

EBRD Experience with Wind and Biodiversity

May 4, 2012

**Jack Mozingo
Principal Environmental Advisor**



Agenda

- EBRD and wind
- Relevant Performance Requirements
- PR1: Appraisal and due diligence
- PR6: Biodiversity due diligence
- PR6: Biodiversity challenges
- PR6: Future challenges and opportunities
- PR10: Stakeholder engagement
- Next steps



EBRD and wind

- Projects have been proposed or approved for equity and/or debt financing in nine of the 29 Countries of Operation: Bulgaria, Estonia, Croatia, Hungary, Jordan, Mongolia, Poland, Romania, Turkey, Ukraine
- Projects have ranged from 10MW to over 240MW, plus equity in multi-project companies with portfolios of 50-600 MW
- Due diligence on >1500MW, financed >1GW, with >500MW in pipeline
- Portfolio expanding rapidly
- Extensive experience in due diligence, limited experience to date with operations



Relevant Performance Requirements (2008 Environmental and Social Policy)

- PR1: Environmental and Social Appraisal and Management
- PR6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PR10: Information Disclosure and Stakeholder Engagement



PR1: Appraisal (1)

- All EBRD projects are subject to appraisal of potential environmental and social impacts
- A-Category projects undergo “special formalised and participatory assessment processes”, generally a “comprehensive environmental and/or social impact assessment.”
 - Greenfield and major expansions that can cause significant adverse effects are Category A.
- B-Category projects also undergo due diligence process to identify and assess potential impacts.



PR1: Appraisal (2)

- Are wind projects Category A or B?
 - Some EU countries use numbers of turbines and/or megawattage as thresholds
 - Former rule of thumb was “A” for > 50MW. now threshold is roughly 100MW (and under discussion)
 - Overhead transmission line alone can trigger A category
- EBRD has few hard and fast rules
 - Can usually tell an “A” when we see it, or a “B”. Not always.
 - Direct threat to conservation objectives of Natura 2000 or other protected area triggers A-categorization
 - Otherwise, decision generally based on consideration of size, location, and associated facilities.



60°N

40°N

20°N

20°S

40°S

20°W

0°

20°E

40°E

60°E

80°E

**Bird migration routes
relevant to EBRD**



Performance Requirement 6

- Committed to Biodiversity Mitigation Hierarchy that encompasses the precautionary principle
- Guided by applicable international law and conventions and relevant EU Directives
 - Key EU Directives: EIA Directive, SEA Directive, Habitats Directive, and Birds Directive
 - EU Guidance: Wind energy developments and Natura 2000
 - Screening assessment (potential significant effects?) See next slide, too
 - Appropriate assessment or equivalent
 - Offset/Compensation if there are residual impacts
 - In CEE, Poland has been developing guidance for wind



PR6: EBRD due diligence (1)

- Require independent assessment of risks to birds and bats, regardless of proximity to Natura 2000 or other known protected/sensitive areas
- Require independent assessment of available data, including previous monitoring and possible cumulative impacts
- When possible, consult with local affiliates of Birdlife International
- Along Via Pontica, EBRD provided funding for:
 - Strategic Environmental Review of wind development in Bulgaria in 2010
 - SER for coastal counties of Romania approved, to commence 2012



PR6: EBRD due diligence (2)

- Pending completion of SER in Romania, all large projects along Via Pontica are Category A
- Sponsored SER for renewables, including wind, in Ukraine
- Beginning similar SER in Kazakhstan, funded by CTF PPG
- May consider SER for other countries, including SEMED
- Why strategic assessments/reviews?
 - Capacity-building for regulators, developers, consultants
 - Assist in regulator and EBRD decisionmaking (no-go areas, threshold criteria, etc.)



PR6: EBRD challenges

- EU guidance calls for four seasons of monitoring data.
 - Two issues:
 - Are data for 4 seasons really sufficient to assess impacts and significance?
 - Are all data needed *before* Bank approval?
 - Further monitoring and independent evaluation of results are ALWAYS required, including several years of operation (mirrors Poland guidance calling for 3 years post-construction)
- Some countries of operation are EU members. Even so, authorities may be less than rigorous in applying EU Directives



PR6: EBRD challenges (2)

- Most countries of operation are not in EU:
 - What areas are equivalent to Natura 2000 areas?
 - What species are equivalent to those listed in Annex I?
 - Who is the “competent authority”?
- Ensuring coverage of all project and cumulative impacts:
 - Phased construction
 - “Salami-slicing”
 - Multiple regional developments
 - Associated facilities (transmission lines, substations, control center, roads), some of which may be developed by others



PR6: Future challenges and opportunities

- Is it possible to consolidate monitoring data at regional, national, international level
 - Formats?
 - Quality assurance?
 - Who would sponsor and champion, and then maintain system?
- Regional multi-sponsor radar systems
 - Difficult to implement and fund
 - Who could or would be the champion?



PR 10: Stakeholder engagement

- Aarhus Convention
- Stakeholder Engagement Plan required for pre-construction, construction, operation
- For biodiversity, key stakeholders include
 - National authorities - EIA, nature protection, land management
 - Regional authorities – regional outposts of national ministries
 - Local authorities (municipality, town, village)
 - Academics with relevant expertise
 - Civil society (notably, local affiliates of Birdlife International and bat protection societies)
 - Potentially affected people and other interested parties



Next steps for EBRD

- Continue to refine Bank's approach to due diligence
- Refine wind eligibility criteria for use by FIs, lending facilities
- Chair wind sessions at IAIA in May
- Discuss joint guidance note with IFC, IADB, others



For further information:

Jack Mozingo

+44 (0)20 7338 6275

+44 (0)7912 717 533 (mobile)

mozingoj@ebrd.com

Robert Adamczyk

+44 (0)20 7338 6785

+44 (0) 7970 486 302 (mobile)

adamczyk@ebrd.com

