



**Construction of the 410 MW Combined Cycle Gas
Turbine Unit at the Krasnodar CHP Site (a OAO
“UGK TKG-8” Subsidiary), Russia**

Public Consultation and Disclosure Plan (PCDP)

February 2009



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TABLE OF CONTENTS

1.	INTRODUCTION	2
1.1	OBJECTIVES OF THE PLAN	2
1.2	BRIEF DESCRIPTION OF THE PROJECT	3
2.	OVERVIEW OF REQUIREMENTS TO PUBLIC CONSULTATIONS AND INFORMATION DISCLOSURE	6
2.1.	REQUIREMENTS OF THE NATIONAL LEGISLATION RELATING TO PARTICIPATION OF STAKEHOLDERS (COMMUNITIES) IN THE PROCESS OF MAKING ENVIRONMENTALLY SIGNIFICANT DECISIONS	6
2.2.	PRINCIPLES AND PROCEDURES ADOPTED BY THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	8
3.	IDENTIFICATION OF KEY STAKEHOLDERS AND MAIN AFFECTED PARTIES	11
3.1	IDENTIFICATION OF KEY STAKEHOLDERS	11
3.2	IDENTIFICATION OF MAIN AFFECTED PARTIES	15
4	PUBLIC CONSULTATIONS AND INFORMATION DISCLOSURE	17
4.1	PROJECT INFORMATION DISCLOSURE	17
4.2	PUBLIC CONSULTATIONS AND DISCLOSURE ACTIONS RELATING TO AN EIA	17
4.3	PUBLIC CONSULTATIONS AND INFORMATION DISCLOSURE AT FURTHER STAGES OF PROJECT IMPLEMENTATION	21
5	GRIEVANCE MECHANISM	23
	ANNEX 1. SITE LOCATION MAP	25
	ANNEX 2. MASS MEDIA IN THE KRASNODAR KRAI AND IN THE CITY OF KRASNODAR	26
	ANNEX 3. FORM FOR GRIEVANCES AND APPLICATIONS OF CITIZENS	27

1. INTRODUCTION

This document presents a Public Consultation and Disclosure Plan (PCDP) in connection with the Project for the modernization and expansion of the Krasnodar gas-fired Combined Heat and Power Plant (CHP) located in the city of Krasnodar (Krasnodar Krai, Russian Federation). As part of this CHP, a new 410 MW CCGT unit is to be constructed.

This Plan has been prepared by ERM Eurasia Limited, Moscow Office on behalf of OAO "UGK TKG -8" in compliance with the requirements of the EBRD in relation to information disclosure (the EBRD Environmental Policy approved in July 2003).

This Plan has been prepared on the basis of a review of documents made available by the OAO "UGK TKG-8" and interviews with residents of dwelling houses located in the immediate vicinity of the Krasnodar CHP site.

This Public Consultation and Disclosure Plan will be implemented by OAO "UGK TKG -8" and updated as the need arises during the implementation of the Project for the construction of 410 MW CCGT unit (hereinafter referred to as PGU-410).

1.1 OBJECTIVES OF THE PLAN

This document contains a plan of further measures aimed at timely informing all stakeholders about the Project and its potential impacts, identification of concerns, obtaining of comments and recommendations, as well as establishing a mechanism for taking them into account in the course of updating the design documents and Project implementation.

The PCDP can be finalized in the course of Project implementation in cooperation with executive representatives of the OAO "UGK TKG-8".

This Plan has the following objectives:

- Identification of key stakeholders and mechanisms for interrelations with them,
- Development of a timetable for consultations with the stakeholders at different levels,
- Creation of mechanisms for considering stakeholders' comments and recommendations in the course of Project finalization/implementation,
- Identification of resources required for PCDP implementation.

Public consultations should not be regarded as a formal measure valid for one occasion only. This is the interactive process commenced at the Project design stage and to be continued over the whole period of construction and operation of the design facility.

This PCDP is a document subject to revision and amendments as any new information becomes available in the process of Project development and consultations with the general public and other stakeholders.

This Plan covers the following issues:

1. Brief description of the Project,

2. Review of requirements relating to public consultations and information disclosure in conformity with the national legislation, the relevant documents of international organizations and corporate standards,
3. Measures with regard to public consultations and information disclosure,
4. Identification of resources and organizational structure requirements for implementing the PCDP,
5. Development of an efficient grievance/complaint mechanism.

The appendices to this document contain:

- A map of Krasnodar CHP location,
- A list of mass media in the city of Krasnodar and the Krasnodar Krai, and
- A grievance/complaint Form.

1.2 *BRIEF DESCRIPTION OF THE PROJECT*

The Project is to be implemented within the boundaries of the Krasnodar CHP designated for electric power supply to the North-Caucasian joint power system and for hot water and steam supply to consumers in the city of Krasnodar (Annex 1: a CHP Site Location Maps).

The CHP has an installed electric capacity of 648 MW and a heat power production of 856 Gcal/h. The Krasnodar CHP was commissioned in several phases from 1954 through 1975. Later on some facilities were reconstructed.

The Krasnodar CHP is located in the south-eastern part of the city of Krasnodar. The nearest residential area adjoins the CHP site boundaries at a distance of 50 m to 70 m on the east and the north.

Process water is supplied from the Kuban River, potable water is abstracted from groundwater wells.

The city of Krasnodar is a big industrial centre with a population of approximately 708,000.

The Project provides for the construction of a new combined cycle gas turbine unit (CCGT unit) with an electric capacity of 410 MW and a heat power production of 220 Gcal/h.

Natural gas is used as prime and reserve fuel; diesel fuel is used in the event of emergencies.

The new CCGT unit (TGK-410) will be located in a new building being constructed in the northern part of the CHP site.

A total area of a land plot allocated for the construction of TGK-410 and its infrastructure facilities is approximately 10.4 hectares.

The existing engineering supply lines along with infrastructure facilities are already most used for the new unit.

The construction of the CCGT unit is designed on the basis of an up-to-date gas turbine plant providing power generation efficiency at the level of 57%.

In spite of the fact that electric power can be considered as clean production, its generation involves environmental pollution (air emissions, wastewater discharge to water bodies, etc.) as well as other chemical and physical impacts caused by the Krasnodar CHP and its infrastructure facilities (electric mains, heat pipelines, etc.).

Motor transport is the main air pollution source in the city of Krasnodar; it shares approximately 92% of total air emissions.

At present, the Krasnodar CHP contributes much (over 50%) to air emissions released by industrial enterprises of the city. But the proportion of ground air pollution is minor due to high CHP stacks (80 m to 100 m in height) and high temperature of exhaust gases.

According to monitoring data, the atmospheric air quality, noise levels and electromagnetic fields in the nearest residential area are in compliance with sanitary regulatory norms established in Russia.

The modernization and expansion of the existing CHP along with commissioning of new equipment will additionally contribute to environmental pollution (first of all, an increase in heat loads on the former bed of the Kuban River which has been always used for heated water discharge from the CHP).

But all-round features responsible for the level of harmful physical and chemical factors will be within the limits under which impacts to be caused by the CHP will not exceed sanitary norms established for the given district of the city of Krasnodar.

After commissioning the PGU-410, an installed electric capacity of the Krasnodar CHP will amount to 1,058 MW. In the future, it is planned to decommission a number of boilers and generators.

Power efficiency of the Krasnodar CHP after commissioning the PGU-410:

- an increase in the installed plant capacity by 410 MW,
- an increase in annual electric power generation by 3,075 mln. kWh,
- an increase in heat power supply by 0.71 mln. Gcal,
- growth in air emissions by 469 t/year (or 9%) as compared with current emissions, but this amount is within the limits established by supervisory agencies for 2009,
- Electric power generation efficiency - 57%.

At present, buildings and facilities at the site are being dismantled in order to prepare the site for construction operations.

Considering that the territory occupied by the Krasnodar CHP was previously leveled and developed within the boundaries of the fenced site, the preparatory works mainly involve relocation (dismantling) of certain structures, utilities and motor roads off the new construction site. Grading of the site area shall be carried out with due account for elevation marks of the previously leveled territory and for elevation marks near the structures to be left intact. Micro-scale grading of the site relief is to be conducted upon completing construction operations.

The Project calls for new spans of drinking and utility/firefighting water pipelines, storm water drainage, domestic sewage, oily water drainage, heating networks, and process pipe racks.

In addition, a new main building for PGU-410, a gas treatment unit, a gas booster station, and a diesel fuel storehouse are to be constructed.

Step-up transformers and a 220 kV switchboard are to be installed outdoors.

Process lines between buildings and structures shall be in the form of underground pipelines and above-ground pipelines on platforms.

The PGU-410 consists of the following principal equipment:

- a gas turbine unit V701F4 manufactured by Mitsubishi Heavy Industries (Japan) along with a turbo-generator and auxiliary equipment,
- a heat recovery boiler with three pressure stages, and an interim high-pressure steam re-heater,
- a steam turbine manufactured by OAO "UTZ" along with auxiliary equipment,
- a turbo-generator with a steam turbine drive manufactured by NPO "Elsib".

A new facility shall be constructed by the OAO "Group E-4", Russia (a local EPC contractor).

It is planned that construction operations will last 34 months and the maximum number of workers during the peak period will be 430 people. Construction works will be carried out by workers from Russia only.

2. ***OVERVIEW OF REQUIREMENTS TO PUBLIC CONSULTATIONS AND INFORMATION DISCLOSURE***

Actions to be taken within the framework of public consultations and information disclosure should comply with the requirements of:

- Legislation of the Russian Federation;
- Principles and procedures specified by the European Bank for Reconstruction and Development and the International Finance Corporation (see Appendix 1).

2.1. ***REQUIREMENTS OF THE NATIONAL LEGISLATION RELATING TO PARTICIPATION OF STAKEHOLDERS (COMMUNITIES) IN THE PROCESS OF MAKING ENVIRONMENTALLY SIGNIFICANT DECISIONS***

The RF legislation requires participation of citizens (public participation) in decision making on environmentally significant issues at all stages of planning and carrying out of any commercial activities. Mechanisms for public participation are set forth in legislative and other regulatory and legal acts in accordance with the constitutional “right of any citizen for favorable environment, reliable information about the environment condition and compensation for any damage caused by environmental non-compliance”.

According to Article 11 of the Federal Law “On Environmental Protection” (No.7-FZ of January 10, 2002 with amendments of July 14, 2008), any citizen has the right to:

- participate in meetings, demonstrations, picketing, collection of signatures under petitions, referendums on environmental issues and other actions, which do not violate the RF Legislation,
- make proposals relating to public environmental review of projects and participate in such a review in accordance with the established procedure,
- address to the state authorities of the Russian Federation, authorities of constituent entities of the Russian Federation, local self-government bodies and other organizations with complaints, applications and proposals relating to environmental issues, negative impacts on environment, etc. and obtain in due time substantiated replies, and
- make claims in legal courts for compensation inflicted to the environment.

Public associations (Article 12) have, in addition to the rights listed above, also the right to:

- organize and conduct in accordance with the established procedure public hearings on issues of project planning, site location, commercial and other activities, which might affect the environment, pose threat to life, health and property of citizens;
- organize and conduct in accordance with the established procedure a public environmental review of projects;

- recommend their representatives for participation in state environmental reviews;
- apply to state authorities of the Russian Federation, authorities of constituent entities of the Russian Federation, local self-government bodies and legal courts with requests to cancel any decisions relating to project planning, site selection, construction, upgrading, operation of facilities, commercial and other activities, which might negatively affect the environment, as well as request to limit, suspend or terminate any commercial and other activities having a negative impact on the environment.

At the stage preceding investments and during preparations for a construction project, the public is entitled to participate in the environmental impact assessment procedure. A Regulation on environmental impact assessment of planned commercial and other activities in the Russian Federation was approved by a decree of the State Committee of Environmental Protection of Russia on May 16, 2000 (Decree No.372). Section IV of the Regulation deals with disclosure of information for the public and public participation in the EIA procedure and emphasizes the following aspects:

- Informing of the public and public participation at all stages of an environmental impact assessment ,
- Public participation in preparation and discussion of EIA materials is to be ensured by the Customer as an integral part of the EIA process, organized by the local self-government bodies or corresponding state authorities with support from the Customer and in accordance with the Russian legislation,
- Informing of the public and other participants of the EIA at the stage of notification, preliminary assessment and definition of terms of reference for an EIA shall be ensured by the Customer. Concise information about facilities to be reviewed at the federal level is to be announced in official publications of federal executive authorities <...> ,
- The Customer (Contractor) accepts and documents any comments and proposals received from the general public during 30 days from the date of the information publication <...>. The comments and proposals received are to be taken into consideration in the process of preparation of the terms of reference for the environmental impact assessment and should be reflected in the EIA materials,
- The Customer should provide an access to the EIA terms of reference to the interested parties and other participants of the EIA process from the date of their approval and until the end of the EIA process,
- At the stage of EIA, an action plan is to be clarified for public discussions of the planned commercial activities, including expediency/inexpediency of public hearings on EIA materials,
- When making a decision about the form of public discussions, including public hearings, it is necessary to take into account the degree of environmental hazards of the planned commercial or other activities, a factor of uncertainty and degree of interest from the community,

- <...> the public hearings procedure is to be determined by the local self-government bodies with participation of the customer (contractor) and support from the stakeholders. Any decisions relating to public participation should be properly documented,
- The Customer should ensure public consultations on the planned activities with preparation of a report (minute), in which it should be clearly stated what issues are to be discussed and what is the issue of controversy between the public and the customer (if any). The report (minute) is to be signed by representatives of the executive authorities and local self-government bodies, citizens, public organizations (associations) and the customer. The public hearings protocol (brief minutes) are to be attached as one of the appendices to the final EIA materials for the planned commercial or other activities;
- <...> The customer should ensure, during 30 days after the end of the public discussion, reception of any written comments and proposals from individual citizens and public organizations during the period before decision making about implementation of the planned commercial or other activities, document the proposals in the form of appendices to the EIA materials <...>

Issues of organization and holding of an environmental referendum are regulated by the Federal Law "On Basic Guarantees of Voting Rights and Right for Participation in a Referendum of Citizens of the Russian Federation" (No.67-FZ of June 12, 2002) and the Provision On The Organisation Of Public Hearings On The City Planning Questions In Municipal Union of Krasnodar City dated 08.08.2006.

2.2. *PRINCIPLES AND PROCEDURES ADOPTED BY THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT*

International organizations (among them the European Bank for Reconstruction and Development) pay significant attention to public involvement in the decision making process relating to main issues of development and specific projects to be implemented with support of such organizations.

In accordance with the EBRD Environmental Policy of 2003, since its establishment, the EBRD has endeavored to promote environmentally sound and sustainable development. On all projects, the Bank is committed to providing information, within the requirements of the *Public Information Policy* and the *Environmental Policy*. In particular, for significant "Greenfield" projects and projects involving a major expansion or transformation-conversion, the Bank is committed to meaningful consultation. The EBRD is looking at new ways to increase the amount of environmental information provided to interested parties during project implementation and monitoring. Public consultations and information disclosure is the responsibility of the project sponsor, and will be reviewed by the Bank in line with its Policy commitments. Bank staff will provide guidance to project sponsors in relation to the Bank's requirements, where appropriate.

The EBRD has also developed the Guidance for projects of Category A "EBRD Consultation and Disclosure Requirements" (General Guidelines and Regulation for determination of the EIA scope), July 2003. The Guidance specifies the requirements to consultations and information disclosure in relation to projects of Category A

financed with participation of the EBRD. There is also an EBRD document containing guidelines for preparation of a Public Consultation and Disclosure Plan, July 2003. It specifies the requirements set to a plan of consultations and information disclosure and is applicable to project financed with participation of the EBRD.

The EBRD emphasizes the interest of the general public in relation to project and performance principles and underlines the need for circulation of such information among the extensive circles of the general public.

The Environmental and Social Policy approved by the EBRD Board of Directors on May 12, 2008 and carried into effect in November 2008, specifies the need for more sufficient information to be made available by the Bank for public.

The Project in Krasnodar is rated as Category A, for which the following system of public relations is applicable:

1. **Notification.** If there has been no previous notification, the project sponsor will need to provide the potentially affected public and interested non-governmental organizations (NGOs) – hereinafter: the affected public – with information about the nature of the project.
2. **Scoping.** By means of a scoping process, the project sponsor must ensure identification of all key issues, in particular by consulting the affected public on the project and taking their comments into account. As part of the scoping process, the project sponsor is required to prepare a draft Public Consultations and Disclosure Plan.
3. **IEA Disclosure.** Project sponsors must make the EIA publicly available for comment, in strategic locations including at or near the project site, and where relevant, in the capital or other major cities.
4. **EBRD disclosure.** Once the EIA documents have been released into the public domain in locations agreed with the Bank, the EIA will be provided to the Bank's Business Information Centre (BIC) in London and made available in the EBRD Resident Office (RO) in the relevant project country(ies). A copy of the EIA is provided to the Board of Directors and a notice on availability of the document in the BIC and RO is posted on the Bank's Web site (www.ebrd.com). This disclosure is without endorsement by the Bank.
5. **Timing of disclosure.** For private sector projects there will be a minimum of 60 days between the date that the EIA is made available to the EBRD Board of Directors and the date of Board consideration. For public sector projects this period will be a minimum of 120 days.
6. **Public Comments on the EIA.** Following the completion of the public comment period, the project sponsor will need to provide information to those commenting and the affected public on how comments were taken into account. Environmental staff of the EBRD will summarize public comment brought to the Bank's attention along with the report on public consultation from the project sponsor and incorporate this summary into the management review and Board review of the project.

The EBRD established the Independent Recourse Mechanism (IRM) to assess and review complaints about Bank-financed projects. It gives local groups that may be

directly and adversely affected by a Bank project a means of raising complaints with the Bank, independently from banking operations. The IRM activities are specified in the Guidelines on the procedure for filing complaints relating to EBRD-financed projects, 2004. The Guidelines contain instructions referring of filing of complaints, as well as the rules and procedures for consideration of complaints.

3. IDENTIFICATION OF KEY STAKEHOLDERS AND MAIN AFFECTED PARTIES

3.1 IDENTIFICATION OF KEY STAKEHOLDERS

At the initial stage of the Public Consultation and Disclosure Plan (PCDP) implementation it is necessary to identify key interested parties (stakeholders) at local, district and regional levels.

Among the stakeholders are also individuals, groups and organizations which will be directly or indirectly affected by the Project either in appositive or negative way and will take the opportunity to express their viewpoints.

Base on the preliminary review, the following groups interested in the construction of a new CCGT unit at the Krasnodar CHP site have been identified:

- **Krasnodar CHP representatives**

The CHP management shows comprehensive support in carrying out of actions on informing the public, including arranging and holding of public hearings relating to the Project.

“The primary trade union organization of OAO “UGK TKG – 8”branch - Krasnodar CHP” may take an active interest in the construction of a new CCGT unit as the Project will result in creation of new jobs, improvement of labor conditions and raise of labor remuneration.

The primary trade union organization has 645 members and started its activity from the moment of CHP foundation in 1954. Its liabilities consist in:

- Monitoring execution of the Collective agreement,
 - Making provision on strengthening of social climate,
 - Monitoring execution and providing consultations of RF regulatory legal acts relative to working conditions, H&S etc.,
- and other activities.

- **Government structures and authorities:**

- The Governor of the Krasnodar Krai,
- The Mayor of the city of Krasnodar,
- The Administration of the city of Krasnodar,
- Krasnodar Krai Administration Representation on economic and investment policy
- Regional Energy Commission,
- Krasnodar Krai Department of Prices and Tariffs
- Krasnodar Krai Department of Economic Development,
- Krasnodar Krai Department of Industry,
- Krasnodar Krai Department of Investments and Project Support
- Fuel & Power Complex Department

- Supervision Service for Public Health and Social Affairs (Rospotrebnadzor), Service for Supervision of Environment, Technology and Nuclear Power (Rostekhnadzor) and the Service for Supervision of Nature Resources (Rosprirodnadzor) of Krasnodar/Krasnodar Krai.

Regional authorities intend to provide organizational and information support to the Energy Company, and also to develop measures for establishment of favourable investment climate. This should facilitate implementation of the projects developed in the OAO “UGK TKG-8” on commissioning up-to-date equipment.

In its turn, the Krasnodar Krai authorities expect to increase sustainability of power supply in the given region in the nearest future and improve the environmental conditions.

Interest to OAO “UGK TKG-8” intent to construct the CCGT unit (hereinafter referred to as PGU-410) at the Krasnodar CHP site is caused by the fact that generation of such power in the South of Russia have not been constructed for some decades.

During the solemn ceremony devoted to the commencement of this investment project (November 26, 2007), Mr. Alexander Tkachev, the Head of the Krasnodar Krai Administration, stressed that the Krasnodar Krai Administration would render every legal support to the OAO “UGK TKG-8” in the construction of PGU-410 at the Krasnodar CHP.

In its turn, the OAO “UGK TKG-8” took obligations to develop the Krasnodar CHP taking into account plans of socio-economic development of the Krasnodar Krai.

Krasnodar City Administration provides comprehensive support to the public consultation procedure, including making premises available for public hearings.

• **Mass media and information agencies of the Southern Federal Okrug**

Mass media take a great interest in the construction of a new block.

First publications relating to the construction of PGU-410 appeared as far back as in early 2007. Since that time more than one hundred newspaper articles have been published in federal, local and specialized mass media.

Most recent publications are listed below:

1. Newspaper “Kommersant-Yug” (26.11.08, 07.08.08, 21.05.08)
2. Newspaper “Delovaya Gazeta-Yug” (19.05.08, 07.07.08, 30.10.07)
3. IA “Interfax-Yug” (26.02.08, 29.04.08)
4. IA “Yuga.Ru” (26.02.08, 27.03.08, 28.04.08, 19.05.08, 06.08.08)
5. IA “Rosbalt-Yug” (26.02.08, 27.10.08, 26.11.08)
6. IA “RBK. Southern Region” (06.08.08)
7. ADI “Southern Region” (08.09.08)
8. “Webkrasnodar.ru” (07.07.08)
9. Web-site “Business in Kuban” (27.02.08)

Mass media representatives are interested in information about PGU-410 construction and public consultations.

As of now, an “Information Disclosure Program through Mass Media” is being prepared by TGK -8. The Program will comprise:

1. Cooperation with central and preferably local mass media (press, TV), including preparation of primary information and interviews with experts and stakeholders,
2. Cooperation with specialized journals, including preparation of basic information,
3. Posting of information about design and construction operations, public consultations or meetings on OAO “UGK TGK-8” Web site (www.tgk-8.ru), and on the Krasnodar CHP information stand.

- **Industry and companies (consumers)**

The city of Krasnodar is rated as one of the most developing cities in Russia. The largest industrial enterprises in this city are as follows:

- OAO “Krasnodar RTI” Plant,
- OAO “Alexandria”,
- OOO “Knauf Marketing Krasnodar”,
- OAO “Philip Morris Kuban”,
- OAO “Krasnodarsky Processed Cheese Production Plant”,
- OAO “Moscow “Ochakovo” Brewery and Soft Drinks Complex” (subsidiary No 1 in Krasnodar),
- Reinforced Concrete Items Manufacturing Works (ZhBI-2)

The requirements for electric power supply to the Krasnodar Krai and heat supply to the city of Krasnodar are satisfied by the Krasnodar CHP by 40% and 50% respectively. The electric power is supplied to industrial enterprises listed above via electric power systems operated by OAO “FSK” and OAO “Kubanenergo”. For this reason, these enterprises and some other companies of the city are interested in the construction of the TGK-410 unit.

- **NGOs which may be interested in environmental protection**

An environmental protection issue is given focus attention in the Krasnodar Krai and especially in the city of Krasnodar. Public supervision of the environmental situation in the city is performed by the following non-governmental organizations:

- Krasnodar Krai NGO “Environmental Watch in the North-Western Caucasus” (the most active NGO in this region),
- “Inter-regional Cossack Environmental Inspection”,
- Krasnodar Krai Organization of Environmental Safety,
- “Lukar” Regional Environmental Legal NGO,

- Krasnodar regional branch of the International Academy of Sciences in Ecology, People and Nature Safety,
- Krasnodar City NGO “Kuban People Academy of System Ecology and Sustainable Development”,
- Krasnodar Krai NGO “Union of Environmentalists”.

- **People who are interested in employment**

This category of stakeholders includes students, scientists, specialists in power equipment maintenance and repair operations.

This group of citizens expresses an interest in TKG-410 construction; people think that the Project is of significance for creation of new jobs at advanced industrial enterprises.

Members of this category of stakeholders would like to be familiar with EIA documents and participate in public consultations.

- **Public organizations**

Public organizations have the main purpose to defend human, working people, retirees’ rights such as Krasnodar Krai Association on Protection of Consumers, Human Rights in Krasnodar Krai, Center of Social Initiatives in the Krasnodar City. At this stage of the Project Public organizations do not take an interest in information about new block construction.

- **Local residents**

The Krasnodar CHP is located in the south-eastern part of the city of Krasnodar in a dense housing zone. The CHP discharges heated water to the Kuban River via the former river bed, the banks of which accommodate recreation centres, a fish-farm, and an entertainment park.

Nowadays industrial sectors, agricultural complexes and health resorts are progressing rapidly in both Krasnodar and Krasnodar Krai. In this connection, people perceive the main environmental issues to be soil contamination, water contamination and air pollution.

In Krasnodar citizens’ opinion, the industrial zone of the city suffers from heavy contamination caused by its own low air emission sources and vehicles.

On May 14, 2007, Mr. Vladimir Evlanov (Head of the Krasnodar City Administration) had a meeting with the OAO “UGK TKG-8” management. According to him, the citizens are interested in PGU-410 construction because there is a general shortage of power in Krasnodar. The dynamics of housing, civil and industrial construction operations is in progress; for this reason, annual loads on the electric power supply system increase by 25 MW to 30 MW. The modernization of the Krasnodar CHP will contribute to solving the problem of power deficiency; moreover, the city will receive additional heat power.

Residents have a positive opinion about a new owner OAO “Lukoil” of the OAO “UGK TKG-8”. They hope that these changes will be positive and will allow

involving new investments to the city, making Kuban power system operation more stable and improving the technical condition of power facilities.

Nevertheless, the citizens especially those who live in Krasunskiy and Central districts are interested in receiving more information the new block construction, as they are concerned of the city environment condition and new job opportunities.

- **Personnel involved in construction operations**

Construction operations under this Project will be carried out by the OAO “E-4 Group”. It is planned that construction operations will last 34 months and the maximum number of workers during the peak period will be 430 people. Construction works will be carried out by workers from Russia only. Engineering support along with CCGT mounting will be performed by “Mitsubishi’s specialists.

To ensure comfortable work conditions, a temporary construction camp will be constructed near the construction site. Standard cabins will be equipped with cloak-rooms, showers, lavatories and utilities. At completion of construction operations, the camp will be dismantled.

Hot food for the workers will be available at the Krasnodar CHP canteen.

Accommodation for workers will be either at their homes (if local) or in city’s dormitories which are subject to inspections to meet sanitary, hygienic and safety requirements. Special transport will take the workers to the construction site, so no additional load is anticipated for the local public conveyances.

Medical care will be provided for workers and engineers in the first aid post of the Krasnodar HCP.

When identifying key stakeholders, the PCDP developers recognized that the range of stakeholders could be extended and changed during the Project cycle. Anyone reviewing the PCDP who are authorized to add other stakeholders should contact the Krasnodar CHP’s representatives (see contact information below).

Main instruments for identification of new stakeholders should be public consultations, the establishment of a grievance mechanism, and a telephone “hotline” for comments. Comments will be also received in writing and by e-mail.

3.2 *IDENTIFICATION OF MAIN AFFECTED PARTIES*

In addition to key stakeholders, it is also necessary to identify main parties to be directly affected by the Project. Project implementation will have a direct impact on their household, welfare, health, etc.

The affected parties are as follows:

- Residents who live within a radius of 900 m from the design PGU-410 building (in the event of hypothetical accident in the PGU-410 gas supply pipeline, panes in these houses will be smashed. Panes can be completely smashed within a radius of up to 600 m),
- Residents who live in two ten-storied blocks of flats (approximately 60 apartments each) located at a distance of less than 300 m from the PGU-410 stack (a new PGU-410 stack will be erected 250 m closer to the residential

area as compared with current CHP stacks; in addition, the new stack height will be less. Taking into consideration the fact that no calculations have been made with regard to expected concentrations of pollutants in the ambient air at the topmost stories level, an impact of the PGU-410 unit on residents' health can not be ruled out. Moreover, these two blocks of flats are formally within the sanitary protection zone (SPZ) of 300 m wide currently established for the Krasnodar CHP (regardless of the construction of the new facility). As soon as PGU-410 is commissioned, it will be necessary to monitor the ambient air quality in order to obtain substantiating monitoring data on the absence of adverse impacts and for the possibility of reducing the SPZ size,

- Residents who live in the vicinity of the former Kuban River bed where heated water is discharged to. Volumes of heated water discharges to the former river bed will increase due to CPH expansion. As a consequence, water evaporation from the surface of the former river bed will annually increase by approximately 1,000,000 m³; this will result in an increase in the air humidity on the adjacent territory and may potentially worsen living conditions of neighboring residents
- Fish farm located on the banks of the former Kuban River bed (a rise in water temperature may adversely impact the fish farm operation
- People who work at social infrastructure establishments (Boating station, Recreational facilities "Spartak", House of veterans of work – see annex 1) located near the former river bed (as the water temperature in the western part of the bed is expected to rise, it may happen that people will be prohibited to swim there because of a potential threat of infectious diseases; so social personnel and their clients may be potentially affected by the Project),
- Citizens who visit recreation areas on the banks of the former river bed (due to a rise in the water temperature, people may be prohibited to swim there because of a potential threat of infectious diseases).

The OAO "UGK TKG-8" intends to conduct the information disclosure procedure in accordance with a special plan. So, the Company should:

- Organize consultations with local residents who are directly affected by the Project,
- Define mutually acceptable measures, in particular, for different types of compensations to be provided for affected parties,
- Set the timeframe for next consultations,
- Agree upon the proposed measures during next consultations,
- Adopt and initiate implementation of the action program with indication of deadlines for each planned measure,
- Place a report about the performed work to Web site after completion of each measure.

4.1 PROJECT INFORMATION DISCLOSURE

In conformity with the international requirements, public consultations shall be held when an environmental and social impact assessment document is available.

A corresponding stage of public consultations will be conducted in the process of consideration of ESIA documents starting from March 2008.

The information disclosure procedure is based on the Russian legislation relating to public participation in discussions of environmentally significant projects and on the relevant documents of the EBRD.

A complete set of ESIA documents (in Russian) and the Non-Technical Summary (in English and Russian) will be made available in the Krasnodar CHP Press Service and will be also placed on the OAO "UGK TKG-8" website www.tgk-8.ru.

Information on the availability of documentation will be announced through mass media.

Furthermore, brief description of the Project, its expected consequences and measures for prevention and/or mitigation of negative impacts both in Russian and English languages will be placed on the website of the EBRD as well as on the official website of the OAO "UGK TKG-8" at least 60 days prior to making a decision relating to Project financing. This period of time will be used for collection and summarizing of comments to be received from a wide range of stakeholders.

The Company will also make available the ESIA documents to local and district mass media and will conduct a series of public hearings in order to ensure an access to discussions for as many stakeholders as possible. A brief description of the ESIA documents will be published in newspapers (see Annex 2 to this PCDP).

Consultations with participation of experts and key stakeholders shall be conducted in the city of Krasnodar in two weeks after the information is available in accessible places and after publication of the notice about the planned consultations.

4.2 PUBLIC CONSULTATIONS AND DISCLOSURE ACTIONS RELATING TO AN ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

The objectives of public consultations at this stage are to inform the interested parties about the assessment of the expected environmental and social impacts and the proposed measures for prevention and mitigation of negative consequences of the Project, to collect and summarize the comments and take them into account in the process of Project implementation.

In order to attain these objectives, the main forms of activities in the process of public consultations will be as follows:

- Availability of information materials (ESIA Book, concise description of the Project, and booklets) in accessible places,

- Meetings, hearings and consultations (including continuous interrelations with representatives of authorities, meetings with the general public, public hearings and consultations) addressing an extensive range of the general public and individual groups of stakeholders in conformity with the list of stakeholders and by their requests (dates of public consultations shall be announced on the website and on information stands three weeks prior to public consultations),
- Hotline for receiving complaints and comments,
- Information stands,
- Central place for receiving correspondence and e-mail messages to be accessible during the period, when the relevant information is made available to the local communities, and during the construction and operation phase (for more detail see Section 6 “Mechanism for Consideration of Complaints from Stakeholders”),
- Dispatching of information letters and questionnaires. The information letters and questionnaires set as the purpose to inform the interested parties about those or other measures in this respect and to find out attitudes to this or that decision with regard to designing, construction and operation of the new block. Information letters are dispatched by Press Service of the “Kuban Generation” branch (or through the Staff Management Department). Special dispatching groups are listed in Table 4.2. -1.

Any groups or individuals who wish to participate in public consultations will have to contact the Press Service of the Krasnodar HCP (or the Staff Management Department) by phone (861)-219-38-93 or e-mail: **tolmachevaon@krtec.ru (krtec@krtec.ru)** and they will be added to the list and notified on the beginning of the public consultation process. They will also have the right to indicate any particular subjects and if the wish, to meet with the Company’s representatives.

At the regional level, the consultations should be conducted with governmental supervisory agencies, research organizations and mass media.

At the local level, the consultations should be conducted with local governmental supervisory agencies, local communities affected by the Project, local non-governmental organizations, mass media and the Company’s employees and contractors to be involved in construction operations.

The consultation procedure is different at the regional and local levels.

At the regional level, the package of materials will contain the most complete technical information because the regional stakeholders are represented mainly by persons competent in social and environmental issues.

At the local level the following rules are to be followed:

- the submitted information should be written in a comprehensible language (the Non-Technical Summary of the Project),
- the frequency of consultations should be as high as possible in order to identify any possible issues during the initial stage of Project implementation,

- It is required to determine a most convenient consultation procedure and feedback mechanism.

The planned schedule for 2009 and preferable use of different types of consultations in the process of relations with the stakeholders at different levels is presented in the Table below (Table 4.2. -1):

Actions	Stakeholders	Timeframe	Format of final results
Presentation of information materials (ESIA documents, brief description of the Project)	<i>All stakeholders</i>	March – April 2009	<ul style="list-style-type: none"> • Records of the number of circulated materials, • Order on assigning persons to be responsible for replies to inquiries; • Report of the responsible persons who reply to inquiries.
Meetings and public consultations with citizens and stakeholders	<ul style="list-style-type: none"> - <i>Krasnodar CHP representatives</i> - <i>State agencies and authorities</i> - <i>Mass media and internet forums of Krasnodar</i> - <i>Industrial enterprises and organizations located near the site or along the road to the construction site</i> - <i>NGOs which could be interested in environmental protection.</i> - <i>Consumer groups which could be interested in power supply</i> - <i>Individuals who are interested in employment, time and process</i> - <i>Public organizations</i> - <i>Local residents</i> 	April – March 2009	<ul style="list-style-type: none"> • Reference information on each NGO, • Consultations reports, • Filled-in forms of records of comments and proposals, • Summary report on activities of responsible persons replying to inquiries (over the period prior to public consultations), • Updated plans and programs on the basis of received comments, • Updated formats for presentation of the EIA results and socially oriented programs.
Creation of a “hotline” for receiving complaints and proposals	<ul style="list-style-type: none"> - <i>Mass media and internet forums of Krasnodar</i> - <i>Industrial</i> 	March - May 2009	<ul style="list-style-type: none"> • Report on activities of responsible persons replying to inquiries

	<i>enterprises and organizations located near the site or along the road to the construction site</i> - NGOs which could be interested in environmental protection. - Consumer groups which could be interested in power supply - Individuals who are interested in employment, time and process - Public organizations - Local residents		
Information stands and information on Company's website	- Consumer groups which could be interested in power supply - NGOs which could be interested in environmental protection. - Individuals who are interested in employment - Mass media and internet forums of Krasnodar - Public organizations - Local residents	March - July 2009	<ul style="list-style-type: none"> • Report on activities of responsible persons replying to inquiries
Centralized place for receiving correspondence and e-mail messages	<i>All levels</i>	From the date of information disclosure in March 2009.	<ul style="list-style-type: none"> • Report on activities of responsible persons replying to inquiries, including records of received letters (by mail or e-mail), telephone calls from residents, organizations, etc., and replies.
Dispatch of information letters and questionnaires	- State agencies and authorities - Mass media and internet forums of Krasnodar -Industrial	May – July 2009	<ul style="list-style-type: none"> • Report on activities of responsible persons replying to inquiries

	<i>enterprises and organizations located near the site or along the road to the construction site</i> - NGOs which could be interested in environmental protection - Public organizations		
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During meetings, hearings and consultations the Company will use specially prepared hand-out materials. An information package includes the following:

- Concise information about the Project and its expected impacts,
- Brief presentation of the ESIA materials (Non-Technical Summary);
- Information about the response of the Company to comments made by the interested parties during preliminary consultations.

In case of any confrontations and controversies encountered in the process of public consultations, additional interviews with key persons and groups and/or public opinion polls might be required in order to assess the actual significance of raised issues from the viewpoint of the Project approval.

4.3 ***PUBLIC CONSULTATIONS AND INFORMATION DISCLOSURE AT FURTHER STAGES OF PROJECT IMPLEMENTATION***

Public consultations are held at all stages of Project implementation up to Project disclosure.

The invited public:

- Governmental structures and authorities, in particular, representatives of supervisory agencies,
- Stakeholders and local residents to be affected by the project,
- Students and research officers,
- Representatives of non-governmental environmental organizations,
- Mass-media representatives,
- CHP personnel.

Ways of informing the public

- Notices through mass media

At the least, two notices are placed in the most readable regional mass media at least two weeks prior to public consultations.

- Information letters

Information letters are circulated to interested parties with the invitation to participate in public hearings. The letters identify where relevant information is available.

- Press release

The press release providing information about public consultations is sent to top regional mass media.

- Information stands and web-sites

Information stands will be placed in places of the general access, presumably on a popular bulletin board of the Krasnodar CHP.

Information will be available on web-sites of:

- OAO "UGK TGK-8" - www.tgk-8.ru

Information stands and Internet-page will contain information about:

- course of carrying out the design works,
- making of those or other decisions,
- transition to further stages of design and construction operations.

These information sites will also provide information about the hot-line and public consultations.

Information stands and web-sites will be updated as required, but not less often than every 45 days.

The following information will be disclosed in the course of public consultations:

- general information on Project implementation,
- social aspects,
- environmental aspects,
- public informing on:
 - hot-line,
 - Information stands and web-sites of OAO "UGK TGK-8" relating to the construction of the TGK-40 at the Krasnodar CHP site.

Audio record and photo reports shall be produced during public consultations.

A "hot-line" shall be created for receiving complaints and comments on the basis of information disclosure findings.

A mechanism for recording complaints / comments from interested parties shall be created within the framework of the national EIA procedure. The line shall be also kept at further stages of Project implementation up to Project closure in order to:

- define and record all key issues arisen in the process of public consultations,
- properly analyze the aforesaid issues,
- discuss and agree measures aimed at prevention/mitigation of potential adverse impacts of Project implementation.

Comments, complaints and other proposals relating to the EIA in connection with the Project shall be accepted both by phone, and in written form.

The responsible contact person is the press secretary of the Krasnodar CHP.

The telephone line will be open for an access during business hours of the CHP.

The coordinates of the contact person is presented below:

Tel. (861)-219-38-93

E-mail: tolmachevaon@krtec.ru, (krtec@krtec.ru).

Technical information can be obtained from Mr. Kostyuk, Head of the Capital Development Directorate of the Krasnodar CHP:

Tel: (861)219-46-62;

Written applications can be sent in conformity with the form presented in Annex 3.

Reference blanks of the form can be received on the checkpoint of the CHP.

The press secretary of the Krasnodar CHP will keep records of the complaints and send the complaints for consideration to the Capital Development Directorate of the Krasnodar CHP.

An acknowledgement of the receipt of a complaint will be sent out within 10 calendar days from the date of registering the complaint. The complainant will be kept informed of the status of the complaint until the complaint is resolved. A resolution proposal will be communicated to the complainant within 30 working days of the complaint being submitted. If this 30 days time period cannot be met, the complainant shall be informed in writing of the response postponement.

During registration of oral or written references, names and personal details of complainants will be kept confidential if they wish. For reporting purposes, information will be general, such as “female local resident 45 years” or “resident of the region (the name of the region)”, instead of names and addresses.

Results of the analysis of complaints will be summarized for CHP management every 2 weeks for making decisions about the necessity of implementing corresponding measures.

Urgent issues needing immediate response will be immediately communicated to management.

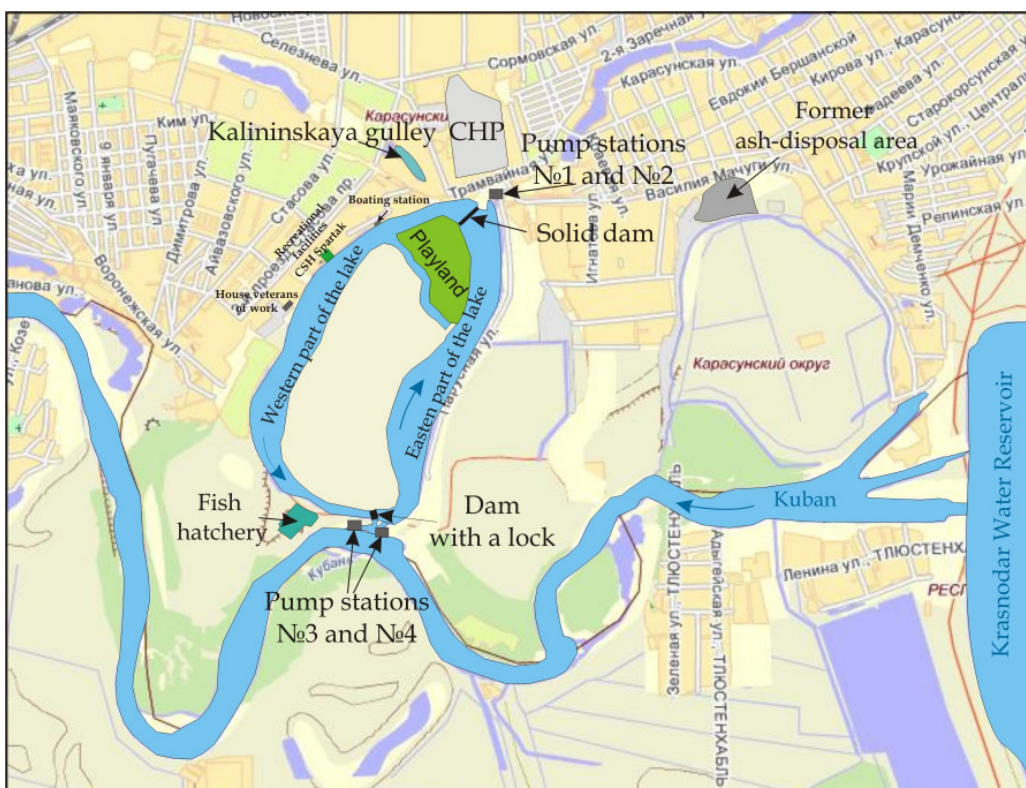
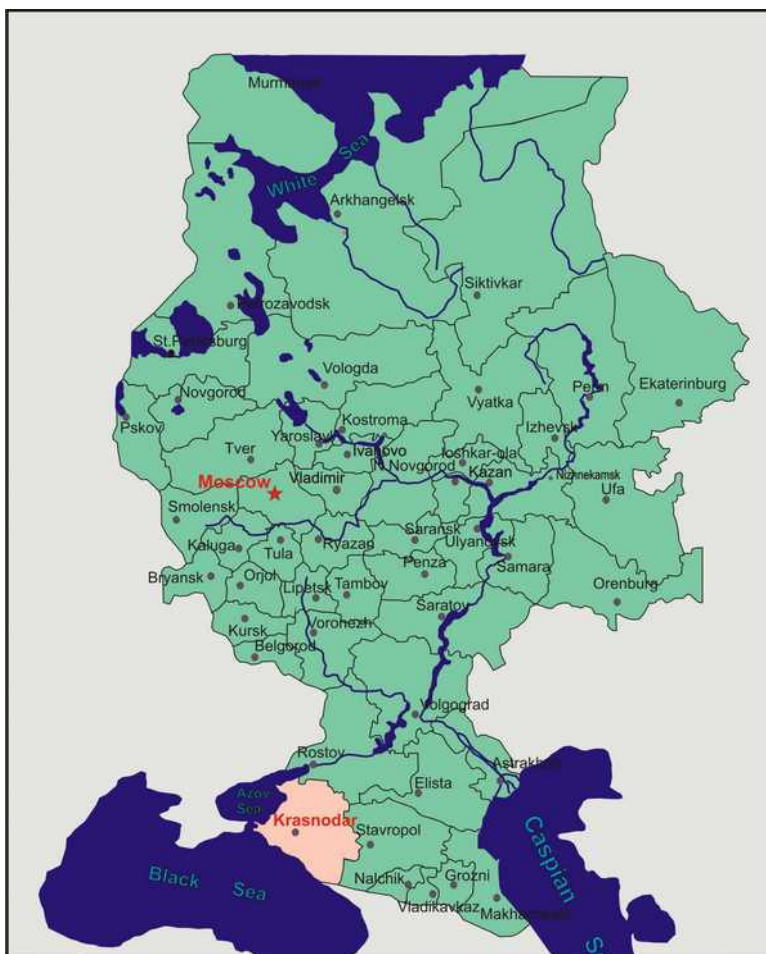
Issues are considered as urgent when construction and operation of the new TKG-410 unit causes apparent damage to public health, property, and natural environment or may cause damage in the nearest future.

A copy of materials on the analysis of received applications with indication of actions taken can be received by means of sending a certain request in the name of Mr. Kostyuk at the end of the consultation period.

Workers' applications will be received once a quarter over the construction period.

The results of completed actions will be reviewed on the annual basis, and the annual Environmental Protection and Safety Report will be prepared.

ANNEX 1. SITE LOCATION MAPS



General federal mass media

- Newspaper “Commersant”
- Newspaper “Vedomosti”
- Newspaper “RBK –Daily”
- Newspaper “Energy and Industry of Russia”
- Journal “Oil and Capital”
- Journal “World Energy”

Local mass media

- Newspaper “Volnaya Kuban”
- Newspaper “Delovaya Gazeta – Yug”
- Newspaper “Kuban Segodnya”
- Newspaper “Krasnodarskiye Izvestia”

Information agencies and other available Internet sources

- IA “INTERFAX”
- IA “PROME-TASS”
- IA “Rosbalt”
- IA “RosFinCom”
- IA “RBK”
- IA “REGNUM”
- IA “DVIS”
- IA “Finam”
- IA “Regions.ru”
- IA “KubanINFO”
- IA “Yuga.ru”
- IA “Elec.ru”
- IA “AK&M”
- IA “Polit.ru”
- ADI “Southern Region”
- “InvestGuru” Portal
- “Engineering Industry” Portal

ANNEX 3. FORM FOR GRIEVANCES AND APPLICATIONS OF CITIZENS

From a citizen (Name): _____

Residence address: _____

Contact information of a citizen:

Telephone _____

Fax: _____

E-mail: _____

Reasons for grievance _____

Source and duration of a problem: _____

Your proposals for settling the problem: _____

Date of appeal _____

Signature: _____