

Classification and Environmental and Social Strategy (ESS) CARDAL PUNTA DEL TIGRE, SALTO TLs – URUGUAY

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1. Project Scope and Objective and IDB Invest Participation

On December 2019 the Uruguayan National Utility of Electric Plants and Transmission Administration (Administración Nacional de Usinas y Trasmisiones Electricas, hereafter “UTE”) awarded Tealov S. A. the design and construction of: i) a 60 km long 500 kV transmission line (“TL”); ii) a 20 km 150 kV TL; iii) a 500 kV substation in Cardal (southern central Uruguay); and iv) ancillary works for existing lines and substations allowing the interconnection of the new Cardal substation (“the Project”).

Tealov S. A. (“Tealov”) is the Uruguayan special purpose vehicle (“SPV”) owned by Invenergy Transmission International Holdings LLC (both indirectly owned by Invenergy Investment Company LLC). Tealov and UTE have executed an Operating Lease Contract (“OLC”) with the following scope: 20 year for a 500 kV substation, and 30 year for the 500 kV TL and the 150 kV TL. After the Project has reached its commercial operation, UTE will take over its operation and maintenance.

Both transmission lines stretch across rural areas of the country, mainly used for agriculture and as grasslands to raise cattle. However, some stretches of the Cardal – Punta del Tigre TL intersect areas of conservation interest.

2. Classification and Environmental and Social Strategy

The project has been pre-classified in Category B, in accordance with IDB Invest's Environmental and Social Sustainability Policy because its potential environmental or social impacts and risks are deemed to be limited to the Project site and can be mitigated via measures that are readily available and feasible to implement in the context of the proposed operation. Its final classification will be determined after the process of Environmental and Social Due Diligence (“ESDD”) is done.

The 20 km 150 kV TL between Salto Grande and Salto B entailed the preparation of an Environmental Impact Assessment and an Environmental Management Plan by UTE and obtained its respective environmental license in 2018.

For the 60 km 500 kV TL between Punta del Tigre and Cardal and the construction of a substation in Cardal, UTE prepared an Environmental Impact Assessment and submitted it to the National Environmental Directorate (Dirección Nacional de Medio Ambiente “DINAMA”) as a prerequisite to obtain the corresponding environmental license (expected for the first quarter of 2021).

During the ESDD, IDB Invest will evaluate, among other aspects of the Project, the: i) Environmental Impact Assessments Studies (“ESIAs”) for both TLs; ii) proposed mitigation measures; iii) environmental management plans; iv) stakeholder engagement plan; v) monitoring and environmental management programs; vi) health and safety risks; vii) documents issued by DINAMA; and viii) environmental permits.

Based on the information received and reviewed so far, the Performance Standards (“PS”) that the Project is likely to trigger are: PS1 Assessment and Management of Environmental and Social Risks and Impacts; PS2 Labor and Working Conditions; PS3 Resource Efficiency and Pollution Prevention and PS4 Community Health, Safety, and Security. The final determination of the PS triggered by the Project will be done by the end of the ESDD process.

Once the ESDD process is completed, an Environmental and Social Review Summary (ESRS) will be prepared and published on this website.

3. Additional Information

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In addition, and as a last resource, affected communities can access IDB Invest’s Independent Consultation and Investigation Mechanism (ICIM) as follows:

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