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Integrated Safeguards Data Sheet (ISDS)	
Date ISDS Prepared: July 18, 2003	
Section I – Basic Information	
A. Basic Project Data	
A.1. Project Statistics	
Country: Hungary	Project ID: P074547
Project: PANNONPOWER Biomass Project	TTL: Helmut Schreiber
Total project cost (by component): Conversion of unit VI to biomass: US$ 36.3 m **Total:** **US$ 36.3 m**	
Appraisal Date: August 12, 2003	IBRD Amount ($m):
Board Date: August 20, 2003	IDA Amount ($m): GEF Amount ($m): PCF Amount ($m): ca. **US$5 m** Miscellaneous Funds (specify.....) ($m):
Managing Unit: ECSIE	Sector: Energy and Infrastructure
Lending Instruments: PCF Carbon Credit Purchase	
Is this project processed under OP 8.50 (Emergency recovery)? No	
Environmental Category: B	Safeguard Classification: S2
A.2. Project Objectives: Reduce greenhouse gas (GHG) emissions and local pollution by switching fuel from coal to biomass (and natural gas) for heat and electricity co-generation.	
A.3. Project Description: The Pecs power plant currently operates four pulverized coal CHP units with combined capacities of 570 MWth and 190 MWe supplying annually about 2,200 TJ heat and 550 GWh electricity. It is the exclusive heat supplier of the 2nd biggest Hungarian district heating system. Due to stricter emission limits to be introduced by 2005 and the need for plant life extension, the plant owner PANNONPOWER has decided to implement the subject project. The overall project pursued by PANNONPOWER includes the conversion of two CHP units to gas-firing; conversion of one unit to biomass firing, and retirement of the fourth unit. The Bank's participation is limited to its support to the biomass component, for which PCF intends to purchase the carbon credits. The biomass CHP unit will provide peaking and reserve heat supply but will be used primarily for electric generation.	
A.4. Project Location and salient physical characteristics relevant to the safeguard analysis: The proposed project will be implemented on the site of an existing power plant. The plant is owned by Pannonpower Rt., and is located in the vicinity of Pécs, a major city in south Hungary.	
B. Check Environmental Category A [ ], B [X], C [ ], FI [ ]	

Comments: Since the project will consist of modifying an existing boiler to firing wood (biomass) fuel, there will be minor disruption and temporary impacts to the environment during the construction phase, and real improvements to local, regional and global environments during the operational phase, since the biomass fuel will be replacing the current highly polluting coal fuel. Thus emission reductions in CO_2 (global), sulfur dioxide, nitrogen oxides (local and regional), and dust (local) are the primary anticipated benefits.

C. Safeguard Policies Triggered

	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[ ]
Natural Habitats (OP/BP 4.04)	[ ]	[X]
Pest Management (OP 4.09)	[ ]	[X]
Cultural Property (draft OP 4.11 - OPN 11.03 -)	[ ]	[X]
Involuntary Resettlement (OP/BP 4.12)	[ ]	[X]
Indigenous Peoples (OD 4.20)	[ ]	[X]
Forests (OP/BP 4.36)	[X]	[ ]
Safety of Dams (OP/BP 4.37)	[ ]	[X]
Projects in Disputed Areas (OP/BP 7.60)*	[ ]	[X]
Projects on International Waterways (OP/BP 7.50)	[ ]	[X]

Section II – Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues.

D.1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts.

During construction, there may be solid wastes generated in the boiler replacement activity, and hazardous substances (asbestos) may be involved. Additionally, noise and dust would be created during the construction phase. During operation, noise may be associated with the delivery and preparation (grinding) of the wood biomass fuel. There will also be potential emissions of nitrogen oxides, dust, and possibly volatile organic materials (VOMs).

A study ("Review of Wood Supply Chain, Forest Management Provisions and Safeguard Conformity) assessing wood supply availability and sustainability, the forestry related legal background and its conformity with the EU and World Bank standards (OP/BP 4.36) has been prepared. The conclusion of this study was that no risk to the sustainable management of forests in connection with supplying wood fuel to the Project is perceived as most of the fuel demand is secured from FSC and ISO 14001 certified forestry companies on the one hand and forestry laws are strictly enforced and forest management is regularly monitored in Hungary by designated authorities on the other.

D.2 Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area.

Long term impacts are all positive in terms of improving local air quality and reducing the global burden of carbon dioxide emissions.

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* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

D.3. Describe the treatment of alternatives (if relevant).

The "No Project" alternative would maintain the substantially greater emissions of air pollutants causing local, regional and global impacts. Alternative fuels, power cycles, and boiler types (fluid bed) were evaluated and found to be less appropriate.

D.4. Describe measures taken by the borrower to address safeguard issues. Provide an assessment of borrower capacity to plan and implement the measures described.

A comprehensive EA has been prepared which includes an Environmental Management Plan (EMP) addressing all pertinent impacts associated with collection, transport and preparation of the biomass fuel as well as the boiler reconstruction and operation. The EMP includes: mitigation and monitoring plans and their implementation schedules to assure any potential adverse environmental impacts are minimized or avoided.

Forest management in Hungary is strictly controlled. 10-year forest management plans ensure that the requirements of sustainability and multipurpose management are fulfilled. Concepts of planning are presented in civil forums prior to the planning exercise and comments are taken into consideration.

D.5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders include (i) the people that live in the area affected by the operation of the plant, i.e. the inhabitants of Pecs and the nearby areas and (ii) the people that live in the area that will provide wood supply for the operation of the biomass unit, i.e. the inhabitants of the counties of Baranya, Somogy, Tolna and Zala.

PANNONPOWER Rt has been continuously informing the public about its development concepts since 2001 through regional TV, local and county press and public hearings held in nearby communities. A meeting for a broad range of stakeholders including civil organizations, NGOs and government institutions was held in Pécs on February 23, 2003 where representatives of two regional and three national media were also present.

E. Safeguards Classification *(select one)*

[ ] S_1. – The project has significant, cumulative and/or irreversible impacts; where there are significant potential impacts related to several safeguard policies.

[X] S_2. – One or more safeguard policies are triggered, but effects are limited to their impact and are technically and institutionally manageable.

[ ] S_3. – No safeguard issues

[ ] S_F. – Financial intermediary projects

F. Disclosure Requirements	***Date***
Environmental Assessment/Audit/Management Plan/Other:	
Date of receipt by the Bank	June 15, 2003
Date of "in-country" disclosure	June 15, 2003
Date of submission to InfoShop	June 15, 2003
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
Resettlement Action Plan/Framework/Policy Process:	
Date of receipt by the Bank	Not Applicable
Date of "in-country" disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable

Indigenous Peoples Development Plan/Framework:	
Date of receipt by the Bank	Not Applicable
Date of "in-country" disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
Pest Management Plan:	
Date of receipt by the Bank	Not Applicable
Date of "in-country" disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
Dam Safety Management Plan:	
Date of receipt by the Bank	Not Applicable
Date of "in-country" disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
If in-country disclosure of any of the above documents is not expected, please explain why. N/A	

Section III – Compliance Monitoring Indicators at the Corporate Level
OP/BP 4.01 - Environment Assessment: Does the project require a stand-alone EA (including EMP) report? Yes If yes, then did the Regional Environment Unit review and approve the EA report? Yes Are the cost and the accountabilities for the EMP incorporated in the credit/loan? Yes, the Emission Reductions Purchase Agreement will contain specific reference obligating the Project Sponsor to implement the Environmental Management Plan.
OP/BP 4.04 - Natural Habitats: Would the project result in any significant conversion or degradation of critical natural habitats? N/A
OP 4.09 - Pest Management: Does the EA adequately address the pest management issues? N/A
Draft OP 4.11 (OPN 11.03) - Cultural Property: Does the EA include adequate measures? N/A
OD 4.20 - Indigenous Peoples: Has a separate indigenous people development plan been prepared in consultation with the Indigenous People N/A
OP/BP 4.12 - Involuntary Resettlement: Has a resettlement action plan, policy framework or policy process been prepared? N/A
OP/BP 4.36 - Forests: Has the sector-wide analysis of policy and institutional issues and constraints been carried out? Yes Does the project design include satisfactory measures to overcome these constraints? Yes Does the project finance commercial harvesting, and if so, does it include provisions for certification system? Yes
OP/BP 4.37 - Safety of Dams: N/A
OP 7.50 - Projects on International Waterways: N/A
OP 7.60 - Projects in Disputed Areas: N/A

All Safeguard Policies:

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of the safeguard measures? Yes

Have safeguard measures costs been included in project cost? Yes

Will the safeguard measures costs be funded as part of project implementation? Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures? Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? Yes

Signed and submitted by:

Task Team Leader: Name: Helmut Schreiber Date Aug. 12, 2003

Approved by:

Regional Safeguards Coordinator Name: Marjory-Anne Bromhead Date Aug. 19, 2003

Comments

Sector Manager Name: Hinderikus Busz Date Aug 20, 2003

Comments

Track ID of this document: c:\data\nt\2003\08\20030812092 81.doc