



India: Dahej Liquefied Natural Gas Terminal Expansion Phase III

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| Project Name | Dahej Liquefied Natural Gas Terminal Expansion Phase III | | |
| Project Number | 47928-001 | | |
| Borrower/Company | PETRONET LNG LTD | | |
| Country | India | | |
| Location | | | |
| Approval Number | 7396/3085 | | |
| Type or Modality of Assistance | 7396 | Loan | USD 125.00 million Committed |
| Strategic Agendas | Inclusive economic growth | | |
| Drivers of Change | Private sector development | | |
| Sector / Subsector | Energy - Conventional energy generation | | |
| Gender Equity and Mainstreaming | | | |
| Responsible ADB Department | Private Sector Operations Department | | |
| Responsible ADB Division | Infrastructure Finance Division 1 | | |
| Responsible ADB Officer | Kondo, Shinya | | |
| Project Sponsor(s) | Petronet LNG Limited (PLL) | | |
| Description | <p>The phase III expansion of the Dahej Liquefied Natural Gas (LNG) Terminal, capitalizes on the success of Dahej s successful first- and second-phase expansions partly financed by the Asian Development Bank (ADB), and aims to address the significant unmet demand for natural gas in India. Natural gas is increasingly becoming a priority choice for cleaner fuel in India but domestic production is insufficient to meet growing demand. This unmet demand is being made up by imported LNG but there is a limited number of LNG terminals in India. Petronet, as the market leader, is ideally placed to lead this much needed LNG expansion. The project will expand the capacity of the existing Dahej Terminal from 10 MMTPA to 15 MMTPA and involves the construction and operation, on a build-operate-transfer basis, of 2 storage tanks, regasification facilities and installation of associated utilities and facilities.</p> | | |
| Objectives and Scope | <p>The phase III expansion of the Dahej LNG terminal is intended to strengthen the development impact of the first two phases by helping India to move toward its target of greater natural gas use and by enhancing its energy security. The project development impact includes the diversification of the energy base in an environmentally sustainable manner. The project will help reduce the unmet energy demand in India.</p> | | |
| Linkage to Country/Regional Strategy | <p>The project is consistent with ADB's Country Partnership Strategy for 2013-2017 specifically with regard to emphasis on environmental sustainability and infrastructure development, including expansion of energy access and catalyzing private sector investment.</p> | | |

Safeguard Categories

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| Environment | B |
| Involuntary Resettlement | C |
| Indigenous Peoples | C |

Summary of Environmental and Social Aspects

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| Environmental Aspects | <p>The project is classified category A for impacts on the environment and category C for both involuntary resettlement and indigenous peoples. While the impacts are not unprecedented since the project is an expansion of the existing LNG terminal and is not located in an environmentally sensitive area, they are diverse and the potential operational and safety risks due to the nature and scale of the project are considered significant. The environmental impact assessment showed that construction impacts can be mitigated by sound engineering practices. No significant adverse impacts on both marine and terrestrial flora and fauna are expected.</p> <p>The environment and social impact assessment carried out confirmed that (i) there are no occupants, titled or non-titled, within the proposed site, (ii) no productive lands will be affected and no persons are expected to be physically or economically displaced due to the proposed expansion and (iii) there are no fishing activities along the route of the jetty, and consequently no disruption is expected to the fishing activities during construction or the operation of the jetty and terminal. The national labor laws and regulations and the international core labor standards will be followed, monitored and reported.</p> <p>Dahej terminal has a well-established environment, health and safety (EHS) cell, has a documented Integrated Management System and has acquired certifications for ISO 9001, ISO 14001 and OSHAS 18001 standards. No significant environmental issues concerning ambient air and water quality, air emissions, domestic waste and effluents as well as noise pollution were observed. Occupational and community health, safety and security procedures are in place including the establishment of an Emergency Response and Disaster Management Plan.</p> |
| Involuntary Resettlement | Resettlement impacts and impacts on indigenous peoples are not envisaged. The proposed site is part of an established industrial region by the state Government of Gujarat. The site is not inhabited and the nearest village (Luwara village) is about 1.5 km away. |
| Indigenous Peoples | |
| Stakeholder Communication, Participation, and Consultation | As part of the Environmental and Social Impact Assessment preparation, the borrower conducted a formal public hearing attended by about 200 participants from nearby villages, NGOs, industry representatives and government officials. The consultation was held on 19 June 2013 at the project site to solicit the views and suggestions of various stakeholders relevant to the proposed expansion. Notices were issued in newspapers 30 days in advance indicating the purpose, project title, date, time and venue of the consultation. There were no major environmental and social concerns raised during the consultation. The participants welcomed the expansion of the LNG terminal, and desired that the company continue their ongoing corporate social responsibility (CSR) initiatives in infrastructure, health and education. During implementation, the company commits to continue engagement with stakeholders and communities on a regular basis. To facilitate grievance redress, the company has established a permanent office on site to handle stakeholder queries and complaints. |

Timetable for assistance design, processing and implementation

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| Concept Clearance | 19 Aug 2013 |
| Due Diligence | |
| Credit Committee Meeting | 21 Oct 2013 |
| Approval | 05 Dec 2013 |
| PDS Creation Date | 19 Nov 2013 |
| Last PDS Update | 29 Sep 2014 |

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| Project Page | https://www.adb.org/projects/47928-001/main |
| Request for Information | http://www.adb.org/forms/request-information-form?subject=47928-001 |
| Date Generated | 06 July 2017 |

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