

Vassilikos Bay, Floating Storage and Regasification Unit

Final Non-Technical Summary (NTS)

Project No.: 0510145



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Final Non-Technical Summary (NTS)

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Acronyms and Abbreviations

DEFA	Natural Gas Public Company of Cyprus
E&S	Environmental and Social
EAC	Electricity Authority of Cyprus
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EPCOM	Engineering, Procurement, Construction, Operation and Maintenance
ESAP	Environmental and Social Action Plan
ETYFA	Natural Gas Infrastructure Company of Cyprus
EU	European Union
FSRU	Floating Storage and Regasification Unit
LNG	Liquefied Natural Gas
NTS	Non-Technical Summary
PMRS	Pressure Reduction and Metering Station
PRs	EBRD Performance Requirements
SEP	Stakeholder Engagement Plan

1. INTRODUCTION

The European Bank for Reconstruction and Development (EBRD) is considering providing a loan to the Cypriot Natural Gas Infrastructure Company (ETYFA), a special purpose vehicle currently owned by Natural Gas Public Company of Cyprus (DEFA).

The proceeds of the loan will be used for the acquisition and construction of a Liquefied Natural Gas (LNG) Floating Storage and Regasification Unit (FSRU) and its related infrastructure in Vasilikos Bay, Republic of Cyprus (*the Project*). The FSRU will receive, store and regasify LNG delivered by carriers and transport it through a jetty-borne and onshore pipeline to the EAC's Vasilikos Power Station.

The Project is part of the European Project of Common Interest (PCI): '*Removing Internal Bottlenecks* in Cyprus to end isolation and to allow for the transmission of gas from the eastern Mediterranean region (CyprusGas 2EU)'.

1.1 What is this Document?

This document is a Non-Technical Summary (NTS) that explains the Project and its associated environmental and social aspects in non-technical language.

The information in this NTS is based on the outcome of the Environmental Impact Assessment (EIA) study prepared for the Project by an independent consultant and submitted by the Ministry of Energy, Commerce, Industry and Tourism (implementation agency) to the Environmental Authorities of Cyprus.

This NTS also informs on the means available to the interested public to access additional information and provide feedback to DEFA and EBRD.

For all topics mentioned in this NTS, details are available in the corresponding reports and related documents, such as the EIA study prepared for the Cypriot authorities in compliance with the national legislation.

1.2 Where to get more information?

For any questions, complaints or concerns about the Project in general, or to receive further information, please contact DEFA through the contact details stated below.



If you want to raise or follow-up on a concern or grievance with regard to the environmental, social, health and safety performance of the Project please refer to DEFA's contact form (also refer to chapter 5 of this NTS).

2. PROJECT DESCRIPTION

2.1 Background

2.1.1 Why is the Project needed?

The Republic of Cyprus is an energy-isolated market with no interconnected generation capacity to other countries and is highly dependent on conventional liquid fuels for its power generation. Cyprus has also one of the highest electricity prices in Europe, due to the high reliance on imported liquid fuel for power generation. In order to limit its fuel dependency and to reduce greenhouse gas emissions and pollutants associated with conventional fuels for power generation the Government of Cyprus has taken the decision to implement the Project.

DEFA on the basis of derogation rights from the EU Directives will have the exclusive right to import and supply natural gas to consumers in Cyprus. The Project will be the first element of DEFA's gas network infrastructure and will connect directly to one of the three power generation stations in Cyprus operated by the EAC.

EAC's Vasilikos Power Station is currently operating on conventional liquid fuels but will be switched over to natural gas with the implementation of the Project. EAC will thus be the initial anchor buyer of the gas supplied through the FSRU and its facilities.

The main benefits associated with the Project are presented below:

Reduction of the overall Electricity Generation Costs due to the following reasons:

- An EU grant for infrastructure facilities covers approximately one third of the total capital expenditure and reduces therefore the amount to be recovered through sale of gas;
- A lower price of gas compared to liquid fuels in general;
- Reduced maintenance cost within the power station due to longer intervals between regular maintenance when gas is used instead of conventional liquid fuels;
- Lower CO₂ emissions of gas compared to liquid fuels that is leading to reduced payments associated with the emissions allowances.
- Electricity market opening and increased competition, through the introduction of Independent Power Producers (IPPs)in the system. Three are currently licensed but cannot proceed with development of the facilities unless gas is available

Contribution towards the development of a Gas Market in Cyprus:

- It is expected that once the supply of gas to EAC is established that there will be other customers as well;
- Natural gas market regulations are currently under development including a code for the gas supplier-consumer relations and technical rules regulating the connection and operation of all natural gas networks.
- DEFA through its participation in CYnergy Project (EU co-funded) is developing a holistic approach regarding the development of the natural gas market (legal/regulatory framework, feasibility studies, etc.) and penetration in the energy and transports sector.

The Project location is strategically selected to be adjacent to the east fence-line of the Vasilikos Power Station and be within the boundaries of the designated Vasilikos industrial area. The land parcels identified for development are owned by the Government of Cyprus and are available to the Project as part of the wider "*Vasilikos Area Master Plan*" (Figure 1).



 Figure 1
 Project site at Vasilikos Bay.

 (Source: Cynergy - Basic Design – Offshore Marine Structures Structural Design Calculations – Annex A)

2.1.2 What is the Legislative Framework of the Project?

The Project complies with the Cypriot and EU legislative framework, in particular with the following laws, directives and regulations:

Law N. 140(I/)2005 on 'Assessment of specific Projects' Environmental Impacts' and the 2011/92/EU Directive Law N. 102(I)/2005 on 'Assessment of specific Plans and Programmes' Environmental Impacts' incorporating the 2001/42/EU Directive Law N. 33(III)/2003 on 'Access to Information, Public Participation and Decision Making, as well as Access to Justice with regard to Environmental Issues' incorporating Aarhus Convention Law N. 153(I)/2003 on 'Protection and Management of Nature and Wildlife' incorporating the 'Conservation of natural habitats and of wild fauna and flora' 92/43/EEC Directive Law N. 152 (I)/2003 on Conservation of Wild Birds and the 2009/147/EC Directive Water Framework Directive (WFD), 2000/60 / EC and Water Protection and Management Laws 2004 to 2012 N. 18(I)/2011 on 'Marine Strategy' incorporating the 2008/56/EC Marine Strategy Framework Directive Regulatory Administrative Acts 507/2001, 49/2006 and. 179/2014 on the 'control of major-accident hazards involving dangerous substances' and the 2012/18/EU Directive	_	
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Law N. 184(I)/2013 on 'Industrial Emissions (Pollution Prevention and Management)' and the 2010/75/EU Directive

Law N.20(III)/2001 on 'Pollution Prevention in the Mediterranean Sea' and the 2009/89/EC 'Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean'

Law N.189(I)/2007 on 'environmental liability with regard to the prevention and remedying of environmental damage'

Law N.110(I)/2011 on 'greenhouse gas emission allowance trading scheme' and the 2003/87/EC Directive

Based on the EU EIA Directive, the Cypriot EIA legislation defines the criteria and thresholds for project classification (Appendix 1 and 2) and the level of environmental assessment. The Project was classified as Appendix 1, where a full EIA is required. Therefore, an EIA study was prepared for the Project and received approval by the Cypriot environmental authorities as per the requirements of N.140(I)/2005 for the '*Project's Environmental Impact Assessment*'.

As the EBRD is considering providing finance for the Project, the EBRD's Environmental and Social Policy (2014) and its relevant environmental and social (E&S) Performance Requirements (PR) also apply. The EBRD has categorised the Project as "*Category B*" as the Project's *environmental and social impacts are site-specific, and/or readily identified and addressed through effective mitigation measures.*

A summary of E&S impacts, benefits and mitigation measures is given in chapter 3.

2.2 What alternatives have been assessed for the Project?

Four alternatives were examined regarding the site selection for the Project and construction technologies, aiming at the selection of the optimal solution (Figure 2):

Alternative 1:

Permanent Berthing of the FSRU at an existing access jetty, which belongs to VTT Vasilikos Ltd.

Alternative 2:

Construction of a jetty/ trestle, which will serve the permanent berthing, as well as loading and unloading operations of the FSRU and LNG Carriers.

Alternative 3:

Construction of an underwater gas pipeline leading to a central loading and unloading platform where the permanent berthing of the FSRU and LNGC is being serviced as well as their loading/ unloading operations.

Alternative 4:

Construction of an underwater gas pipeline leading to a single point mooring (SPM) for the vessel, which will serve the permanent mooring as well as the loading/ unloading operations of the FSRU and LNG Carrier.

Alternative 2 is the proposed solution for the Project because of technical (flexibility and serviceability), economic, environmental and future operation/synergies (expandability) reasons.

In addition a do-nothing-scenario was considered, but deemed as not appropriate.



Figure 2 Project Alternatives (Source: ElA study – Plan 4)

2.3 What are the main Project Components?

The Project involves the design, construction and operation of a LNG import facility in Vasilikos Bay, Cyprus, the only designated coastal industrial area on the island. The development of the facility will involve construction of a trestle/jetty for the permanent berthing of a FSRU and the associated jetty-borne pipeline for the transmission of the natural gas to the shore.

In case the LNG storage needs a significant increase in the future, there is a possibility of a permanent berth of a Floating Storage Unit ship in a berth position that can be constructed on the opposite side to the proposed position with a minimum cost. The possibility of expanding, creates the comparative advantage of creating additional berth positions.

The Project consist of three main components (Figure 3):

- 1. The cconstruction and operation of a FSRU (and optional Floating Storage Unit) that will be responsible for the reception, storage and re-gasification of Liquefied Natural Gas (LNG) that will be transported to the floating unit from LNG-Carriers;
- The construction of a jetty, including a central platform (total length appx. 1,2 km) for permanent FSRU berthing (and FSU berthing, if applicable), including other components, as well as the construction of a jetty-borne gas pipeline and installation of the Ship-to-Shore gas loading arms and fire-protection system
- 3. The construction of an onshore gas pipeline (appx. 800 m) and onshore above ground installations, including natural gas buffer solution, pressure reduction and metering station.



Figure 3 General overview of the Project's layout, including its three main components. (*Source: Cyprus LNG Import Terminal - Tender Documents Vol. 1, 05.10.2018*)

2.3.1 Floating Storage and Regasification Unit (FSRU)

	290 m in length	
FSRU Design	46.0 m in breadth	
	Ca. 11.5 m in height (depth to upper deck)	
Capable of accepting LNG Carriers with size of:	120.000 – 217.000 m³ (Q-FLEX)	
Incoming LNG transfer rate	10.000 m³/h	

The offshore FSRU will have the following technical features:

Floating Storage and Regasification Units are vessels similar in design to a Floating Storage Unit but they also have on board facilities for regasifying LNG from its liquid storage facility or from a docked LNG carrier. The LNG will reach the FSRU by means of LNG Carriers and will then be transferred into the floating unit and temporary stored in its cryogenic tanks. Afterwards, the LNG will be regasified directly on-board of the FSRU. After the regasification process, the natural gas is directed to the jetty-borne pipeline for its transmission onshore. (Figure 4).



Figure 4 Schematic Design of the LNG Import Terminal, consisting of a jetty, the FSRU and a LNG Carrier (LNGC).

(Source: "Cynergy - FSRU Terminal Risk Assessment – Preliminary Site Evaluation Study, 08.2017))

2.3.2 Offshore Infrastructure (Jetty)

The Project's offshore infrastructure involves a jetty, including the jetty-borne pipeline, which will provide a permanent berthing location for the FSRU, including the necessary berthing and mooring equipment. The pipeline will be above ground whilst it is on the jetty. This section will connect the berthing location of the FSRU with the shoreline.

The jetty will be located 1.3 km west of the main breakwater of Limassol Port – Terminal 2 (Vasilikos), The jetty (as per the conceptual design) consists of an access trestle, a berthposition (which includes 4 breasting & 8 mooring dolphins) and a central platform (Figure 3). The trestle runs offshore in a North-South direction for approximately 750 m, then turning South-West for approximately 430 m to form the FSRU berth. The possibility of a future expansion by 300m, to accommodate an LNG carrier is foreseen.

2.3.3 Onshore Natural Gas Infrastructure

The Project's onshore infrastructure will consist of the following sub-components:



downstream systems, and to provide a means of venting the jetty gas pipeline section in emergencies.

A Pressure Reduction and Metering Station (PMRS) will be constructed to condition the gas delivered to Vasilikos Power Station to the required gas pressure and temperature conditions. This above-ground installation will be of an unmanned, fenced off design and will be located close to the Vasilikos Power Station delivery flange.

Pressure Reduction and Metering Station (PMRS)



(Source: Cyprus LNG Import Terminal - Tender Documents Vol. 1, 05.10.2018)

2.4 What is the Project Schedule?

As of October 2019, the estimated timeline for construction and commissioning is as follows:

Award & Signing of the Construction Contract	Start Date	
	Estimated November 2019	
Commissioning Date	24 months after signing	

3. HOW WILL THE PROJECT AFFECT THE ENVIRONMENT AND PUBLIC AND HOW WILL THE IDENTIFIED ISSUES BE MANAGED AND MONITORED?

A national EIA study was prepared in 2017 and identified the Project risks and impacts. The EIA sets the requirement for the development of an Environmental Management System, defining the environmental management requirements.

Although the Project is expected to bring economic and social benefits, it will be also be a source of environmental and social impacts during the construction and operational phases. The following table describes the environmental and social impacts and the respective mitigation measures, as identified by the EIA¹.

Торіс	Description of Impact	Mitigation Measures
Air quality	According to the results of the atmospheric model, the SO ₂ , NO _x , CO emissions, as well as the particulate matters produced by the FSRU will not affect the air quality as the produced quantities are much lower than the permitted levels. Consequently, during the operation of the pro- posed Project negligible impact is expected on the air quality. The Project will contribute to the reduction of CO ₂ emissions in power generation on a national level by substituting the current use of heavy fuel and diesel oil, which are the main fuels used in Cyprus for energy generation and currently produce higher CO ₂ emissions. According to EIA information, the reduction of CO ₂ emissions will be 270g CO ₂ /kWh or 40% compared to the current fuel used for energy production. Addi- tionally, the switch to natural gas will contribute significantly to reduction of SOx and particulate matters.	 Although no significant impacts with regard to air emissions have been identified, the EIA includes mitigation and management measures with regard to air quality. If the GHGs emissions of the facility are higher than 25,000 tons CO2e per year, DEFA will monitor the GHGs emissions and annually report the amounts produced according to the EBRD Methodology for Assessment of GHGs and establish the value of the GHG allowances/certificates to be purchased as per EU legislation. The requirements with regard to GHGs will be incorporated in the Project's ESMP, ESMS and the specific management plans (Air Quality Management and Monitoring Plan). In accordance with best international practices, DEFA will also aim at developing and implementing a procedure and system of detection, measurement and reduction of methane fugitive emissions (i.e. sensors and instrumentation).

¹ The assessment methodology of the EIA uses four categories for the classification of the impacts: negligible, limited, high, and disastrous.

Торіс	Description of Impact	Mitigation Measures
Land use and Agriculture	The area that will be required for the supportive structures' onshore falls under the land area that was expropriated for the Vasilikos Power Sta- tion and therefore no impacts on land use or land acquisition are ex- pected.	n/a
Marine Biodiversity	The main impacts on biodiversity are related to marine flora and fauna disturbed by construction works (sediment suspension and water turbid- ity) and the navigation and mooring of vessels at the operational stage. With regard to marine mammals and turtles, although their presence is deemed unlikely due to the already existing high nuisance, the EIA rec- ommends specific measures during construction, especially related to underwater noise.	A Marine Environmental Baseline Study was prepared for the Project. A Biodiversity Management and Monitoring Plan including provisions for Marine Mammals and Turtles will be prepared for the Project as per the Environmental Terms of the Project.
Terrestrial Biodiversity	The onshore part of the Project is located in a regulated high nuisance industrial area and there are two protected Natura 2000 areas in the wider region. However, no impacts are anticipated on both sites due to their distance from the Project, 6km and 8km respectively ad therefore the impact on terrestrial biodiversity was assessed as negligible.	Standard best-practice construction mitigation measures will be em- ployed, including maintaining a tidy and clearly delineated right-of- way. DEFA will further make sure that the preparation and proper imple- mentation of the specific management plans will be performed as de- fined in the Environmental Terms by the Contractor.
Cultural Heritage	The EIA lists the cultural heritage sites included in the Regulatory Area Plan (Master Plan) and Strategic Impact Assessment for the Vasilikos Area, most of them falling under the category B (according to the Cypriot legislation and the Archaeological Department). The Project does not affect any regions of archaeological interest. In the immediate area of study there is no evidence of the presence of antiquities except for traditional architecture in the closest communities (Mari and Zygi), which will not be affected by the Project.	DEFA will make sure that the Cultural Heritage Management proce- dures (e.g. chance find procedures) are included in the ESMP and ESMS. The relevant authorities will be present on site supervising excavation works. DEFA will regularly audit the implementation of the procedure by its contractors.

Торіс	Description of Impact	Mitigation Measures
Soils	The impacts on the morphology of the area in the marine environment during construction are expected to be limited, as the project mainly con- cerns the construction of a jetty-borne pipeline and the permanent berth- ing of a FSRU. The jetty / trestle during the operational stage, is not expected to cause any negative impact on the soil quality given the proper design, appro- priate construction methods and the implementation of required man- agement measures. The area of the project includes a small area with historic contamination (phosphor-gypsum lagoon) from previous industrial activities in the area (fertiliser plant). The project will have positive impacts as remediation of the phosphor-gypsum lagoon area will be completed by the GoC prior to the commencement of Works for the Project. The phosphor-gypsum la- goon has been assessed by a 3rd party defining the required remedia- tion works to be undertaken.	 The phosphogypsum lagoon remediation works would cover the following: The removal of the existing phosphogypsum material from the coastal front in order to prevent any erosion of the specific material in the sea. The burial of the excavated phosphogypsum material inland within the same plot according to specifications and instruction prepared by the Department of Labour Inspection Construction of sea defence protection along the sea front (approximate 450 meters long). The protection will be constructed with natural rocks having an inclination 1:2,5. The crest height will vary from +4,0 - +5,0 meters above Mean Sea Level and limestone rocks HMA 3000-6000 (according to CYS EN 13383-1) will be used for the primary armour layer. In order to protect the buried material from rainfall (and thus rainwaters), earthworks will be carried out to form the required bed inclinations that will direct the water to the sea. In addition an open ditch will be constructed along the plot edge.
Hazardous Materials	The EIA has identified the waste streams produced by the FSRU as per Cypriot and EU legislation. According to the EIA the Project will produce several streams of solid waste and wastewater.	The EIA includes the requirement for the preparation of a Waste Col- lection and Management Plan including also hazardous waste streams in line with EU and national legislation.
Noise	The noise generated during the construction phase will only come from the installation of the jetty, the pipelines and the rest of the system equipment. It is generally noticed that the noise level from the LNG terminal is low at a distance of more than 1km; therefore, the acoustic environment in the	No significant impact on the acoustic environment of the study area is expected and no action is required during the construction phase. However, during the operational phase, the project operator should operate and maintain all his equipment in accordance with the manu- facturer's specifications and will take all necessary measures to re- duce machine noise during normal operation.

Торіс	Description of Impact	Mitigation Measures
	inhabited onshore areas will not be burdened, under normal operating conditions.	
	The main noise impacts will be limited during the construction stages, while during operation only underwater noise can be expected, accord- ing to the current project design.	
Tourism- Fishing	According to EIA information the nearshore and offshore area is used by local fishermen although fishing is already prohibited as per the current Master Plan. However, it is evident that the fishing is still taking place in	DEFA will identify the extent of the fishing activities in the area and consider further consultation with stakeholders involved in fishing ac- tivities (formal and informal) within the SEP.
	the area. The offshore area is already disturbed because of several industrial ac- tivities taking place and it is expected that the access restriction, loss of fishing fields and temporary impacts because of the FSRU operation might impact further the fishing activities.	DEFA's operational grievance mechanism should be established early in the Project and be applicable for the affected people (e.g. lo- cal communities, fishermen etc.).
	In addition, the income of the fishermen might be affected if they will need to cover longer distances and need more fuel. Potential impacts will be further assessed and addressed in accordance with PR5 prior to the start of the construction.	
Marine Traffic	The marine traffic is expected to increase during operation of the Pro- ject. The impacts are expected to be minor due to the location of the Project.	In collaboration with the Cyprus Port Authority, DEFA will prepare a Marine Traffic Management Plan for the FSRU integrating the mitiga- tion measures identified in the EIA.
Visuals	Only non-significant impacts are expected due to the presence of the FSRU and its lighting in the area. The visual impact from the shore, as well as from passing boats will be limited, also because of the industrial character of the area.	n/a
Socioeco- nomic	The socioeconomic impacts that have been examined in the context of the EIA involve the impacts on professional fishing, public, local employment and tourism.	n/a

Торіс	Description of Impact	Mitigation Measures
	The EIA does not assess the possible economic displacement triggered by the restriction on fishing areas and does not identify mitigation measures or compensation for the loss of fishing fields.	
	The construction and operation of the Project will create new direct and indirect jobs for the local population, cooperation with local companies and professionals of various specialities.	
	The Project has also significant positive effects on the overall local econ- omy and employment during its operation phase.	
Health and Safety	Potential impacts on the health and safety of the workers are expected, due to the increased risk of accidents during construction works, as well as operation of the facility.	The EIA proposes several mitigation measures. Trainings will be pro- vided to the workers and a Health and Safety Management Plan will be developed for the Project by the Contractor.
		In addition, health services will be provided to the employees at the construction sites and a Grievance Mechanism will be established for the workers. Road safety signs and protective equipment will also be provided and a Traffic Management Plan for the construction phase of the Project will be prepared to ensure Community Health and Safety.
Water Quality	The water used for the construction and operation of the Project will be taken form the water supply network and according to the EIA no impact on the water resources of the area are expected.	DEFA will develop and implement a Water Management Plan for the Project to ensure the sustainable use of water.
	Ballast water will be collected separately and transported and will be dis- posed onshore at a licenced facility for segregation and process, while municipal wastewater will be collected by licenced companies and trans- ported to a licenced Wastewater Treatment Plant.	
Unplanned Events and Public Safety	The location of the FSRU is ensuring adequate distance from the shore with regard to community health and safety. The onshore facilities will be fenced and the access will be restricted.	DEFA will review and monitor its contractors to ensure that proper ac- tions are taken for the protection of the community in terms of envi- ronment and health and safety e.g. air and noise emissions, traffic etc.

Торіс	Description of Impact	Mitigation Measures
	It is expected that the FSRU and the equipment used will have safety systems in place to identify and prevent any safety risks (emergency shutdown, leakage limitation, fire protection, flood control and crew es- cape as well as any other security system and equipment required by the competent authorities). A safety zone will also be defied around the FSRU in collaboration with the port authorities and the Vasilikos Bay management authority to mini- mise collision risk and occupational and community health and safety risks (e.g. fishermen).	A grievance mechanism should also be prepared to address public's concerns and grievances with regard to community health and safety issues.
		A series of risk assessment studies in accordance with Seveso III Di- rective have been prepared for the Project. All the scenarios that may potentially have an impact on community health and safety have been assessed.
		A Risk Assessment Analysis has been prepared for the Project where the hazards and the likelihood of accidents are investigated and their impact on the public safety.
	The Project design has taken into consideration the seismicity of the region and the potential risks resulting from damage of the pipeline and FSRU because of earthquakes.	
		Other Natural Hazards like extreme waves, winds and temperatures have also been taken into consideration.

Mitigation measures for the identified impacts have been identified in the EIA and high-level environmental management and monitoring requirements have been described. Currently, there is no programme of actions yet, such as an Environmental and Social Management Plan (ESMP), defining the exact measures, responsibilities, timeline and frequency, reporting requirements and means of verification.

The preparation of a robust ESMP is included as requirement of the Environmental Terms issued by the Ministry of Environment and will be prepared by the Contractor prior to commencement of construction. The ESMP will be submitted to DEFA for review prior to the submission to the authorities for approval.

DEFA will be accountable for the implementation of the ESMP during construction and operation and internal resources will be assigned for the monitoring of the Contractor's compliance with regard to the ESMP.

It is expected that after the contract award, the Contractor will be responsible for the update and implementation of the ESMP based on the final technical design and additional environmental studies and will assign the responsibilities with regard to environmental and health and safety management and monitoring.

With the mitigation measures envisaged, the identified impacts will be 'avoided and mitigated in compliance with the national legislation. The EIA concludes that in case residual impacts remain after mitigation, these will be minor and temporary.

4. HOW WILL EBRD'S INVOLVEMENT CONTRIBUTE TO SOUND ENVIRON-MENTAL AND SOCIAL PERFORMANCE OF THE PROJECT?

As mentioned above, EBRD's Environmental and Social Policy, along with the following Performance Requirements are applicable to the Project:

- PR 1: Assessment and Management of Environmental and Social Impacts and Issues
- PR 2: Labour and Working Conditions
- **PR 3:** Resource Efficiency and Pollution Prevention and Control
- **PR 4:** Health and Safety
- PR 5: Land Acquisition, Involuntary Resettlement and Economic Displacement
- PR 6: Biodiversity and Living Natural Resources
- PR 8: Cultural Heritage
- PR 10: Information Disclosure and Stakeholder Engagement.

EBRD carried out a gap analysis of the Project related documentation against the PRs and identified that the environmental and social risks and issues for the Project revolve around the following aspects:

- Augmentation of Corporate Environmental and Social Policies, Procedures, Plans and Management Systems.
- Monitoring of Contractors' Environmental and Social Performance.
- Management of socio-economic impacts on the communities and fishermen, including potential economic displacement and proper consultation activities.
- Monitoring of marine biodiversity, including mammals.
- Formalisation of the existing interactions with relevant stakeholders through the implementation of a Stakeholder Engagement Plan, including a formal Operational Grievance Mechanism/ Procedures for workers and external stakeholders.

EBRD prepared an ESAP for the Project to address the issues noted above and to structure the overall project in accordance with the Bank's PR's.

The ESAP will become part of the financial agreement between DEFA and EBRD and be regularly monitored by EBRD during implementation to ensure the full Project's compliance against the Bank's PRs.

5. HOW IS THE PROJECT ENGAGING WITH THE COMMUNITIES AND OTHER STAKEHOLDERS?

The national procedures on the disclosure of environmental and social impacts of the Project, as set in the Cypriot EIA legislation (N. 140(I)/2005²), require that after the EIA submission to the Environmental Department a time of 30 days is available for public consultation. Within this time any interested party will have access to the EIA study and the right to express its opinion.

The disclosure of the EIA for the Project was publicly announced in two national newspapers and the study itself was uploaded on the Environmental Department website.

Reportedly, no concerns were raised during this period.

In addition, the Environmental Authority, as defined in 347/2013/EE for Projects of Community Importance consulted with the stakeholders during the EIA and technical design preparation. DEFA has an ongoing communication with the stakeholders due to the nature and complexity of the Project. However, there is currently no systematic stakeholder engagement process or a Stakeholder Engagement/ Communication Plan in place.

In the future, it is foreseen that DEFA will establish the following processes in terms of information disclosure and stakeholder engagement, as per the EBRD's PRs:

DEFA will develop and implement a Stakeholder Engagement Plan (SEP) for the Project, appropriate to the nature and scale or the risks, impacts and development stage of the Project, which will be incorporated into DEFA's Environmental and Social Management System.

The SEP plan will define the official stakeholder engagement process including stakeholder identification and mapping, engagement, information disclosure and consultation meetings with regard to environmental, social and health and safety and emergency response topics. Consultation with relevant project affected persons will be reinitiated prior to construction and be ongoing through the life of the project.

DEFA's official Stakeholder Engagement process will include information and guidance on:

- Stakeholder Identification;
- Stakeholder Mapping;
- Stakeholder Engagement;
- Information Disclosure;
- Consultation Meetings;
- Public Participation.

DEFA will further establish an effective Grievance Mechanism/ Process for workers and stakeholders through which they can raise and follow-up on concerns and grievances with regard to the environmental, social, health and safety performance of the Project. This Grievance Mechanism will also be incorporated into DEFA's corporate ESMS.

Furthermore, DEFA will assign an employee to manage and follow up the grievances received for the Project. There will also be a sign at the project location displaying information of the project sponsor, along with a phone number included for possible grievances.

² The Cypriot EIA legislation was amended after the issue of the permit. The current EIA Law is the N. 127(I)/2018.

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