

COAL BASELOAD INDEPENDENT POWER PRODUCER PROJECT

BACKGROUND INFORMATION DOCUMENT Introduction

Mutsho Power Company (Pty) Ltd (*Mutsho*) intends to submit a bid response to the Department of Energy's (DoE) Coal Baseload Independent Power Producer (IPP) procurement programme (see note below).

As part of the bid process, Mutsho must adhere to the regulations and guidelines of the process, which includes the application for Environmental Authorisation and Water Use, Waste Management and Atmospheric Emission Licensing.

This BID provides information on:

- An overview of the proposed project.
- The legal requirements and process.
- How you as Interested and Affected Party (IAP) will be involved in the process.

COAL BASELINE INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME

South Africa has two acts that direct the planning and development of the country's electricity sector: i) The National Energy Act of 2008 (No. 34 of 2008) and ii) The Electricity Regulation Act (ERA) of 2006 (No. 4 of 2006). In May 2011, the DoE gazetted the Electricity Regulations on New Generation Capacity under the ERA. The New Generation Regulations establish rules and guidelines that are applicable to the undertaking of an IPP Bid Programme and the procurement of an IPP for new generation capacity.

The IPP Procurement Programme includes large renewables, small renewables, Cogeneration, Gas, Solar Parks and Coal. This project is focused on the coal baseload programme.

This Background Information Document (BID) provides stakeholders with initial information about the proposed project, the EIA process and how to register as an IAP.

Environmental Assessment Practitioner (EAP) Jacana Environmentals cc has been appointed as the Independent EAP to undertake and manage an integrated regulatory process for Environmental and Water Use Authorisation, inclusive of the EA, WML, AEL and WUL, and to undertake the necessary Public Participation as a joint parallel process to comply with all relevant legislative requirements.

Your initial comments and registration as an IAP must be submitted to the Public Participation Office by 27 September 2016 (30 days from advert)

Please complete the enclosed registration form and send it back to:

Public Participation Office

Tel: 012 543 9093

Fax: 086 743 4736

Email: coal.ipp.project@gmail.com

BACKGROUND INFORMATION DOCUMENT

Project Information

The plant will be a 660 megawatt (MW) coal-fired electricity generation station, dry-cooled and fuelled from the Vele Colliery with mined coal. The station will be designed in compliance with international best practice, and will comply with the design codes and standards stipulated by ESKOM and the Department of Environmental Affairs (DEA). The process will be monitored from inception to decommissioning by two separate, independent engineering firms.

The configuration of the IPP facility has not yet been concluded, but would typically include the following components:

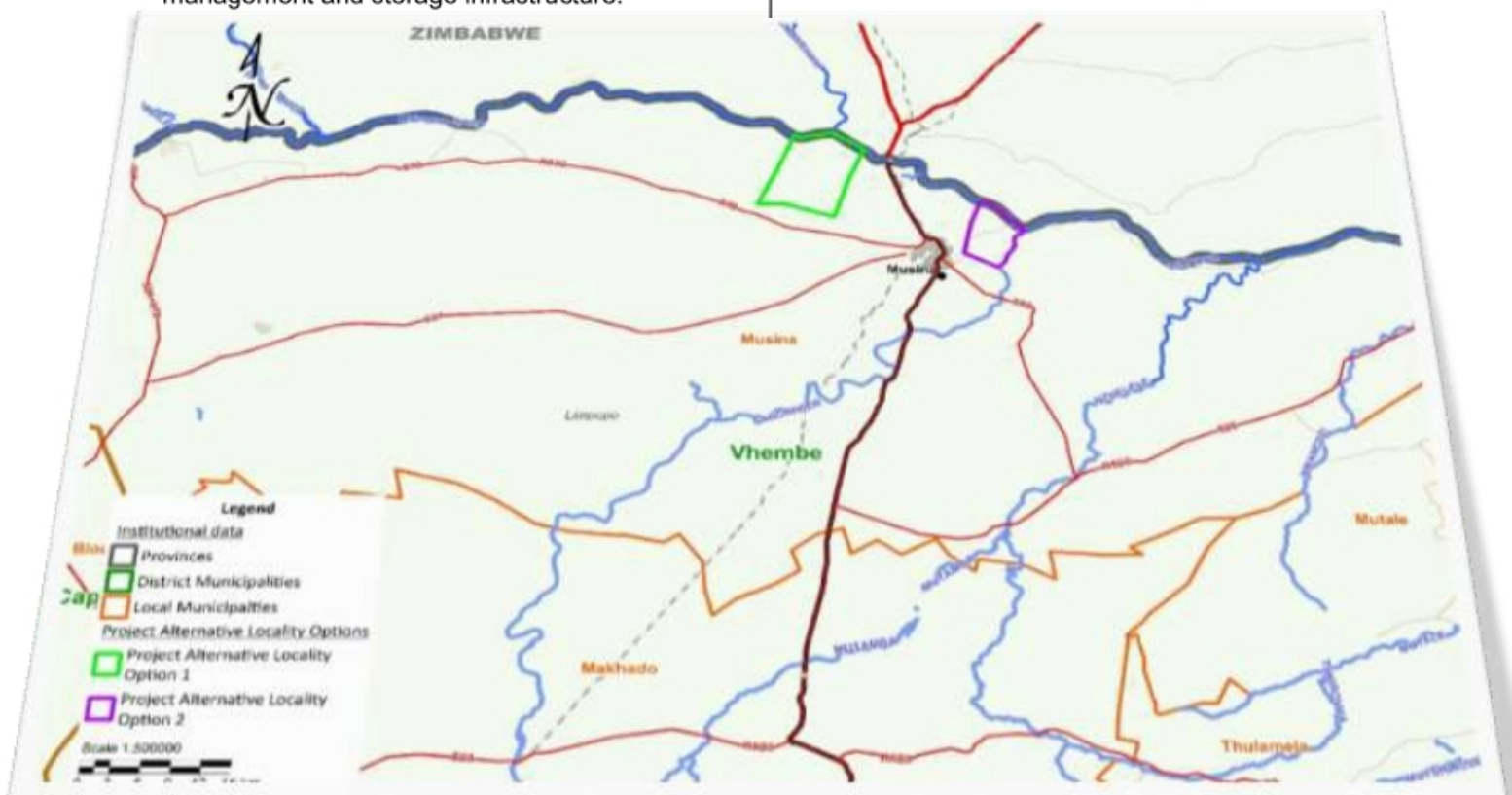
- Power station and auxiliaries;
- Coal and limestone stockpiles;
- Ash dumps;
- Overhead transmission power lines;
- Substation to link into the existing distribution network; and
- Road network, offices, workshops and water management and storage infrastructure.

As part of the Environmental Impact Assessment (EIA) process, due care and attention will be paid to both the environmental and socio-economic requirements of the area. Water preservation and recycling will be paramount, as will job creation and air quality. All of these factors will be considered both individually and combined to maximise results and opportunities.

The proposed IPP facility will be situated within the Vhembe District Municipality of the Limpopo Province. Two alternative locality options are being investigated, namely (refer to the figure below):

- Farm Landbou 171 MS, approximately 15 km north-west of Musina along the R572; and
- Farm Antonvilla 7 MT, approximately 2 km north-east of Musina.

Three alternative site locations will be investigated at the preferred locality.



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Legal Requirements

The proposed IPP facility and associated infrastructure requires an **Environmental Authorisation** in terms of the National Environmental Management Act 107 of 1998 (NEMA), as amended, and the EIA Regulations (GN No. R.982 to 985) promulgated on 4 December 2014. A number of listed activities are triggered by the proposed infrastructure development as described above, including:

- 7 listed activities under Listing Notice 1.
- 5 listed activities under Listing Notice 2.
- The listed activities under Listing Notice 3 will be confirmed once configuration and positioning has been completed.

Listing Notice 2 requires application for Environmental Authorisation following a Scoping and Environmental Impact Reporting (S&EIR) process as prescribed in regulation 21 to regulation 24 of the EIA Regulations, 2014. Refer to Appendix B for a list of potential listed activities (to be confirmed).

The proposed infrastructure development further triggers water use in terms of Section 21 of the National Water Act 36 of 1998 (as amended), which requires a **Water Use Licence** (WUL). Water uses could include, but are not limited to:

- Taking water from a water resource;
- Storing water;
- Impeding or diverting the flow of a water course;

- Engaging in a controlled activity identified in s31(1) or declared under s38(1);
- Disposing of waste in a manner that may detrimentally impact on a water resource;
- Disposing in any manner of water containing waste from or which has been heated in any industrial or power generation process; and
- Altering the bed, banks, course or characteristics of a water course.

In addition, waste from thermal processes is categorised as a Category A waste type, which requires a **Waste Management Licence** (WML) in terms of the National Environmental Management: Waste Act 59 of 2008 (as amended).

Finally, solid fuels combustion installations used primarily for steam raising or electricity generation with a design capacity equal to or greater than 50 MW requires an **Atmospheric Emission Licence** (AEL) in terms of the National Environmental Management: Air Quality Act 39 of 2004 (as amended).

The Environmental Authorisation, WML and AEL applications will be submitted to the National DEA, and the WUL application to the Department of Water and Sanitation (DWS).



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Project Process and Phases

Government's "One Environmental Management System" commenced on 8 December 2014 when the 2014 EIA Regulations came into effect. These regulations have streamlined the licensing processes for environmental authorisation, such that the licensing processes for the different regulatory regimes are served by a single EIA process.

A **fully integrated process** will thus be followed for the project, in line with the One Environmental Management System timeframes as stipulated in the 2014 EIA Regulations and as presented in the diagram overleaf.

This entails the following key tasks:

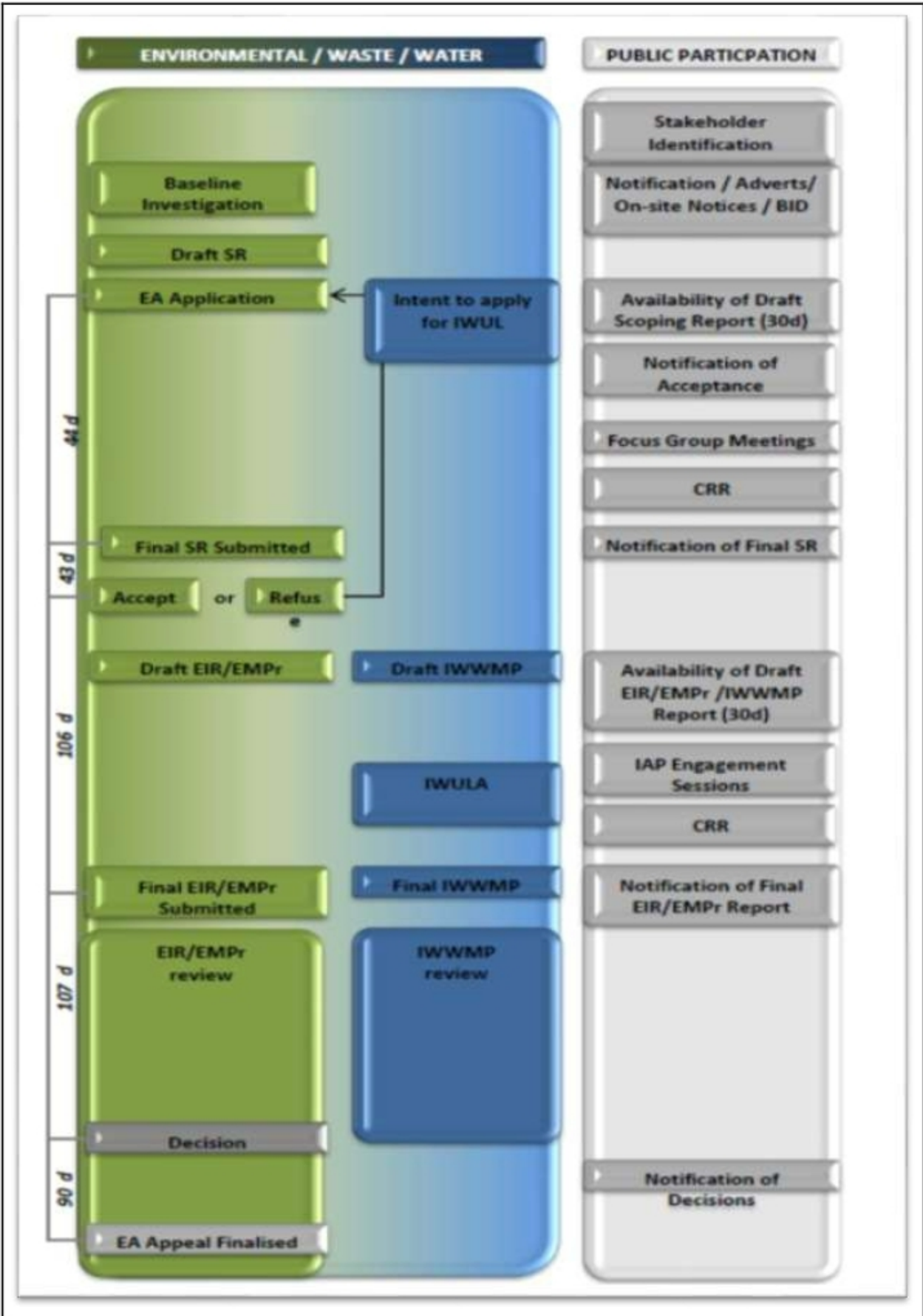
- **Application:** Submission of application forms to the relevant authority, in this case the National DEA for the EA, WML and AEL and the DWS in Limpopo for the WUL.
- **Scoping Phase:** Compile a Consultation Scoping Report (CSR) and provide it for comment to Interested and Affected Parties (IAPs). The CSR will identify the key issues and alternatives to be assessed and recommend the approach to be followed during the EIA phase to follow. Comments received from IAPs are incorporated in the CSR and the Final Scoping Report (FSR) is submitted to the authorities, whereupon they accept or refuse it.
- **EIA Phase:** Upon authority acceptance of the FSR, the EIA phase can commence. This includes the preparation of the Environmental Impact Report (EIR), which provides detailed assessments of the significance of biophysical and social impacts, as well as the Environmental Management Programme (EMPr). The Consultation EIR and EMPr are again provided for IAPs comment and comments are responded to in the Final EIR and EMPr, which is submitted to the authority for decision-making.
- **Authority review and decision-making:** The authority reviews the information and

recommendations provided in the Final EIR and EMPr and is required to issue a decision to authorize (or refuse to authorize) the project within 107 days of submission of the documents.

The 2014 EIA Regulations (Section 12) require that Mutsho (the applicant) appoints an Independent Environmental Assessment Practitioner (EAP) at its own costs. Section 13 details the role of the EAP, indicating its independence and requirement to follow the regulations.

Jacana Environmentals cc has been appointed as the Independent EAP to undertake and manage an integrated regulatory process for Environmental and Water Use Authorisation, inclusive of the EA, WML, AEL and IWUL, and to undertake the necessary Public Participation as a joint parallel process to comply with all relevant legislative requirements. To assist the EAP, a number of specialist studies have been identified, namely:

Specialist Field	Company
Soils, land use and land capability assessment	Rossouw Associates
Ecological investigation	P Enviro Holdings
Wetland and aquatic impact assessment	IEM Systems
Surface water assessment	M ² Environmental Connections
Groundwater impact assessment	Geo Pollution Technologies
Air quality impact assessment	Royal HaskoningDHV
Climate change impact assessment	Royal HaskoningDHV
Noise impact assessment	Enviro Acoustic Research
Heritage impact assessment	Mbofhu Consulting
Heritage impact assessment (peer review)	Vhufa Hashu Consulting
Visual impact assessment	IEM Systems
Traffic impact assessment	AvzconS
Blasting impact assessment	Blast Management & Consulting
Social impact assessment	Diphoro Development
Health risk assessment	AirCheck
Land use trade-off study and housing strategy	Glen Steyn Consulting
Rehabilitation and closure	Jaco-K Consulting



Public Participation Process

The integrated Public Participation Process is a process in which IAPs are given an opportunity to comment on, or raise issues relevant to the application and licensing process.

Pre-application Phase

The Pre-application phase is part of the initiation of the process, and utilized to plan for the following phases. Activities involved include:

- Meetings with authorities to agree on process and study requirements;
- Commencing with specialist studies and baseline data-gathering on the project area and region;
- Establishment of the IAP Register;
- Initial public and landowner notification and an invitation to contribute to the EIA process to IAPs in the project area and beyond; and
- Advertisements in local and regional newspapers to announce opportunities to participate.

Scoping Phase

Activities involved in the Scoping Phase include:

- Notification of the submission of the application and the availability of the CSR;
- Convening Focus Group meetings in the project area to obtain comments on the CSR;
- Submission of a FSR, capturing all issues raised on the impact assessment, to the DEA; and
- Making available the FSR to registered IAPs.

EIA Phase

Specific activities in this phase will include:

- Specialist studies focused on outcomes of the Scoping Phase and issues raised by stakeholders;
- Compilation of a Consultation EIR and EMPr indicating the potential positive and negative impacts and measures to enhance positive impacts and to reduce or avoid negative impacts;
- Environmental Impact Statement, highlighting the preferred alternative and reasons thereof;
- Notification of the availability of the Consultation EIR and EMPr;

- Stakeholder Public Meetings to present a summary of the findings of the EIR for stakeholder comment; and
- Notification of the submission of the Final EIR and EMPr, and making it available to registered IAPs.

Decision-Making and Appeal Phase

This involves notifying the registered IAPs about the decision from the Competent Authority, in this case the DEA. The DEA must accept or reject the application within 107 days. Stakeholders will be notified of the DEA's decision if an Environmental Authorisation has been granted or not and of the appeal procedure should they wish to appeal the decision.

Registration as an IAP

You are a registered IAP in the following circumstances:

- If you complete the attached Registration Form and send it back to the Public Participation Office;
- If you submit written comments on the applications;
- If you attend meetings; and
- All organs of state which have jurisdiction in respect of the applications are automatically registered.

Responsibilities of IAP

If you wish to participate in the process, you should:

- register as an IAP;
- disclose any interest in the application being granted or refused;
- inform others whom you think may be interested and/or affected by the proposed project, and encourage them to register;
- comment within the specified/agreed timeframes and ensure that comments were received by the Public Participation Office;
- contribute information and/or knowledge of the environment and social aspects in the project area; and
- attend meetings scheduled throughout the process to participate and access information.

BACKGROUND INFORMATION DOCUMENT

Registration as an Interested and Affected Party

Please complete this form to ensure that you will be registered as an Interested and Affected Party. By answering the questions below, you will help us develop a better understanding of your information needs and concerns relating to the project.

Please formally register me as an IAP and provide me with further information and notifications during the EIA Process	Yes	No
I would like to receive my notifications by:	Email	Post
		Fax

Please fill-in your contact details below for the project database:

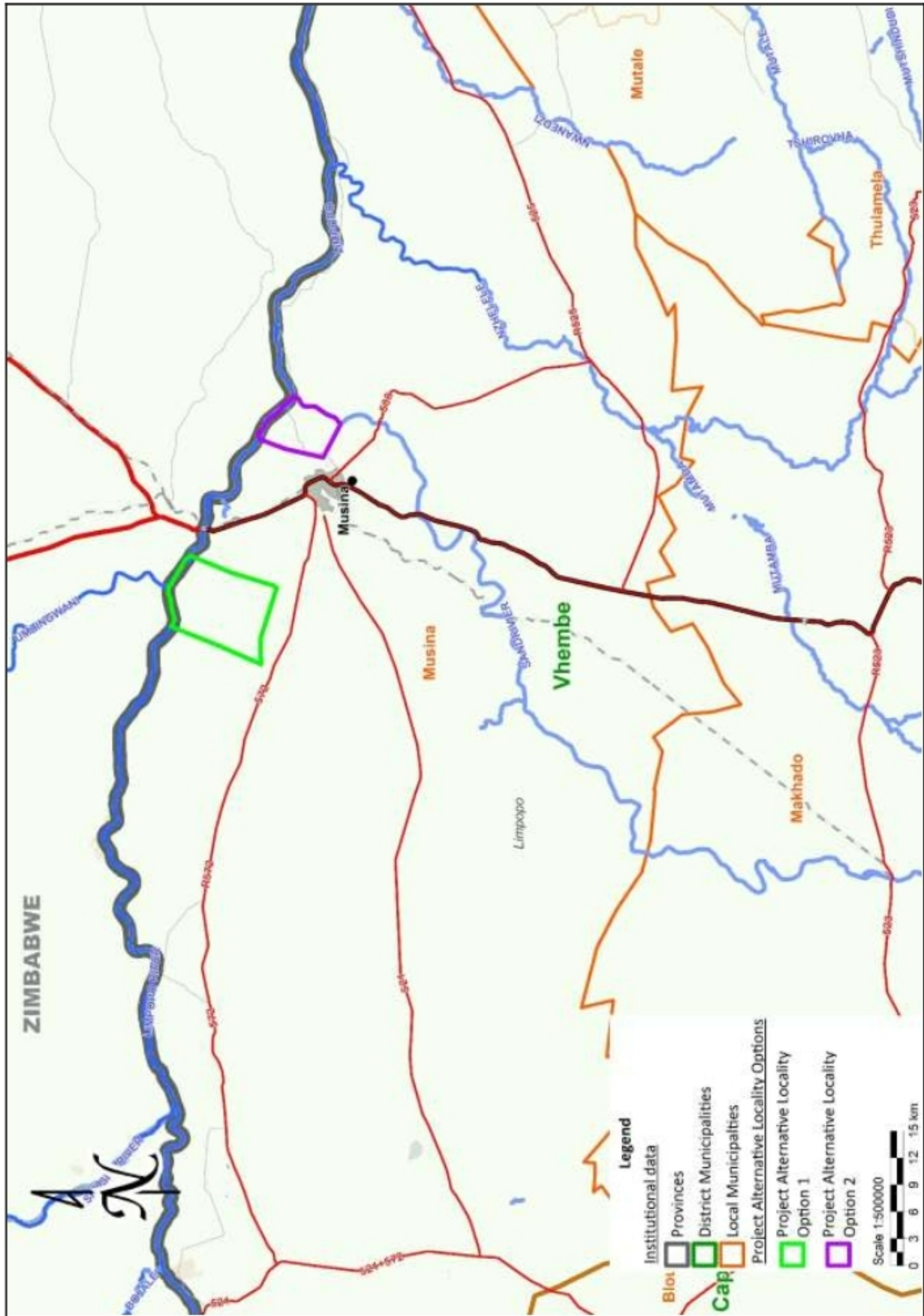
Title:		Name / Initials:		Surname:	
Organisation:					
Property:					
Telephone:		Fax:			
Cellphone:		Email:			
Postal Address:					

Comments	
	Please feel free to attach a separate document

Do you have any direct business, financial, personal or other interests in the approval or refusal of an application?	Yes		No		If yes, specify below

Are there any role-players that you feel we should consult with (please state their names and contact details)?	Initials & Surname	
	Organisation	
	Contact number / email (required)	

APPENDIX A: LOCALITY MAP



APPENDIX B: TABLE WITH POTENTIAL LISTED ACTIVITY DETAILS

Listing Notice 1
(GN No. R.983)

- A9: The development of infrastructure exceeding 1000 metres in length for the bulk transportation of water or storm water – (i) with an internal diameter of 0.36 metres or more; or (ii) with a peak throughput of 120 litres per second.
- A10: The development and related operation of infrastructure exceeding 1000 metres in length for the bulk transportation of sewage, effluent, process water, waste water, return water, industrial discharge or slimes – (i) with an internal diameter of 0.36 metres or more; or (ii) with a peak throughput of 120 litres per second.
- A12: The development of (i) canals; (ii) channels; (iii) bridges; (iv) dams; (v) weirs; (vi) bulk storm water outlet structures; (vii) marinas; (viii) jetties; (ix) slipways; (x) buildings; (xi) boardwalks; or (xii) infrastructure or structures exceeding 100 square metres in size, where such development occurs within a watercourse or within 32 metres of a watercourse, measured from the edge of a watercourse.
- A13: The construction of facilities or infrastructure for the off-stream storage of water, including dams and reservoirs, with a combined capacity of 50 000 cubic metres or more.
- A14: The construction of facilities or infrastructure for the storage, or storage and handling of a dangerous good, where such storage occurs in containers with a combined capacity of 80 cubic metres but not exceeding 500 cubic metres.
- A19: The infilling or depositing of any material of more than 5 cubic metres into, or the dredging, excavation, removal or moving of soil, sand, shells, shell grit, pebbles or rock from (i) a watercourse; (ii) the seashore; or (iii) the littoral active zone, an estuary or a distance of 100 metres inland of the high-water mark of the sea or an estuary, whichever distance is the greater.
- A24: The development of a road with a reserve wider than 13.5 meters or where no reserve exists where the road is wider than 8 metres.

Listing Notice 2
(GN No. R.984)

- A2: The development and related operation of facilities or infrastructure for the generation of electricity from a non-renewable resource where the electricity output is 20 megawatts or more.
- A6: The development of facilities or infrastructure for any process or activity which requires a permit or licence in terms of national or provincial legislation governing the generation or release of emissions, pollution or effluent.
- A9: The development of facilities or infrastructure for the transmission and distribution of electricity with a capacity of 275 kilovolts or more, outside an urban area or industrial complex.
- A15: The clearance of an area of 20 hectares or more of indigenous vegetation, excluding where such clearance is required for (i) the undertaking of a linear activity; or (ii) maintenance purposes undertaken in accordance with a maintenance management plan.
- A28: Commencing of an activity, which requires an atmospheric emission licence in terms of section 21 of the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004).

Listing Notice 3
(GN No. R.985)

To be confirmed, based on final configuration and position of station.