

Luxembourg, 28 August 2024

Environmental and Social Data Sheet

Overview

Project name: PRINCESS ELISABETH ISLAND
 Project number: 2023-0946
 Country: Belgium
 Project description: The project is an artificial island located 45 km off the Belgian coast. It will support electricity transmission infrastructure, and act as an electricity hub connecting new planned offshore wind farms and interconnectors to the onshore electrical transmission grid. This operation will cover the first phase of the promoter's investment program.

EIA required: Yes

Project included in Carbon Footprint Exercise¹: no

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

Environmental and social assessment

The project financed by the EIB ("the EIB Project") is part of a larger project being implemented by the promoter, the so called Modular Offshore Grid 2 ("MOG2") project. The purpose of the MOG2 project is to connect the Princess Elizabeth offshore wind farms to the Belgian electricity network, through the construction of an artificial island, electricity transmission infrastructure on the island (AC and DC substation) and AC and DC export cables.

The MOG2 project is divided into two main phases: i) construction of the island and marine works (scope of this EIB project) ii) electrical infrastructure on the island and connecting export sea cables to the shore, to meet the needs of the offshore wind farm developments as they come online (to be considered for future financing).

Furthermore, the MOG2 project spans across two different environmental jurisdictions:

1. Offshore, which is part of the territory under the jurisdiction of the Belgian Federal Government: including the Exclusive Economic Zone and territorial waters, up from the 0 m LAT (Lowest Astronomical Tide) level of 2018 (baseline); and
2. Onshore, which is part of the territory under the jurisdiction of the Government of Flanders: including all areas inland from the 0 m LAT level (including beach and dune areas);

The components of the MOG2 project financed by the EIB lie entirely within the offshore areas and, as such, the Belgian Federal Government acts as the competent authority for environmental matters, in particular the Federal Minister/Secretary for the Marine Environment, with the advice of BMM/MUMM (Management Unit of the Mathematical Model of the North Sea) and DMM (*Dienst Marien Milieu* – Marine Environment Service).

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 tonnesCO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



Luxembourg, 28 August 2024

The Princess Elisabeth offshore wind farms and other components of the MOG2 project outside of the EIB Project scope (e.g. electrical infrastructure on the island and cable connections from the island to the shore) and online cable connection to the national transmission grid) are considered associated facility to the Project and therefore fall under the scope of the E&S due-diligence described in this ESDS.

Environmental assessment

The MOG2 project and the associated planned offshore wind farms are considered in the Belgian Marine Spatial Plan (MSP) of 2020-2026. Therefore, its impact was assessed in the SEA that was prepared for this MSP in 2018. Furthermore, the MOG2 project is also included in the Federal Development Plan 2024 – 2034 of Elia. The environmental impact relating to the Development Plan was assessed in a SEA in 2023.

Given its technical characteristics, the EIB Project to be financed (the offshore island) is not listed under either Annex I or Annex II of the EIA Directive. The EIB Project is subject to the Belgian consenting regime. Under national legislation the MOG2 Project was subject to a full EIA, and EIAs have been carried out by the Promoter, in line with the national permitting process. An environmental permit was issued by the competent authority on 26 September 2023.

The MOG2 project was also the subject to a so-called cable permit between the island and the shore, issued by the Minister of Energy and North Sea, as advised by Federal Public Service (FPS) Economy, S.M.E.s, Self-employment and Energy, Directorate of Energy in February 2024. Furthermore, it was also awarded a domain concession issued by the same authority in March 2024.

The main environmental impacts identified for the EIB Project include effects on soil and water (disturbance of the seabed due to dredging, ploughing and such) and permanent loss of the original seabed due to the space occupancy of crossing infrastructure. Impacts on the climate and atmosphere (emissions of greenhouse gasses and air polluting substances during production and construction) as well as noise, vibrations, and electromagnetic fields during piling activities.

In relation to impacts on the fauna, flora, and biodiversity, these include soil disturbance and occupation of the seabed. Particularly the impact on the gravel beds in and outside the Natura 2000 area 'Flemish Banks' is of main concern (habitat loss, increased turbidity, and sedimentation/siltation).

The construction of the Project has the potential to disturb and damage wrecks and archaeological features of interest and may also impact other sea users and infrastructure. The construction of an island and the development of the wind farms will reduce the size of the fishing grounds for commercial fisheries. Lastly, the project may impact marine safety as the increase in shipping movements increases the risk of ship-to-ship incidents.

Appropriate mitigation measures will be implemented to minimise impacts according to the findings of the EIA reports and the conditions expressed in the EIA consents. The promoter has the capacity and is committed to implement the necessary mitigating measures at both design and construction stages. These typically include construction procedures to minimize damages, and disturbance, measures to mitigate the impact of noise on fish and marine mammals, implementation of OSPAR guidelines², soil restoration, prepare plans of technical measures for limiting overflow of material, limit sedimentation and reduce sediment losses, implementation of Nature Inclusive Design (NID) elements, implement relevant requirements as detailed in Crossing and Proximity Agreements and appropriate waste management procedures.

² Guidelines to reduce the impact of offshore installations lighting on birds in the OSPAR maritime area (OSPAR Agreement 2015-08);



Luxembourg, 28 August 2024

The MOG2 project lies in the vicinity of a Habitats Directive area (Special area for conservation *Vlaamse Banken*) and the export cables (not part of the EIB Project scope) cross two Birds Directive areas (Special protection areas 2 and 3). An Appropriate Assessment (AA) was also performed, in accordance with the applicable legal requirements.

The EIA report also investigated the impact of the MOG2 project on the achievement of good environmental status as defined under the Marine Strategy Framework Directive. Some of the aspects that were investigated included: (i) impact of ambient noise due to vessels and constructions works at the offshore construction site; (ii) risk of pollution; (iii) impact on seafloor integrity and bottom shear stress due to the installation of an island; (iv) impact on biodiversity, such as habitat loss (direct habitat loss or sedimentation of suitable habitat), mortality, etc.;

A Cable Burial Risk Assessment (CBRA) of the export cables has been prepared and submitted to MUMM and to the services responsible for shipping, together with the envisioned burial depth of the cables in this area.

Overall, the EIA report concluded that no unacceptable impacts are expected during the construction, operation and decommissioning of the artificial island. The AA concluded that the integrity of the Natura 2000 areas (including the protected habitats and species) will not be adversely affected. It is following this assessment that the competent authority issued its favourable opinion in relation to the MOG2 project.

The design lifetime of the artificial island takes into consideration the potential worsening of the environmental conditions because of climate change during this lifetime. The island level is designed based on a more extreme scenario for sea level rise compared to other components of the design. This selected scenario in combination with an extreme sea level return period was applied, to ensure the island level will remain emerged in all scenarios.

The project has been assessed for its Paris alignment and as it constitutes of enabling infrastructure for the connection of new planned offshore wind capacity, it is aligned against low carbon goals in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

Associated infrastructure

Offshore wind farms

The developers that will build and operate the associated offshore wind farms are currently not known. Three separate lots (and thus wind farms) were designated within the Princess Elisabeth Zone (PEZ), which are to achieve a target combined capacity of 3.15 to 3.5 GW on a total surface area of approximately 285 km². They will be selected based on a tender mechanism that the relevant FPS will organize. The FPS Economy applied for an authorisation to build and a permit for the operation of offshore wind farms and inter-array cabling. This application is subject to an environmental impact assessment procedure. The PEZ lots partially overlap with, or are in the vicinity of, the Habitats Directive area (SAC) "*Vlaamse Banken*" and pursuant to Art. 6 of the European Habitats Directive was further subject to an Appropriate Assessment. Within the PEZ there are also vulnerable gravel beds, which were mapped in detail during the EDEN2000 project. The full EIAs have been conducted, including an appropriate assessment of impacts on biodiversity and public consultation has taken place between 12 December 2023 and 11 January 2024. The environmental consent has not yet been granted.

The EIA reports concluded that no unacceptable effects are expected during the preparatory surveys, construction, operation and decommissioning of the three wind farms in the PEZ in case of scenario 1 (12/13 MW turbines), provided that appropriate mitigation measures are taken. In case of scenario 2 (+20 MW) and piling of monopile foundations, it must be



Luxembourg, 28 August 2024

demonstrated by future offshore wind developer(s) that mitigation techniques can be further optimized, or additional (new) techniques can be used, in order to keep significantly negative impacts on underwater noise and marine mammals within acceptable limits.

Due to the location of the PEZ wind farms in relation to neighbouring countries, activities in lots PE II and PE III in particular will have a slightly to moderately negative transboundary impact on French waters (e.g., in terms of plume formation and sediment transport, noise disturbance from pile-driving and shipping, related impacts on marine mammals, and collision risks). Appropriate mitigation measures will have to be considered in order to keep this impact within acceptable limits across borders.

Based on the draft appropriate assessment in the present MOG2 project, no significant negative effects are expected on the 'Flemish Banks' Habitats Directive area and the associated habitat types 1110 (permanently seawater-flooded sandbanks) and 1170 (reefs) and seabirds. However, based on current knowledge and available mitigation techniques, a significantly negative impact on marine mammals in the BPNS (Belgian part of the North) is expected in case of piling of monopile foundations under scenario 2. In this case, future offshore wind developer(s) will have to demonstrate that the mitigation techniques can be further optimized, or that additional (new) techniques can be used in order to keep this noise impact within acceptable limits.

Onshore connection to the national grid

The infrastructure required to connect the 6 incoming 220 kV and to the main grid are i) approx. 10km long underground 220 kV cables to the 380 kV Gezelle substation. Extension of the Gezelle substation with 220/380 kV transformation capacity. Due to the technical characteristics, of the required works, these components do not fall under either Annex I or Annex II of the EIA Directive. However, forming part of a wider national grid reinforcement project (Ventilus) with among other objectives to connecting the offshore windfarms to the 380 kV grid, the Ventilus project is subject to an EIA process. The documentation in relation to the EIA process is currently being developed, hence no information on the outcome and environmental and social impact are currently available. Given the nature and characterises of the work related to connect the island to the national grid, no significant environmental and social impacts are however expected.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty Elia Assent n.v./s.a. is in scope and screened into the PATH framework, because it is considered high vulnerability.

The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plan.

Public consultation and stakeholder engagement

The EIA report and the AA for the energy island were completed in December 2022. The application for the environmental permit was submitted in January 2023. The integrated permit procedure, comprising public consultation, the EIA procedure, and the actual Appropriate Assessment, were conducted in the course of 2023. The public consultation was conducted from 8 February 2023 till 10 March 2023. Reactions could be sent to MUMM till 25 March 2023. Neighbouring countries could submit reactions till 24 April 2023 (in the context of the transboundary consultation, Espoo Convention). The promoter took into consideration the outcomes of the public consultation process in further refining the project characteristics, notably in the inclusion of Nature Inclusive Design elements.

Other environmental and social aspects



Luxembourg, 28 August 2024

The MOG2 project has its own (Employer) Environmental Management Plan (EMP) that covers the design, construction, and operation of the MOG2 project. The purpose of the EMP is to ensure that all elements of the MOG2 project meet requirements established by legislation, legal consent, and environmental commitments, and that the MOG2 project not only preserves but also enhances biodiversity. The (Employer) EMP is also to provide guidance to Contractors on their EMP and procedures required.

During the tender phase for the selection of each EPCI contractor involved in the MOG2 project, an Environmental Management Plan (EMP) prepared by the promoter is provided as part of the tender documents. The EMP is part of the contract and all environmental requirements listed in the EMP must therefore be considered by the awarded bidders during design and construction of the MOG2 project.

With relation to asset management, the promoter is ISO 14001 and OHSAS 18001 certified. The promoter is active in stakeholder engagement and dissemination of information related to projects.

Conclusions and recommendations

Based on the review of the EIA reports, permits and the other assessments prepared by the promoter, the Bank identified no significant residual environmental and social impacts associated with the EIB Project.

At this stage however, EIA for the associated infrastructure onshore has not yet started, and formal response from competent authorities for the associated wind farms is still outstanding. The Bank will monitor the progress of the environmental permitting process of associated infrastructure as part of its ongoing monitoring for the EIB Project.

The promoter undertakes:

- To always ensure a good coordination with the implementation of the associated infrastructure projects (MOG2 electrical infrastructure, PEZ Offshore wind farms, and onshore Ventilus project) and to keep the Bank updated on any delays, developments, and outcomes of the related permitting process.

In view of the above, with the planned mitigation, compensation and monitoring in place and appropriate undertakings, the EIB Project is acceptable for EIB financing in environmental, climate and social terms.