMENT
Project Number:	2018-0177
Country:	ITALY
Project Description:	The project consists of the financing of the Promoter's investments over the 2018-2022 period to extend the network of gas transmission pipelines in Central and Southern Italy.
EIA required:	Required for the “Larino-Chieti” pipeline

Project included in Carbon Footprint Exercise[1]: no

(details for projects included are provided in section: “EIB Carbon Footprint Exercise”)

Environmental and Social Assessment

Environmental Assessment

The Project relates to the construction of two DN600 gas transport pipelines, “Larino-Chieti” and “San Marco-Recanati”, respectively of 114 and 35 kilometres long. These two sections will connect respectively at the south and north ends of the existing Bussi-Cellino and Cellino-San Marco pipelines to complete a 260 kilometres seamless Adriatic Coast Backbone system. The two pipeline sections are approximately 100 kilometres apart and fall within the jurisdiction of different regional authorities. The final pipeline routes will run mostly parallel to and at 10-16 kilometres distance from the Adriatic coast and will mostly pass through flat and rural areas, avoiding habitation, industrial and environmentally sensitive areas as much as feasible. The pipelines will be buried underground and will follow existing rights of way where appropriate, thus maintaining the integrity of sensitive zones.

The official documents provided by the Promoter confirm that the Update of the National Gas Pipelines Network (“Aggiornamento della Rete Nazionale dei Gasdotti”) issued by the Minister of Economic Development in January 2013 and under which the two proposed pipelines are enlisted, is not a planning document and is not subject to SEA under Directive 2001/42/EC.

Based on their technical characteristics and the criteria and thresholds defined in the EU legislation, both pipelines fall under Annex II of the EIA Directive, leaving it up to the regional competent authorities to decide whether an EIA is required.

[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.

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The competent authorities (Regione Abruzzo and Regione Molise) required a full EIA in accordance with the Directive 2011/92/EU[2] for the "Larino-Chieti" pipeline, which was carried out by the Promoter (SGI). The EIA document provides a full assessment of the potential project's impacts during construction (clearing of rights of way, noise, dust, increased traffic, temporary access restrictions, construction camps and lay-down areas, waste disposal, crossing of highways, rails and water ways) and operation. The pipeline route crosses some areas: (i) presenting hydraulic and landslide hazards, (ii) subject to hydrogeological restrictions, (iii) of archaeological interest and (iv) protected as Natura 2000 sites. Particularly, the pipeline crosses eight Natura 2000 sites and is also located within a 5 kilometres distance to another nine Natura 2000 locations, including running 25 meters distance from one priority Natura 2000 site[3]. Several avoidance and minimisation measures have been integrated into the project design to minimise the Project impact on these and on other sensitive areas[4]. These measures include: (i) re-routing the pipeline; (ii) using trenchless techniques; (iii) slope stabilisation techniques; and (iv) locating surface infrastructures outside of Natura 2000 perimeter. Ten percent of the Larino-Chieti pipeline will be realized with trenchless technology avoiding any direct or indirect impact on sensitive habitats. Nevertheless, an assessment of impact significance on Natura 2000 sites and related habitats and species was produced as a separate document to determine the need for an appropriate assessment, in accordance with Directive 92/43/EEC.

The significance of potential impacts on the specific biodiversity features of the individual Natura 2000 sites was assessed as being negligible or null. As a result, no further assessment under Directive 92/43/EEC was requested by the competent authorities.

The final development consent was issued through the Decree "CCR-VIA Abruzzo n. 2685 – 28.07.2016", which includes the "Molise Region Decree n. 625 – 17.11.2015". The authorisation is subject to a list of very specific conditions that the Promoter will have to respect. The fulfilment of these conditions will be integral part of the contractual undertakings in the financing contract with the Promoter.

The "San Marco-Recanati" pipeline project underwent a screening procedure led by the Marche Region, following the EIA Directive 2014/52/EU.

The environmental impacts of this component specifically concern its crossing through some hydrogeologically unstable areas with low risk landslide and some watercourses. When not possible to reroute, the best technical choice for crossing those will be used, mainly by using controlled horizontal drilling. The route is also passing through an active seismic zone, however, as no seismic impact had been reported on gas pipelines, even in the case of stronger earthquakes in the Marche history[5], the seismic risk is considered minimal.

Based on the information provided by the Promoter on the physical characteristics of the project and on the analysis of environmental aspects potentially affected by the project (in accordance with Annex IIA of EIA Directive 2014/52/EU), the pipeline was assessed as not having significant environmental effects nor any significant negative impact on Natura 2000 protected area[6] nor on any area of known archaeological heritage[7]. The competent authority thus concluded that this project did not need a full EIA, as per the Decree "Posizione di funzione valutazioni ed autorizzazioni ambientali n. 8 – 21.02.2017".

[2] the procedure was launched at the end of 2014
[3] SIC IT7140110 « Calanchi di Bucchianico »
[4] unstable slope, archaeological heritage and river crossings
[5] Since the last 50 years
[6] Nearest Natura 2000 site is located at 9 kilometers distance from the pipeline
[7] Provisions are nevertheless integrated in the environmental management plan to investigate for the presence of archeological features during the construction works

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In summary, both pipelines have been assessed to generate temporary and reversible impacts during construction works. The impacts were also assessed to be negligible during the subsequent operational phases as the sites will be fully re-instated to their initial environmental conditions as per the set of conditions attached to the EIA development consent decisions. Restoration and mitigation works will occur in a sequential manner as the pipelines are built, after each section construction and back-filling, and will particularly focus on works related to restoring geomorphology, hydrology, hydrogeology and re-vegetation. Permanent surface installations will be masked by proper re-vegetation around the sites to mimic the original landscape.

Concerning the GHG emissions due to the whole SGI network operations, it has to be noted that fugitive emissions were reported to have decreased in 2017 compared to 2016. SGI is indeed committed to continue working towards further natural gas emissions reduction, with the objective to reduce those emissions by 10% in 2020 compared to their 2017 levels. For that, SGI is putting together investments and studies to reduce emissions during construction, through technological innovations, immediate leak detection projects and also use of renewable energy for powering new plants.

Social Assessment, where applicable

The main social impacts will concern the compensation for acquiring rights of way, for the loss of and unproductive time on crops. Compensations to municipalities concerned represent ca. 1% of the total investment costs, usually through works benefiting the communities.

The pipelines are also designed such as to guarantee a safe physical access to the implementation and to allow the O&M personnel to operate in conditions compliant to safety requirements.

SGI is committed to developing and promoting the protection of health and safety at work, with accident prevention being one of its main focus through risk mitigation and prevention actions. SGI is OHSAS 18001:2007 accredited and follows the corresponding health and safety standards at work. This also applies to its contractors. There was no accident recorded since the last three years, with minor incidents occurrence since the last 10 years. Accident ratings of potential suppliers are also taken into account in SGI international tendering processes.

Public Consultation and Stakeholder Engagement

Public consultation and publication of the authorities' decisions are mandatory under Italian legislation for environmental impact assessments. Consultation was carried out for the Larino-Chieti pipeline in 2015 in Pescara. Additional public consultation and presentation occurred in two stages during the EIA process in 2016.

Other main point of contention concerns the impact on potable water, which was solved through re-routing.

There was no public consultation for the screened-out component (San Marco-Recanati pipeline), however the screening documents were available on the public domain during this process and gatherings were organised with the public authorities concerned.

There does not seem to be any outstanding environmental issues that could raise opposition from stakeholders apart from potential rights of way issues, which could be handled in accordance with national legislation.

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Other Environmental and Social Aspects

Mitigation and monitoring measures as set-up in the environmental documentation approved by the competent authority will be supervised by the impacted regions.

In addition to systems to meet regulatory requirements, the promoter has an environmental management system which assesses new projects and monitors on-going operations. The environmental monitoring plans are comprehensive and has been submitted and approved by the competent authority.

For project 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.

In particular, SGI is committed to maintaining its system network to preserve its efficiency and to prevent any damage that could impact the environment. Third party works and landslides near pipelines are particularly monitored to avoid any interference with SGI infrastructure and operations. Pigging activities, consisting in controlling pipeline integrity, is also organized regularly and pigging stations are part of components coming along with the new transmission pipelines. A Geographic Information System (GIS) has also been put in place to optimize the decision-making process for network and plant management in particular regarding the monitoring of pipelines integrity.

The Health, Safety, Environment and Quality (HSEQ) management unit is all run in-house and SGI HSEQ and environmental management policies are also applied to its contractors and subcontractors as part of their selection process and contractual terms.

The Promoter is accredited to meet the standards of ISO 14001. The Promoter is also working towards obtaining ISO 9001 but is not considered a business priority at the moment.

Conclusions and Recommendations

The Project will strengthen the system resilience in those Central-Eastern regions of Italy and support future gas transit along the South-North axis of the Adriatic coast. It will also enable, when a compression unit will be installed, to provide reverse flow capability. The Project will be particularly useful in case of disruptions in the regional gas system and will prevent over-loading and stressing the network, reducing the risk of increased leakages or rupture of the pipelines. The Project will also contribute to improving the quality and operational efficiency of the infrastructure in the region. The Project will therefore contribute to the environmental sustainability of the natural gas network in the region. The results of the available assessments and authorisations for the various components do not highlight issues that form an obstacle to the acceptance of the Programme by the Bank. Some documents are still necessary, though, to complete the Bank's environmental assessment thus disbursement conditions are introduced on receiving the Single Authorization for the "Larino-Chieti" pipeline and Forms A prepared by the competent authorities for both pipelines.

The Bank has also included undertakings regarding the fulfilment of mitigation measures as set in the environmental decisions documents and requirements to receiving any additional environmental documents on unplanned sub-components requiring to go through an EIA process.

With the contractual conditions described above in place the project is acceptable for EIB financing in E&S terms.