

INFORMATION SUMMARY FOR THE PUBLIC
ENERGIA del PACIFICO

Host Country	El Salvador
Name of Borrower	Energía del Pacífico, Limitada de Capital Variable
Project Description	The development, construction, and operation of a 378 MW liquefied natural gas (“LNG”) to power generation facility and accompanying infrastructure, to be located in Acajutla, El Salvador.
Proposed OPIC Guaranty	An 18 year investment guarantee not to exceed \$350 million
Total Project Costs	\$877 million
U.S. Sponsor	Invenergy Investment Corporation LLC
Foreign Sponsor	Quantum Energy S.A. de C.V.
Policy Review	
U.S. Economic Impact	The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral impact on U.S. employment and on the U.S. trade balance.
Developmental Effects	This Project is expected to have a highly developmental impact in El Salvador through the development of the country’s first 378 MW LNG to power generation facility. Demand for electricity in El Salvador is expected to follow economic growth of 2% per year. As the largest thermal power plant in El Salvador, the Project will help meet this increasing demand, adding 23% to the country’s available installed capacity. The country’s significant level of diesel and heavy fuel oil generation, coupled with seasonal hydroelectric plants, creates high energy price volatility. By providing more efficient baseload power, the Project will help improve the country’s energy supply and price stability. The Project will also assist in achieving the country’s goal of diversifying its generation base and reducing reliance on imported energy.
Environment	Screening: This Project has been reviewed against OPIC’s categorical prohibitions and determined to be categorically eligible. The Project has been screened as Category A because it involves the storage and transport of hazardous substances, greenhouse gas emissions exceed 100,000 tons of CO _{2eq} per year, large-scale transmission line, and potential to impact a designated biosphere reserve and a regionally important area for marine biodiversity. The major environmental issues associated with the Project include the need for appropriate health and safety measures and a robust environmental and social management system for day-to-day aspects of construction and operations including potential hazards associated with a LNG floating storage and regasification (“FSRU”) facility; subsea natural gas pipeline; thermal power plant air emissions impacts

to ambient air quality; noise; water usage and effluent disposal; waste disposal; working at heights with electric and magnetic fields; and appropriate measures to protect marine and terrestrial biodiversity.

Applicable Standards:

OPIC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS2: Labor and Working Conditions;
- PS3: Resource Efficiency and Pollution Prevention;
- PS4: Community Health, Safety and Security; and
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Project is also required to meet applicable provisions of the IFC General Environmental Health and Safety (EHS) Guidelines (April 30, 2007); the IFC EHS Guidelines for Liquefied Natural Gas Facilities (April 11, 2017); the IFC EHS Guidelines for Ports, Harbors and Terminals (February 2017); the IFC EHS Guidelines for Offshore Oil and Gas Development (June 5, 2015); the IFC EHS Guidelines for Thermal Power Plants (December 19, 2008); and the IFC EHS Guidelines for Electric Power Transmission and Distribution (April 30, 2007).

Public Disclosure. OPIC disclosed the Project's ESIA's, Additional Marine Biodiversity Study, Avifauna Study for the Transmission Line, Cumulative Effects Assessments Report, Employment and Labor Review, Solid Waste Management System, Health Baseline, and Environmental Permits on its web site for a period of 60 days, which closed on September 25, 2018. No comments were received.

Environmental Risks and Mitigation: The major environmental and social issues associated with the Project are related to air quality, noise, the need for appropriate occupational health and safety measures to assure worker safety during construction and operation of the Project, and the preparation of emergency preparedness and response plans to minimize risks from the LNG FSRU facility and subsea natural gas pipeline delivering fuel to the plant.

The power plant is located within an industrial area of the port of Acajutla adjacent to an existing HFO plant. Operational monitoring (deployment of an ambient air quality monitor for NOx) is proposed to demonstrate that the addition of the power plant to the airshed would not have a significant impact on ambient air quality. Noise modelling was undertaken to demonstrate that the established baseline noise level at the receptor locations would not be exceeded with the operations of the power plant. Operational monitoring will re-confirm that the identified noise receptor locations for the noise assessment are representative of all communities in the vicinity of the project.

The Project transmission line crosses the Apaneca-Ilamatepec Biosphere Reserve in two sections, 9.28 km between towers TP 14 and TP 30 and 0.89 km between towers TP 56a and TP 59. The transmission lines extends through both designated buffer and transition zones of the biosphere reserve characterized by 68 percent shade coffee and other agricultural crops with smaller areas of interconnected gallery forests. According to the Management Plan (MARN - AECI, 2003), the Apaneca-Ilamatepec Biosphere Reserve was assigned the category of National Park with two main objectives: the protection of natural resources and access by the public for recreational purposes. The Project will mitigate any impacts to vegetation removal required for the transmission line through the payment of fees to the El Salvador Initiative Fund for the Americas (FIAES) pursuant to the MARN resolution (environmental permit). FIAES undertakes a process for prioritizing and implementing natural resource restoration and protection measures nationally.

The LNG FSRU and subsea natural gas pipeline are not located within any natural protected area or designated as an area of importance to critically endangered species and impacts to biodiversity are not expected to be significant. However, the marine works are in close proximity to two natural areas: Barra de Santiago Natural Protected Area and Los Cóbanos Natural Marine Protected Area, located at 17 and 6 kilometers west and east of the Port of Acajutla, respectively. With the project being located between these two important natural protected areas, some migratory marine species are expected to travel through the Project site as they transit between these important areas. The presence of the marine works located in a disturbed area affected by industrial activities and port vessel and fishing boat activities will not be a barrier for the movement of the marine species along the coastline.

	<p>The Project environmental management plans for construction will include procedures for spill prevention, offshore lighting plan to avoid disruptions to marine fauna, measures to reduce turbidity, and coordination with a marine wildlife rescue center. The impact area of warm and cold water discharge is limited to the immediate area of the FSRU and will not impact sites of biodiversity.</p> <p>In addition to the mitigation described above, the Project will be required to provide OPIC with annual reports summarizing the Project’s Environmental and Social Performance and demonstrating compliance with the IFC Performance Standards and industry specific guidelines. The Project will also be required to conduct an independent third-party audit to show compliance with environmental and social covenants.</p>
<p>Social Assessment</p>	<p>The Project will have impacts that must be managed in a manner consistent with the International Finance Corporation’s Performance Standards, OPIC’s Environmental and Social Policy Statement and applicable local laws. OPIC’s statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.</p> <p>As part of the Project’s overarching environmental and social management system (ESMS), OPIC will require the Project to develop and submit Stakeholder Engagement Plans, Contractor Management Plans, Code of Conduct, Security Policies, a plan to manage the process of land acquisition and construction along the transmission line, and a plan to manage the agreements reached with the local fishing associations.</p> <p>During the development of the ESIA (2014-2016) for the Project and the transmission line, the Project held meetings presentations, and focus groups with identified stakeholders including local leaders, business owners, media, community representatives and fishing cooperatives. EDP also held two broad public meetings to discuss the Project and anticipated environmental and social impacts. A summary of the ESIA’s are publicly available on their website and a physical copy was delivered to the Acajutla Municipality. The Project maintains a local Project office and a website. The Project will develop a plan to reengage stakeholders leading up to and during the</p>

construction process to ensure communication is open and consistent and that stakeholders are aware of the communication channels and options for redress with the Project.

The Project anticipates employing approximately 1,200 workers during the construction period. The Project has developed draft Contractor Management Plan which requires contractors to meet the Project environmental and social requirements including those of the IFC.

The transmission line requires crossing 261 land parcels. Impacts to the parcels by the Project are limited; no parcel was impacted in its majority, with the exception of one family that negotiated resettlement. Affected landowners report being comfortable with the negotiation process and aware of contractual details. There are anticipated impacts to marine access for some fishing cooperatives. In consultation with the fishing associations the Project has agreed to several mitigation measures.

This review covers the commensurate human rights risks associated with gas-fired power generation facility construction and operation in El Salvador.