

Luxembourg, 11/12/2024

Environmental and Social Data Sheet

Overview

Project Name:	ELECTRICA DISTRIBUTION NETWORK UPGRADE II
Project Number:	2024-0178
Country:	Romania
Project Description:	An investment programme in electricity distribution in Romania, covering the period 2024-2026. It focuses on modernisation of network assets, network expansion, implementation of automation systems, new connections, and metering.

EIA required: no

Project included in Carbon Footprint Exercise¹: yes

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

Environmental and Social Assessment

Environmental Assessment

The programme comprises several electricity distribution schemes with voltages ranging from 0.4 kV up to 110 kV. Some of these schemes fall under Annex II of EIA Directive 2011/92/EU as amended by Directive 2014/52/EU, which requires the competent national authority to determine the need for an Environmental Impact Assessment (EIA). Under Romanian law, all programme schemes involving new overhead lines with voltages below 220 kV need to undergo an environmental screening, following which the competent authorities determine whether a full EIA is required. Given their characteristics, location, and potential impacts, and the criteria established under the national EIA legislation, programme schemes are not likely to require an EIA. Programme schemes are also screened for an appropriate assessment under the EU Habitats and Birds Directives.

The programme has the potential for some low to moderate environmental and social impacts. These include noise, vibration, dust, and disruption of traffic during construction, and electromagnetic radiation during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation.

The programme schemes related to automation and metering are expected to have limited environmental impact.

The Promoter is Distribuție Energie Electrică Romania S.A., a Romanian Distribution System Operator (DSO) with circa four million customers, and an electricity network which covers 18 counties (Cluj, Bihor, Satu Mare, Maramureș, Bistrița-Năsăud, Sălaj, Alba, Brașov, Covasna, Harghita, Mureș, Sibiu, Prahova, Buzău, Galați, Brăila, Dâmbovița, and Vrancea). The environmental and social due diligence has followed the investment programme lending approach according to the EIB's procedures and standards, i.e. the due diligence focused on

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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the Promoter's capacity and capability to implement the programme in line with EIB environmental and social standards and requirements. Based on this assessment, the environmental capacity of the Promoter is deemed good, i.e. the Promoter has the experience and the capacity to manage the investment programme.

The management of waste generated by the Project will follow sustainable waste management practices, in line with the applicable EU directives and Romanian legislation.

Physical climate change risks relevant to the area of installation of the Project schemes, i.e. mainly flooding, snow loading, temperature increase, precipitation increase and high winds, are mitigated in the design stage, by adapting - as necessary - the design or the location of the equipment, monitoring, and regular inspections.

The operation has been assessed for its Paris alignment. It is considered to be aligned for low carbon and adaptation, in line with the policies set out in the Climate Bank Roadmap and with the Bank's Energy Lending Policy.

EIB Carbon Footprint Exercise

The source of CO₂ equivalent (CO_{2e}) 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 12 kt of CO_{2e}/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 58 kt of CO_{2e}.

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

- The counterparty Societatea Energetica Electrica S.A. is in scope and screened in to the PATH framework, because it is considered of high vulnerability.
- The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plan.

Public Consultation and Stakeholder Engagement

Public consultations, when necessary, are organised by the competent authority, as required.

Other Environmental and Social Aspects

The Promoter is certified to ISO 9001 (Quality management), ISO 14001 (Environmental management), and ISO 45001 (Occupational health and safety management systems).

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the Promoter, including its organisation, processes, and procedures, and considers them satisfactory. Based on the information available and with appropriate conditions and monitoring, the programme is expected to be acceptable in environmental, climate and social terms for the Bank's financing:

- The PATH counterparty undertakes not to engage in incompatible activities, as defined in the EIB Group PATH Framework (<https://www.eib.org/en/publications/the-eib-group-path-framework>).



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- The Promoter undertakes to send to the EIB copies of 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 EIA until the EIA and/or appropriate assessment have been finalised to the Bank's satisfaction and, including public consultations, and approved by the competent authority. When the EIA is made available to the public, an electronic copy of the EIA study shall be sent to the Bank.
- The Promoter undertakes to take into account and implement the conditions expressed in any screen-out decision or EIA consent granted by the competent authority for nature and environment.
- The Promoter undertakes to ensure that program schemes likely to have an impact on a protected site (within the meaning of the EU Habitats and Birds Directives) are reported to the competent authority. Where the competent authority determines that an appropriate assessment is necessary, the Promoter shall carry it out in accordance with the requirements of the Habitats and Birds Directives.
- The Promoter undertakes to store and maintain up to date all preliminary verification decisions relating to the EIA and EU Habitats and Birds Directives, rendered by the competent authority, and to communicate them promptly to the Bank upon reasonable request i.e. within in the context of specific circumstances relating to the verification of regulatory compliance or in the event of significant controversy relating to the evaluation of the Project.