

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name: ENDESA RENEWABLE ENERGY GREEN LOAN

Project Number: 2018-0104

Country: Spain

Project Description:

*The operation is an investment loan scheme to finance the construction and operation of 16 onshore wind farms with a total power of 487 MW, and of 3 solar PV clusters with a total power of 339 MWp. The projects are located across Spain, awarded to the company in the recent Spanish auctions, to be constructed in the 2018-2019 period.*

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

The operation supports the European targets related to renewable energy and contributes to the EU energy objectives, notably security of energy supply and climate change mitigation. The operation also supports the European Cohesion Policy (2014-2020 eligibility), as some of the plants are located in less developed regions (Extremadura) and transition regions (Castilla la Mancha, Andalusia, Murcia). Finally, being renewable energy generation, the operation is aligned with the Bank's Priority Lending and Climate Action objectives.

The project also contributes to the Spanish renewable energy targets of 20% final energy consumption coming from renewable sources by 2020 (as per National Renewable Energy Action Plan). Deployment of renewables has stalled over the last years and considerable effort is required over the next years in order to reach the 2020 targets and contribute to the EU-wide 2030 target of 32%. The project was awarded in the second and third tender for renewable energy, carried out in July 2017 under the current legal framework.

The operation is an investment loan scheme to finance the construction and operation of 16 onshore wind farms with a total power of 487 MW, and of 3 solar PV clusters with a total power of 339 MW, located across Spain, as per the table below:

Plant Name	Technology	Capacity (MW)	Region
------------	------------	---------------	--------

<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, 07/11/2018

Totana	Solar PV	84.9	Murcia
Valdecaballeros EUDER	Solar PV	126.9	Extremadura
Valdecaballeros INGENOSTRUM	Solar PV	126.9	Extremadura
Allueva	Onshore wind	25.2	Aragon
Amp Los Llanos	Onshore wind	20.0	Castilla y Leon
Campoliva	Onshore wind	35.9	Aragon
Cañaseca	Onshore wind	18.0	Aragon
El Campo	Onshore wind	19.8	Aragon
Farlan	Onshore wind	41.4	Aragon
La Estanca	Onshore wind	21.0	Aragon
Los Arcos	Onshore wind	41.6	Andalusia
Motilla	Onshore wind	51.0	Castilla La-Mancha
Muniesa	Onshore wind	46.8	Aragon
Paradela	Onshore wind	12.0	Galicia
Pelarda	Onshore wind	14.4	Aragon
Ref Pena V	Onshore wind	7.2	Galicia
San Pedro	Onshore wind	39.9	Aragon
Serra das Penas	Onshore wind	42.0	Galicia
Sierra Costera	Onshore wind	46.7	Aragon

#### **Sites under consideration by the promoter**

All wind plants are included in Annex II of the EIA Directive (2011/92/EU or EIA directive 2014/52/EU depending on their screening date). Based on the transposition to the national and regional environmental regulation, all plants have been screened in, requiring full EIA, including public consultation. Additionally, the presence of ancillary infrastructure that might be included in Annex I of the EIA Directive, may require separate EIAs, if not managed together with the plants. At this time, the project is fully permitted, exception made for 5 plants (El Campo, Amp Los Llanos, Los Arcos, Cañaseca and Valdecaballeros EUDER) for which the process is still ongoing.

According to the promoter documentation, none of the wind farms are located within Natura 2000 sites but some are close to and may be bordering nature protected areas (Natura 2000 or locally protected). In particular, 10 of the 16 wind farms and 2 of the 3 solar plants are located at a distance of less than 5 km from Natura 2000 areas, with the plants of Pelarda, Ref Pena V, San Pedro, Totana, El Campo-, being less than 1 km far from their respective protected areas.

Whilst the environmental permitting is either obtained or ongoing for all plants, the promoter has not submitted the Environmental and Social Studies (comprehensive of Stakeholder Management Plans) underpinning the authorisations. Satisfactory review by the Bank of copies of the specific Environmental and Social Studies (EISs), for each site as well as for each associated infrastructure (as required and unless not included in the scope of the respective sites' EISs), will be made condition of signature for the sites that have already been authorised, and condition to first disbursement for the sites that have not been yet authorised. Furthermore, for the plants that have received the environmental consents, the competent authorities have not confirmed that there will be no negative impacts on Natura 2000 (or any other nature protected sites) within the authorisation document. The Bank will also request the promoter to provide evidence of no negative impacts on Natura 2000 sites for all project components (form A or B or equivalent) as a project undertaking.

The promoter is part of a group which is well known to the bank from several previous operations, however this is the first renewable energy project with this promoter and its group in Spain. The promoter has access to the expertise and services of its parent companies and

Luxembourg, 07/11/2018

it also has experience in the construction, acquisition and operation of an overall portfolio of 1,815 MW of renewable energy capacity in Spain (mainly onshore wind and solar). The promoter has a solid organisational structure and has certified its operational, environmental and H&S management systems (ISO 9001, ISIO14001, OSHAS 18001).

### **EIB Carbon Footprint Exercise**

The plants are expected to have an aggregate electricity production of ~2139 GWh/year (at ~649 GWh/year at P50 for solar and ~1490 GWh/year at P75 for wind), and will not generate any absolute CO<sub>2</sub> emissions. In accordance with the Bank's current Carbon Footprint methodology it is calculated that based on the avoidance of electricity generation from a combination of existing and new power plants in Spain (75% operating margin and 25% build margin), the total relative effect of the project is a net reduction in CO<sub>2</sub> equivalent emissions by 1,112 kt CO<sub>2</sub>-e/year.

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, where applicable**

It is expected that the implementation of the project's components will not lead to involuntary physical or economic displacement or resettlement. The project will require the acquisition or lease of 4,025 parcels of land, of which 2,172 for the sites and 1,853 for the accessory infrastructure.

The promoter has been engaging with the land owners in order to reach voluntary agreements for all project infrastructures, in the form of either sales, leases with annual payments and surface rights/rights of way with single payments. Currently, around 73% of the parcels are covered by agreements however only 3 wind farms (Campoliva, Serra das Penas, Paradela) have reached full land titling coverage. The Bank will require the satisfactory review of a report detailing, for each parcel, land status, type and specifics of the agreement reached, detail of the compensation and use of the land prior to the agreement, as a project undertaking. In Spain all projects required for the implementation of the different activities within the electricity sector, including generation, promoted by public or private companies, are considered public utility, and subject to urgent forced expropriation, to be carried out by the authority, in the interest of the promoters. The Bank will require the promoter to provide notice of any expropriation process to be initiated on the lands that are not yet covered by a land agreement/titling and to review to its satisfaction the related documentation, as a project undertaking.

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

For all project components, the public consultation was carried out under the EIA process, as required by the EU, and as transposed by the national and regional law. The promoter has not developed further stakeholder engagement activities.

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

During the site visits, it has emerged that in at least one plant (Muniesa), installation of the turbine foundations might require blasting due to the nature of the soil. The Bank will require the promoter, as a project undertaking, to provide, in advance, notice of any site for which blasting will be utilised, together with detailed copy of the plans for the utilisation of blasting, the related authorisation by the competent authorities (as required and unless included in previous authorisations submitted to the Bank) and a specific environmental impact study (unless included in previous authorisations submitted to the Bank).

## Conclusions and Recommendations

### **Conditions to signature:**

For the sites of La Estanca, Paradela, Serra das Penas, Allueva, Pelarda, Muniesa, Farlan, San Pedro, Ref Pena Ventosa, Motilla, Sierra Costera, Campoliva, Totana, Valdecaballeros INGENOSTRUM the Bank will receive the following information / will review the following documents, to its satisfaction:

- for each site as well as for each associated infrastructure (as required and unless not included in the scope of the respective sites' EIAs), copies of the specific Environmental Impact Study (EIS) inclusive of the specific Environmental Management Plan (EMP).

### **Conditions to disbursement:**

For the sites of El Campo, Amp Los Llanos, Cañaseca, Los Arcos and Valdecaballeros EUDER, any disbursement against any project component (i.e. project site or any associated infrastructure which is subject to an EIA and is not included in the scope of the respective site's EIA) will be conditional upon satisfactory review by the Bank of:

- specific Environmental Impact Study (EIS) inclusive of the specific Environmental Management Plan (EMP) of the project component
- copy of the environmental permits (as and when required) of the project component.

### **Undertakings:**

The promoter undertakes to provide, for each project component (i.e. site or associated infrastructure), to the satisfaction of the Bank:

- if an EIA was required for the project component, evidence of no negative impacts on Natura 2000 sites (form B or equivalent, unless absence of such negative impacts is already explicitly stated within the EIA);
- a report detailing, for each parcel of land utilised by the project component, land status, type and specifics of the agreement reached, land titling acquired, detail of the compensation and use of the land prior to the agreement;
- notice as to whether blasting will be utilised, and if so, detailed copy of the plans for its utilisation, related authorisations by the competent authorities (as required and unless included in previous authorisations submitted to the Bank) and specific study detailing environmental impacts of the blasting activity (unless included in studies already submitted to the Bank);

as soon as available and anyway before the implementation start date of the project component.

The promoter also undertakes to provide, for each project component (i.e. site and accessory infrastructure) to the satisfaction of the Bank, as soon as available, notice of any expropriation process to be initiated on the lands that are not yet covered by a land agreement/land titling, together with the related documentation.

With the mentioned conditions in place, the EIA processes and their results are acceptable to the Bank.