

# Electricity Supply Board

**Type of Engagement:** Annual Review

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## Introduction

Ireland's Electricity Supply Board ("ESB") issued one green bond in June 2019 (the "2019 Green Bond") and another green bond in January 2022 (the "2022 Green Bond") under the ESB Green Bond Framework<sup>1</sup> (the "Framework") to finance or refinance projects expected to provide positive environmental impacts by mitigating and reducing GHG emissions and generating renewable energy. ESB raised additional funds with the 2019 Green Bond through a tap issuance in July 2020. In September 2023, ESB engaged Sustainalytics to review the projects financed with proceeds from the issued green bonds and assess whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in May 2019.<sup>2</sup> This is Sustainalytics' fourth annual review of the allocation and reporting of the bonds issued under the Framework, following previous reviews in June 2020, June 2021 and July 2022.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the green bond issuances based on whether they:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	KPIs
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Renewable power projects including Wind and Solar.</li> <li>Power transmission and other technical infrastructure required to connect new sources of renewable power generation to the grid.</li> </ul>	<ul style="list-style-type: none"> <li>MW of installed or connected renewables.</li> <li>Expected annual renewable energy generation (MWh)</li> <li>Estimated annual GHG emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Energy efficiency solutions, including smart metering and other technologies designed to manage/reduce demand.</li> <li>Upgrade of existing Power transmission infrastructure aiming to improve energy efficiency/reducing transmission losses.</li> <li>Projects designed to improve the energy efficiency of ESB's commercial buildings, displace fossil fuel building technology with</li> </ul>	<ul style="list-style-type: none"> <li>Number of smart meters installed</li> <li>Number of customers using smart meters (supply)</li> <li>Annual energy savings (MWh)</li> <li>Capacity of energy storage facilities installed</li> </ul>

<sup>1</sup> ESB, "ESB Green Bond Framework", (2019), at: [https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-bond-framework-2019.pdf?sfvrsn=c6a004f0\\_0](https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-bond-framework-2019.pdf?sfvrsn=c6a004f0_0)

<sup>2</sup> Sustainalytics, "Second-Party Opinion, ESB", (2019), at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/electricity-supply-board-esb/electricity-supply-board-esb-green-bond-framework-second-party-opinion/esb-green-bond-framework-second-party-opinion-22052019-pdf>

	<p>zero and low carbon alternatives and improve overall building energy performance. Eligible projects will target a 50% reduction in building energy consumption when compared to pre-project base line performance.</p>	<ul style="list-style-type: none"> <li>• Estimated annual GHG emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent) when available</li> <li>• Annual reduction in energy consumption (in kWh)</li> <li>• Estimated annual GHG emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Infrastructure which facilitates increased penetration of electric vehicles into market.</li> <li>• Electric Vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Number of electric vehicles charging points installed or upgraded</li> <li>• Number of electric vehicles in ESB fleet</li> </ul>
<b>Green Buildings</b>	<p>Buildings which are certified under recognized sustainable building certification schemes and that have obtained the following Green certifications (or equivalent):</p> <ul style="list-style-type: none"> <li>• LEED: (Gold and above)</li> <li>• BREEAM: (Very Good and above)</li> </ul>	<ul style="list-style-type: none"> <li>• Certification e.g. BREEAM rating</li> <li>• Annual energy savings (MWh)</li> <li>• Estimated annual GHG emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> </ul>

## Issuer's Responsibility

ESB is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from ESB's green bonds. The work undertaken as part of this engagement included collection of documentation from ESB and review of said documentation to assess conformance with the ESB Green Bond Framework.

Sustainalytics relied on the information and the facts presented by ESB. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by ESB.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>3</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the ESB Green Bond Framework. ESB has disclosed to Sustainalytics that the proceeds from the green bonds were fully allocated as at December 2022.

<sup>3</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded with proceeds from the green bonds to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded with proceeds from the green bonds to determine if impact of projects was reported in line with the KPIs outlined in the Framework. For a list of KPIs reported, please refer to Appendices 1 and 2.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

## Appendices

### Appendix 1: June 2019 Green Bond Issuance – ISIN: XS2009861480

In June 2019, ESB issued a euro-dominated green bond with a nominal value of EUR 500 million. Additionally, in July 2020, ESB raised additional funds through a tap issuance with a nominal value of EUR 200 million. The total net bond proceeds add up to EUR 697.95 million.

**Table 3: Allocation and Impact Reporting**

Use of Proceeds Category	Project Name or Assets	Project Generation Capacity (MW)	Allocated funding (EUR million)	Qualifying Generation Capacity (MW) <sup>4</sup>	Other KPIs
<b>Renewable Energy</b>	Neart na Gaoithe Wind Farm (Offshore)	224	223.2	89	-
	Galloper Wind Farm (Offshore)	44	130.9	44	-
	Grousemount Wind Farm	123	154.7	95	-
	Cappawhite Wind Farm	57	16.2	11	-
	Castlepook Wind Farm	35	56.0	30	-
<b>Energy Efficiency</b>	Smart Meter Roll-Out	-	50.0	-	4% of ESB's overall smart meter programme <sup>5</sup>
<b>Clean Transportation</b>	Electric Vehicle	-	6.2	-	138 fast chargers installed 118 AC chargers installed
<b>Green Buildings</b>	Project Fitzwilliam – ESB's Head Office Redevelopment	-	60.8	-	Designed and under construction in line with BREEAM Excellent
<b>Total</b>		<b>483</b>	<b>698.0</b>	<b>269</b>	<b>-</b>

<sup>4</sup> Qualifying generation capacity represents the current or forecast capacity of the wind farm apportioned based on ESB's equity stake in the project.

<sup>5</sup> ESB has communicated to Sustainalytics that the allocated funding of the 2019 green bond issuance contributes to 4% of ESB's overall smart meter programme (i.e. approximately 2.4 million smart meters).

## Appendix 2: January 2022 Green Bond Issuance – ISIN: XS2432544349

In January 2022, ESB issued a second euro-dominated green bond with a nominal value of EUR 500 million. The total net bond proceeds add up to EUR 498.38 million.

**Table 4: Allocation and Impact Reporting**

Use of Proceeds Category	Project Name or Assets	Project Generation Capacity (MW)	Allocated funding (EUR million)	Qualifying Generation Capacity (MW) <sup>6</sup>	Qualifying energy Generated or Forecast (MWh)	Qualifying Tonnes of CO <sub>2</sub> Equivalent Avoided	Other KPIs
<b>Renewable Energy</b>	Neart na Gaoithe Wind Farm (Offshore)	224	320.1	128	530,372	102,362	-
<b>Energy Efficiency</b>	Smart Meter Roll-Out	-	178.3	-	-	-	17% of ESB's overall smart meter programme <sup>7</sup>
<b>Total</b>		<b>224</b>	<b>498.4</b>	<b>128</b>	<b>530,372</b>	<b>102,362</b>	-

<sup>6</sup> Qualifying generation capacity represents the current or forecast capacity of the wind farm apportioned based on ESB's equity stake in the project.

<sup>7</sup> ESB has communicated to Sustainalytics that the allocated funding of the January 2022 green bond issuance contributes to 17% of ESB's overall smart meter programme (i.e. approximately 2.4 million smart meters).

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