

Environmental and Social Completion Sheet (ESCS)

Overview

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| Project Name: | MVM ELECTRICITY AND GAS STORAGE |
| Project Number: | 20130348 |
| Country: | Hungary |
| Project Description: | Reinforcement and extension of Hungary's electricity transmission network during 2013-2018 and reconstructive works on the underground gas storages. |

Summary of Environmental and Social Assessment at Completion

EIB notes the following Environmental and Social performance and key outcomes at Project Completion.

The project consisted multiple project schemes aiming at reinforcing and extending the Hungarian electricity transmission network as well as reconstructing and upgrading existing gas storage facilities. The project schemes have been implemented in dispersed geographical locations over the territory of Hungary. All the project schemes have been implemented within existing sites and on existing installations. Some electrical transmission project schemes have been postponed in the investment plan of the Promoter and therefore withdrawn from the initially appraised technical scope of the operation due to delays in implementation.

The implemented electricity transmission schemes included construction of a new substation and reconstruction works on existing substation including installation of new transformers to increase capacity or to replace obsolete equipment, as well as replacement of optical ground wires on existing high voltage overhead lines. The Underground Gas Storage (UGS) project schemes reinforced and upgraded the existing facilities by reconstruction of the injection and measuring systems, installation of a gas cooler into the withdrawal system and various other well reconstruction works.

None of the implemented project schemes fell under the EIA Directive and therefore no EIA was required.

Based on the monitoring reports provided by the Promoter the implementation of the project schemes was carried out without significant environmental issues. The environmental risks have been properly identified, managed and mitigated. The extensive project experience of the Promoter, the well-established quality and environmental management system and procedures ensured sufficient capacity and capability to deal with environmental and social issues. The Promoter has maintained an Integrated Quality System covering the entire operation. The company's certificates verify that MAVIR is in compliance with the requirements of standards ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and ISO/IEC 27001:2005. Trying to go beyond basic compliance with environmental protection regulations the Promoter has established voluntary environmental programs involving the entire company, as well as conducts successful bird protection programs in cooperation with bird preservation organisations.

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The disturbances and potential environmental impacts related to the construction works (e.g. dust, emissions, noise, increased traffic) were limited and kept local to the construction area in order not to affect populated areas and to maintain a negligible environmental impact. Mitigation measures had been planned and implemented to minimize and to keep below authorized limits the noise level related to the construction works and operation of the overhead transmission lines and transformer substations. At one of the substations the project led to significant noise reduction by replacing old obsolete transformers and consequently decreasing the noise emissions well below the limit value as confirmed by the control noise measurements.

One of the underground gas storage project schemes resulted in certain environmental benefits since the change of cooling technology led to a considerable decrease in water consumption by eliminating water use and evaporation losses.

Based on the relevant information received during the monitoring activities the applicable E&S conditions and undertakings specified by the Bank at the project appraisal phase have been met during project implementation.

Summary opinion of Environmental and Social aspects at completion:

EIB is of the opinion based on reports from the promoter, site visits by the EIB team during Construction that the Project has been implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal.