

Environmental and Social Data Sheet

Overview

Project Name:	<i>EESTI ENERGIA DISTRIBUTION NETWORK</i>
Project Number:	<i>2019-0442</i>
Country:	<i>Estonia</i>
Project Description:	The investment Programme to be financed by the Bank is part of the Promoter's on-going investment activities to extend and refurbish electricity distribution networks in Estonia during the period 2019-2023; it also includes investments in public lighting and charging stations for electric vehicles to take place in the same period.
EIA required:	maybe
Project included in Carbon Footprint Exercise ¹ :	yes

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

Environmental and Social Assessment

The Programme concerns mainly the refurbishment of approx. 4,100 km of electricity distribution network up to 110 kV (60% underground), the construction of 1,100 km of new network, the refurbishment and expansion of existing substations and the construction of new ones (25% underground). The distribution network investments include also approx. 39,000 smart meters and network automation components. The public lighting component of the Programme concerns the replacement of old luminaires with new LEDs (approx. 26,000 units) as well as the replacement of old masts. Finally, the investments concern the installation of 30 new public charging stations for electric vehicles.

The Programme will enable the Promoter, Electrilevi, a distribution system operator in Estonia, to improve quality of service, to cater for demand growth, connect new users, enable energy savings and charging stations (to promote electric vehicles).

Environmental Assessment

The majority of the schemes will be investments in medium and low voltage networks. Some Programme schemes fall under Annex II of the Directive 2014/52/EU, amending the EIA Directive 2011/92/EU, leaving it to the competent authority to determine whether or not an Environmental Impact Assessment (EIA) is required. According to national legislation, an EIA is required either for schemes that concern overhead lines of voltage 220 kV or higher and length 15 km or more, or if the need for an EIA is identified during strategic planning. Projects are also screened with respect to the need for an appropriate assessment under the EU Habitats and Birds Directives.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

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Given their characteristics, location and potential impacts, and considering the criteria established under the national EIA legislation, the Promoter does not expect that the schemes of the Programme will require an EIA. Regarding electricity distribution, the investments are mainly low and medium voltage networks; for the overhead network, the characteristics of the structures are such that they are expected to have limited environmental and social impact. A significant part of the investments concern underground assets, therefore the main impact is during construction. Furthermore, the electricity distribution network is being developed next to the road network; this is a factor that contributes also to limited environmental impact. Overall, the impacts are expected to be minor and related mainly to noise, vibration, dust, and traffic disruption during the construction, and electromagnetic fields (EMF) and nuisance during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation. Particular attention will be paid to contain the effect of noise, vibrations and traffic disruption during the construction works. Typical mitigation measures include special construction procedures to minimize damages, construction of facilities to contain oil leaking from transformers, special waste collection procedures and other. Furthermore, it is the Promoter's planning policy to avoid as much as possible crossing Natura 2000 sites and so it is expected that only a small number of schemes will be screened in for an Appropriate Assessment.

The investments in smart metering concern the installation of new and the replacement of existing meters and the use of telecommunication networks. The main potential impact on the environment relate to electromagnetic fields and the management of the old meters being replaced. Regarding electromagnetic radiation, the smart meters are compliant with the applicable ETSI EN standards. Appropriate procedures are established to manage, track and monitor the disposal process of old meters. Any adverse environmental impact of this component is thus expected to be minimal. The meters are enabling billing according to real-time consumption, encouraging the consumers to rational use of electricity.

Electric vehicle charging stations under the project will be installed in public urban areas. Building permits will be issued by the competent authorities. The environmental impacts of the project are expected to be minor and related mainly to noise, vibration, dust, and traffic disruption during the construction. Appropriate mitigation measures will be implemented. The investments will support electromobility and lead to CO₂ emission savings from the replacement of conventional cars operating on fossil fuels with electric cars powered by less carbon intensive electricity.

Regarding the public lighting investments, the environmental impacts of the project are expected to be minor and related mainly to noise, vibration, dust, and traffic disruption during the construction. Appropriate mitigation measures will be implemented. The investments will generate environmental benefits by reducing electricity consumption and thus associated CO₂ emission.

The Promoter's environmental management system is ISO 14001 certified. The Promoter's occupational health and safety management system is OHSAS 18001 certified.

The environmental and social due diligence has followed the Programme lending approach according to the EIB's procedures and standards, i.e. the due diligence focussed on the Promoter's capacity and capability to implement the Programme in line with EIB environmental and social standards and requirements. The environmental capacity of the Promoter is deemed to be good; it has the experience and the capacity to appropriately manage the investment Programme. The Bank also reviewed two EIAs for schemes that the Eesti Energia AS implemented in the past and found them to be satisfactory.

EIB Carbon Footprint Exercise

The source of CO₂ equivalent (CO₂e) emissions for the Programme is the ohmic losses of the new network equipment being installed. At Programme completion, the corresponding absolute

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emissions are estimated at 34 CO₂e per year. These absolute emissions are however, offset by the reduction of system losses as well as CO₂ avoidance due to energy savings in public lighting enabled by the Programme in comparison to the do-nothing alternative. Therefore, at completion, the Project is expected to enable a saving of 29 kt CO₂e per 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.

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the Promoter including its organisation, processes and procedures, and deemed them to be good.

Based on the information available, and with appropriate conditions (see below) and monitoring, the Programme is expected to be acceptable in environmental and social terms for Bank financing:

- The Promoter undertakes to store and keep updated all EIA screening decisions concerning the Programme schemes issued by the competent authority for nature and environment.
- The Promoter undertakes not to allocate the Bank's funds to Programme schemes that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been finalised and approved by the competent authority. An electronic copy of the EIAs must be placed on the website of the Promoter from the moment the EIAs are made available to the public and maintained until completion of reporting.
- The Promoter undertakes to ensure that all Programme schemes will undergo a biodiversity screening in accordance with the EU Habitats and Birds Directives. Should a component have a potential impact on a site of nature conservation, the undertaking is extended to inform the relevant authority and implement the procedures under Articles 6(3) and (4) of the Habitats Directive.
- The Promoter undertakes to store and keep updated any documents that may be relevant for the Programme and which support the compliance with the provisions under the EU Habitats and Birds Directives (Form A/B, or equivalent declaration by the competent authority) and shall, upon request, promptly deliver such documents to the Bank.