Luxembourg, 11.10.2019

Public

Environmental and Social Data Sheet

Overview

Project Name:	SM*ART GRID AND WATER INFRASTRUCTURE LINZ*
Project Number:	*2019-0351*
Country:	*Austria*
Project Description:	Investment programme covering electricity distribution grid, smart grid and smart meter deployment, and refurbishment of water and wastewater infrastructure in the city of Linz and the surrounding region in the period 2019-23.
EIA required:	multi-investment project, EIA requirements vary
Project included in Carbon Footprint Exercise[1]:	no

Environmental and Social Assessment

Environmental Assessment

The environmental 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 investment programme in line with EIB environmental and social standards and requirements.

The Bank has assessed the promoter's environmental competence and processes, including a review of an EIA for an energy scheme implemented during a previous operation. Based on this assessment, the environmental capacity of the promoter is deemed to be good.

Electricity distribution:

Due to their technical characteristics, none of the investment schemes are expected to fall under Annex I of the Directive 2014/52/EU, amending the EIA Directive 2011/92/EU. Some programme schemes fall under Annex II of the EIA Directive, 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 overhead lines of 110 kV voltage level and more than 15km of length, or for schemes that necessitate the temporary or permanent deforestation of areas greater than 50 ha. Further, any screening decision is made under consideration of potential cumulated impacts with third parties' activities that are expected to be ongoing in parallel.

[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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Schemes that do not undergo an EIA might still be subject to specific E&S analyses (e.g. EMF, noise, landscape analysis) in the context of the procedure for granting the permit for construction and operation.

Due to their technical characteristics and locations, the promoter expects that only a limited number of schemes will be screened in for an Appropriate Assessment. A 110 kV overhead line from substation “UW Pichling” to substation “UW FHKW Süd”, as well as the sub-stations “Pichling” und “FHKW Süd”, are located adjacent to a Natura 2000 site to the south of Linz: SCI and SPA Traun-Donau-Auen (AT3114000). One or more of these investments are expected to be screened in for an Appropriate Assessment as part of the EIA process.

The promoter has opted to apply a new and voluntary code of best practice (“Trassenfindungsleitfaden”) for the corridor planning process of 110kV lines. The code was jointly developed in 2017 by experts of the provincial government of Upper Austria, the Austrian transmission system operator and two regional distribution system operators, including the promoter, and external experts. The schemes’ planning processes comprise public consultations and the publication of consultations’ outcomes. The objective is to identify optimal corridors prior to the permitting processes.

Overall, the environmental impacts of the programme are expected to be minor and related mainly to noise, vibration, dust, and traffic disruption during the construction, and electromagnetic fields (EMF), bird electrocution and mortality, and nuisance during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation.

The investments into digital remote metering infrastructure principally involve the substitution of existing equipment and the usage of telecommunication networks. The main potential impact on the environment relate to electromagnetic fields and the management of the old meters being substituted by this project according to the established industry practice. The promoter confirmed that exposition of people to electromagnetic radiation from smart meters is compliant with the applicable national regulation (OVE Richtlinie R 23-1). Appropriate procedures are established to manage, track and monitor the disposal process of mechanical and electric 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 and saving of electricity.

Water and waste water services

In the field of water supply, the project will finance the construction or rehabilitation of water reservoirs, water treatment plants and pumping stations, as well as the renewal of water mains. The sewerage components mainly consist of rehabilitation or replacement of combined sewers and upgrading of the wastewater treatment plant (WWTP). These measures contribute to water security, resilience against climate change and to reduce discharges of untreated wastewater to receiving bodies during heavy rain, thereby contributing to achieving the environmental objective of the Water Framework Directive 2000/60/EC (WFD), whilst reducing flood risks.

The project will ensure continued compliance with the Urban Waste Water Treatment Directive 91/271/EEC and the Drinking Water Directive 98//83/EC, and improve the quality of water bodies as required by the River Basin Management Plans (RBMPs), implementing the requirements of the WFD. Linz is part of the international Danube river basin districts. In August 2017, the Austrian Government published the RBMP for the period from 2016 to

2021[2], which was subject to a Strategic Environmental Assessment (SEA)[3], in accordance with Directive 2001/42/EC.

The project is deemed fully consistent with the objectives of the RBMPs, and is expected to bring about lasting environmental benefits in the form of increased service coverage and quality, higher quality of surface and groundwater resources, and increased resilience of urban infrastructure. The benefits are expected to outweigh the negative impacts, which occur mainly during construction (traffic, noise and dust) and can be easily mitigated.

The second cycle of Flood Risk Management Plans (FRMP) further to the EU Floods Directive (2007/60/EC) is currently in progress. It started in 2018 with the preliminary flood risk assessment. The main next milestones are the publication of the flood hazard and flood risk maps in December 2019, the draft FRMP in March 2020, followed by a public consultation, then the final FRMP published in December 2021.

According to the promoter, none of the schemes fall under Annexes I or II of the Environmental Impact Assessment Directive (2011/92/EC), as amended by Directive 2014/52/EC. Should an EIA be required, the Promoter will be obliged to make the Non-technical Summary ("NTS") and the full copies of the EIAs available to the Bank, for publication on its website. None of the water or wastewater schemes is expected to have an impact on nature conservation sites. Projects are in any case screened with respect to the need for an appropriate assessment under the EU Habitats and Birds Directives.

Other Environmental and Social Aspects

There are several areas of suspected UXO (unexploded ordnance) concern throughout the city of Linz. The promoter is fully aware of this risk and follows the applicable national legislation. In 2008, the promoter put in place a corresponding corporate guideline to minimise corresponding risks to workers and the public further. The guideline is being updated from time to time.

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 the implementation of programme schemes that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been finalised and approved by the

[2] BUNDESMINISTERIUM FÜR LAND- UND FORSTWIRTSCHAFT, UMWELT UND WASSERWIRTSCHAFT: Nationaler Gewässerbewirtschaftungsplan 2015
[3] NATIONALER GEWÄSSERBEWIRTSCHAFTUNGSPLAN 2015 -
UMWELTBERICHT IM RAHMEN DER STRATEGISCHEN UMWELTPRÜFUNG GEM. RL 2001/42/EG GEM. EUWRRL

competent authority. An electronic copy of the EIAs must be placed on the website of the promoter, or otherwise communicated to the Bank, 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 conversation, 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.

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