

Background Information Document

EIA for a Gas-fired Independent Power Plant to support Saldanha Steel and other industries in Saldanha Bay

ERM Ref Number: 0315829

Purpose of this Document

The International Power Consortium South Africa (Pty) Ltd ("IPCSA") with Saldanha Steel (ArcelorMittal South Africa "AMSA") being the primary user proposes to develop a 1400 MW natural gas-fired power plant to the east of the existing steel manufacturing facility in Saldanha Bay, Western Cape. The Project will use imported natural gas to generate electricity using advanced gas turbines. The Project will supply the needs of Saldanha Steel and the excess electricity will be made available to support and sustain existing industry and encourage economic growth in Saldanha Bay, West Coast District Municipality and the Western Cape Province. The Project is not dependant on the Department of Energy's (DoE) proposed Independent Power Producer (IPP) program, but will be able to participate if required.

IPCSA is the overall developer and owner of the Project. With it's partners it is sourcing the natural gas, leading the development and construction of the power plant and the interconnections to Saldanha Steel and the national grid. IPCSA and ArcelorMittal South Africa (AMSA) have signed a Co-operation and Pre-Offtake Agreement in terms of which the EIA is a critical input.

The Project requires Environmental Authorisation (EA) from the National Department of Environmental Affairs (DEA) under the National Environmental Management Act (NEMA) (Act No. 107 of 1998), as amended, through an Environmental Impact Assessment (EIA) process. The DEA is the competent authority under these regulations and has powers to authorise the development or refuse it.

This document provides background information on the Project and the EIA process. It helps Interested and Affected Parties (I&APs) understand the Project and provides guidance on getting involved. I&APs play a very important role in the EIA process. We encourage you to register as an I&AP which will enable ERM to keep you informed throughout the EIA processes. By doing so you will be able to engage in discussions on issues, provide comment on the draft Scoping Report, various specialist study findings and comment on the draft EIA Report to be produced in due course.





ERM's Role

In co-ordination with IPCSA, AMSA has appointed ERM as the independent Environmental Assessment Practitioner (EAP) for the EIA. The EIA will ultimately set out the anticipated impacts and propose measures on how these might be managed. The EIA report will then inform an environmental authorisation decision to be taken by the DEA.

Register as an Interested and Affected Party.

Please complete the enclosed registration/comment sheet or contact ERM to register as an I&AP. You can contact us using the details below:

Tougheeda Aspelung of ERM Southern Africa:

Tel: 021 681 5400; Fax to email: 086 5404072

Email: saldanhasteel.eia@erm.com

Postnet Suite 90, Private Bag X12, Tokai, 7966

Project Website: www.erm.com/saldanhasteel



Example of a gas-fired power plant



Project Description

The Project will be located on ArcelorMittal property adjacent to the existing Saldanha Steel plant on a portion of Yzervarkensrug 129/0 and Jackals Kloof 195/2. The Project will involve the construction and operation of a 1400 MW Combined Cycle Gas Turbine (CCGT) power plant with capacity to expand up to 3000 MW base load in future. The wider aim is for the Project to not just meet Saldanha Steel's needs but the needs of the neighbouring industries. It is anticipated that this Project will be the key to unlock the wider planned industrial economy of Saldanha Special Economic Zone (SEZ) and Western Cape Province.

The Project will support both imported Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) as its main fuel supply. CNG and LNG will be supplied by ship to the Port of Saldanha, where it will be offloaded via a submersible pipeline either from a mooring area located offshore or a berthing location in the Port of Saldanha. The gas off-loading facility will incorporate sufficient gas storage capacity to cater for the power plant needs and to support other party requirements if needed. The gas will be transported via the onshore landing to site through an underground pipeline.

The infrastructure that forms the Project and will be included in the EIA includes:

- A CCGT power plant (1400MW with possible expansion to 3000MW)
- Onshore natural gas pipeline from the Port of Saldanha to the site (between 2.5 km and 5 km in length); and
- Power transmission line to connect to an existing nearby substation.

Note that ERM are undertaking separate EIAs for the Department of Energy for LNG import facilities.



Why is this Project important?

Existing industry in the West Coast District, specifically Saldanha, is facing overwhelming changes in the export markets – to the extent that the future of these businesses is under threat. Aggravating the situation is the electricity price hike and increasing risk to the availability thereof. The socio-economic impact of possible closure may have severe consequences, including large job losses.

Such a scenario can be averted if a comprehensive and integrated “start-to-end” solution for power generation in the region can be obtained and realized. This Project makes provision for the importation of natural gas as a fuel source and generation of electricity at a significant lower input cost and a more predictable forward price path. The solution does not exclude future upscaling and will provide capacity for other off-takers and parties, either for electricity or for participants in the future gas market.

Most importantly it is envisaged to ensure the sustainability and growth of West Coast industries and is expected to ignite development through the availability of electricity and gas in the region and the country in general.

The Environmental Impact Assessment Processes

The Project triggers listed activities in EIA Regulations Listing Notice 1 (GNR R983), Notice 2 (GNR 984) and Notice 3 (GNR 985), as well as activities listed in the National Environmental Management: Waste Act, 2008. Therefore, the Project will require full Scoping and EIA Processes to support any environmental authorisation decisions. A typical full Scoping/EIA Process is explained below.

Scoping Phase

The purpose of the scoping phase is to communicate the Project to I&APs, to identify possible positive and negative impacts, alternatives, as well as to determine the terms of reference for specialist studies to be conducted in the EIA phase. This will be set out in the **Scoping Report**. **The Draft Scoping Report for the Project will be made available for a thirty (30) day public comment period.**

EIA Phase

The possible positive and negative impacts identified in the scoping reports will be assessed in the EIA Reports. The significance of the impacts will be rated using a prescribed methodology. The **Environmental Impact Report** will include Environmental Management Programme, which will detail proposed management measures to minimise negative impacts and enhance positive impacts. **The draft EIA Report will be made available for a thirty (30) day public comment period.**

In addition permits may also be required additional to environmental authorisation. These include, but are not limited to, permits associated with:

- Water Use Licences in terms of the National Water Act (Act No. 36 of 1998);
- Air Emissions Licences in terms of the National Environmental Management: Air Quality Act (Act No. 39 of 2004); and
- Waste Management Licence in terms of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).

The Final Scoping Report and Environmental Impact Assessment Report, along with all stakeholder comments, will be submitted to the Department of Environmental Affairs for decision making.

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Registration and Comment Sheet

Should you have any queries, comments or suggestions regarding the proposed Project, please note them below.

Return this comment sheet to Tougheeda Aspeling of ERM Southern Africa:

Email: saldanhasteel.eia@erm.com

Postnet Suite 90, Private Bag X12, Tokai, 7966

Tel: 021 681 5400

Fax to email: 086 5404072

www.erm.com/saldanhasteel

Please formally register me as an Interested and Affected Party (I&AP) and provide further information and notifications during the EIA process	Yes		No	
	I would like to receive my notifications by:			
	Email	Post	Fax	

Comments;			
Title and Name:			
Organisation:			
Telephone:		Fax:	
Cellphone:		Email:	
Postal Address:			

Name	Signature	Date

