



Energy for  
generations

# ESB GREEN BOND REPORTING 2022



## Brighter Together

ESB's strategy 'Driven to Make a Difference: Net Zero by 2040' is anchored in the UN's Sustainable Development goals and is an ambition to make a difference. It aims to deliver a brighter future by creating and connecting sustainable, reliable, affordable energy, and is grounded in ESB's enduring purpose to support the customers and communities ESB serve to achieve net zero. It aims to achieve this by decarbonising electricity, connecting the renewable generation needed, making its networks smarter to enable the electrification of heat and transport and providing the solutions to support its customers in making their own transition. This will be done in a way that will ensure that ESB continues to grow as a successful business while maintaining the financial strength to invest in a low-carbon future at the necessary pace and scale. Since its establishment in 1927, ESB has been characterised by a commitment to enabling society and creating opportunities for the communities it serves. The challenge for ESB today is to be a leader in the transition to reliable, affordable, low-carbon energy and to serve its customers better and achieve sustainable growth.

In 2022 clear progress was made in delivering on our sustainable agenda. A total of 7.2 GW of low-carbon energy has been connected to our networks

in Ireland and Northern Ireland. ESB Networks installed in excess of 1.1 million smart meters by the end of 2022. We are continuing to work with partners to increase our renewable capacity and made strong progress on Oweninny 3, Neart na Gaoithe and FuturEnergy Ireland with our joint venture partners. We also completed two new large battery storage projects in in Dublin and have a further three under construction, supporting energy security in Ireland. ESB remains committed to developing a pipeline of low-carbon generation options, investing in electricity transmission and distribution networks, and supporting the customers and communities we serve.

## ESB Green Bond

ESB, through its financing entity, ESB Finance DAC had issued €700m in Green Bonds as at 31 December 2021. The net proceeds which amount to €697.95m, were used to finance eligible projects in the period since issuance in accordance with the ESB Green Bond Framework, published in May 2019. The Framework aligned to the Green Bond Principles (2018). The proceeds of both bonds were fully allocated by 31 March 2020.












In January 2022, ESB issued a further €500m Green Bond which was fully allocated by 31 December 2022 as outlined below.

## Use of Proceeds

Issuer:	ESB Finance DAC
Currency:	EUR
ISIN:	XS2009861480
Bond Value:	€500,000,000
Pricing Date:	4th June 2019
Settlement Date:	11th June 2019
Tap Value:	€200,000,000
Pricing Date:	15th July 2020
Settlement Date:	22nd July 2020
Maturity Date:	11th June 2030
Coupon:	1.125%
Proceeds to allocate:	€697,950,000

Issuer:	ESB Finance DAC
Currency:	EUR
ISIN:	XS2432544349
Bond Value:	€500,000,000
Pricing Date:	12th January 2022
Settlement Date:	19th January 2022
Maturity Date:	19th July 2034
Coupon:	1.000%
Proceeds to allocate:	€498,375,000

The net proceeds of green bonds issued were used to finance eligible projects according to the 'ESB Green Bond Framework (2019)' and a summary of the allocation to date is set out below:

	Eligible Green Project Category	Projects	Summary of Allocated Funding XS2009861480	Summary of Allocated Funding XS2432544349	Relevant SDG
	Renewable Energy	Renewable wind farms	€581m	€320.1m	  
	Energy Efficiency	Smart Meter Roll Out	€50m	€178.3m	 
	Clean Transportation	Infrastructure to facilitate Electric Vehicle penetration	€6.2m	-	
	Green Building	The Redevelopment of ESB'S Head Office, Lower Fitzwilliam Street, Dublin 2 A Green Certified Sustainable Building	€60.8m	-	

## Evaluation and Selection

A dedicated Green Finance Committee was created to ensure compliance with the Green Bond Framework and oversee the entire issuance and allocation process. The Committee is composed of the Head of ESB's Treasury, Sustainability and Strategy departments.

The Committee reviewed proposed projects with respect to the eligibility criteria set out in the Green Bond Framework to ensure each project showed a clear, positive and measurable environmental impact. The Committee also ensured that each selection

was aligned with ESB's strategic intent of meeting 'customer energy needs by bringing the best of its capabilities together to deliver innovative and value-driven solutions for a low-carbon world'.

The Group setup a project register to monitor and track the allocation to selected projects. An amount equal to, or greater than, the unallocated funds raised, were held by the Group as cash.

During the life of the Green Bonds should a selected project be sold, cease to fulfil eligibility criteria or otherwise be determined to be incompatible with the

environmental objectives of the Green Bond Framework, those allocated proceeds will be reallocated to a different project which complies to the eligibility criteria as soon as is reasonably possible.

There were no such reallocations in the current year.

## Allocation of Green Bond Funding and Impacts

Green Bond XS2009861480 was fully allocated in the 2021 Annual Report.

Project Name	Allocated Spend (€m)	Status	Generation Capacity (MW)	Qualifying Generation Capacity (MW)	Non-windfarm - Project Impact metrics
Neart na Gaoithe Wind Farm (Offshore)	223.2	In Construction	224	89	
Galloper Wind Farm (Offshore)	130.9	Operational	44	44	
Grousemount Wind Farm	154.7	Operational	123	95	
Cappawhite Wind Farm	16.2	Operational	57	11	
Castlepook Wind Farm	56.0	Operational	35	30	
Smart Meter Roll-Out	50.0	Ongoing Project			More than 620,000 total new smart meters were installed on overall project to end December 2021. This was partially funded by ESB's Green Bond Issuances.
Project Fitzwilliam – ESB's Head Office Redevelopment	60.8	In Construction			Designed and under construction in line with "BREEAM Excellent" Certified Building Standards
Electric Vehicle	6.2	Ongoing Project			138 Fast Chargers 118 AC Charges Installed over period of spend
Total	698.0		483	269	



Allocation of Green Bond Funding and Impacts (continued)

Green Bond XS2432544349

Project Name	Allocated Spend (€m)	Status	Generation Capacity (MW)	Qualifying Generation Capacity (MW)	Qualifying energy Generated or Forecast (MWh)	Qualifying Tonnes of CO <sub>2</sub> Equivalent Avoided	Non-windfarm - Project Impact metrics
Neart na Gaoithe Wind Farm (Offshore)	320.1	In Construction	224	128	530,372	102,362	
Smart Meter Roll-Out	178.3	Ongoing Project					More than 1.1 total new smart meters were installed on the overall project to end December 2022. This was partially funded by ESB's Green Bond Issuances.
Total	498.4		224	128	530,372	102,362	

All spend was incurred between January 2020 and December 2022.

Notes on Reporting Criteria:

- The equivalent carbon emissions 'displaced' for windfarms are calculated using the most recent 'carbon intensity' of the relevant national grid and the qualifying MWh of renewables generation. At the time of preparation these were:

	CO <sub>2</sub> intensity, Kg/kWh	Source
UK	0.193	<a href="#">Department for Business, Energy &amp; Industrial Strategy - Greenhouse gas reporting: conversion factors 2022 (electricity)</a>

- Generation capacity represents the current or forecast capacity of the windfarm apportioned based on ESB's equity stake in the project.
- In respect of Offshore windfarms, impact metrics are calculated based on ESB's equity stake in the windfarm. This is proportioned further when the allocated spend does not represent the full equity investment made in the windfarm to the reporting date.
- All onshore windfarms are fully owned and funded by ESB. Impact metrics are apportioned based on the proportion of allocated spend to total project capital spend.
- Forecast impact metrics are included for those windfarms which have not had a full year's operation.
- ESB Networks has installed over 1.1million meters as at the end December 2022 as part of its Smart Meter Programme. Amounts allocated to this programme under ESB's Green Bonds represent only a portion of the spend to date on the project. The full programme is expected to cost over €1bn and involve the roll out of up to 2.4 million meters and a significant level of IT spend. It will result in significant benefits as documented by the Commission for Regulation of Utilities in its cost benefit analysis (see [www.cru.ie](#)) of the programme. This includes a change in the patterns of electricity usage by residential households, most notably a reduction in overall energy consumption of c 2.86% for standard customers and SMEs and a movement of demand away from peak times (over 8%).

Neart Na Gaoithe (NnG) Wind farm opens its state-of-the-art Operations and Maintenance (O&M) base in Eyemouth, Berwickshire

NnG has the potential to generate 450 MW of renewable energy, which is enough power to supply around 375,000 Scottish homes – and will offset over 400,000 tonnes of CO<sub>2</sub> emissions each year. The opening of the Operations and Maintenance (O&M) base is a significant milestone in this project as we work together to bring clean renewable power to the people of Scotland and help the country achieve its climate targets.



Smart Meters

During 2022 ESB Networks continued the replacement of over 2.4 million electricity meters in homes, farms, and businesses with next generation smart meters to support the transition to a low carbon electricity network. In 2022, 482,000 smart meters were installed, despite a global supply chain issue, by almost 400 installers across the country. During 2022 the programme reached a significant milestone of 1 million smart meter installs, completing 1.1 million installs by year end.



## An External Opinion – Sustainalytics

ESB's Green Bond Framework (May 2019) was reviewed by Sustainalytics in terms of its alignment with relevant industry standards and its robustness and credibility in the meaning of Green Bond Principles ("GBP") 2018.

ESB also engaged Sustainalytics to conduct a review confirming the proceeds were allocated to projects which meet the Eligibility Criteria defined in ESB's Green Bond Framework for each of its Green Bond Reports published to date.

Copies of the Green Bond Reports and final reviews can be found at [www.esb.ie/investors/green-financing](http://www.esb.ie/investors/green-financing)

ESB's 2022 Sustainability Report can be found at <https://esb.ie/sustainability/esg-hub/sustainability-and-esg-reporting>

## Contacts

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