

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC2197

Date ISDS Prepared/Updated: 11-Mar-2013

Date ISDS Approved/Disclosed: 18-Mar-2013

I. BASIC INFORMATION

A. Basic Project Data

Country:	China	Project ID:	P133531
Project Name:	Shanxi Gas Utilization (P133531)		
Task Team Leader:	Ximing Peng		
Estimated Appraisal Date:	16-Sep-2013	Estimated Board Date:	06-Mar-2014
Managing Unit:	EASCS	Lending Instrument:	Specific Investment Loan
Sector(s):	Oil and gas (60%), Thermal Power Generation (40%)		
Theme(s):	Climate change (100%)		
Financing (In USD Million)			
Total Project Cost:	270.00	Total Bank Financing:	100.00
Total Cofinancing:		Financing Gap:	0.00
Financing Source			Amount
Borrower			54.00
International Bank for Reconstruction and Development			100.00
Local Sources of Borrowing Country			116.00
Total			270.00
Environmental Category:	A - Full Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The proposed Project Development Objective (PDO) would be to increase gas utilization and displace coal use to reduce greenhouse gases emission in Shanxi province.

The proposed project would be part of the provincial gasification program and the objective would be achieved by the investment in both distributed gas-fired combined heat and power (CHP) and the

expansion of the gas distribution network in selected counties. Technical assistance is agreed in the identification mission for both capacity building for the implementing agencies and support to the provincial gasification program.

C. Project Description

The proposed project would be comprised of the following three components:

- a. **The Distributed Gas-fired CHP Component:** Two subprojects with the same size have been proposed: Baode 2x60MW and Xiyang 2x60MW gas-fired CHP plants. Both subprojects are green-field power plants and will be built for power generation and heating supply to the adjacent county level cities (Baode and Xiyang City). The gas source is the provincial gas network which has been extended to both cities. The provincial gas network is constructed and operated by Shanxi Natural Gas Company (SNGC), a subsidiary of GXED.
- b. **Expansion of Gas Distribution Network Component:** Four subprojects have been proposed to expand the gas distribution network in four county cities, namely in Qingxu, Tunliu, Xiangyuan and Changzhi County. The gas source is also from the provincial gas network, operated by SNGC. The provincial gas network has been extended to all four cities.
- c. **Technical Assistance (TA) Component:** The technical assistance component is agreed to be included in the project during the identification mission. The component will most likely be linked to building capacity of the implementing agencies, assessing the safety and more efficient operation of the provincial gas network, securing gas sources, introducing international good practice in O&M of the plant and gas distribution network, and facilitating the provincial gasification program (such as through policy studies).

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The proposed Project consists of six subprojects, which include two distributed gas-fired CHP subprojects, and four gas distribution subprojects. The two distributed gas-fired CHP subprojects are located in Xiyang County, Jinzhong Municipality, and Baode County, Xinzhou Municipality. The four gas distribution subprojects are located in Tunliu, Xiangyuan, Changzhi, and Qingxu Counties with first three counties located in Changzhi Municipality and the remaining one in Jinzhong Municipality.

E. Borrowers Institutional Capacity for Safeguard Policies

The project is to be implemented by Shanxi Guoxin Energy Development Group Corporation (GXED) and its three subsidiaries (Shanxi Natural Gas Company, Shanxi CBM (NG) Pipeline and Transportation Company, and Qingxu Kaitong Natural Gas Company). A Project Management Office (PMO) has been established, led by GXED and participated by its three subsidiaries, to be responsible for the coordination of the project preparation and implementation. GXED and its subsidiaries have no experience with Bank funded projects.

In order to effectively address the environmental issues, the Institute of Coal Chemistry of Chinese Academy of Sciences has been selected to prepare the EA document for the project. The institute has rich experience on the preparation of EA for the similar projects including gas-fired power plant. To further assist them, the Bank mission provided them with guidance, booklets and CD ROM on the World Bank Safeguard Policies. For land acquisition and resettlement impact, an experienced agency – Institute of Sociology of Shanxi Academy Social Science has been selected to prepare resettlement

action plan for the project. The Bank's social and environmental specialists will work closely with the PMO and its consultants to provide further guidance and assist them with successful preparation of the RAP and EA reports.

F. Environmental and Social Safeguards Specialists on the Team

Youxuan Zhu (EASIN)

Yiren Feng (EASCS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>The project involves two distributed gas-fired CHP plants (2x60MW each) for power generation and heating supply to the adjacent county cities, and expansion of gas distribution network in four cities.</p> <p>The proposed project will facilitate the utilization of gas in Shanxi Province, which will have significant environmental benefits including reduction of coal consumption and reduction of pollutants discharge. The main potential environmental impacts include safety issues such as explosion and fire risks; NOx emission, noise, wastewater from gas-fired CHP plant. The project was classified as Category A project due to its potential impacts and risks.</p> <p>An Environmental Assessment (EA) including Environmental Management Plans (EMPs) and/or Environmental Codes of Practice (ECOPs) will be prepared by the borrowers. The EA for Component A will include a full environmental assessment including an alternative analysis and a cumulative impact assessment.</p> <p>The following context will be included in the EIA/EMP: applicable WBG Environment, Health and Safety Guidelines; a safety management plan (i.e. emergency planning and response) for gas-fired heating-power plants at Baode and Xiyang and the gas distribution network expansion proposed for the four county cities; alternative analysis and cumulative impacts assessment for component A; two rounds of public consultation; the need for safety-related training and capacity building of the project owners will be assessed; a</p>

		description of how the different entities involved in the different sub-projects will implement the safeguards instruments as well as an assessment of their environmental and social management capacity including that of the implementing agency (GXED and its subsidiaries), and the measures to address institutional or capacity gaps.
Natural Habitats OP/BP 4.04	No	Based on the information available and site visit, there are not any natural habitats or critical natural habitats found in the proposed project areas, all the project components locate in the urban or town areas.
Forests OP/BP 4.36	No	Project activities will not affect forest areas, it will not involve any logging or planting activities in forest areas.
Pest Management OP 4.09	No	The project will not procure pesticides or increase use of pesticides.
Physical Cultural Resources OP/BP 4.11	No	Based on current information available, there are no any physical cultural relics found in project areas. In the EA process, related information will be checked and confirmed by relevant authorities. Chance finds during construction will be included in the EMP and relevant clauses will be included in all construction contracts. If the sub-projects will affect household graves, the policy will need to be triggered as per OP4.11.
Indigenous Peoples OP/BP 4.10	TBD	Based on preliminary screening by visiting all sites required permanent land acquisition and discussing with local county and town officials, it seems that in the project areas no ethnic minority communities will be affected. Further screening will be conducted during social assessment to confirm whether all gas transmission and distribution components will involve with any ethnic minority villages in the project areas.
Involuntary Resettlement OP/BP 4.12	Yes	The construction of the Project will involve with certain amount of land acquisition and resettlement. For the distributed gas-fired CHP plants, each plant will involve permanent acquisition of 70-80 mu of land areas, plus additional land areas for access road and transmission towers. In addition, temporary land occupation is required for the construction of

		<p>gas and heating pipelines and transmission facilities. Most of acquired land areas are farmland with no house demolition is required.</p> <p>For the four gas distribution subprojects, each subproject would involve construction of a few gas stations (gate station and pressure adjustment station), and a few hundred kilometers of gas pipelines. For different gas stations, about 10 mu of land area would be required for each station. For construction of gas pipelines, only temporary land occupation will be involved with little house demolition and resettlement.</p> <p>A resettlement action plan is required to ensure the land acquisition impact will be managed, and a resettlement policy framework will also be prepared for activities whose locations and scope are yet to be determined by appraisal, to cover impacts that might not be able to be defined during project preparation</p>
Safety of Dams OP/BP 4.37	TBD	For the distributed gas-fired power plant in Xiyang County, the project will use either the effluent (further treated) from Waste Water Treatment Plant (WWTP) nearby or the water from a dam nearby as cooling water. This will be decided during the feasibility study preparation process. If the water from dam will be used as cooling water, the Bank will review the safety of the dam according to the requirements of the OP4.37.
Projects on International Waterways OP/BP 7.50	No	No subproject will be located in international waterways. The policy is not triggered and no actions are required.
Projects in Disputed Areas OP/BP 7.60	No	No project area will be located in disputed areas. The policy is not triggered and no actions are required.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 26-Aug-2013

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

Following the completion of project feasibility study report, detailed impact survey and social economic survey will be carried out, based on which the safeguards instruments (EA/EMP, EA Executive Summary, RP, RPF, and IPPF and dam safety report, if applicable), will be completed and submitted to the Bank for review by June 2013.

IV. APPROVALS

Task Team Leader:	Name: Ximing Peng	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Peter Leonard (RSA)	Date: 12-Mar-2013
Sector Manager:	Name: Mark R. Lundell (SM)	Date: 18-Mar-2013