

Electricity Supply Board

Type of Engagement: Annual Review

Date: 1 October 2024

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Introduction

Ireland's Electricity Supply Board ("ESB") issued the 2019 Green Bond, the 2022 Green Bond and the 2023 Green Bond (collectively the "Green Bonds") raising a total of EUR 1.7 billion to finance environmentally sustainable projects.¹ In September 2024, ESB engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the "Nominated Expenditures") and provide an assessment as to whether they meet the use of proceeds criteria and whether ESB complied with the reporting commitments outlined in the 2023 ESB Green Bond Framework, which is an update of the 2019 ESB Green Bond Framework (collectively the "Frameworks").^{2, 3, 4} Sustainalytics provided a Second-Party Opinion on the 2019 Framework in May 2019 and another Second-Party Opinion on the 2023 Framework in September 2023.^{5, 6} This is Sustainalytics' fifth annual review of allocation and reporting of the instruments issued under the Frameworks, following previous reviews in June 2020, June 2021, July 2022 and September 2023.^{7, 8, 9, 10}

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and ESB's reporting based on whether they:

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

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs of the 2019 ESB Green Bond Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<ol style="list-style-type: none"> i. Renewable power projects including wind and solar ii. Power transmission and other technical infrastructure required to connect new sources of renewable power generation to the grid. 	<ol style="list-style-type: none"> i. MW of installed or connected renewables. ii. Expected annual renewable energy generation (MWh)

¹ The 2019 Green Bond raised EUR 500 million in June 2019 and 200 million in July 2020. The 2022 Green Bond raised EUR 500 million in January 2022. The 2023 Green Bond raised EUR 500 million in October 2023.

² ESB, "ESB Green Bond Framework", (2023), at: <https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-green-bond-framework-2023.pdf>

³ ESB, "ESB Green Bond Framework", (2019), at: <https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-bond-framework-2019.pdf>

⁴ The 2019 Green Bond and the 2022 Green Bond were issued under the 2019 Green Bond Framework, while the 2023 Green Bond was issued under the 2023 Green Bond Framework.

⁵ Sustainalytics, "Second-Party Opinion, ESB Green Bond Framework", (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>

⁶ Sustainalytics, "Second-Party Opinion, ESB Green Bond Framework", (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/esb-green-bond-framework-spo-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/esb-green-bond-framework-spo-(2023).pdf)

⁷ Sustainalytics, "ESB Annual Review", (2020), at: <https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-green-bond-annual-review-sustainalytics.pdf>

⁸ Sustainalytics, "ESB Annual Review", (2021), at: https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/electricity-supply-board-2020_21-sustainalytics-green-bond-annual-review.pdf

⁹ Sustainalytics, "ESB Annual Review", (2021), at: <https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-green-bond-annual-review-sustainalytics-2021.pdf>

¹⁰ Sustainalytics, "ESB Annual Review", (2023), at: <https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-green-bond-annual-review-sustainalytics-2022.pdf>

		iii. Estimated annual GHG emissions reduced/avoided (in tonnes of CO ₂ equivalent)
Energy Efficiency	<ul style="list-style-type: none"> i. Energy efficiency solutions, including smart metering and other technologies designed to manage/reduce demand. ii. Upgrade of existing power transmission infrastructure aiming to improve energy efficiency/reducing transmission losses. iii. Projects designed to improve the energy efficiency of ESB's commercial buildings, displace fossil fuel building technology with 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. 	<ul style="list-style-type: none"> i. Number of smart meters installed ii. Number of customers using smart meters (supply) iii. Annual energy savings (MWh) iv. Capacity of energy storage facilities installed v. Annual reduction in energy consumption (kWh) vi. Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent)
Clean Transportation	<ul style="list-style-type: none"> i. Infrastructure which facilitates increased penetration of electric vehicles into market. ii. Electric Vehicles 	<ul style="list-style-type: none"> i. Number of electric vehicles charging points installed or upgraded ii. Number of electric vehicles in ESB fleet
Green Buildings	<ul style="list-style-type: none"> i. Buildings which are certified under recognized sustainable building certification schemes and that have obtained the following green certifications (or equivalent): ii. LEED: (Gold and above) iii. BREEAM: (Very Good and above) 	<ul style="list-style-type: none"> i. Certification e.g. BREEAM rating ii. Annual energy savings (MWh) iii. Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent)

Table 2: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs of the 2023 ESB Green Bond Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<ul style="list-style-type: none"> i. Offshore and onshore wind power generation projects ii. Solar power projects 	<ul style="list-style-type: none"> i. MW of installed renewables ii. Expected annual renewable energy generation (MWh) iii. Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent)

Electricity Networks	<p>Grid expenditure including modernization and upgrade to facilitate increased renewable energy capacity connection subject to the Grid meeting at least two of the EU Taxonomy criteria for eligibility:</p> <ul style="list-style-type: none"> i. the system is the interconnected European system, ii. more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; iii. the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; 	<ul style="list-style-type: none"> i. MW of renewables connected ii. Number of smart meters installed iii. Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent) when available
	<p>Smart meter installation (in a jurisdiction where the overall grid system is interconnected to Europe as per the EU Taxonomy)</p>	
	<p>Connection of renewable electricity supplies to the grid (in a jurisdiction where the overall grid system is interconnected to Europe as per the EU Taxonomy)</p> <p>Construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 gCO₂e/kWh measured on a life cycle basis to a substation or network</p>	
Energy Efficiency	<p>Battery storage projects: Construction and operation of electricity storage including pumped hydropower storage</p>	<ul style="list-style-type: none"> i. Capacity of energy storage facilities installed ii. Expected annual generation (MWh) iii. Annual energy savings (MWh) iv. Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent) when available

Issuer's Responsibility

ESB is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and 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 Frameworks.

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,¹¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Frameworks. ESB has disclosed to Sustainalytics that 92.7% of the proceeds from the Green Bonds were allocated as of December 2023, and ESB intends to allocate the remaining 7.3% by the end of 2024.

¹¹ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Frameworks.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Expenditures or assets to determine if impact was reported in line with the KPIs outlined in the Frameworks.	ESB reported on at least one KPI per use of proceeds category.	None

Appendices

Appendix 1: Allocation Reporting

Table 4: Allocation of Proceeds from the 2019 Green Bond and the 2022 Green Bond

Use of Proceeds Category	Project Name	Project Status	2019 Green Bond	2022 Green Bond
			Amount Allocated (EUR million)	Amount Allocated (EUR million)
Renewable Energy	Offshore Windfarm: Neart na Gaoithe	In Construction ¹²	223.2	320.1
	Offshore Windfarm: Galloper	Operational	130.9	-
	Onshore Windfarm: Grousemount	Operational	154.7	-
	Onshore Windfarm: Cappawhite	Operational	16.2	-
	Onshore Windfarm: Castlepook	Operational	56.0	-
Energy Efficiency	Smart Meter Roll-Out	Ongoing Project ¹³	50.0	178.3
Clean Transportation	Electric Vehicle	Operational	6.2	-
Green Buildings	Project Fitzwilliam – ESB’s Head Office Redevelopment	Complete	60.8	-
Total Amount Allocated			698.0	498.4
Total Net Proceeds Raised			700.0¹⁴	500.0¹⁵

Table 5: Allocation of Proceeds from the 2023 Green Bond

Use of Proceeds Category	Project Name	Project Status	Amount Allocated (EUR million)
Renewable Energy	Solar Farm: Drombeg	In Construction ¹⁶	7.3
	Solar Farm: Bullstown	In Construction ¹⁷	0.8
	Solar Farm: Middleton House	In Construction ¹⁸	2.2
Energy Efficiency	Battery Storage: Aghada 1 BESS	Operational	9.4
	Battery Storage: Aghada 2 BESS	In Construction ¹⁹	125.6
	Battery Storage: Inchicore BESS	Operational	16.3
	Battery Storage: Poolbeg BESS	Operational	54.2
	Battery Storage: Southwall BESS	In Construction ²⁰	26.5
Electricity Networks	Smart Meter Roll-Out	Ongoing Project	127.5
Total Amount Allocated			369.8
Total Proceeds Unallocated			123.5
Total Net Proceeds Raised			500.0²¹

¹² ESB has communicated to Sustainalytics that the project will be completed by the second quarter of 2025.

¹³ ESB has communicated to Sustainalytics that 1.5 million meters were installed in 2023. However, the installation of new meters and upgrades to existing ones are still ongoing.

¹⁴ The remaining EUR 2 million were incurred as transactional costs.

¹⁵ The remaining EUR 1.6 million were incurred as transactional costs.

¹⁶ ESB has communicated to Sustainalytics that the project will be completed by the third quarter of 2025.

¹⁷ ESB has communicated to Sustainalytics that the project will be completed by the fourth quarter of 2024.

¹⁸ ESB has communicated to Sustainalytics that the project will be completed by the third quarter of 2025.

¹⁹ ESB has communicated to Sustainalytics that the project will be completed by the fourth quarter of 2024.

²⁰ Ibid.

²¹ The remaining EUR 6.7 million were incurred as transactional costs.

Appendix 2: Reported Impact

Table 6: Reported Impact for the 2019 Green Bond

Use of Proceeds Category	Project Name	Generation Capacity (MW)	Qualifying Energy Generated (MWh)	Estimated Qualifying tCO ₂ e Avoided	Impact Indicators
Renewable Energy	Offshore Windfarm: Neart na Gaoithe	224			-
	Offshore Windfarm: Galloper	44	195,690	40,527	-
	Onshore Windfarm: Grousemount	123	272,071	62,549	-
	Onshore Windfarm: Cappawhite	57	30,906	7,105	-
	Onshore Windfarm: Castlepook	35	68,171	15,672	-
Energy Efficiency	Smart Meter Roll-Out	-	-	-	120,000 smart meters installed
Clean Transportation	Electric Vehicle	-	-	-	138 fast chargers and 118 AC chargers installed
Green Buildings	Project Fitzwilliam ESB's Head Office Redevelopment	-	-	-	BREEAM Excellent certified building
Total		483	566,838	125,853	-

Table 7: Reported Impact for the 2022 Green Bond

Use of Proceeds Category	Project Name	Generation Capacity (MW)	Impact Indicators
Renewable Energy	Offshore Windfarm: Neart na Gaoithe	224	-
Energy Efficiency	Smart Meter Roll-Out	-	420,000 smart meters installed
Total		224	-

Table 8: Reported Impact for the 2023 Green Bond

Use of proceeds Category	Project Name	Generation Capacity (MW)	Impact Indicators
Renewable Energy	Solar Farm: Drombeg	50	-
	Solar Farm: Bullstown	8	-
	Solar Farm: Middleton House	57	-
Energy Efficiency	Battery Storage: Aghada 1 BESS	-	19MW Capacity
	Battery Storage: Aghada 2 BESS	-	150MW Capacity
	Battery Storage: Inchicore BESS	-	30MW Capacity
	Battery Storage: Poolbeg BESS	-	75MW Capacity
	Battery Storage: Southwall BESS	-	30MW Capacity
Electricity Networks	Smart Meter Roll-Out	-	300,000 smart meters installed
Total		115	-

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