

1 Future Projects/Cumulative Effects Assessment Update Report

The 2016 EDP ESIA completed for the LNG to POWER Project included documentation on existing conditions in the area of influence and an analysis of the Project impacts on those conditions. Included in the impact assessment was the consideration of potential cumulative effects. As such, the impact assessment considered the ongoing operations of the existing industrial activities in the CEPA Port with the addition of the proposed EDP Project. The impact assessment included the assessment of noise and air quality impacts over the operating life of the Project with consideration of the existing industrial operations of the Port. This includes the operation of the existing heavy fuel oil power plant in the project area which is a significant contributor to environmental impacts (particularly air quality and noise) in the study area.

At the time of the 2016 ESIA, the potential for future projects was explored through discussions with agencies such as the municipality and the CEPA Port. It was determined at that time that there were no certain future major projects in the planning stages that would alter the future conditions in the project area.

In 2017 the lender group reviewed the 2016 EDP ESIA and visited the study area. A request was made to confirm any future planned projects in the CEPA port area that could change the potential for cumulative impacts with the EDP project. This report responds to the project lenders questions regarding other potential future projects in the CEPA port area and the potential for cumulative effects should other future projects be identified. Further investigation was undertaken to determine if any plans existed for future changes in the CEPA port area and to identify projects that may change the future conditions of the area.

1.1 IFC Requirements for CEA

The IFC Performance Standards (PS) on Environmental and Social Sustainability (E&S) (2012)¹ set out the E&S requirements for investment and advisory projects financed by IFC. There are eight PSs that must be met in order to secure IFC financing and each is supported by an accompanying Guidance Note (GN).

PS 1 “Assessment and Management of Environmental and Social Risks and Impacts” sets out the key principles and triggers for assessment of cumulative effects. Specifically, paragraph 8 states that “...environmental and social risks and impacts will be identified in the context of the project’s area of influence.” It also states that the project’s area of influence encompasses “cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonable defined development at the time the risks and impact identification process is conducted.”

Where multiple projects occur or are proposed for a geographic area, IFC may require clients to conduct a cumulative impact assessment (CIA) as part of the identification of risks and impacts.

¹ <http://ifc.org/sustainabilityframework>

1.2 Identification of Future Projects

In the case of the EDP LNG TO POWER project, research was completed to identify planned or approved new developments that would influence the future condition in the project's area of influence and would need to be considered in the assessment of cumulative effects.

Through consulting with the Municipality of Acajutla, CEPA (Port Authority), and MARN, only two possible future projects were identified that could alter the future conditions in the project's area of influence, these include:

1. The development of a new administration building and parking lot and access road upgrade to be constructed in the vicinity of the project on CEPA property. This project is still in the early planning stages and is being led by CEPA.
2. The installation of an additional fuel tank at the Chevron Terminal, which would be located inside a Fuel Berm. The project has all necessary permits but has not begun construction.

Further information about these projects is presented below. No other sufficiently defined or publicly disclosed major planned project has been identified in the vicinity of the project area.

CEPA Administration Building and Parking Lot Project

In the case of the planned CEPA administration building and parking lot project (to the northwest of the EDP power plant) and access road upgrade (to the west of the EDP power plant), the project is currently in the conceptual definition stage. Based on current understanding, this CEPA project is bounded by the industrial defined area, inside the existing CEPA property boundary. Several concepts have been discussed for this project for some time. At the time of this report, EDP has requested an update regarding the concept plans and timeline from CEPA. Attachment 1 - EDP Letter to CEPA includes the request for more information. There is no further information on the size of the building or on the timeline for it.

Chevron Fuel Tank Project

The Chevron project involves the addition of a fuel tank inside a tank farm, located in an area surrounded by several fuel terminals, south of the project site. The project location is shown in **Figure 1**. This project is located approximately 1.85 km away from the EDP project. The tank will be installed in an area already established for this purpose, so no major impacts are expected by its installation or operations. All surrounding areas of the proposed new tank location are within a designated industrial zone. Although requests have been made to CEPA, further details about the project are not available at this time.

Figure 1: Chevron Project Location



1.3 Summary of Cumulative Effects Considerations

Regarding the CEPA administrative building, parking lot, and access road upgrade, given that there are no firm plans for this project at this time, it is difficult to assess with certainty the potential for cumulative effects with the EDP project. If the CEPA project is constructed at the same time that the EDP project is constructed, and there is no certainty of this, there is potential for some cumulative construction related effects to occur (e.g. noise, dust construction vehicles use of local roads, etc.). EDP will continue to monitor the progress of this planned project with CEPA, and should the construction periods of the two projects overlap, determine if any additional mitigation may be required. Cumulative effects with the EDP project during the operation of the administration building/parking lot are not expected.

The Chevron fuel tank, should it be developed, will result in limited change to the project's area of influence given that it is within an existing tank farm that is already considered as part of the characterization of baseline conditions. Some overlap of construction related effects is possible but again there is no certainty of this project being constructed at the same time as the EDP project. As well, the 1.85 km separation distance between the two projects minimizes potential for cumulative construction effects. EDP will monitor this planned project through consultation with CEPA. Cumulative effects with the EDP project from the operation of the planned fuel tank are also not likely.

Considering the status and the nature of these two planned projects and that there are no other planned developments known for the project area, it has been determined that additional cumulative impact assessment work is not warranted at this time.

Antiguo Cuscatlán, 26 de febrero de 2018

Ingeniero
NELSON VANEGAS
Presidente
Comisión Ejecutiva Portuaria Autónoma
Presente

Reciba un cordial saludo en nombre de Energía del Pacífico, Ltda. de C.V.

Tal como es de su conocimiento, Energía del Pacífico, Ltda. de C.V. (en adelante "EDP") se encuentra en el proceso de desarrollo del proyecto de generación de Energía Eléctrica "LNG-to-Power", el cual incluye la construcción de una terminal marítima para recepción de Gas Natural Licuado (LNG) a ser ubicada aproximadamente a 1.4 km al Oeste de la Costa de Acajutla.

Como parte del desarrollo del proyecto, EDP se encuentra trabajando en la realización de estudios ambientales adicionales requeridos por los entes financistas del proyecto. Los financistas han solicitado que para la elaboración de dichos estudios se tome en cuenta todos los desarrollos de infraestructura futuros en las zonas aledañas al proyecto.

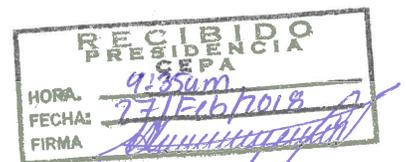
Mediante la información publicada por CEPA, es del conocimiento de EDP que CEPA se encuentra en etapa de planeamiento de modificaciones al área de acceso al puerto, así como una nueva área administrativa y estacionamientos. Por ese motivo, amablemente le solicito que pueda compartir planos conceptuales y fecha preliminar de arranque de los trabajos, referente a dichos planes para que esta información pueda ser incluida en el análisis de efectos ambientales acumulativos que ha sido solicitado por los financistas del proyecto.

Agradeciendo su atención a la presente, y a la espera de su respuesta, me suscribo.

Atentamente,



Alejandro G. Alle
Apoderado General Administrativo
Energía del Pacífico, Ltda. de CV.



CC: Ing. Emérito Velásquez – Gerente General
Ing. Roberto Mendoza – Gerente del Puerto de Acajutla