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# **TRANS ADRIATIC PIPELINE SITE VISIT MONITORING REPORT: EXECUTIVE SUMMARY APRIL/MAY 2017**

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## Version Control Log

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## EXECUTIVE SUMMARY

### Introduction

TAP is a natural gas pipeline project which will connect the Caspian Region and Southern and Central Europe as part of the Southern Gas Corridor, allowing gas to flow directly from the Caspian region to European markets. The TAP pipeline will be approximately 878 km long and will start in Greece, close to Kipoi near the Turkish border, and then cross Albania and the Adriatic Sea to southern Italy. The offshore section will be approximately 105 km in length, entering the Adriatic Sea from the Albanian coast (northwest of Fier). Landfall in southern Italy will be in the area of San Foca. The onshore sections of pipeline will include various blockvalve and compressor stations. TAP will initially have a capacity of 10 billion cubic metres per year (bcm/year), but has the potential to expand to 20 bcm/year as required.

Construction of the Project commenced in late 2016. To date, pipeline construction has been restricted to the onshore elements of Greece and Albania. Site preparation has begun in Italy, but no significant construction works have yet been carried out. As of May 2017, approximately 50% of the pipeline Right of Way (RoW) had been cleared in both Greece and Albania. Trenching, pipe lay and backfill operations have been completed for around 19% of the RoW in Greece and 27% in Albania. Restoration has been completed along only 21% and 13% of the RoW in Greece and Albania respectively.

Ramboll Environ has been appointed to act as the Independent Environmental Consultant (IEC) on behalf of prospective lenders to the Trans Adriatic Pipeline (TAP) Project (the 'Project'). The overall IEC Scope of Work is to assess the extent to which the Project and its associated environmental and social documentation meets the international environmental and social (E&S) and health and safety (H&S) standards and guidelines applicable to the Project, as well as local laws and regulations. The Project Standards comprise:

- EBRD Environmental and Social Policy (2014);
- EIB Environmental and Social Principles and Standards (2013);
- OECD Common Approaches (June 2012);
- The Equator Principles (2013);
- The IFC Performance Standards (2012);
- The WBG/IFC EHS Guidelines;
- Local Environmental, Health, Safety and Social laws, regulations and permits;
- Applicable EU Environment Directives including the SEA, EIA, Habitats and Birds Directives and Water Framework Directive;
- International Law including HSES conventions and treaties ratified by Greece, Albania or Italy and applicable to the Project, in particular the ESPOO Convention on EIA in a Transboundary Context.

The findings of the IESC's Due Diligence against the above Project Standards will be issued at a later date.

The IEC scope also includes the performance of regular site visits to each of the three host countries (Greece, Albania and Italy) during the construction/commissioning phase of the Project in order to monitor the Project's compliance with good international industry practice (GIIP) and the Project Standards. The first of these monitoring visits was conducted during April and May 2017 to the Project in Greece and Albania. A visit to the Project in Italy was not conducted during the latest round of monitoring (a visit is scheduled for Q3 2017). This report sets out the findings of the

monitoring visit to Greece and Albania, and provides assessment, comment and recommendations regarding compliance with Project Standards.

## Findings

Many instances of E&S and H&S good practice were observed during the visit, but there were some areas where improvements in site practices and in-country management are necessary to fully meet Project Standards and good international industry practice.

TAP has an existing E&S management system in place, including a suite of management plans and associated Contractor Control plans (CCPs). However, an overriding concern is that this existing E&S management system does not meet the requirements of Project Standards and, for example, earlier review of the CCPs by the IEC found a number gaps/deficiencies against the above Project Standards. While improvements and updates to the E&S management system are in progress (by production of new and/or updated Company Environmental Management Plans and an overarching Environmental & Social Management Plan (ESMP)), at the time of the site visit these measures had not been finalised or rolled-out into field implementation. This is of particular concern given that the Project is well advanced into its construction schedule. This situation represents a major non-compliance with one of the underlying tenets of EBRD Performance Requirement 1 (PR1), IFC Performance Standard 1 (PS1), Principle 4 of the Equator Principles and the EIB Environmental and Social Standards. Given the advanced status of construction this situation needs to be rectified as a matter of high priority if compliance during construction is to be meaningfully achieved in this regard.

To supplement the (yet to be fully implemented) Environmental Management Plans TAP has developed 'Kilometre Point (KP) Registers' of social and environmental risks for both Greece and Albania. It was understood that the KP Registers were to be used to record fine detail of any environmental/social aspects that required mitigating actions by the contractor at specific points along the RoW. The KP Registers would have therefore served as a valuable source of information for the contractor and aid the practical application of environmental and social management at construction sites. However, from inspection of the environmental KP Register (the Social Register is still under development) it appears to serve the purpose of a TAP management tool, rather than a source of information for contractors. Also, the KP Register only covers areas of the ROW started during 2017/2018. It does not cover areas of active construction initiated during 2016, but have continued into 2017. This has led to a gap in the management of environmental risks in these areas.

Nonetheless, based on observations and interviews with TAP staff, Company field personal are generally now applying good practice in their environmental oversight and mentoring of contractors (although examples of previous poor practice, such as at stream crossings, are outlined below), and the EPCs appear to have responded positively to this. TAP has also provided training to contractors via a workshop delivered by an erosion and sediment control expert. Field personnel were for the most part adequately experienced, had a good knowledge of GIIP and were able to identify any deviation from good practice and help implement remedies. However, there are still some concerns about the transition of TAP staff from other roles into E&S positions. TAP needs to pay careful attention to measures and procedures ensuring that staff and activities are monitored by experienced experts and capacity built or substituted where gaps are identified. At present, TAP appears able to provide adequate general E&S oversight for the current construction activities, but these resources will be stretched as the length of open RoW and the number of active work areas increases. It was also observed that 'jump overs' of sections of the RoW (for example to allow cultural heritage investigations) were very common, leading to fragmentation of active work areas

and resulting in increased pressure on E&S oversight resources. While many of these jump overs are undoubtedly necessary, there were instances where it would appear that improved advanced planning could have avoided cases where watercourse crossings were not undertaken concurrently with the construction schedule in that part of the RoW; given the number of 'enforced' jump-overs, it becomes increasingly important to avoid unnecessary additional fragmentation of the construction as this will lead to increased pressure on resources and equipment. It is also noted that TAP in-country teams do not as yet have specialists in areas such as erosion control and reinstatement. These specialist resources are likely to become increasingly required as construction progresses, particularly with respect to specialist advice on permanent erosion control and reinstatement (noting that reinstatement is at a very early stage).

Stream crossings for access tracks along the RoW are commonly constructed using a berm and flume pipes and several examples of poor design were observed during the visit, including in Tier 2 critical habitats. Potential impacts from improper design (such as the release of sediment from berms) are sometimes exacerbated by the access track crossings being left in place over winter. It is noted that the contractor's overall management plan for stream crossings relates almost entirely to pipeline crossings, with almost no mention of the requirements for crossings by running tracks (we note that the IEC has previously raised concerns over the lack of adequate consideration of running track crossings within the management plans).

The issue of 'over-wintering' also generally applies to the RoW. While there were sections of the RoW that displayed good erosion control practices, those that had been left open over the winter months had clearly suffered from the effects of erosion and sedimentation. There were also instances where erosion, sedimentation and drainage controls could be improved, or were lacking.

We understand that clearance of the RoW within the South Evros Forest Special Protection Area (SPA) / Important Bird Area (IBA) occurred outside of the bird breeding season. However, pipeline construction activities were on-going at the time of the visit, which was during the breeding season. It is of concern that active construction was taking place during the peak bird breeding season, when the most effective prescribed mitigation measure in place is the timing of works to avoid disturbance. TAP propose to carry out a retrospective breeding bird survey, but at the current time, it cannot be confirmed that TAP is meeting the requirements of EBRD PR6 / IFC PS6 in this regard.

Only a very small proportion of the RoW had been reinstated at the time of the visit, although TAP is making efforts to accelerate progress. The quality of reinstatement was difficult to properly assess from the few examples that could be observed. The single example of reinstatement seen in Greece was of good quality, but it was noted that more attention needs to be paid to certain reinstatement procedures in Albania (such as erosion that results from 'intermediate' reinstatement of some slopes). It was also noted that in some places farmers have re-entered land and planted crops ahead of any official handback. However, TAP is warning landowners that the handover process is not completed and that there is the possibility that re-entry might be required during the hydro testing. It is understood that the likelihood of re-entry is likely to be limited to a few small areas. In Albania, TAP was taking the approach of handing back the land as quickly as possible to the farmers who were keen to get back planting. It is recommended that TAP moves forward with handing the land back in Greece and makes provision for a small compensation contingency to compensate for any future damage. This measure would help to build community support for the project and avoid any potential PR problems.

TAP has committed significant resources to engaging with stakeholders across the project route and the general public through a broad range of stakeholder engagement mechanisms. This

stakeholder engagement, coupled with commitments to social and environmental investment measures, is sufficient to maintain a Social Licence to Operate (SLO) in most communities. However, where TAP has faced opposition from sections of some communities, where serious concerns have been raised by those communities about the presence and route of the pipeline through their areas, the stakeholder engagement approach has not yet won full acceptance. International best practice concerning project and community conflict is to find ways to mediate the conflict through the use of conflict resolution specialists.

The visit revealed an overall reasonable standard of H&S management, with a discernible 'H&S culture'. However, there were still some practices that warrant improvement (such as management of hazardous materials), and it was noticed that adherence to H&S good practice was sometimes less evident when there was no direct TAP/EPC H&S supervision.

### **Recommendations**

Based on the findings of the site visits we make the following recommendations for improvements in practices to meet lender standards:

1. TAP should complete over-arching ESMP documentation as a matter of priority, and ensure that all requirements are communicated to the contractors, incorporated into site procedures and implemented. A clear and auditable system for information transfer to the site on a KP basis needs to be demonstrated, and audits of this shared with lenders.
2. TAP should appoint a conflict resolution specialist to review the TAP approach to managing conflict resolution in order to ensure that all actions are taken to limit conflict.
3. The increased number of work areas anticipated in the coming months will add to pressure on existing staff. It is recommended that TAP further increases its E&S oversight by recruiting additional field monitors and H&S staff, and appoints specialists in reinstatement, erosion/sediment control and logistics.
4. TAP will need to provide auditable evidence that impacts to the qualifying species of the South Evros Forest Special Protection Area (SPA) / Important Bird Area (IBA) caused by disturbance have been avoided. Any additional impacts and damage caused as a result of the delay in restoring the RoW will require careful restoration and residual impacts offset to provide a net gain to critical habitat features. If auditable evidence is not available, a precautionary / worst case scenario may be required to quantify the losses incurred.
5. TAP should provide a commitment, backed with measurable Key Performance Indicators, to accelerate reinstatement and to reduce the length of open RoW.
6. TAP should review its construction planning procedures to minimise the occurrence of watercourse crossings that are performed non-currently with adjacent RoW construction works.
7. TAP needs to have a higher H&S profile on the working areas and contractors need to maintain a good watchfulness and encourage their supervisors to be more pro-active.
8. Single span temporary bridges rather than berms and flumes should be used for running tracks crossing sensitive water courses where technically feasible and safe to do so, noting that this is a commitment in the ESIA and that the 'default' use of berms/flumes is not considered to be GIIP. Construction planning should minimise the duration of all in-stream structures, including running track crossings. All running track crossings intended to be left in situ over the winter/spring high flow periods should be risk assessed (through consideration of maximum flows) and either removed before the high flow seasons or else adequately protected / modified. All future running track crossings of watercourse should be given the same attention during construction planning as pipeline crossings.

9. Effective drainage control for compressor station CS00 should be put in place immediately for all parts of the site.
10. TAP and its EPCs should schedule works in Albania to minimise re-entry to land plots and reinstate work areas as soon as possible on completion of the pipe installation, with a focus on the jump-over sections in the western portion of the Row.
11. Reinstatement techniques need to be more rigorous on terraced slopes to enhance the growth on the steeper terrace sections. Where 'intermediate' reinstatement cannot be avoided TAP needs to consider how best to record the agreement with the land owner with regard to the possibility of re-entering the site.
12. There needs to be a soil storage procedure specific to storage on slopes. This needs to include manual seeding.
13. TAP is making good progress at quickly handing land back to farmers in Albania following reinstatement, although there is a small risk of re-entry for hydro-testing. It is recommended that TAP follow the same example in Greece to give the land back to farmers quickly, which generates goodwill in the communities.