

Luxembourg, 06/11/2024

Environmental and Social Data Sheet

Overview

Project Name:	CEZ DISTRIBUTION NETWORK UPGRADE IV
Project Number:	2024-0039
Country:	Czech Republic
Project Description:	An investment programme for CEZ Distribuce's electricity distribution network in the Czech Republic over the period 2025-2026. The programme includes investments in the reinforcement and refurbishment of medium and low voltage networks
EIA required:	no
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 comprises a large number of electricity distribution schemes in the Czech Republic. It includes (a) the construction of new overhead and underground MV and LV lines, (b) the refurbishment of MV and LV overhead and underground lines, (c) the refurbishment and installation of MV/LV power substations and of distribution transformers. It also includes components for network automation and tele-control as well as smart meters installation. The programme does not contain HV assets. The programme schemes are located in the following areas served by the promoter: Plzeň, Karlovy Vary, Ústí nad Labem, Central Bohemia, Liberec, Hradec Králové, Vysočina, Pardubice, Olomouc, Central Morava and Moravia-Silesia.

Environmental Assessment

Based on the characteristics some schemes under the scope of the Project are expected to 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. All schemes have operating voltage below the minimum thresholds for EIA screening set out in the national legislation (110kV and less than 2 km), as per the provisions of Article 4(3) of the EIA Directive 2011/92/EU as amended by Directive 2014/52/EU. Therefore, none of the programme schemes requires an EIA. Environmental analyses, as appropriate, may be carried out for some schemes in the context of the permitting process.

All programme schemes will be screened with respect to the need for appropriate assessment under the EU Habitats and Birds Directives. Given that at appraisal there was only limited information on the individual programme schemes and that slight changes in scope are inherent in operations of this type, the environmental and social due diligence has followed the programme lending approach according to the EIB's procedures and standards. Under such approach, the due diligence focuses on the promoters' capacity and capability to implement the programme in line with EIB environmental and social standards and requirements.

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.



Luxembourg, 06/11/2024

The project has the potential for some low to moderate environmental and social impacts. These include noise, pollution, dust, and traffic disruption during the construction, and electromagnetic fields (EMF), and nuisance during operation. The promoter has the capacity and is committed to implement the necessary mitigating measures at both design and construction stages. These typically include special construction procedures to minimize damages and disturbance, construction of facilities to contain oil leaking from transformers, soil restoration, traffic management measures, appropriate waste collection procedures and other. For smart meters, the main impacts of the components are electromagnetic radiation during data exchange and the disposal of meters that are replaced (in line with relevant legislation). Smart meters comply with the electromagnetic radiation limits set out in guidelines published by national and international organisations.

The promoter is an experienced distribution network operator in the Czech Republic, with an in-house team responsible for the environmental and social aspects of projects. The environmental management capacity of the promoter is also reflected by the ISO-14001, ISO-50001 and ISO-9001 standard certification obtained.

Based on the above elements and considering the performance on environmental and social matters in past operations, the promoter is deemed to have the experience and the capacity to manage the investment programme in line with EIB environmental and social standards and requirements.

The programme has been assessed for its Paris alignment and it is considered to be aligned both against low carbon and resilience goals in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

EIB Carbon Footprint

The source of CO₂ equivalent (CO₂e) emissions for the programme is network losses associated with new or refurbished network equipment. At programme completion, the corresponding absolute emissions are estimated to be 11.4 kt of CO₂e/year. These absolute emissions are offset by the reduction in network losses enabled by the programme in comparison to the do-nothing alternative. Therefore, at completion, the programme is expected to enable a saving of circa -30.4 kt of CO₂e.

Whilst smart meters may facilitate energy savings, they are not expected to have significant impact on CO₂ emissions. As a conservative approach, the savings in end-user consumption have not been considered in the Carbon Footprint Exercise.

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.

EIB Paris Alignment for Counterparties (PATH) Framework *If the counterparty is not in scope of the PATH framework, delete this section including this heading*

- The counterparty ČEZ A.S. (controlling the CEZ Group to which CEZ Distribuce belongs) is in scope and screened into the PATH framework, because it is considered high emitting.
- The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plans.



Luxembourg, 06/11/2024

Social Assessment, where applicable

The Project is expected to provide short-term positive socio-economic impacts in the form of temporary employment opportunities. The interventions do not envisage land compensation problems, as the scope is focused on replacing obsolete infrastructures.

The Promoter is "Health & Safety" ISO 45001 certified regarding occupational health and safety ("OH&S") to proactively improve its OH&S performance in preventing injury and ill-health.

Public Consultation and Stakeholder Engagement

Public consultations, when necessary, are organised by the competent authority, as part of the permitting process.

Conclusions and Recommendations

Based on the information available and past experience with the Promoter, taking into consideration the Environmental and Social impacts and the capacity of the Promoter to implement the Project in compliance with the EIB's Environmental and Social Standards the Project is deemed acceptable.

The Promoter undertakes:

- to ensure that potential impacts to sites of nature conservation will be identified (for all program schemes) and should they be likely to be significant, the promoter undertakes to engage with the relevant authority and implement the procedures under Articles 6(3) and (4) of the Habitats Directive.
- 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.
- not to allocate funds from EIB loan to components that requires EIA and that all investments shall comply with EIB's Environmental and Social Standards.
- not to allocate funds from the EIB loan to components dedicated to the direct connection of generation sources that emit above 100 g/CO₂ per kWh.

Under these conditions, the operation is deemed satisfactory from an environmental and social compliance perspective.