

Project Summary

Large hydroelectric projects are screened as Category A under OPIC's environmental guidelines because these projects have the potential to cause significant, adverse, and irreversible environmental impacts. The main environmental concerns related to hydroelectric projects include land disturbance via construction activity, hydrological impacts such as reduction in stream flow, changes in water quality, alteration of sediment deposition patterns, and impacts to aquatic and terrestrial species. Dams may also represent a safety hazard to downstream communities due to the potential for catastrophic collapse during seismic or flood events.

Applicable standards. The project will be required construct and operate the facility in accordance with (i) the International Finance Corporation's April 30, 2007 Environmental, Health and Safety General Guidelines; (ii) The April 30, 2007 International Finance Corporation's Environmental, Health, and Safety Guidelines for Electric Power Transmission and Distribution Lines, (iii) International Finance Corporation's Performance Standards 1, 2 (Occupational Health and Safety section only), 3, 4, and 6. (iv) the project's EIA; and (v) all applicable environmental, health and safety requirements of Mexico.

Impacts and Mitigation Measures. The Project entails a 31.6 meter (m) high, 37 m wide concrete dam, impounding a reservoir with a total footprint of 4 hectares on the Apatlahuaya River. A 2.7 km long conduction channel will leave the dam and connect to a 2.3 km long steel penstock which will descend approximately 790 m in elevation and connect to the power house located along the left bank of the Zongolica River. A 4.3 km long, 115 kV transmission line will connect the power house's substation to the Federal Electricity Commission (CFE) Substation in Zongolica, which is already connected to the national grid. Before the reservoir is filled, vegetation clearing, earthworks and construction activities associated with civil works will be completed.

OPIC support for the construction and operation of the Veracruz Project will not violate OPIC's categorical prohibitions related to dams, tropical forests or biodiversity. The area has been disturbed by deforestation and other activities in the area and does not represent critical or significant ecological habitat. Although the Project will divert flow, a minimum ecologic flow will be maintained through the dewatered portion of the river. Projected impacts in the affected areas are not considered severe and can be readily mitigated with proper environmental management. The Project does not pose hazards to downstream residents or property, and no physical resettlement is required. The project will not affect any protected areas or indigenous communities

The Project will be required to submit an Environmental and Social Management Plan, an Occupational Health and Safety Plan, a third party independent environmental audit to evaluate the project's compliance with all environmental and social conditions, annual reports tracking compliance with environmental requirements, and a third party assessment of dam safety aspects.