

Initial Environmental Examination (Update)

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July 2020

People's Republic of China: Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region – China National Investment and Guaranty Corporation's Green Financing Platform Project (Laoling 2x35t/h Micro-fine Coal Atomization Steam Supply Subproject)

Prepared by China National Investment and Guaranty Corporation for the Asian Development Bank.

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CURRENCY EQUIVALENTS

(as of 10 July 2020)

Currency Unit - Yuan (CNY)

CNY 1.00 = US\$ 0.1430

USD 1.00 = 6.9942 CNY

ABBREVIATIONS

| | |
|----------|--|
| ACM | Asbestos-Containing Material |
| ADB | Asian Development Bank |
| AP | Affected Person |
| ASL | Above Sea Level |
| CSC | Construction Supervision Company |
| DCS | Distributed Control System |
| DI | Design Institute |
| EA | Executing Agency |
| EHS | Environment, Health and Safety |
| EIA | Environmental Impact Assessment |
| EMP | Environmental Monitoring Plan |
| EMS | Environmental Monitoring Station |
| EMU | Environment Management Unit |
| EPB | Environmental Protection Bureau |
| ETDZ | Economic and Technological Development Zone |
| FGD | Flue Gas Desulfurization |
| FSR | Feasibility Study Report |
| GHG | Green House Gas |
| GRM | Grievance Redress Mechanism |
| HES | Heat Exchange Station |
| IA | Implementing Agency |
| IEE | Initial Environmental Examination |
| LCEDIP | Laoling Circular Economy Demonstration Industrial Park |
| MEP | Ministry of Environmental Protection |
| NDRC | National Development and Reform Commission |
| PMO | Project Management Office |
| PPCU | Project Public Complain Unit |
| PPE | Personnel Protective Equipment |
| SCADA | Supervisory Control and Data Acquisition |
| SPS, ADB | Safeguard Policy Statement, ADB |
| TCE | Tons coal equivalent |
| US EPA | United States Environmental Protection Agency |
| WHO | World Health Organization |

WEIGHTS AND MEASURES

| | |
|--------------------|--|
| BOD ₅ | Biochemical Oxygen Demand, five days |
| cm | Centimeter |
| CO ₂ | Carbon Dioxide |
| COD | Chemical Oxygen Demand |
| dB(A) | A-weighted sound pressure level in decibels |
| DO | Dissolved Oxygen |
| GJ | Gega Joule |
| ha | Hectare |
| kcal | Kilo calorie |
| kg | Kilogram |
| km | Kilometer |
| kWh | Kilowatt Hour |
| m | meter |
| m/s | Meters per Second |
| m ³ | Cubic Meters |
| mg/l | Milligrams per Liter |
| mg/m ³ | Milligrams per Cubic Meter |
| mg/Nm ³ | Milligrams per Normal Cubic Meter |
| MW | Megawatt |
| NH ₃ -N | Ammonia Nitrogen |
| Nm ³ | Normal Cubic Meter |
| NO ₂ | Nitrogen Dioxide |
| NO _x | Nitrogen Oxides |
| °C | Degrees Celsius |
| pH | A measure of the acidity or alkalinity of a solution |
| PM | Particulate Matter |
| PM ₁₀ | Particulate Matter smaller than 10 micrometers |
| PM _{2.5} | Particulate Matter smaller than 2.5 micrometers |
| SO ₂ | Sulfur Dioxide |
| SS | Suspended Solids |
| TN | Total Nitrogen |
| TSP | Total Suspended Particulates |

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1 EXECUTIVE SUMMARY

1.1 Introduction

This is the Initial Environmental Examination (IEE) report for the Laoling 2x35t/h Micro-fine Coal Atomization Steam Supply Subproject of proposed People's Republic of China: Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region – China National Investment and Guaranty Corporation's (hereafter referred to as I&G) Green Financing Platform Project. Elion Technology Co., Ltd, (hereafter referred to as Elion) Laoling Subcompany is the subborrower and the total investment of entrust loan is 220 million RMB. The project is located at Laoling City, Dezhou City, Shandong Province which is at northeast of Dezhou City. The project started construction at April 2016 and is under trial operation now. Main content of the project is installation of two 35 t/h micro-fine coal atomization boilers for heat supply by steam.

ADB's environmental safeguard requirements are specified in the Safeguard Policy Statement (SPS 2009). The project has been screened and classified by ADB as Environment Category B, requiring the preparation of an IEE (this report) including an environmental management plan (EMP). Because construction of the project is completed, environmental impact during operation phase is analyzed in this report.

1.2 Project introduction

Domestic environment impact assessment (EIA) report was prepared by Shandong Mintong Environment and Safety Technology Co., Ltd. Then the EIA report was submitted to Laoling Environmental Protection Bureau (EPB) for approval. The domestic EIA was reviewed by the Laoling EPB and approved at December 21, 2015. This report has been prepared based on a domestic Feasibility Study Report (FSR), domestic EIA report, site visits undertaken by national EIA team hired by I&G and public consultations with key stakeholders and affected persons.

Construction of the project can meet the requirements in EIA report of Laoling Circular Economy Demonstration Industrial Park (hereafter referred to as LCEDIP). The project area is divided into boiler area, chemical water treatment area and

extension area. The main content of project includes installation of two boilers, supporting facilities (ancillary workshops for boilers, desulfurization building, chemical water treatment workshop and ancillary workshop, material storage room), storage facilities (dust storage tower, ash storage room, lime powder storage room, urea storage room and gypsum storage room), utilities (water supply system, power supply system, chemical water treatment system, cooling water system, ash and slag handling system and air compressor system) and environment protection facilities (desulfurization, denitration and dust removal system, septic tank, temporary storage room for solid waste and online monitoring system).

The parameters of the steam provided by project are: pressure is 2.5 MPa, degree is around 300 °C. If the users have different requirements on the steam, they can adjust the parameter by themselves. Maximum steam supply radius is 5.2 km and the steam pressure at the pipeline end is around 0.5 MPa.

1.3 Project benefits

The project will provide heat to enterprises in LCEDIP to instead of small coal-fired boilers owned by the enterprises. To mitigate environmental impacts, the project will use Micro-fine Coal Atomization technology to increase combustion efficiency of boilers, then coal consumption of will be reduces compared to traditional coal fired boilers. The project's implementation will: (i) significantly reduce heat cost; (ii) reduce coal consumption and pollutants emission; and (iii) improve air quality in LCEDIP. When compared to the equivalent production of heat through traditional coal-fired boilers, once operational the project will: (i) result in annual energy savings equivalent to 45,523 tons of standard coal, thereby providing a global public good by avoiding the annual emission of 113,489 tons of carbon dioxide (CO₂), a greenhouse gas; (ii) improve local air quality through the estimated annual reduction of emissions of sulfur dioxide (SO₂) by 164.58 tons, nitrogen oxides (NO_x) by 91.76 tons, and particulate matter (PM) by 60.70 tons; and (iii) eliminate the negative impacts of coal transportation through urban areas by truck or train.

1.4 Environmental impacts and mitigation measures

The project will establish a district steam heating system in LCEDIP and existing small coal fired boilers in LCEDIP will be demolished. The project's implementation will reduce coal consumption and pollutants emission and improve air quality in LCEDIP by combustion efficiency.

The project is located at LCEDIP. The project will not entail any permanent or temporary physical displacement or economic displacement because land acquisition of LCEDIP has been completed by authorities. Construction phase of the project is already completed now. During construction phase, mitigation measures were implemented according to the requirements in domestic EIA such as preparation of a reasonable construction schedule, control of construction area and plant afforestation after construction etc. Potential negative environmental impacts during construction phase were limited which were associated with soil, surface water, ground water, ambient air, flora and fauna, nearby residents and were disappeared after the construction was completed.

Potential negative environmental impacts during operation phase include flue gas (flue gas of boilers and dust-laden flue gas), waste water, noise (mainly from pumps and fans) and solid waste (fly ash and coal slag). The flue gas is treated before emission and can meet relevant standards. The report undertakes atmospheric dispersion modeling for SO₂, PM₁₀, TSP, ammonia and NO_x using SCREEN3, a US EPA approved screening mode to estimate the effects to ambient air quality of the project. Based on the modeling result, the project will have very limited effects to the ambient air quality. The wastewater of the project will be treated by different methods according to wastewater quality. Most of the treated wastewater will be recycled or reused and only few will be discharged to municipal sewer. By noise reduction measures, noise levels at the site boundaries can meet relevant standards. Because there are no environmental sensitive receptors within 200m outside the boundaries, the project will not have negative noise impacts to the receptors. Production waste will be sold out for recycling. Domestic waste will be routinely collected by the local

sanitation department for recycling, if possible, or final disposal at an approved waste disposal site.

1.5 Environment management plan (EMP)

A comprehensive EMP for operation phase was developed to ensure: (i) implementation of identified mitigation and management measures to avoid, reduce, mitigate, and compensate for anticipated adverse environment impacts; (ii) implementation of monitoring and reporting against the performance indicators; and (iii) project compliance with the PRC's relevant environmental laws, standards and regulations and the ADB's SPS. The EMP includes an environment monitoring plan (EMoP) to monitor the environmental impacts of the project and assess the effectiveness of mitigation measures, and a capacity building and training program focused on environment, health and safety (EHS). Organizational responsibilities and budgets are clearly identified for execution, monitoring and reporting.

1.6 Grievance Redress Mechanism

A subproject-level grievance redress mechanism (GRM) has been established to receive and facilitate resolution of complaints about the project during the construction and operation phases. The GRM includes procedures for receiving grievances, recording/ documenting key information, and evaluating and responding to the complainants in a reasonable time period. Any concerns raised through the GRM will be addressed quickly and transparently, and without retribution to the affected person.

1.7 Information Disclosure and Public Consultations

The subborrower undertook first information disclosure from May 30, 2015 to June 8, 2015. Project public information was disclosed on the subborrower and Laoling EPB's website. Project public information was also disclosed at the communities where beneficiaries and potentially affected persons (AP) located by leaflets and posts on bulletin boards of the communities. The information included project content, potential environmental impacts, and mitigation measures. Public had a better understanding of the project by public consultation. Questions, suggestions

and feedback from the public were also collected to make the project reasonable.

EIA Institute conducted questionnaire survey on June 22, 2016. A total of 203 questionnaires were distributed to beneficiaries and AP and 203 completed questionnaires were received. The top three environment issues respondents identified were air pollution (66.5%), water pollution (27.6%) and noise pollution (5.9%).

Overall support for the project is very strong; 100% of the respondents indicated that the project will improve local economic development and 100% of respondents indicated that they supported the project.

The subborrower undertook one public consultation meeting in November 1, 2017. Meeting participants were asked to complete a questionnaire. A total of 36 questionnaires were distributed and 36 completed questionnaires were received.

69.4% of respondents indicated that the top environment issue was ambient air quality, 80.6% of respondents indicated that they concerned about the air pollution caused by the project and 100% of respondents indicated that they supported the project.

The subborrower will continue to conduct regular information disclosure and public consultation to communicate with beneficiaries and AP during the operations phase. Ongoing consultation will ensure that public concerns are understood and dealt with in a timely manner.

1.8EMP implementation agency

Elion Laoling subcompany is responsible for operation and management of the project. EHS department of Elion Laoling subcompany is responsible for environment protection and safety production of the project.

1.9Conclusion

Based on domestic EIA report and environment due diligence, the project has identified potential negative environment impacts and appropriately established mitigation measures. If the mitigation measures are well implemented and monitored,

identified environmental impacts of the project will be reduced to an acceptable level. The project is environmentally feasible.

Overall, Micro-fine Coal Atomization technology is used in the project to achieve district steam to the LCEDIP. The project's implementation will improve air quality in LCEDIP and bring environmental and economic benefits for the development of LCEDIP.

2 POLICY, LEGAL AND ADMINISTRATIVE FRAMEWORK

This IEE has been prepared in accordance with both the PRC's national and local environmental legal and institutional framework and environmental assessment requirements, and applicable ADB policies, requirements and procedures.

2.1 PRC Environmental Legal Framework

The environmental protection and management system in the PRC consists of a well-defined hierarchy of regulatory, administrative and technical institutions. At the top level the People's Congress of the PRC has the authority to pass and revise national environmental laws; the Ministry of Environmental Protection (MEP) under the State Council promulgates national environmental regulations; and the MEP either separately or jointly with the Administration of Quality Supervision, Inspection and Quarantine issues national environmental standards. Provincial and local governments can also issue provincial and local environmental regulations and guidelines in accordance with the national ones. EIA procedures have been established in the PRC for over 20 years. Domestic EIA should follow national and local laws and regulations. Key applicable PRC laws and regulations are listed in Table 2-1.

Table 2-1 Applicable PRC laws and regulations

| No. | Title of the Law | Year Issued/Updated |
|-----|--|---------------------|
| 1 | Environmental Protection Law | 2014 |
| 2 | Environmental Impact Assessment Law | 2016 |
| 3 | Water Law | 2002 |
| 4 | Water Pollution Prevention and Control Law | 2008 |
| 5 | Air Pollution Prevention and Control Law | 2015修订 |
| 6 | Noise Pollution Prevention and Control Law | 1996 |
| 7 | Solid Waste Pollution Prevention and Control Law | 2004 |
| 8 | Water and Soil Conservation Law | 2010 |
| 9 | Cultural Relics Protection Law | 2015 |
| 10 | Land Administration Law | 2004 |
| 11 | Cleaner Production Promotion Law | 2002 |
| 12 | Urban and Rural Planning Law | 2008 |
| 13 | Circular Economy Promotion Law | 2009 |
| 14 | Energy Conservation Law | 2015 |

| No. | Title of the Law | Year Issued/Updated |
|-----|--|---------------------|
| 15 | Environmental Protection Tax Law | 2018 |
| 16 | Construction project environment protection management regulations | 2017 |
| 17 | Management Guideline on EIA Categories of Construction Projects | 2017 |
| 18 | National Hazardous Wastes Catalogue | 2016 |
| 19 | Integrated Reform Plan for Promoting Ecological Progress | 2015 |
| 20 | Notice of the State Council on soil pollution prevention and control action plan | 2016 |
| 21 | Notice of the State Council on water pollution prevention and control action plan | 2015 |
| 22 | Notice of the State Council on air pollution prevention and control action plan | 2013 |
| 23 | Guiding Ideas on Promoting Public Participation in Environmental Protection | 2015 |
| 24 | Method of environmental information public disclosure for enterprises and institutions | 2015 |
| 25 | Provisional Regulations on Public Participation in Environmental Impact Assessment | 2006 |
| 26 | Comprehensive utilization management method of fly ash | 2013 |

Applicable PRC environmental management and assessment guidelines are summarized in table2-2.

Table 2-2 Applicable PRC EIA guideline

| No. | Guideline | Code and/or Year Issued/Updated |
|-----|--|---------------------------------|
| 1 | Technical Guidelines for EIA – General Program | HJ2.1-2016 |
| 2 | Technical Guideline for EIA – Atmospheric Environment | HJ 2.2-2008 |
| 3 | Technical Guideline for EIA – Surface Water | HJ/T 2.3-1993 |
| 4 | Technical Guideline for EIA – Acoustic Environment | HJ 2.4-2009 |
| 5 | Technical Guideline for EIA – Groundwater Environment | HJ 610-2016 |
| 6 | Technical Guideline for EIA – Ecological Impact | HJ 19-2011 |
| 7 | Technical Guidelines for Environmental Risk Assessment for Construction Projects | HJ/T 169-2004 |
| 8 | Technical guidelines on water pollution control | HJ2015-2012 |

| | | |
|----|--|-----------------|
| | engineering | |
| 9 | Technical guidelines for air pollution control projects | HJ2000-2010 |
| 10 | Wet flue gas desulfurization project technical specification of industrial boiler and furnace | HJ462-2009 |
| 11 | Engineering technical specification of flue gas selective non-catalytic reduction Denitration for thermal power plant | HJ563-2010 |
| 12 | Engineering technical specification of flue gas selective catalytic reduction Denitration for thermal power plant | HJ562-2010 |
| 13 | Technical specifications for collection, storage, transportation of hazardous waste | HJ2025-2012 |
| 14 | Technical code for fire protection water supply and hydrant systems | GB50974-2014 |
| 15 | Self-monitoring Technology guidelines for Pollutions Sources - General rule | HJ 819-2017 |
| 16 | Self-monitoring guidelines for pollution sources -Thermal power generation and boiler | HJ 820-2017 |
| 17 | Technical guidelines for fugitive emission monitoring of air pollutants | HJ/T 55-2000 |
| 18 | Code of practice for selection of personal protective equipment | GB/T 11651-2008 |
| 19 | Safety signs and guideline for the use | GB2894-2008 |
| 20 | Guidelines for enterprises to develop emergency response plan | AQ/T 9002-2006 |

2.2 Applicable ADB Policies, Regulations and Requirements

The major applicable ADB policies, regulations, requirements and procedures for EIA are the *Safeguard Policy Statement* (SPS, 2009) which provides the basis for ADB financed project. The SPS promotes good international practice as reflected in internationally recognized standards such as the World Bank Group's *EHS Guidelines*¹. When host country regulations differ from these levels and measures, the borrower/client is to achieve whichever is more stringent.

Domestic EIA is prepared based on PRC EIA approval procedure which required the construction and operation of the project to meet environment quality standards such as ambient air, water, noise etc.

The SPS establishes an environmental review process to ensure that projects

¹ World Bank Group, *Environmental, Health, and Safety Guidelines*, April 30, 2007, Washington, USA.

undertaken as part of programs funded through ADB loans are environmentally sound, are designed to operate in line with applicable regulatory requirements, and are not likely to cause significant environment, health, social, or safety hazards

At an early stage in the project cycle, typically the project identification stage, ADB screens and categorizes proposed projects based on the significance of potential project impacts and risks. A project's environment category is determined by the category of its most environmentally sensitive component, including direct, indirect, induced, and cumulative impacts. Project screening and categorization are undertaken to:

- i) reflect the significance of the project's potential environmental impacts;
- ii) identify the type and level of environmental assessment and institutional resources required for the safeguard measures proportionate to the nature, scale, magnitude and sensitivity of the proposed project's potential impacts; and,
- iii) determine consultation and disclosure requirements.

ADB assigns a proposed project to one of the following categories:

- i) **Category A.** Proposed project is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented; impacts may affect an area larger than the sites or facilities subject to physical works. A full-scale environmental impact assessment (EIA) including an environmental management plan (EMP), is required.
- ii) **Category B.** Proposed project's potential environmental impacts are less adverse and fewer in number than those of category A projects; impacts are site-specific, few if any of them are irreversible, and impacts can be readily addressed through mitigation measures. An initial environmental examination (IEE), including an EMP, is required.
- iii) **Category C.** Proposed project is likely to have minimal or no adverse environmental impacts. No EIA or IEE is required although environmental implications need to be reviewed.
- iv) **Category FI.** Proposed project involves the investment of ADB funds to, or through, a financial intermediary.

The SPS 2009 requires a number of additional considerations, including: (i) project risk and respective mitigation measures and project assurances; (ii) project-level grievance redress mechanism; (iii) definition of the project area of influence; (iv) physical cultural resources damage prevention analysis; (v) climate change mitigation and adaptation; (vi) occupational and community health and safety requirements (including emergency preparedness and response); (vii) economic displacement that is not part of land acquisition; (viii) biodiversity conservation and natural resources management requirements; (ix) provision of sufficient justification if local standards are used; (x) assurance of adequate consultation and participation; and (xi) assurance that the EMP includes an implementation schedule and measurable performance indicators.

2.3 Relevant International Agreements

The PRC has signed a number of international agreements regarding environmental and biological protection. Those which have potential application to the project are listed in Table 2-3.

Table 2-3 Applicable international agreements

| No. | Agreement | Year | Purpose |
|-----|---|------|---|
| 1 | Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat | 1975 | Preventing the progressive encroachment on and loss of wetlands for now and the future |
| 2 | Convention on Biological Diversity | 1993 | Conservation and sustainable use of biodiversity. |
| 3 | UN Framework Convention on Climate Change | 1994 | Stabilizing greenhouse gas (GHG) concentrations in the atmosphere at a level that will prevent anthropogenic induced climate change. |
| 4 | Kyoto Protocol | 2002 | Controlling emissions of anthropogenic GHGs in ways that reflect underlying national differences in GHG emissions, wealth, and capacity to make the reductions. |
| 5 | Montreal Protocol on Substances That Deplete the Ozone Layer | 1989 | Protection of the ozone layer |

2.4 World Bank EHS Guideline

During the design, construction, and operation of a project the ADB SPS requires the borrower to follow environmental standards consistent with good international practice (GIP), as reflected in internationally recognized standards such as the World Bank Group's *Environment, Health and Safety Guidelines* (hereafter referred to as the *EHS Guidelines*).² The *EHS Guidelines* contain discharge effluent, air emissions, and other numerical guidelines and performance indicators as well as prevention and control approaches that are normally acceptable to ADB and are generally considered to be achievable at reasonable costs by existing technology. When host country regulations differ from these levels and measures, the borrower/client is to achieve whichever is more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the borrower/client is required to provide justification for any proposed alternatives. Relevant guidelines referenced in this report include the *General EHS Guidelines* and the *EHS Guidelines for Thermal Power Plants*.

2.5 Applicable PRC standards

The environmental quality standard system in the PRC is classified into two categories by function: ambient environmental standards and pollutant emission/discharge standards. Standards applicable to the project are presented in Table 2-4.

Table 2-4 Applicable PRC environmental standards

| No. | Standard | Code/Date |
|-----|--|----------------|
| 1 | Surface Water Quality Standards | GB 3838-2002 |
| 2 | Ambient Air Quality Standards | GB 3095-2012 |
| 3 | Environmental Quality Standards for Noise | GB 3096-2008 |
| 4 | Groundwater Quality Standard | GB/T 14848-93 |
| 5 | Integrated emission standard of air pollutants | GB 16297-1996 |
| 6 | Integrated emission standard of regional air pollutants in Shandong Province | DB37/2376-2013 |

² World Bank Group, *Environmental, Health, and Safety Guidelines*, April 30, 2007, Washington, USA.
<http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines>

| No. | Standard | Code/Date |
|-----|---|----------------|
| 7 | Integrated Emission Standards of Particulate Matter from Stationary Source of Shandong Province | DB37/1996-2011 |
| 8 | Emission Standards for odor pollutants | GB14554-93 |
| 9 | Discharge standard of pollutants for municipal wastewater treatment plant | GB18918-2002 |
| 10 | Noise Standards for Construction Site Boundary | GB 12523-2011 |
| 11 | Noise Standards for Industrial Enterprises at Site Boundary | GB 12348-2008 |
| 12 | Standard for pollution on the storage and disposal site for general industrial solid wastes | GB 18599-2001 |
| 13 | Standard for pollution control on hazardous waste storage | GB 18597-2001 |

2.5.1 Ambient Air Quality

Ambient air quality limits are intended to indicate safe exposure levels for the majority of the population, throughout an individual's lifetime. Limits are given for one or more specific averaging periods, typically one-hour average, 24-hour average, and/or annual average. The PRC's *Ambient Air Quality Standards* (GB3095-2012) has two classes of limit values; Class 1 standards apply to special areas such as natural reserves and environmentally sensitive areas, and Class 2 standards apply to all other areas, including urban and industrial areas. Ambient air quality assessment area of the project is a circle with a radius of 2.5 km and circle center is the project center. Class 2 standards apply to this assessment area.

The World Health Organization (WHO) Air Quality Guidelines are recognized as international standards and are adopted by the World Bank Group's Environment, Health and Safety Guidelines (*EHS Guidelines*). In addition to guideline values, interim targets (IT) are given for each pollutant by the WHO as incremental targets in a progressive reduction of air pollution. The WHO guidelines and corresponding PRC standards are presented in Table 2-5.

- For TSP, there are PRC standards but no corresponding WHO guidelines.
- For PM₁₀, PRC Class 2 annual average and 24-hour average standards meet WHO IT-1 guidelines (there are no 1-hour average standards or guidelines for either PRC or WHO).
- For PM_{2.5} PRC Class 2 annual and 24-hour standards meet WHO IT-1

guidelines (there are no 1-hour standards or guidelines for either PRC or WHO).

- For SO₂ WHO only has a 24-hour average guideline (0.125 mg/m³), which is slightly lower than the PRC standard (0.150 mg/m³). However, SO₂ levels are low in the project area, and the project will only contribute extremely low levels of SO₂, so the very minor difference is inconsequential.
- For NO₂ the PRC standard is equivalent to the WHO annual average guidelines, there is no WHO 24-hour average guideline; and the 1-hour average PRC standard is equivalent to the WHO guideline.

Overall the PRC standards show a high degree of equivalency to the WHO guidelines or IT-1 values, and they are adopted for use in this IEE report

Table 2-5 PRC Ambient Air Quality Standards (GB3095-2012) and WHO ambient air quality guidelines, mg/m³

| Standard | TSP | PM ₁₀ | PM _{2.5} | SO ₂ | NO ₂ | O ₃ | CO |
|--|-------|------------------|-------------------|-----------------|-----------------|----------------|-------|
| WHO Ambient Air Quality Guidelines | | | | | | | |
| Annual mean | - | 0.020 | 0.010 | - | 0.040 | - | - |
| Annual mean IT-1 | - | 0.070 | 0.035 | - | - | - | - |
| 24-hr mean | - | 0.050 | 0.025 | 0.020 | - | - | - |
| 24-hr mean IT-1 | - | 0.150 | 0.075 | 0.125 | - | - | - |
| 8-hr mean | - | - | - | - | - | 0.100 | - |
| 8-hr mean IT-1 | - | - | - | - | - | 0.160 | - |
| 1-hr mean | - | - | - | - | 0.200 | - | 0.030 |
| 1-hr mean IT-1 | - | - | - | - | - | - | - |
| PRC Ambient Air Quality Standard (Class 2) | | | | | | | |
| Annual mean | 0.200 | 0.070 | 0.035 | 0.060 | 0.040 | - | - |
| 24-hr mean | 0.300 | 0.150 | 0.075 | 0.150 | 0.080 | - | 0.004 |
| 8-hr mean | - | - | - | - | - | 0.160 | - |
| 1-hr mean | - | - | - | 0.500 | 0.200 | 0.200 | 0.010 |

Source: WHO Air Quality Guidelines (2006) in IFC EHS Guidelines (2007), and PRC GB 3095-2012.

2.5.2 Water

Because the project will not have impacts on surface water, ground water or sea water, no standard is applicable.

2.5.3 Noise

Table 2-6 presents the relevant PRC *Urban Noise Standards* compared with relevant international guidelines from the WHO (as presented in the *EHS Guidelines*). Category I and II standards are applicable to the project area. The classes within the

standards are not directly comparable, but the limits of PRC Category III standards are stringent than WHO Class II standards. Category III is utilized in this IEE report.

Table 2-6 PRC *Environmental Quality Standards for Noise* (GB3096-2008) and relevant international guidelines.

| Category | PRC Standards Leq dB(A) | | International Standards One Hour Leq dB(A) | | Comparison |
|--|----------------------------|-----------------|--|--|--|
| | Day 06-22h | Night 22-06h | Day 07-22h | Night 22-07h | |
| 0: Areas needing extreme quiet, such as special health zones | 50 | 40 | WHO Class I: residential, institutional, educational: 55 | WHO Class I: Residential, institutional, educational: 45 | Classes are not directly comparable, but PRC Class III standards exceed WHO Class II standards. PRC standards are utilized in this report. |
| I: Mainly residential; and cultural and educational institutions | 55 | 45 | | | |
| II: Mixed residential, commercial and industrial areas | 60 | 50 | WHO Class II: industrial, commercial: 70 | WHO Class II: Industrial, Commercial: 70 | |
| III: Industrial areas | 65 | 55 | | | |
| IV: Area on both sides of urban trunk roads 4a | 70 | 55 | | | |
| 4b | :70 | 60 | | | |

Source: Unofficial translation of Chinese original by the ADB PPTA consultant.

2.5.4 Boiler emission

Applicable PRC national boiler emission standards and regulations are *Emission Standards of Air Pollutants from Coal-Burning, Oil-Burning and Gas-Fired Boilers* (GB 13271-2014), *Emission Standards of Air Pollutants from Coal-Burning, Oil-Burning and Gas-Fired Boilers in Shandong Province* (DB 37/2374-2013) and *Guidance on promotion of ultra-low emission of coal-fired units and boilers in Shandong Province* (No. 98 order, 2015, Shandong EPB). Emission standard for boilers are also included in international standard *EHS Guidelines for Thermal Power Plants* of WB. Table 2-7 presents the relevant PRC standards compared with relevant international standards (EHS Guidelines).

The most stringent standard is table 2 from *Integrated regional emission standard of air pollutants in Shandong Province* (DB 37/2376-2013) which is the standard limits for the key ambient quality control areas in China. Thus, the most stringent standard is applicable to the project.

Table 2-7 Relevant PRC Boiler Emission Standards and Relevant International Guidelines, mg/m³

| Standard | PM | SO ₂ | NO _x |
|---|----|-----------------|-----------------|
| <i>EHS Guidelines for Thermal Power Plants</i> | 30 | 400 | 200 |
| <i>Emission Standards of Air Pollutants from Coal-Burning, Oil-Burning and Gas-Fired Boilers</i> (GB 13271-2014) | 50 | 300 | 300 |
| <i>Emission Standards of Air Pollutants from Coal-Burning, Oil-Burning and Gas-Fired Boilers in Shandong Province</i> (DB37/2374-2013) | 30 | 200 | 300 |
| table 2 from <i>Integrated regional emission standard of air pollutants in Shandong Province</i> (DB 37/2376-2013) which is the standard limits for the key ambient quality control areas | 10 | 50 | 100 |
| <i>Guidance on promotion of ultra-low emission of coal-fired units and boilers in Shandong Province</i> (No. 98 order, 2015, Shandong EPB) | 10 | 50 | 200 |

2.5.5 Wastewater Emission

Table 2-8 presents the relevant PRC wastewater emission standards. The *EHS Guidelines* indicate that wastewater discharged to public or private wastewater treatment systems should: meet the pretreatment and monitoring requirements of the sewer treatment system into which it discharges; not interfere, directly or indirectly, with the operation and maintenance of the collection and treatment systems, or pose a risk to worker health and safety, or adversely impact characteristics of residuals from wastewater treatment operations; and be discharged into municipal or centralized wastewater treatment systems that have adequate capacity to meet local regulatory requirements for treatment of wastewater generated from the project.

Wastewater of the project during operation phase includes sewage water of boilers, sewage water from chemical water treatment system, wastewater from desulfurization process, sewage water from circulating cooling water system and domestic wastewater. Sewage water of boilers is discharged to municipal rain water

pipe network after neutralization and sedimentation treatment. Sewage water from chemical water treatment system is clean then part of it is reused in desulfurization system and the left is discharged to municipal rain water pipe network after neutralization and sedimentation treatment. Wastewater from desulfurization process is used for humidification in ash storage room. Sewage water from circulating cooling water system is used as spray water in the plant to control ash and dust. Domestic wastewater is reused as landscape water after treated by septic tank. All wastewater is required to meet Class 1A of *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants* (GB 18918-2002).

Table 2-8 PRC Wastewater Quality Standards for Discharge to Municipal Sewers (CJ 343-2010)

| No. | Pollutants | Maximum acceptable concentration (MAC) mg/L (except pH and chromacity) |
|-----|--------------------|---|
| | | Class 1A standard |
| 1 | pH | 6~9 |
| 2 | SS | 10 |
| 3 | COD | 50 |
| 4 | NH ₃ -N | 5 |

2.5.6 Industrial noise emission

During operation phase, noise at site boundaries should comply with Class II of the PRC *Industrial Enterprise Boundary Noise Emission Standard* (GB12348-2008). Table 2-9 presents the relevant PRC and international standards for noise at the boundary of an industrial facility during operation. The classes within the standards are not directly comparable, but PRC Class III standards are stringent than WHO Class II standards. The PRC noise standards are utilized in this report.

Table 2-9 PRC Noise Emission Standard for Construction Site Boundary (GB12348-2008) and relevant international guidelines

| Class | PRC Standards | | International Standards | | Comparison |
|-------|---------------|-----------------|-------------------------|-----------------|------------|
| | Leq dB(A) | | Leq dB(A) | | |
| | Day 06-22h | Night 22-06h | Day 07-22h | Night 22-07h | |

| | | | | | |
|---|----|----|--|--|---|
| 0: recuperation areas | 50 | 40 | WHO Class I: residential, institutional, educational: 55 | WHO Class I: residential, institutional, educational: 55 | Classes are not directly comparable, but PRC Class III standards are stringent than WHO Class II standards. PRC standards are utilized in this report |
| I: mixed residential; and education areas | 55 | 45 | | | |
| II: mixed with residence, commercial and industrial areas | 60 | 50 | WHO Class II: industrial, commercial: 70 | WHO Class II: industrial, commercial: 70 | |
| III: industrial areas | 65 | 55 | | | |
| IV: areas within 10 m on both sides of traffic roadways | 70 | 55 | | | |

2.6 PRC Environmental Impact Assessment Framework

Article 16 of the PRC *Law on Environmental Impact Assessment* (revised in 2016) stipulates that an EIA document is required for any capital construction project producing significant environmental impacts. Projects are classified into three categories for environment impact:

- (i) **Category A:** projects with significant adverse environmental impacts, for which a full EIA report is required;
- (ii) **Category B:** projects with adverse environmental impacts which are of a lesser degree and/or significance than those of Category A, for which a simplified tabular EIA report is required; and
- (iii) **Category C:** projects unlikely to have adverse environmental impacts, for which an EIA registration form is required.

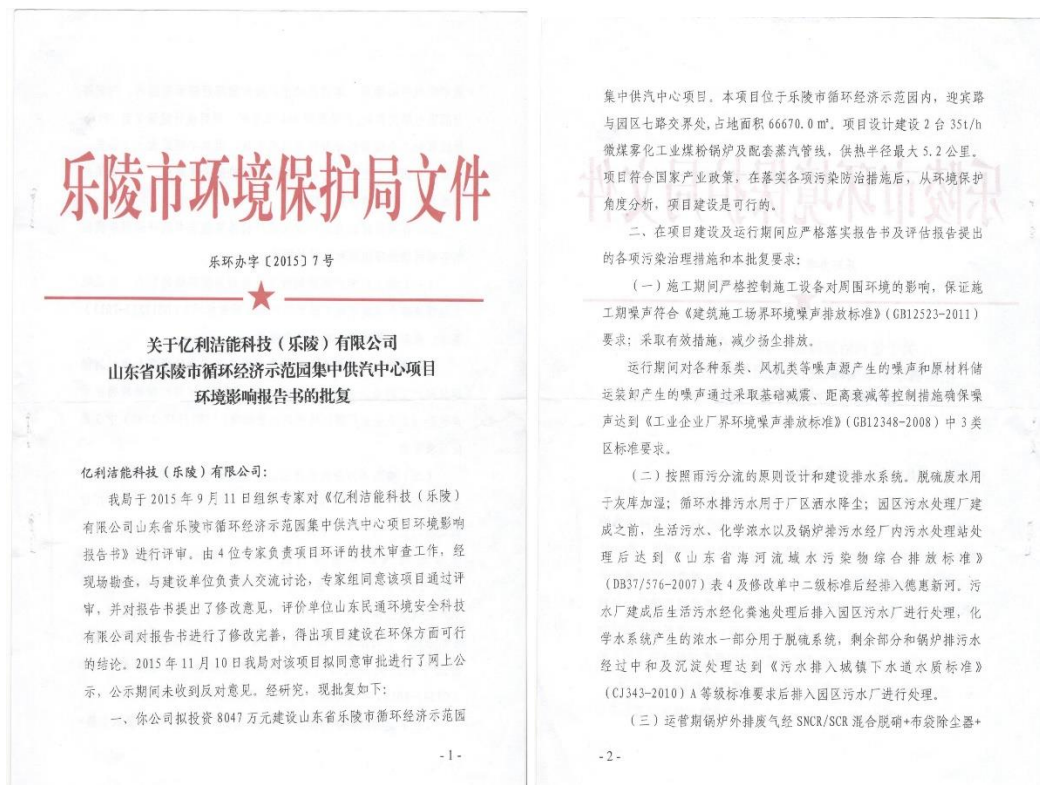
A full EIA report for category A project and a simplified tabular EIA report for category B project are similar to ADB's EIA and IEE reports, respectively. The registration form of an EIA is similar to an ADB Category C project.

In 2008 the MEP issued "Management Guideline on EIA Categories of Construction Projects" (revised in 2017). The MEP guidelines provide detailed EIA requirements for 50 sectors and 192 subsectors based on the project's size, type (e.g., water resources development, agriculture, energy, waste management, etc.), and site environmental sensitivity (e.g., protected nature reserves and cultural heritage sites).

The MEP's "Construction project catalogue of for EIA approved by MEP" (2015) and "Guidelines on Jurisdictional Division of Review and Approval of EIAs for Construction Projects" (2009) defines which construction project EIAs require MEP review and approval, and which EIAs are delegated to the provincial EPBs.

2.7 Domestic EIA report

The proposed subproject was categorized as A under the PRC National EIA Law. A full EIA Report was prepared by Shandong Mintong Environment and Safety Technology Co., Ltd and submitted to Laoling EPB for approval. Laoling EPB approved the EIA report on 21 December 2015 and a copy of the approval is presented in Figure 2-1.



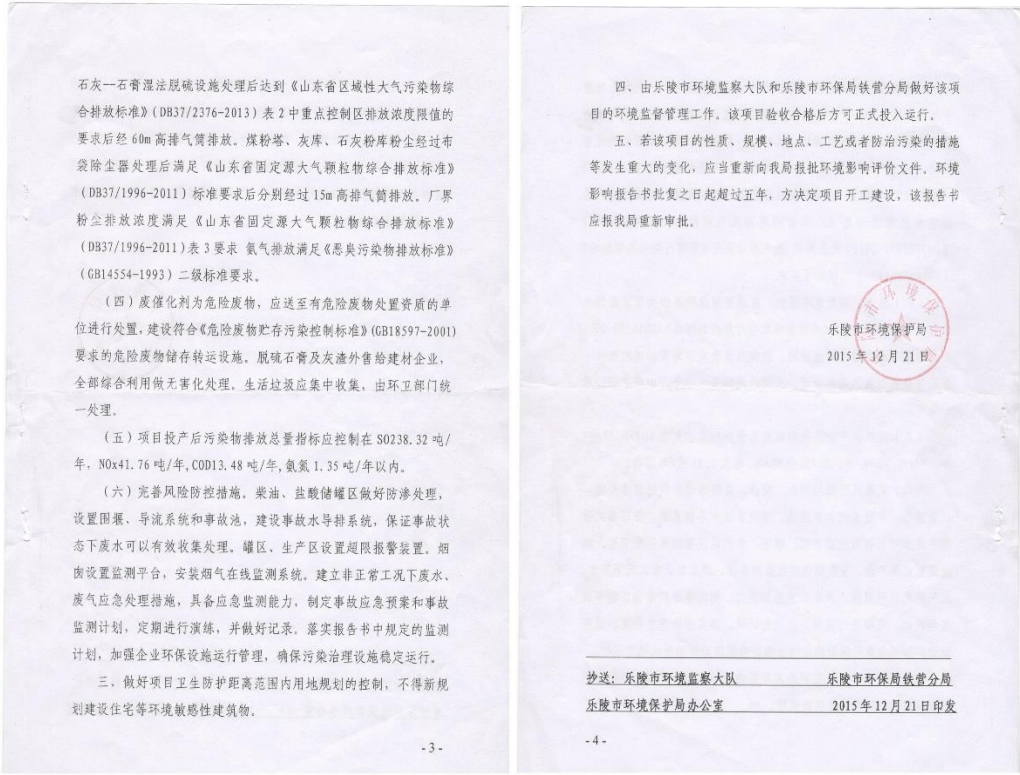


Figure 2-1 EIA approval

3 Project Description

3.1 Introduction

The project will primarily build 2 × 35 t/h industrial pulverized coal-fired boilers which employs Micro-fine Coal Atomization technology in operation. Upon completion, the project will enable centralized steam provision to all enterprises in the project covered area and the existing boilers in the area will be entirely dismantled. The project involves zero domestic heating and provides steam solely for industrial purposes.

The project is located at the cross point of Yingbin Road and No. 7 Park Road in the LCEDIP of Shandong Province. The LCEDIP lies in Tieying Town of Laoling City and to the south of Majia River. LCEDIP boasts of a relative advantage in transportation, with the Binzhou-Dezhou Expressway running through its central area and the S247 Provincial Highway going through the southern area. The project location is shown in Figure 3-1 and sensitive receptors in project's surrounding areas are shown in Figure 3-2.

3.2 Project Background and Regional Steam Supply Status

At present, major enterprises settled in LCEDIP include Hengcheng Insulation Materials Co. Ltd., Shandong Yushiju Chemical Co. Ltd., Tianyue Chemical Co. Ltd., Shandong Kerong Chemical Co. Ltd., Lituo Chemicals Co. Ltd., Huayanghele Pesticide Co. Ltd., Ouruier New Energy Co. Ltd., etc. These businesses all have continuous and stable production and thus maintain stable heat load, with thermal energy primarily used for heating and drying. Based on the heat load survey among enterprises in LCEDIP, the project team has strictly verified each and every enterprise's necessary heat load for production, properly considered their short-term development plans, and then estimated the short-term heat load of all the enterprises. Based on these results, with coincidence factor and transmission losses calculated, the computed superheated steam load of the project is 56.6 tons per hour.

In recent years, insufficient and unstable self-supply of steam has already

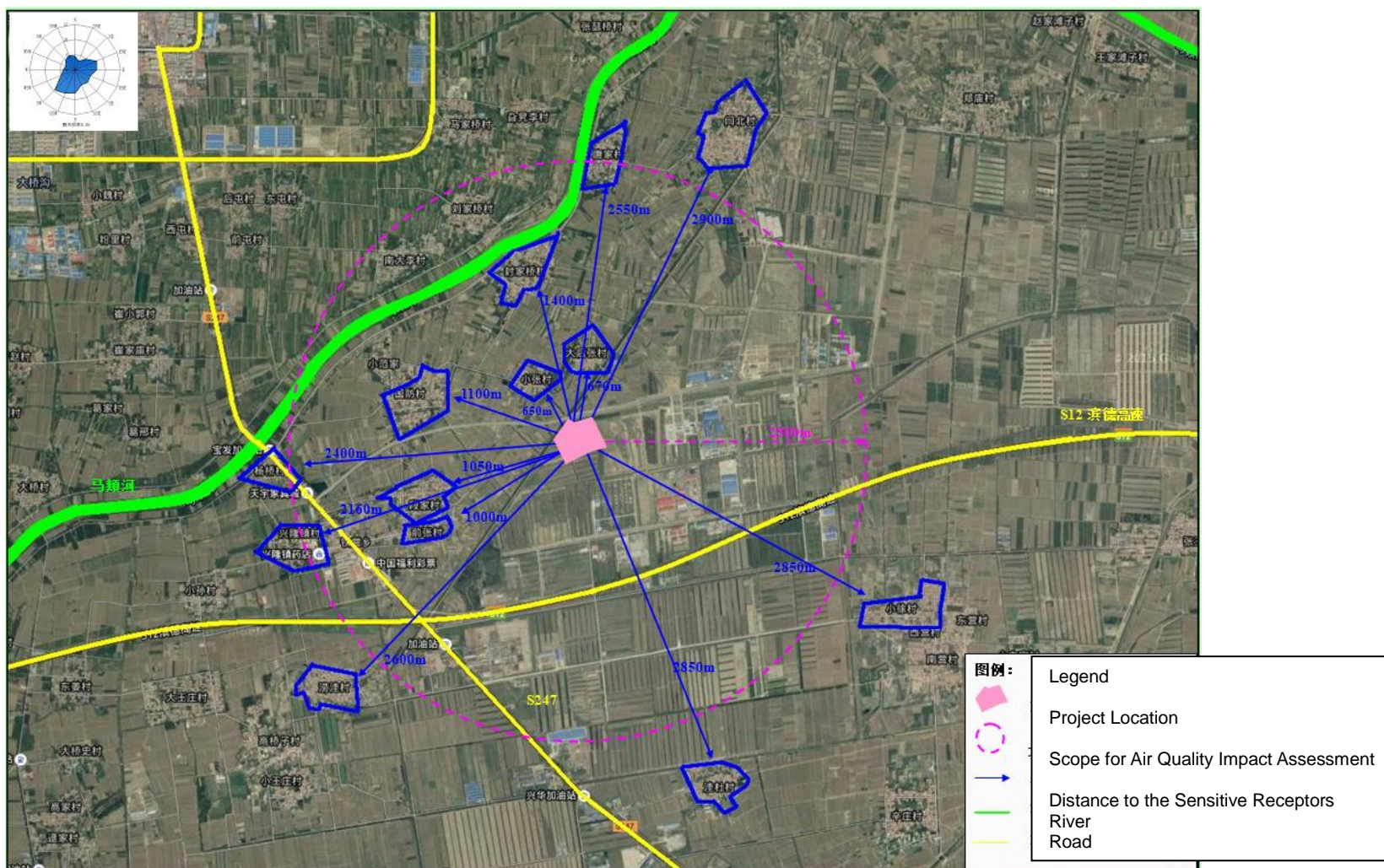


Figure 3-2 Location of the Sensitive Receptors in Project Surrounding Area

3.3 Regional Heat Demand

Large quantities of enterprises operating in LCEDIP have stable demand for steam. Elion Laoling Subcompany conducted on-site survey and developed a list of heat demand and consumption for existing enterprises in LCEDIP, as shown in Table 3-1.

Table 3-1 Heat Load Status of Enterprises in LCEDIP

| No | Company | Current Steam Consumption (t/h) | Long-term Steam Consumption in Planning (t/h) | Steam Temperature (°C) | Steam Pressure (MPa) | Self-operated Boiler by the Company |
|----|---|---------------------------------|---|------------------------|----------------------|---|
| 1 | Tianyue Chemical Co. Ltd. | | 5 | 150 | 0.8 | |
| 2 | Shandong Yushiju Chemical Co. Ltd. | 10 | 10 | 180 | 0.8 | 10t coal-fired boiler |
| 3 | Jierda Chemical Co. Ltd. | | 10 | 120 | 0.3 | |
| 4 | S-Ch Polymer Chemical Co. Ltd. | | 15 | 130 | 0.1 | |
| 5 | Ouruier New Energy Co. Ltd. | 4 | 4 | 130 | 0.6 | 2t coal-fired boiler |
| 6 | Yellow Triangle Environmental Technology Co. Ltd. | | 3 | 120 | 0.6-0.8 | |
| 7 | Haiyu Rubber Co. Ltd. | 0.5 | | 120 | 0.6 | 1.5t thermal oil boiler and 2t chain grate stoker boiler |
| 8 | Hengcheng Insulation Materials Co. Ltd. | 0.4 | | 120 | 0.5 | |
| 9 | Shandong Lujia Environmental Protection Technology Co. Ltd. | | 15 | 130 | 0.6 | |
| 10 | Huayang Hele Pesticide Co. Ltd. | 15 | 20 | 130 | 0.4-0.8 | 4t+6t chain grate stoker boiler and 4t thermal oil boiler |
| 11 | Jinhu Spices Co. Ltd. | | 0.3 | 130 | 0.4 | 2t coal-fired boiler |
| 12 | Shandong Guoding New Materials Co. Ltd. | | 10 | 200 | 0.6 | 6t coal-fired hot water boiler |
| 13 | Liwei Chemicals Co. Ltd. | | 5 | 320 | 1 | 3t gas boiler + 7t thermal oil boiler |

| No | Company | Current Steam Consumption (t/h) | Long-term Steam Consumption in Planning (t/h) | Steam Temperature (°C) | Steam Pressure (MPa) | Self-operated Boiler by the Company |
|-------|-----------------------------------|---------------------------------|---|------------------------|----------------------|---|
| 14 | Lituo Chemicals Co. Ltd. | 3 | | 270 | 1 | 3t thermal oil boiler |
| 15 | Qiqing Chemical Co. Ltd. | | | 200 | | 4t thermal oil boiler |
| 16 | Lanchuan Chemical Co. Ltd. | | 10 | 190 | 1 | 4t coal-fired boiler |
| 17 | Shandong Kerong Chemical Co. Ltd. | | 20 | 280 | 1.7 | 7 million kcal/h thermal oil boiler being planned |
| Total | | 32.9 | 127.3 | | | |

The project has taken into account the thermal load demand of both existing businesses and newly settled enterprises in LCEDIP, and such factors as LCEDIP's short-term heat consumption and future development needs, to determine the heat load parameters for the centralized heat provision, as shown in Table 3-2.

Table 3-2 List of Project Heat Load Parameters

| Parameter and Output | Boiler Parameter | | Boiler Capacity | | Notes |
|----------------------|------------------|-------------------|-----------------|-------------------|-------|
| | Steam Pressure | Steam Temperature | Average | Maximum | |
| | MPa | °C | t/h | t/h | |
| Single Furnace | 2.5 | 300 | 35 | Superheated steam | |
| Double Furnace | 2.5 | 300 | 70 | Superheated steam | |

The project will realize district steam supply to all enterprises in LCEDIP after the project is completed and all existing boilers in LCEDIP will be demolished.

3.4 Main project content

3.4.1 Project components

Table 3-3 presents components under the project.

Table 3-3 Project component

| Category | Item |
|----------|------|
|----------|------|

| Category | Item | |
|---------------------------------------|--|---|
| Principal Facilities | Boiler | 2 × 35 t/h industrial pulverized coal-fired boilers which employs the Micro-fine Coal Atomization technology in operation |
| Auxiliary Facilities | Auxiliary shop for boiler and desulfurization complex | One 2-storeyed building, taking up an area of 620 m ² ; the auxiliary shop for boiler includes electricity distribution room, urea dissolving pool, ignition oil room, dosing room, chemicals warehouse, control room, steam distribution cylinder, deaerator, air compressor, etc.; and the desulfurization complex consists of gypsum storehouse, belt filter, water tank etc. |
| | Chemical water treatment shop and its affiliated chamber | One 3-storeyed building, with an area of 1,280 m ² , consisting of chemical water treatment shop, its affiliated chamber, and water tank |
| | Material warehouse | One warehouse, with an area of 288 m ² |
| | Reception room | 2 reception rooms, both taking up an area of 15 m ² |
| Storage and Transportation Facilities | Coal dust storage tower | 2 towers, with a volume of 150 m ³ , capable of storing coal for 1.5-day operation of 2 boilers |
| | Ash storage chamber | One storage chamber, with a volume of 100 m ³ , capable of storing ash produced by 2 boilers in 4 days |
| | Lime powder storehouse | One storehouse, with a volume of 50 m ³ , capable of storing lime powder for 20-day desulfurization use for 2 boilers |
| | Urea storehouse | One storehouse, with an area of 20 m ² , located in the boiler's auxiliary shop. Each storage amounts to 5 tons, suitable for 8-day use. |
| | Gypsum storehouse | One storehouse, with an area of 45 m ² , located in desulfurization complex |
| Utility Facilities | Water supply system | Both industrial water and domestic water comes from the water supply network of LCEDIP, and the freshwater consumption is 2,652 t/d. |
| | Power supply system | Power for industrial use and domestic use comes from the power supply network of LCEDIP. |
| | Chemical water preparation and treatment system | One set of chemical water preparation and treatment system installed in the chemical water treatment shop, using “filtration + ultra-filtration + reverse osmosis” treatment system, with a treatment capacity of 80 m ³ /h |
| | Industrial water cooling | One counter-current mechanical draft cooling tower is installed, with a flow rate of 40 m ³ /h. |
| | Ash and slag handling system | A positive pressure dense phase pneumatic conveying system is installed to handle ash and slag. |
| | Water for desulfurization | Concentrated water generated from chemical water preparation and treatment system is used in desulfurization process. |
| | Air compressor system | This project has installed one compressed air station, 3 water-cooled screw air compressors (two are in use and one for standby application), two sets of complex dryers, three air tanks and one nitrogen generator. The screw air compressors will provide compressed air to ash and slag handling system, bag filters for reverse blowing, nitrogen generator and pneumatic instrument. The nitrogen prepared by nitrogen generator will be used in coal dust storage tower for gas replacement. |

| Category | Item | |
|-------------------------------------|-------------|--|
| Environmental Protection Facilities | Exhaust Gas | Exhaust gas from boilers: Each boiler is equipped with one set of SNCR-SCR combined denitration system, with denitration efficiency $\geq 84.0\%$. Each boiler is connected to one bag filter, with dust removal efficiency $\geq 99.9\%$. The 2 boilers share one limestone-gypsum wet flue gas desulfurization system, with design desulfurization efficiency $\geq 93.5\%$. After processes of denitration, dust removal and desulfurization, exhaust gas is emitted through a chimney of 1.5-m diameter and 60-m height (one chimney shared by 2 boilers). Dust and exhaust gas from other sources: Each coal dust storage tower and the ash storage chamber are connected with a bag filter on the top, with design dust removal efficiency $\geq 99.9\%$. |
| | Wastewater | The domestic sewage is treated by the septic tank and then used for site greening. Wastewater from the desulfurization system is used for humidifying ash storage chamber. Concentrated water produced by the chemical water system is unpolluted wastewater, part of which will be used in desulfurization system and the rest will be discharged into municipal drainage network after neutralization and sedimentation. The boiler effluent is unpolluted wastewater and will be discharged into municipal stormwater sewer after neutralization and sedimentation. Effluent from water recycling system is unpolluted wastewater and will be used for spraying to control dust-fall in project site. |
| | Solid Waste | One ash storage chamber (100 m^3), one gypsum storehouse (45 m^2) and one domestic solid waste collection tank |
| | Noise | Measures include installing vibration reduction base, muffler, sound insulation room, etc. |

Construction of supporting steam distribution network in LCEDIP is presented below:

Elion Laoling Subcompany is responsible for constructing the supporting steam distribution network (SDN) in LCEDIP.

Overhead pipelines are applied to establish SDN. The steam supply routes are designed in accordance with the heat load locations and road plan within the steam supply range. The main supply pipelines are detailed as follows:

SDN Trunk Line 1, using DN500 pipe, runs along the Lantian Road to the south. It will provide steam to southwestern area of LCEDIP.

SDN Trunk Line 2, applying DN500 pipe, runs along the No. 6 Park Road to the east. It will offer steam to southeastern area of LCEDIP.

SDN Trunk Line 3 is laid along the No. 7 Park Road to the east with DN500 pipe. It will enable the steam provision to northern area of LCEDIP.

The SDN can cover an area within a 5.2-km radius of LCEDIP. The steam pressure at the far-end of the pipeline is around 0.8 MPa.

3.4.2 Environmental Protection Investment

Environmental protection facilities for the project include dust removal facility, desulfurization system, denitration system, chimney, flue, noise reduction set-ups, environmental monitoring equipment, as well as greening arrangements. The total environment related investment amounts to RMB 8.8 million yuan (8.8 million CNY). Table 3-4 shows the details.

Table 3-4 Environmental protection investment

| No. | Category | Environmental Facilities | Investment (RMB 10,000 Yuan) |
|-------|--|--|---------------------------------|
| 1 | Exhaust Gas Treatment | Bag filter | 180.0 |
| 2 | | Limestone-gypsum wet flue gas desulfurization system | 320.0 |
| 3 | | SCR-SNCR combined denitration system | 200.0 |
| 4 | | Chimney | 15.0 |
| 5 | | Flue | 20.0 |
| 6 | | Flue gas online monitoring system | 60.0 |
| 7 | Wastewater Treatment | Septic tank | 3.0 |
| 8 | Noise Treatment | Sound insulating set-ups and muffler | 20.0 |
| 9 | Solid Waste Treatment | Ash storage chamber, gypsum storehouse, dumping site, etc. | 15.0 |
| 10 | Environmental Monitoring | Environmental monitoring equipment | 10.0 |
| 11 | Environmental Emergency Response Investment | ----- | 7.0 |
| 12 | Environmental Risk Prevention Investment | ----- | 10.0 |
| 13 | Expenses on landscape and Environmental Management | ----- | 20.0 |
| Total | | | 880.0 |

3.5 Project Current Status and Lay-out

At present, the project has been completed. It is located at the cross point of Yingbin Road and No. 7 Park Road. Based on the on-site configurations, its general lay-out is divided into different functional areas, including boiler facility area, chemical

water facility area, and expansion area.

(1) Boiler facility area

The boiler facility area is located in the southwest of project site. There are stand coal dust storage towers, boilers, dust filters, induced draft fans, absorption tower, and chimney in sequence. In its southwestern part lies the auxiliary shop for boiler and desulfurization complex. The ash storage chamber is on the east side of the chimney. The boiler facility area is distant from the administrative and living area, which is in favor of reducing the environmental impact on administrative and living area.

The boilers are operated in open air and there is no boiler room. The pulverized coal is stored in the coal dust storage towers in front of the boilers and then sent to the boilers through pipelines. Therefore, it is not necessary for the project to set up any deaerator and coal-bunker bay. Such auxiliary facilities as feed-water pump, drain tank, and drain pump are installed in the auxiliary shop to the south of the boilers.

(2) Chemical water treatment facility area

The chemical water treatment workshop and associated outdoor facilities are located on the west side of the central project site, mainly including chemical water treatment shop, the affiliated chamber and outdoor water tanks.

Project layout is presented in Figure 3-3 and Figure 3-4.

3.6 Heat source

The project will install 2 × 35 t/h Micro-fine Coal Atomization boilers. In accordance with the boiler capacity, coal source and coal quality, the project has selected the Micro-fine Coal Atomization boiler. Specific model and parameters are proposed as follows:

- Rated evaporation capacity: 35 t/h
- Rated pressure of superheated steam: 2.5 MPa
- Rated temperature of superheated steam: 300 °C
- Feed-water temperature: 104 °C
- Design efficiency: ≥ 90%

3.7 Fuel

The project will use coal produced in Shenmu County of Shaanxi Province as the main fuel. In this first phase project, feed coal will be transported via highway. The quality data of coal dust pulverized from raw coal for boilers are shown in Table 3-5.

Table 3-5 Coal analysis data

| No. | Item | Symbol | Unit | Design Coal |
|-----|------------------------------------|---------|-------|-------------|
| 1 | Carbon As Received basis | Car | % | 72.25 |
| 2 | Hydrogen As Received basis | Har | % | 3.99 |
| 3 | Oxygen As Received basis | Oar | % | 11.63 |
| 4 | Nitrogen As Received basis | Nar | % | 0.58 |
| 5 | Sulfur As Received basis | Sar | % | 0.39 |
| 6 | Moisture As Received basis | Mar | % | 4.6 |
| 7 | Ash As Received basis | Aar | % | 6.56 |
| 8 | Moisture, Air Dried basis | Mad | % | 4.61 |
| 9 | Volatile Matter, Dry and Ash Free | Vdaf | % | 33.46 |
| 10 | Lower Heat Value As Received basis | Qnet.ar | KJ/kg | 27,570 |

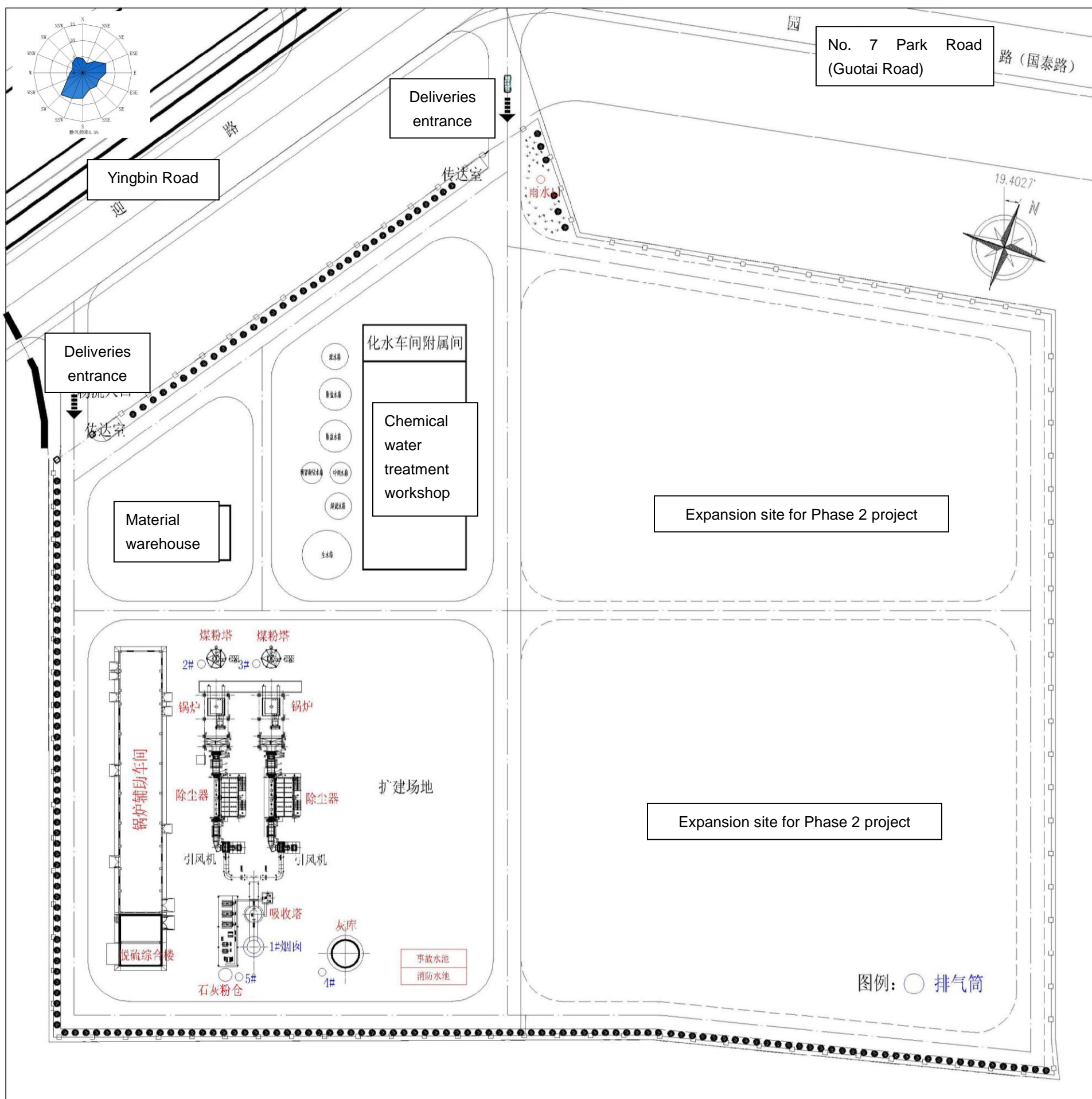


Figure 3-3 Project layout

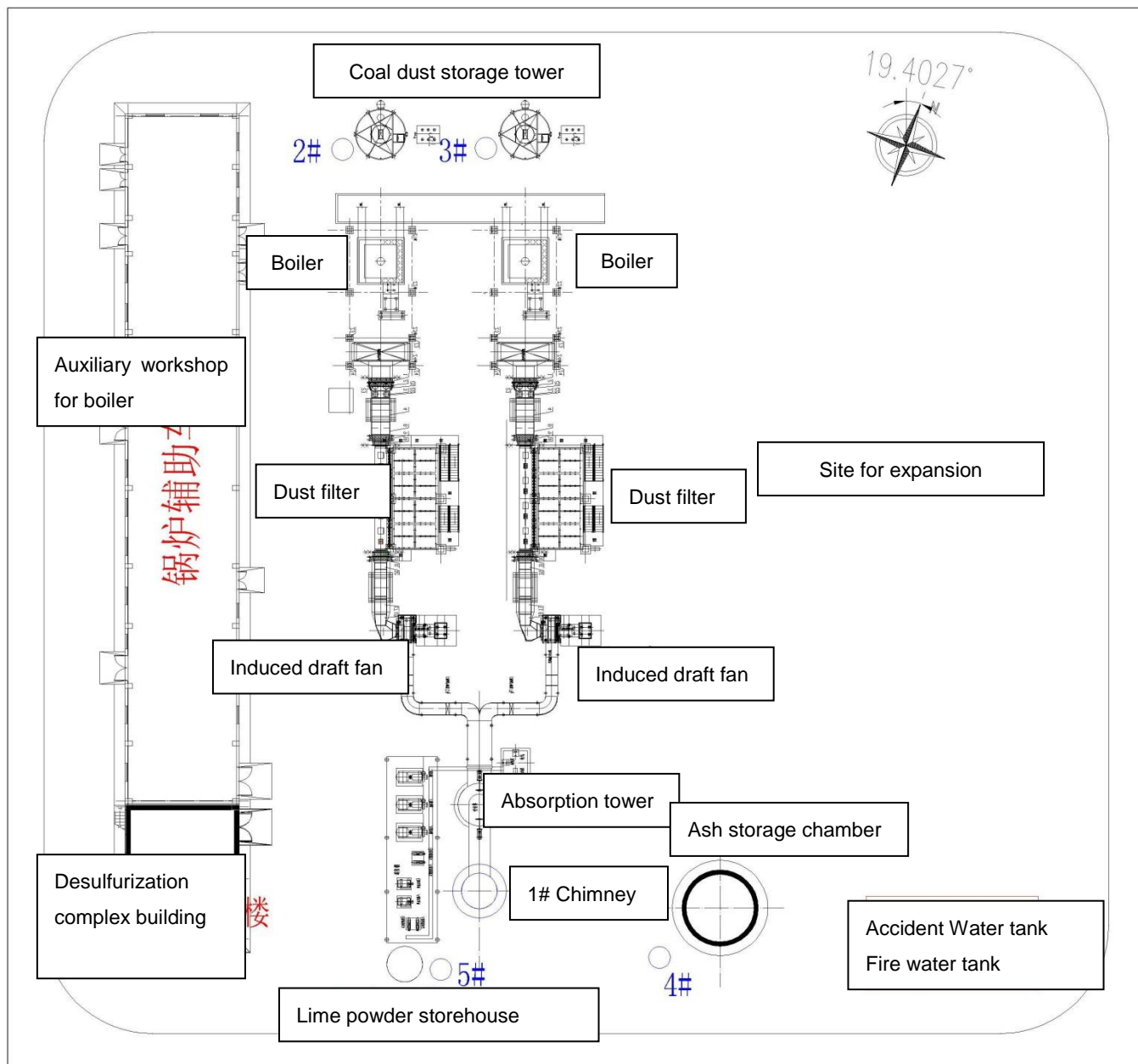


Figure 3-4 Enlarged Map of Project Production Area

4 Description of the environment

4.1 Location

The proposed project is located near the intersection of Yuanquqi Road and Yingbin Road of LCEDIP. As part of the Northwest Shandong Plain, Laoling City (county-level) is in the northeast of Dezhou City in Shandong Province, and neighbors Binzhou City, Jinan City, Cangzhou City of Hebei Province, and Ningjin, Linyi and Qingyun counties of Dezhou City. With a total area of 1172.2km², Laoling has a north-south extent of 40 km and an east-west extent of 30 km. Laoling is 44.5 km away from the Bohai Sea, 100 km from Dezhou and 115 km from Jinan. A number of provincial-level roads including S314, S315, S247 and S248 run through Laoling (and converge on the urban area of Laoling City). By 2004, all the villages in Laoling have been connected to highway.

LCEDIP of Shandong Province is located in Tieying Town of Laoling City on the south side of Majia River. LCEDIP boasts of a relative advantage in transportation, with the Binzhou-Dezhou Expressway running through its central area and the S247 Provincial Highway going through the southern area.

4.2 Geography and Topography

Laoling is located in the alluvial plain along the lower reaches of the Yellow River. Owing to the flooding and avulsions of the Yellow River, its terrain descends from southwest to northeast with the altitude ranging from 10 to 12 meters (Yellow Sea Elevation 1956). The high and low points in the city, which has a gradient of 1/8000-1/10000, differ 5 to 7 meters in elevation. The landforms of the city include elevated flood land, depression and slope. The elevated flood land, with an area of 291.9 km², is mainly located in the south side of Zhangweixin River and the two sides of Majia River, accounting for 24.9% of the total area of the city. The gentle slopes, with an area of 720.9 km², lie between elevated flood land and shallow depression, accounting for 61.5% of the total area. In the shape of a butterfly, the shallow depressions are situated in the southeast of Laoling City and cover an area of 62.1

km² which make up 5.3% of the total area. Covering an area of 27 km², the depressions in the shape of back water channel are located in the south of Zhuji Town and Kong Town, accounting for 5.3% of the total area. Situated in the north of Dasun, Huangjia and Xiduan towns, the alluvial fan was shaped by the levee failures of the Yellow River and covers a total area of 70.3 km², accounting for 6% of the total area of the city. Due to the incoherent distribution of the aforementioned topographic structures, micro- relief is the main topographic feature of Laoling with vast flatland and slight variation of elevation across the underlying surface.

The proposed project is located in the southeast of Laoling City with vast flatland and slight variation of height across the underlying surface. Apart from Majia River and Dehuixin River, there are several other water channels that can be used for agricultural irrigation in the region.

4.3 Climate

Laoling City has a temperate semi-arid continental monsoon climate with a continentality of 64.42%. It has four distinct seasons, with longer summer and winter.

Average annual temperature: 13.4 °C

Record maximum temperature: 41.5 °C (11 June 1968)

Record minimum temperature: -24.0 °C (21 December 1959)

Average annual barometric pressure: 1014.9hPa

Average annual rainfall: 587mm

Record maximum annual rainfall: 1144.4mm (1964)

Record minimum annual rainfall: 216.4mm (1968)

Average annual evaporation: 1539.5mm

Prevailing wind: southwestern wind (SW)

Secondary prevailing wind: easterly and northerly winds (E, N)

Average annual wind speed: 3.5m/s

Record maximum wind speed: 20m/s

Average annual relative humidity: 65%

Average annual absolute humidity: 11.9%.

4.4 Hydrogeology

Laoling lies in the Hai River Basin. An alluvial plain along the lower reaches of the Yellow River was formed in Laoling as a result of avulsions of the river in history, which is classified as a pore hydro geological province. The quaternary and tertiary pore-fissure aquifers are where most of the groundwater is present. The spatial distribution of aquifers shows a quite complex structure with evident vertical zonality. By storage conditions, the groundwater is classified into shallow, intermediate and deep ground waters.

The groundwater formed by evaporation largely moves vertically and the horizontal movement is tremendously slow. Under extraction condition, the hydraulic gradient is less than 1/5000. By chemical constituent, most of the groundwater is bicarbonate water (making up 80% of the total in the city, mineralization less than 2 g/l, pH 7.2-8.4), followed by chloride water. The volume of sulfate water is minute.

The distribution of saline and fresh groundwater does not follow a regular pattern, which features little fresh water, plentiful mildly and moderately mineralized water, high water quality in upper layers and low water quality in lower layers. Both the horizontal and vertical changes of groundwater quality are fairly complex. There are clearly seasonal changes in the water table which is lower in dry season and higher in wet season. Also, the water table rises when the Yellow River water is diverted for irrigation in certain areas. The groundwater flow direction is consistent with gradient. Infiltration and evaporation are the two major movements of groundwater under natural conditions.

Deep groundwater is mostly saline. According to data, by depth of fresh groundwater boundary, thickness of water-bearing sand layer and yield per well, Laoling can be divided into four hydrogeological provinces. Province I: mostly shallow groundwater. Province I includes the northwest of Dasun Township with 1,600 hectares of arable land accounting for 2.2% of the total in the city. Province II: both shallow and deep groundwater. Province II is found in most of Citoubao Township, the west of Huangjia Town, the northwest of Yangjia and Xiduan townships, the

northeast of Daxu Township, Zhuji Town, the southeast of Chengguan Town and part of Zhaitoubao, Huayuan and Zhengdian townships, with 8,467 hectares of arable land accounting for 12.2% of the total. Province III: mostly deep groundwater. Province III extends from the west of Houzhou Village of Yangjia Township and Lishou Village through Citoubao Village to Xinzhuang Village of Yangpan Township; from Citoubao Village through Shaojia Village of Huangjia Town to Liuhuizhu Village of Xidian Township and Shijiafen Village of Hujia Township; from most of Liuwuguan Township, the northwest of Zhengdian Township, the east of Zhangtun Township to the south of Hualou Township, which has 21,133 hectares of arable land accounting for 30.5% of the total. Province IV: saline groundwater. Province IV encompasses the east of Sanjiantang Township, the better part of Limiao, Guojia and Tieying townships, the west of Wangzhaizi Township and the northwest of Kong Town, with 38,133 hectares of arable land accounting for 55.1% of the total, among which 16,887 hectares are barely suitable for extraction.

4.5 Natural Resources

Laoling covers a total area of 1172km², or 1.758 million mu. Land resource per capita of the city is 2.64 mu (1 mu is 667 m²) (2007), a bit higher than the provincial average (2.58 mu). Specifically, there are 63033hm² of arable land, 6651hm² of garden, 891 hm² of forest, 2.8 hm² of meadow and pasture, 20665 hm² of other types of farmland, 16712hm² of construction land and 8074hm² of reserved land. Due to continuous cultivation over the years, the land use efficiency is rather high.

Water resource extraction in Laoling has the following characteristics:

a. The total amount of water resource is small but utilization efficiency is high. The water resource per capita in Laoling is 250m³, 60% of the provincial average and 10% of the national average, which means Laoling is relatively water-stressed with the annual water shortage averaging 50 million m³. In the years to come, water shortage caused by the limited availability of water resource is likely to be a major constraint on the regional economic development.

b. The availability of water resources is unstable with wide year-to-year and

month-to-month variations. As precipitation is the main source of surface water and ground water recharge, there is a great year-to-year change in the amount of available water resources. As the precipitation from month to month also varies greatly, the supply of water resources within one year is uneven. In spring in particular, there is a severe shortage of water for agriculture.

c. Surface runoff is severely contaminated. In the past two decades, especially the last decade, industrial development in and upstream of Laoling have been picking up which increased greatly the urban population and wastewater discharge. As a result, most rivers in the region are heavily polluted. The use of polluted river water for irrigation in rural areas further afflicts crops, shallow groundwater and soil, notably in the regions adjacent to watercourse. It takes time for the implications on the land ecosystem to unfold and it's almost impossible for the land ecosystem to recover from the damage within a short time.

d. Groundwater is overexploited in some areas including the urbanized area, which results in the falling water table.

4.6 Environmental Baseline Monitoring

Environmental baseline monitoring was conducted by Qingdao Jingcheng Detection Technology Ltd.

4.6.1 Ambient air

According to *Technical Guideline for EIA – Atmospheric Environment* (HJ2.2-2008) and the identified ambient air quality assessment area with environmental sensitive receptors in this area, ambient air quality monitoring was undertaken at four locations regarding the prevailing wind direction. Monitoring was undertaken continuously over a 7 day period from June 22 to 28, 2015. Locations are presented in Table 4-1 and Figure 4-1.

Table 4-1 Ambient air quality monitoring locations and parameters monitored

| No. | Location | Distance and direction from site | Parameters Monitored | Note |
|-----|-----------|----------------------------------|--|---------------------------|
| 1 | Qianzhang | SW, 1000 m | SO ₂ , NO ₂ , PM ₁₀ , | Sensitive receptor at the |

| | | | | |
|---|-------------------|-----------|-------------------------------------|--|
| | Village | | PM _{2.5} , TSP and ammonia | upwind |
| 2 | Project site | —— | | Project site |
| 3 | Zhengmiao Village | NE, 4000m | | Sensitive receptor at the downwind |
| 4 | Xiaozhang Village | NNW, 650m | | Sensitive receptor near the project site |

Monitoring results are presented in Table 4-2.

Table 4-2 Ambient air quality monitoring results, mg/m³

| Location | Item | 1-hour average concentration range | 24-hour average concentration range |
|-------------------|-------------------|------------------------------------|-------------------------------------|
| Qianzhang Village | SO ₂ | 0.025-0.076 | 0.042-0.055 |
| | NO ₂ | 0.015-0.058 | 0.030-0.036 |
| | PM ₁₀ | ---- | 0.125-0.154 |
| | TSP | ---- | 0.198-0.254 |
| | PM _{2.5} | ---- | 0.064-0.083 |
| | ammonia | 0.01-0.05 | ---- |
| Project site | SO ₂ | 0.019-0.077 | 0.039-0.050 |
| | NO ₂ | 0.015-0.056 | 0.023-0.036 |
| | PM ₁₀ | ---- | 0.127-0.154 |
| | TSP | ---- | 0.215-0.260 |
| | PM _{2.5} | ---- | 0.065-0.086 |
| | ammonia | 0.01-0.05 | ---- |
| Zhengmiao Village | SO ₂ | 0.024-0.096 | 0.041-0.060 |
| | NO ₂ | 0.017-0.074 | 0.024-0.038 |
| | PM ₁₀ | ---- | 0.121-0.154 |
| | TSP | ---- | 0.206-0.264 |
| | PM _{2.5} | ---- | 0.070-0.081 |
| | ammonia | 0.01-0.05 | ---- |
| Xiaozhang Village | SO ₂ | 0.025-0.085 | 0.041-0.052 |
| | NO ₂ | 0.016-0.069 | 0.030-0.042 |
| | PM ₁₀ | ---- | 0.130-0.160 |
| | TSP | ---- | 0.216-0.280 |
| | PM _{2.5} | ---- | 0.068-0.083 |
| | ammonia | 0.01-0.05 | ---- |

Table 4-3 Applicable ambient air quality standard mg/m³

| Pollutants | Parameter | Standard | Note |
|-----------------|-----------------|----------|---|
| SO ₂ | 1-hour average | 0.50 | Class II of <i>Ambient Air Quality Standards</i> (GB3095-2012) |
| | 24-hour average | 0.15 | |
| NO ₂ | 1-hour average | 0.20 | |

| | | | |
|-------------------|--|-------|---|
| | 24-hour average | 0.08 | |
| PM ₁₀ | 24-hour average | 0.15 | |
| TSP | 24-hour average | 0.30 | |
| PM _{2.5} | 24-hour average | 0.075 | |
| NO _x | 24-hour average | 0.10 | |
| O ₃ | 8-hour average of top 8 hourly concentration | 0.16 | |
| ammonia | once | 0.20 | <i>Hygienic standard for design of industrial enterprises (TJ36-79)</i> |

The results indicate that all results for TSP, ammonia, SO₂, and NO₂ were in compliance with Class II PRC standards. However, part of PM_{2.5} and PM₁₀ monitoring results at four locations exceeded the 24-hour average. The results indicate that the overall air quality at the surroundings of the project site is ordinary.

4.6.2 Surfacewater

Surfacewater baseline monitoring was undertaken at three locations of Dehuixin River. The locations are presented in Table 4-4 and Figure 4-1.

Table 4-4 Surfacewater quality monitoring locations

| No. | Locations | Note |
|-----|--|---|
| 1 | 500m from the wastewater emission point, upstream | Upstream of wastewater emission point |
| 2 | 500m from the wastewater emission point, downstream | Downstream of wastewater emission point |
| 3 | Junction between proposed wastewater treatment plant of the project and Dehuixin River | Wastewater emission point |

Monitoring results are presented in Table 4-5.

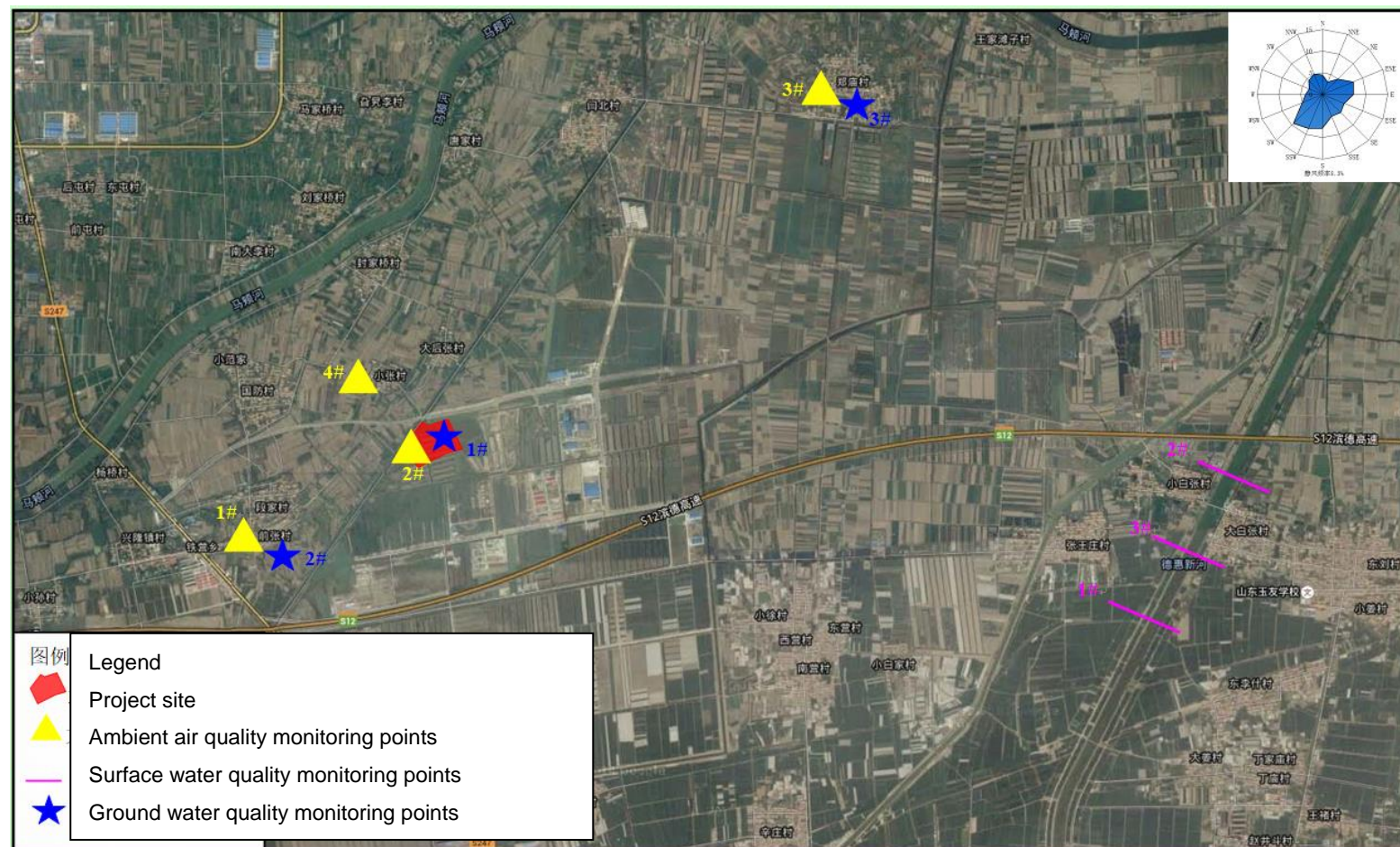


Figure 4-1 Monitoring locations

Table 4-5 Surfacewater monitoring results

| No. of locations | Monitoring date | Sample time | Parameters | | | | | | | | | | | | | | |
|------------------|-----------------|-------------|------------|-------------------|------------------|--------------------|------|------|------------------|-----------|--------------------|------------------|---------|----------|---------|---------|-----------------|
| | | | pH | COD _{Cr} | BOD ₅ | NH ₃ -N | TP | TN | Volatiles phenol | Petroleum | Permanganate index | Dissolved oxygen | Sulfate | Chloride | Sulfide | Nitrate | Fecal coliforms |
| 1 | June 22, 2015 | AM | 7.15 | 23.9 | 7.6 | 0.911 | 0.16 | 2.34 | 0.002 | 0.04 | 8.45 | 5.9 | 541 | 622 | 0.005 | 1.18 | 260 |
| | | PM | 7.22 | 25.5 | 8.0 | 0.952 | 0.14 | 2.26 | 0.002 | 0.03 | 8.21 | 5.6 | 522 | 610 | 0.005 | 1.12 | 270 |
| | June 23, 2015 | AM | 7.26 | 25.0 | 7.4 | 0.935 | 0.14 | 2.48 | 0.002 | 0.03 | 8.00 | 5.7 | 535 | 635 | 0.005 | 1.31 | 220 |
| | | PM | 7.19 | 26.0 | 7.9 | 0.970 | 0.18 | 2.37 | 0.004 | 0.02 | 8.24 | 5.5 | 552 | 609 | 0.005 | 1.20 | 270 |
| 2 | June 22, 2015 | AM | 7.10 | 25.0 | 7.8 | 1.02 | 0.18 | 2.85 | 0.004 | 0.05 | 10.7 | 5.7 | 535 | 616 | 0.005 | 1.34 | 1700 |
| | | PM | 7.06 | 26.7 | 8.4 | 1.08 | 0.20 | 2.73 | 0.005 | 0.06 | 10.5 | 5.4 | 512 | 601 | 0.005 | 1.47 | 1300 |
| | June 23, 2015 | AM | 7.13 | 27.7 | 8.6 | 1.02 | 0.21 | 2.82 | 0.003 | 0.06 | 9.88 | 5.2 | 504 | 629 | 0.005 | 1.55 | 1300 |
| | | PM | 7.04 | 26.5 | 8.2 | 1.06 | 0.19 | 2.71 | 0.002 | 0.07 | 10.1 | 5.3 | 527 | 617 | 0.005 | 1.39 | 1300 |
| 3 | June 22, 2015 | AM | 7.21 | 24.1 | 7.3 | 0.858 | 0.14 | 2.23 | 0.002 | 0.05 | 9.39 | 5.8 | 544 | 618 | 0.005 | 1.18 | 330 |
| | | PM | 7.28 | 24.9 | 7.5 | 0.809 | 0.12 | 2.41 | 0.003 | 0.04 | 8.73 | 5.7 | 567 | 624 | 0.005 | 1.26 | 330 |
| | June 23, 2015 | AM | 7.17 | 22.9 | 6.9 | 0.898 | 0.10 | 2.26 | 0.003 | 0.05 | 8.41 | 6.0 | 558 | 608 | 0.005 | 1.05 | 490 |
| | | PM | 7.24 | 24.6 | 7.8 | 0.961 | 0.13 | 2.45 | 0.003 | 0.06 | 8.08 | 5.7 | 571 | 614 | 0.005 | 1.22 | 490 |

Note: 1. Unit is mg/l, pH is dimensionless and fecal coliform's unit is No./l.

2. The results are from domestic EIA.

Applicable standard is Class IV of *Surface Water Ambient Quality Standard* (GB3838-2002) and is presented in Table 4-6.

Table 4-6 Applicable surface water standard

| Item | pH | COD _{Cr} | BOD ₅ | Dissolved oxygen | NH ₃ -N | TP | TN | Permanganate index |
|----------------|-----------------|-------------------|------------------|------------------|--------------------|------------------|----------------|--------------------|
| Class IV limit | 6-9 | ≤30 | ≤6 | ≥3 | ≤1.5 | ≤0.3 | ≤1.5 | ≤10 |
| Item | Volatile phenol | Petroleum | Sulfide | Sulfate | Chloride | Nitrate nitrogen | Fecal coliform | |
| Class IV limit | ≤0.01 | ≤0.5 | ≤0.5 | 250 | 250 | 10 | ≤20000 | |

The results indicate that all results for BOD₅, total nitrogen, sulfate, chloride and permanganate index for No.2 monitoring point exceeded the standard. Other parameters at all monitoring points were in compliance with Class IV of *Surface Water Ambient Quality Standard* (GB3838-2002).

4.6.3 Groundwater

Groundwater baseline monitoring was undertaken at three locations along the ground water flow direction. Monitoring date was June 24, 2016. Two samples were taken. One sample was taken in AM and another was in PM. Monitoring locations were presented in Figure 4-1 and Table 4-7.

Table 4-7 Groundwater monitoring locations

| No. | Location | Distance and direction from site | Note |
|-----|-------------------|----------------------------------|-----------------------------------|
| 1 | Project site | — | Groundwater quality baseline |
| 2 | Qianzhang Village | SW, 1000m | Groundwater quality at upstream |
| 3 | Zhengmiao Village | NE, 4000m | Groundwater quality at downstream |

Table 4-8 Monitoring results

| Item | No.1 location | | No.2 location | | No.3 location | |
|------|---------------|------|---------------|------|---------------|------|
| | AM | PM | AM | PM | AM | PM |
| pH | 6.98 | 6.91 | 7.20 | 7.14 | 7.68 | 7.73 |

| Item | No.1 location | | No.2 location | | No.3 location | |
|------------------------|---------------|-------|---------------|-------|---------------|-------|
| | AM | PM | AM | PM | AM | PM |
| Total hardness | 1330 | 1300 | 1240 | 1250 | 326 | 331 |
| Total dissolved solids | 2760 | 2750 | 2760 | 2780 | 857 | 862 |
| Sulfate | 477 | 492 | 495 | 511 | 174 | 163 |
| Chloride | 681 | 695 | 701 | 718 | 135 | 122 |
| Permanganate index | 1.59 | 1.74 | 1.19 | 1.09 | 1.57 | 1.45 |
| Nitrate nitrogen | 21.9 | 22.7 | 25.5 | 24.3 | 4.03 | 4.15 |
| Ammonia nitrogen | 0.17 | 0.19 | 0.10 | 0.09 | 0.08 | 0.07 |
| Volatile phenol | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| Nitrite nitrogen | 0.133 | 0.122 | 0.021 | 0.020 | 0.002 | 0.003 |
| Total coliform | 40 | 50 | 20 | 20 | 40 | 40 |

Applicable groundwater quality standard is Class III of *Ground Water Ambient Quality Standard* (GB/T14848-1993).

Table 4-9 Class III of Ground Water Ambient Quality Standard (GB/T14848-1993)

| No. | Unit | Item | Class III of GB/T14848-1993 |
|-----|-------|------------------------|-----------------------------|
| 1 | ---- | pH | 6.5-8.5 |
| 2 | mg/L | Total hardness | ≤450 |
| 3 | mg/L | Total dissolved solids | ≤1000 |
| 4 | mg/L | Sulfate | ≤250 |
| 5 | mg/L | Chloride | ≤250 |
| 6 | mg/L | Permanganate index | ≤3.0 |
| 7 | mg/L | Nitrate nitrogen | ≤20 |
| 8 | mg/L | Ammonia nitrogen | ≤0.2 |
| 9 | mg/L | Volatile phenol | ≤0.002 |
| 10 | mg/L | Nitrite nitrogen | ≤0.02 |
| 11 | No./L | Total coliform | ≤3.0 |

The results indicate that total hardness, total dissolved solids, sulphate, chloride, nitrate nitrogen, nitrite nitrogen and total coliform at No.1 and No.2 points and total coliform at No.3 point exceeded the standard. Other parameters were in compliance with Class III of *Ground Water Ambient Quality Standard* (GB/T14848-1993).

4.6.4 Noise

Noise at the site boundaries was undertaken at four points. The locations are presented in Figure 4-2.

Monitoring results were presented in Table 4-10.

Table 4-10 Noise monitoring results at site boundaries

| Monitoring time | | Monitoring results L_{eq} dB (A) | | | |
|-----------------|-----------|------------------------------------|-------------------------|------------------------|-------------------------|
| | | No. 1 at east boundary | No. 2 at south boundary | No. 3 at west boundary | No. 4 at north boundary |
| 2015.6.22 | Daytime | 49.6 | 48.6 | 49.5 | 56.8 |
| | Nighttime | 42.3 | 42.5 | 41.3 | 47.2 |
| 2015.6.23 | Daytime | 50.7 | 47.5 | 48.5 | 57.4 |
| | Nighttime | 43.5 | 41.7 | 42.2 | 48.1 |

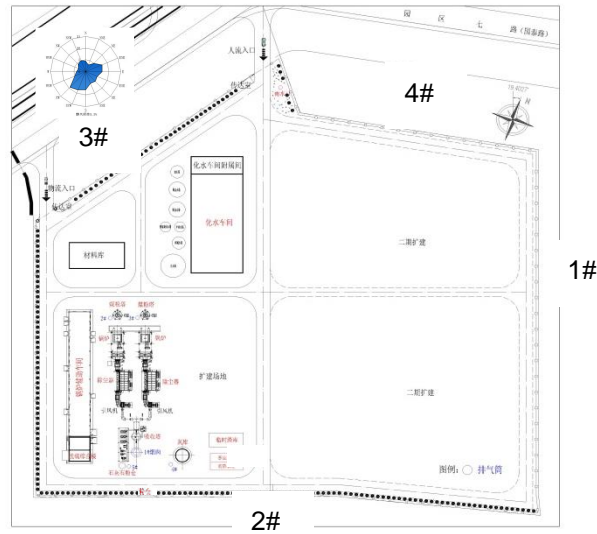


Figure 4-2 Noise monitoring locations

Applicable standard is Class III of *Emission standard for industrial enterprises noise at boundary* (GB 12348—2008). The limit is: 65 dB (A) at daytime and 55dB (A) at nighttime.

The results indicate that noise level at the site boundaries were compliance with class III of *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008). There is no sensitive receptor within the 200-m scope from the project boundary, thus the project has relatively low impact on the surrounding acoustic environment.

5 Environmental Impacts and Mitigation Measures

5.1 Anticipated Positive Effects

(1) Regional Environmental Improvement

This project aims to provide heat load for enterprises in the LCEDIP to substitute for these businesses' self-operated coal-fired boilers and effectively prevent industrial companies in the region from building small boilers on their own. The project makes use of Micro-fine Coal Atomization technology, which is able to raise the combustion efficiency to 98%, the thermal efficiency to over 90%, and the steam production of one ton of coal from 5 tons to more than 9 tons. Compared with the conventional coal-fired boilers, the project will result in annual energy savings equivalent to 45,523 tons of standard coal and improve local air quality through the estimated annual reduction of emissions of sulfur dioxide (SO₂) by 164.58 tons, nitrogen oxides (NO_x) by 91.76 tons, particulate matter (PM) by 60.70 tons and carbon dioxide (CO₂) by 113,489 tons. The project is beneficial to mitigating air pollution in the region and conducive to reducing secondary pollution during transportation of fuel and combustion products.

(2) Local Economic Development

The project offers steam source for centralized steam supply in LCEDIP. Its completion and operation will facilitate the cluster development of industrial initiatives and conserve energy. The project abides by the principle of "concentrated production, centralized pollution treatment and intensive development" set out in the local planning and serves as an integral part of circular development. By guaranteeing stable and high quality steam supply, it will help foster an improved environment for investors in LCEDIP and push forward regional development, making positive contributions to the regional investment promotion and economic growth.

5.2 Identification of Potential Impacts

The project's potential impacts have been identified according to Environmental Impact Assessment Law of People's Republic of China and associated regulations, as well as requirements articulated in ADB's SPS 2009.

The identification results reveal that during construction phase, adverse environmental impacts are associated with potential soil erosion, construction noise and dust emissions generated in plant construction. In operation phase, the major negative environmental impacts are from the pollutants discharged from the project. In addition, transportation of fuel coal will also bring noise issue.

These impacts fall into three main categories: physical-chemical ones, biological ones and socio-economic ones. The impacts from design, construction and operation phases should be analyzed respectively. Potential impacts are further divided into the following categories: (1) direct impact, as a direct result of the project itself; (2) indirect impact, resulting from a series of activities triggered by the project, but not directly caused by the project; and (3) cumulative impact, which is generated from the combination of above two kinds of impact and grows as time goes by.

5.3 Anticipated Pre-construction Phase Impacts

(1) Land Acquisition

The LCEDIP lies in Tieying Town of Laoling City, with a planned area of 20.8 km². It is the only acknowledged economic park on circular economy in the Yellow River Delta High-Efficiency Eco-Economic Zone Development Plan officially approved by the State Council in November 2011. This project is located in the established LCEDIP and involves neither land acquisition nor resettlement.

(2) Cultural Relics and Rare Species under Protection

The project is located in an industrial park. No cultural relics, historical sites, archaeological sites, or rare and endangered species are observed in the project site.

5.4 Anticipated Construction Phase Impacts and Mitigation Measures

The project construction has been completed already. A spectrum of measures have been taken during the construction phase, including control and treatment measures for exhaust gas, wastewater and noise; solid waste treatment and disposal measures; soil and water conservation measures, strengthened environmental management, sound storage and management of hazardous waste, properly

arranged construction plan, strict control of operation scope of the construction personnel and machinery, giving occupational health and safety training and protection to the workers, etc. During the construction period, through strict compliance to EIA requirements, this project imposed relatively limited impacts on soil, surface water, groundwater, ambient air, fauna and flora, and nearby residents, and such impacts have ceased with the completion of the construction phase.

5.5 Anticipated Operation Phase Impacts and Mitigation Measures

The environmental impacts during operation phase are mainly from exhaust gas emissions (dust-laden exhaust gas and boiler flue gas), wastewater discharge, noise (primarily from water pumps and fans), and solid waste (fly ash and slag in general). Based on relevant laws and regulations of China, no prohibited substances such as Polychlorinated Biphenyls (PCBs) and asbestos are used in the project.

5.5.1 Exhaust Gas

5.5.1.1 Dust-laden Exhaust Gas

No coal pulverizing system is installed in this project. The pulverized coal required for project operation is supplied by a nearby centralized milling center and transported by tanker trucks to the project site. Each boiler is equipped with a coal dust storage tower. The pulverized coal is stored in the coal dust storage towers in front of the boilers and then sent to the boilers for combustion through pipelines.

Dust-laden exhaust gas is mainly produced in the processes of loading and unloading coal in coal dust storage tower and in ash storage chamber and lime powder storehouse. For each and every coal dust storage tower, as well as ash storage chamber and lime powder storehouse, one bag filter (flow rate $Q = 65,000 \text{ m}^3/\text{h}$) is installed on the top of the facility. The generated dust-laden exhaust gas goes through the filter material where the dust particles are filtered. The filter material collects coarse dust by collision under inertia effect, and traps fine dust by diffusion and sieving effect. Exhaust gas treated by bag filter is then emitted through exhaust

funnel into upper air. As the dust collection efficiency of the bag filter is above 99.9%, the treated exhaust gas has a concentration value of 4.83 mg/m³, which stays within the maximum emission concentration limit (30 mg/m³) set out in Table 2 of the *Integrated Emission Standards of Particulate Matter from Stationary Source of Shandong Province* (DB37/1996-2011).

5.5.1.2 Boiler Flue Gas

The Micro-fine Coal Atomization technology used in this project enables a full-seal mode operation in the entire process, thus no soot can be seen. The control center adopts the centralized control system and realizes automatic operation and management of boilers. The efficient and stable operation of Micro-fine Coal Atomization boilers is therefore effectively guaranteed. Pulverized coal purchased for the project is processed from raw coal to micron-sized coal dust through washing and selecting, grinding, and preparation. During such process, ash and sulfur content in the coal dust is substantially reduced and pollution is thus cut from the source. As the micron-sized pulverized coal is much finer than ordinary pulverized coal, coal use efficiency and combustion efficiency has been significantly improved.

In coal dust storage and feed process, Elion's Micro-fine Coal Atomization technology adopts fully-enclosed coal transportation equipment and powerful unloading device to avoid furnace shut-down and associated coal dust leakage caused by coal supply device failure such as blockage, thus reducing on-site pollution. The automatic ignition device in Elion's Micro-fine Coal Atomization boiler realizes immediate start and shutoff of boiler, and the cutting-edge low NOX burners achieve low-temperature combustion, which effectively cuts down NOX emissions. The vortex technology is well applied to transforming regular boilers into Micro-fine Coal Atomization boilers. Multiple vortex atomization enables thorough mix of pulverized coal and air; while adjustment of air distribution direction and volume can alter the flame size and shape to accommodate to changes in furnace and coal type. Such technological practice fosters breakthroughs in combustion performance of

conventional boilers and raises burn-out rate and thermal efficiency to 98% and above 90% respectively, and the steam amount generated per ton of coal from 5 tons to over 9 tons.

SO₂, dust and NO_x are the main pollutants generated from combustion in boilers. Going through a series of treatment measures including SCR-SNCR combined denitration process, limestone-gypsum wet desulfurization process and bag filter, the emitted SO₂, dust and NO_x has the concentration of 29.20 mg/m³, 4.83 mg/m³, and 54.84 mg/m³ respectively, all of which stay below the emission concentration limits for Key Control Areas in Table 2 of the Integrated Emission Standards of Regional Air Pollutants of Shandong Province (DB37/2376-2013) and below those articulated in World Bank's Environmental, Health, and Safety General Guidelines.

(1) Sulfur Dioxide (SO₂)

SO₂ is an irritant gas that is absorbed by the nose. It can be easily absorbed by the moist mucosal surface and generate sulfite and sulfuric acid. As SO₂ has strong stimulating effect on eyes and respiratory mucosa, inhalation of large amount can cause pulmonary edema, laryngeal edema, and vocal cord spasm and finally result in suffocation. Mild SO₂ poisoning will lead to symptoms of lacrimation, photophobia, cough, as well as burning pain in pharynx and laryngeal; while severe poisoning can trigger pulmonary edema within few hours. Inhalation of gas with extremely high concentration of SO₂ will cause reflex glottis spasm and then suffocation. Direct exposure of skin or eye to SO₂ will cause inflammation and burns. Long-term low concentration exposure will lead to headache, dizziness, weakness and other systemic symptoms as well as chronic rhinitis, pharyngitis, bronchitis, smell and taste loss, and so on.

The project uses the processes of limestone-gypsum wet flue gas desulfurization. Lime powder is prepared into slurry as absorber. The 2 boilers share one set of desulfurization facility, with desulfurization efficiency above 93.5%. SO₂ concentration in exhaust gas from boilers reaches 29.20 mg/m³ after above desulfurization treatment, which stays within the emission concentration, limit (50 mg/m³) for Key

Control Areas in Table 2 of the *Integrated Emission Standards of Regional Air Pollutants of Shandong Province* (DB37/2376-2013).

(2) Nitrogen dioxide (NO₂)

Nitrogen dioxide is an irritant gas that can be absorbed by mucous membranes. NO₂ is corrosive and physiologically irritating. People with respiratory problems, such as asthma, are more susceptible to nitrogen dioxide. Exposure may cause impaired lung development in children. Long-term inhalation may cause lung structural changes.

At present, two denitration processes are widely accepted globally, namely, selective catalytic reduction (SCR) and selective non-catalytic reduction (SNCR). Both SCR and SNCR are methods of converting nitrogen oxides (NO_x) in the flue gas into harmless diatomic nitrogen (N₂) and water through reduction reaction at a certain temperature, typically with the aid of a reductant such as ammonia or urea. Taking into account such factors as furnace model and fuel, as well as desulfurization process, the project adopts SNCR-SCR combined denitration technology, which integrates SNCR's advantage of saving investment and SCR's merit of high technical effectiveness. The project uses urea as reductant, which requires the highest investment and operating costs. However, it is not necessary to take any special precautionary measures during the transportation, storage and use of urea and no harm will be produced in such process. Therefore, urea has the best safety performance. Through the treatment, NO_x concentration in boiler-released exhaust gas is 54.84 mg/m³, which is below the emission concentration limit (100 mg/m³) for Key Control Areas in Table 2 of the *Integrated Emission Standards of Regional Air Pollutants of Shandong Province* (DB37/2376-2013).

(3) Dust and Soot (Total Suspended Particulate, TSP)

Human nose can block out particles with a diameter greater than 10 μm. Particulate matter with a particle size from 2.5 μm to 10 μm can enter the upper respiratory tract; however, some of them can be excreted through the sputum, thus posing a relatively small hazard to human health. Fine particles with diameter below

2.5 μm can be inhaled into bronchi and interfere with gas exchange in lungs, causing such diseases as asthma, bronchitis and cardiovascular diseases. Fine particles can also enter the blood through the bronchi and alveoli, with the harmful gases and heavy metals borne by them dissolving in the blood and bringing greater harm to human health. Long-term exposure to pollutant particles in the air increases the risk of developing lung cancer, even if the particle concentration is below the legal limit. These particles or other air pollutants may increase in concentration in a short term and give rise to risk of heart disease. European epidemiologists have discovered a clear correlation between lung cancer and airborne particles in some areas.

Due to rapid economic growth, industrial expansion and intensified urbanization, haze frequently hits China in recent years. China is the world's largest energy producer and consumer, the largest coal consumer and the largest emitter of environmental pollutants and greenhouse gases. Both production and domestic life is highly dependent on fossil fuels such as coal and oil. The share of coal in its energy consumption is much higher than that in developed countries. Unreasonable structures of energy production and consumption as well as pollutants emitted from such process are among the critical causes for haze formation. The war against haze has become one of the important tasks in China's Action Plan on Air Pollution Prevention and Control (generally referred to as the Action Plan or "Air Ten Plan").

The project installs bag filters to remove dust and control flue gas emission, with the dust removal efficiency no less than 99.9%. With these measures, dust concentration in exhaust gas from boilers remains 4.83 mg/m^3 , within the emission concentration limit (10 mg/m^3) for Key Control Areas in Table 2 of the *Integrated Emission Standards of Regional Air Pollutants of Shandong Province* (DB37/2376-2013).

5.5.1.3 Ambient Air Quality Standard

The Ambient Air Quality Standard (AAQS) is formulated to protect and improve living environment, ecological environment and human health, as well as to

implement Environmental Protection Law and Atmospheric Pollution Prevention and Control Law of People's Republic of China. AAQS specifies functional zone categories, standards classification, average time and concentration limits, monitoring methods, data and statistics validity, implementation, as well as supervision. Standard limits are designed for one or multiple specific averaging periods, typically 1 hour, 24 hours, or 1 year. This environmental impact assessment (EIA) applies Level II standards of the *Ambient Air Quality Standards* (GB3095-2012) (Table 5-2).

Table 5-2 Limit of ambient air quality standard Unit: mg/m³

| Pollutant | Averaging Time | Limit mg/m ³ | Notes |
|-------------------|----------------|----------------------------|---|
| SO ₂ | 1 hour average | 0.50 | Class II of <i>Ambient Air Quality Standards</i> (GB3095-2012) |
| | Daily average | 0.15 | |
| NO ₂ | 1 hour average | 0.20 | |
| | Daily average | 0.08 | |
| PM ₁₀ | Daily average | 0.15 | |
| PM _{2.5} | Daily average | 0.075 | |
| TSP | Daily average | 0.30 | |

5.5.1.4 Exhaust Funnel Height and Inner Diameter

Design height of the exhaust funnel should meet requirements for air pollutant diffusion and be given considerations to the investment cost, with the ultimate purpose to ensure that the ground level of pollutant concentration shall not exceed the AAQS limits. In this project, exhaust gas from 2 boilers is emitted through one chimney of 60-m height and 1.5-m inner diameter. The chimney height satisfies the requirements on minimum allowable exhaust funnel height put forward by the *Integrated Emission Standards of Regional Air Pollutants of Shandong Province* (DB37/2376-2013).

5.5.1.5 Emission Concentration

Air pollutant emissions are calculated based on formulas provided by the *Textbook on Thermal Power Plants* from *Textbook Series for Vocational Qualification Registration of Environmental Impact Assessment Practitioners*. In operation phase, the emission concentrations of SO₂, dust and NO_x generated from boiler with combustion of design coal and check coal (Table 5-3) are all within the emission

concentration limits for Key Control Areas in Table 2 of the *Integrated Emission Standards of Regional Air Pollutants of Shandong Province* (DB37/2376-2013).

Table 5-3 Pollutants in the Project's Boiler Flue Gas

| Item | | Unit | Check Coal | Design Coal |
|--------------------|---------------------|-------------------|--------------------|-------------|
| Flue Gas Emissions | Wet Flue Gas Volume | m ³ /h | 96,345.7 | 95,191.4 |
| | Dry Flue Gas Volume | m ³ /h | 89,752.1 | 89,001.0 |
| SO ₂ | Generation | Concentration | mg/ m ³ | 764.54 |
| | | Rate | kg/h | 73.66 |
| | | Volume | t/a | 589.28 |
| | Emission | Concentration | mg/ m ³ | 49.72 |
| | | Rate | kg/h | 4.79 |
| | | Volume | t/a | 38.32 |
| | Emission Standard | | mg/ m ³ | 50 |
| PM | Generation | Concentration | mg/ m ³ | 9,703.91 |
| | | Rate | kg/h | 934.93 |
| | | Volume | t/a | 7,479.44 |
| | Emission | Concentration | mg/ m ³ | 9.65 |
| | | Rate | kg/h | 0.93 |
| | | Volume | t/a | 7.44 |
| | Emission Standard | | mg/ m ³ | 10 |
| NO _x | Generation | Concentration | mg/ m ³ | 338.68 |
| | | Rate | kg/h | 32.63 |
| | | Volume | t/a | 261.04 |
| | Emission | Concentration | mg/ m ³ | 54.18 |
| | | Rate | kg/h | 5.22 |
| | | Volume | t/a | 41.76 |
| | Emission Standard | | mg/ m ³ | 100 |

Source: domestic EIA .The emission concentrations are collected at full load operating conditions.

5.5.1.6 Atmospheric dispersion modeling

The report undertakes atmospheric dispersion modeling for SO₂, PM₁₀, TSP, ammonia and NO_x using SCREEN3, a US EPA and PRC approved screening mode to estimate the effects to ambient air quality of the project. SCREEN3 is a single source gaussian plume model that can calculate maximum ground level concentration

of different pollutants from point source, torch source, area source and body source under normal condition and special condition such as downwash condition and shoreline fumigation condition. Various meteorological combination conditions including worst weather conditions are incorporated and preset in SCREEN3. The worst weather conditions may occur in the project area or not. Therefore, the SCREEN3 modeling result is the conservative calculation result for maximum impacts and range from one pollution source to ambient air quality.

The modeling result is presented in Table 5-4.

Table 5-4 Modeling result Unit: mg/m³

| Distance from point pollution source (m) | SO ₂ (point source) | | NO _x (point source) | | PM (point source) | | TSP (point source) | | Ammonia (area source) | | TSP (area source) | |
|--|------------------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|
| | Predicted do wnwind worst case GLC | Ratio to Standard (%) | Predicted do wnwind worst case GLC | Ratio to Standard (%) | Predicted do wnwind worst case GLC | Ratio to Standard (%) | Predicted do wnwind worst case GLC | Ratio to Standard (%) | Predicted do wnwind worst case GLC | Ratio to Standard (%) | Predicted do wnwind worst case GLC | Ratio to Standard (%) |
| 50 | 0 | 0.000 | 0 | 0.000 | 0 | 0.000 | 2.60E-05 | 0.003 | 0.0003087 | 0.154 | 0.02191 | 2.434 |
| 100 | 0.0006794 | 0.136 | 0.00076 | 0.302 | 1.33E-04 | 0.015 | 0.0001252 | 0.014 | 0.0003914 | 0.196 | 0.02604 | 2.893 |
| 200 | 0.007627 | 1.525 | 0.00839 | 3.354 | 0.001491 | 0.166 | 0.0001148 | 0.013 | 0.0002961 | 0.148 | 0.01556 | 1.729 |
| 300 | 0.009751 | 1.950 | 0.01073 | 4.291 | 0.001906 | 0.212 | 0.0001121 | 0.012 | 0.0001806 | 0.090 | 0.009607 | 1.067 |
| 400 | 0.01052 | 2.104 | 0.01157 | 4.627 | 0.002056 | 0.228 | 0.0001827 | 0.020 | 0.000119 | 0.060 | 0.00642 | 0.713 |
| 500 | 0.0104 | 2.080 | 0.01145 | 4.580 | 0.002032 | 0.226 | 0.0002209 | 0.025 | 8.47E-05 | 0.042 | 0.004606 | 0.512 |
| 600 | 0.009968 | 1.994 | 0.01095 | 4.380 | 0.001949 | 0.217 | 0.0002326 | 0.026 | 6.39E-05 | 0.032 | 0.003492 | 0.388 |
| 700 | 0.009511 | 1.902 | 0.01049 | 4.194 | 0.001859 | 0.207 | 0.0002294 | 0.025 | 5.03E-05 | 0.025 | 0.00276 | 0.307 |
| 800 | 0.009524 | 1.905 | 0.01047 | 4.190 | 0.001862 | 0.207 | 0.0002189 | 0.024 | 4.10E-05 | 0.021 | 0.00225 | 0.250 |
| 900 | 0.009171 | 1.834 | 0.01007 | 4.029 | 0.001793 | 0.199 | 0.0002057 | 0.023 | 3.42E-05 | 0.017 | 0.001882 | 0.209 |
| 1000 | 0.008651 | 1.730 | 0.00949 | 3.795 | 0.001691 | 0.188 | 0.0001918 | 0.021 | 2.92E-05 | 0.015 | 0.001606 | 0.178 |
| 1100 | 0.008076 | 1.615 | 0.00885 | 3.542 | 0.001579 | 0.175 | 0.0001783 | 0.020 | 2.53E-05 | 0.013 | 0.001393 | 0.155 |
| 1200 | 0.007932 | 1.586 | 0.00869 | 3.475 | 0.001551 | 0.172 | 0.0001658 | 0.018 | 2.22E-05 | 0.011 | 0.001224 | 0.136 |
| 1300 | 0.008235 | 1.647 | 0.00902 | 3.608 | 0.00161 | 0.179 | 0.0001543 | 0.017 | 1.97E-05 | 0.010 | 0.001088 | 0.121 |
| 1400 | 0.008409 | 1.682 | 0.00921 | 3.683 | 0.001644 | 0.183 | 0.0001439 | 0.016 | 1.77E-05 | 0.009 | 0.0009765 | 0.109 |
| 1500 | 0.008486 | 1.697 | 0.00929 | 3.716 | 0.001659 | 0.184 | 0.0001345 | 0.015 | 1.60E-05 | 0.008 | 0.0008843 | 0.098 |
| 1600 | 0.008488 | 1.698 | 0.00929 | 3.716 | 0.001659 | 0.184 | 0.000126 | 0.014 | 1.46E-05 | 0.007 | 0.0008062 | 0.090 |
| 1700 | 0.008436 | 1.687 | 0.00923 | 3.692 | 0.001649 | 0.183 | 0.0001183 | 0.013 | 1.34E-05 | 0.007 | 0.0007393 | 0.082 |
| 1800 | 0.008344 | 1.669 | 0.00912 | 3.650 | 0.001631 | 0.181 | 0.0001114 | 0.012 | 1.24E-05 | 0.006 | 0.0006819 | 0.076 |
| 1900 | 0.008222 | 1.644 | 0.00899 | 3.597 | 0.001607 | 0.179 | 0.0001052 | 0.012 | 1.15E-05 | 0.006 | 0.0006322 | 0.070 |

| Distance from point pollution source (m) | SO ₂ (point source) | | NO _x (point source) | | PM (point source) | | TSP (point source) | | Ammonia (area source) | | TSP (area source) | |
|--|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|
| | Predicted downwind worst case GLC | Ratio to Standard (%) | Predicted downwind worst case GLC | Ratio to Standard (%) | Predicted downwind worst case GLC | Ratio to Standard (%) | Predicted downwind worst case GLC | Ratio to Standard (%) | Predicted downwind worst case GLC | Ratio to Standard (%) | Predicted downwind worst case GLC | Ratio to Standard (%) |
| 2000 | 0.008081 | 1.616 | 0.00883 | 3.533 | 0.00158 | 0.176 | 9.95E-05 | 0.011 | 1.07E-05 | 0.005 | 0.0005887 | 0.065 |
| 2100 | 0.007926 | 1.585 | 0.00867 | 3.467 | 0.00155 | 0.172 | 9.44E-05 | 0.010 | 1.00E-05 | 0.005 | 0.0005504 | 0.061 |
| 2200 | 0.007763 | 1.553 | 0.00848 | 3.394 | 0.001518 | 0.169 | 8.97E-05 | 0.010 | 9.40E-06 | 0.005 | 0.0005164 | 0.057 |
| 2300 | 0.007595 | 1.519 | 0.0083 | 3.319 | 0.001485 | 0.165 | 8.54E-05 | 0.009 | 8.80E-06 | 0.004 | 0.0004862 | 0.054 |
| 2400 | 0.007424 | 1.485 | 0.00811 | 3.244 | 0.001451 | 0.161 | 8.14E-05 | 0.009 | 8.30E-06 | 0.004 | 0.0004591 | 0.051 |
| 2500 | 0.007254 | 1.451 | 0.00793 | 3.171 | 0.001418 | 0.158 | 7.78E-05 | 0.009 | 7.90E-06 | 0.004 | 0.0004347 | 0.048 |
| 2600 | 0.007085 | 1.417 | 0.00774 | 3.096 | 0.001385 | 0.154 | 7.44E-05 | 0.008 | 7.50E-06 | 0.004 | 0.0004125 | 0.046 |
| 2700 | 0.006919 | 1.384 | 0.00756 | 3.023 | 0.001353 | 0.150 | 7.14E-05 | 0.008 | 7.10E-06 | 0.004 | 0.0003922 | 0.044 |
| 2800 | 0.006756 | 1.351 | 0.00738 | 2.951 | 0.001321 | 0.147 | 6.85E-05 | 0.008 | 6.80E-06 | 0.003 | 0.0003737 | 0.042 |
| 2900 | 0.006597 | 1.319 | 0.00721 | 2.882 | 0.00129 | 0.143 | 6.58E-05 | 0.007 | 6.40E-06 | 0.003 | 0.0003567 | 0.040 |
| 3000 | 0.006442 | 1.288 | 0.00703 | 2.814 | 0.001259 | 0.140 | 6.33E-05 | 0.007 | 6.20E-06 | 0.003 | 0.0003411 | 0.038 |
| 3500 | 0.005739 | 1.148 | 0.00626 | 2.505 | 0.001122 | 0.125 | 5.32E-05 | 0.006 | 5.00E-06 | 0.003 | 0.0002792 | 0.031 |
| 4000 | 0.005147 | 1.029 | 0.00562 | 2.247 | 0.001006 | 0.112 | 4.57E-05 | 0.005 | 4.30E-06 | 0.002 | 0.0002356 | 0.026 |
| 4500 | 0.004653 | 0.931 | 0.00508 | 2.031 | 0.0009096 | 0.101 | 4.00E-05 | 0.004 | 3.70E-06 | 0.002 | 0.0002034 | 0.023 |
| 5000 | 0.004237 | 0.847 | 0.00462 | 1.850 | 0.0008283 | 0.092 | 3.55E-05 | 0.004 | 3.20E-06 | 0.002 | 0.0001787 | 0.020 |
| Maximum GLC | 0.01053 (411 m) | 2.106 | 0.01158 (409m) | 4.631 | 0.002059 (411 m) | 0.229 | 0.000233 (619 m) | 0.026 | 0.000403 (116 m) | 0.201 | 0.02706 (83 m) | 3.007 |

Source: Domestic EIA

Note: GLC=ground level concentration

The modeling results indicate that the project's flue gas will have limited contribution to the SO₂, NO_x, PM₁₀, TSP and ammonia 1-hour average concentration then the project has limited impacts to the ambient air quality in the assessment range. After accumulative analysis of combined worse case GLC of the project and background ambient air quality, the result indicates that the project's flue gas will have limited impacts on sensitive receptors and will not significantly change the ambient air quality of the sensitive receptors.

Table 5-5 Accumulative analysis result, mg/m³

| Item | SO ₂ | NO _x | PM ₁₀ * | Ammonia |
|---|-----------------|-----------------|--------------------|----------|
| Predicted downwind worst case GLC | 0.01053 | 0.01158 | 0.006177 | 0.000403 |
| Background (average of baseline monitoring) | 0.050 | 0.037 | 0.141 | 0.030 |
| Accumulative result | 0.061 | 0.049 | 0.148 | 0.030 |
| Limit | 0.5 | 0.25 | 0.15 | 0.2 |

Note: Because there is no 1-hour concentration standard for PM₁₀, 3 times of worst case GLC is combined with background data to be compared with standard limit.

5.5.2 Wastewater

Wastewater generated by the project mainly includes: boiler effluent, chemical water facilities drainage, wastewater from desulfurization process, sewage from equipment circulating cooling process, as well as domestic sewage.

The domestic sewage is treated by the septic tank and then used for site greening. Wastewater from the desulfurization system is used for humidifying ash storage chamber. Concentrated water produced by the chemical water system is unpolluted wastewater, part of which will be used in desulfurization system and the rest will be discharged into municipal drainage network after neutralization and sedimentation. The boiler effluent is unpolluted wastewater and will be discharged into municipal drainage network after neutralization and sedimentation. Effluent from water recycling system is unpolluted wastewater and will be used for spraying to control dust-fall in project site.

Table 5-6 Predicted annual wastewater concentrations and emissions

| No. | Source | Quantity (m ³ /d) | | Pollutant concentration (mg/L) | | | | Emission |
|-----|------------------------------------|------------------------------|--------------------|--------------------------------|-----|------------------|-----|---|
| | | Heating season | Non-heating season | pH | COD | Ammonia Nitrogen | SS | |
| 1 | Boiler effluent | 84.0 | 75.6 | 8.0 | ≤30 | ≤5 | ≤10 | Treated by neutralization and sedimentation then discharge to municipal storm sewer |
| 2 | Chemical water facilities drainage | 795.6 | 716.16 | 6-9 | ≤30 | ≤5 | ≤10 | Part is reused as desulfurization equipment. The remain |

| | | | | | | | | |
|--|---|-----|------|---------|------|-----|-------|--|
| | | | | | | | | is treated by neutralization and sedimentation then discharge to municipal storm sewer |
| 3 | Wastewater from desulfurization process | 7.2 | 6.48 | 5.5-6.5 | ≤240 | ≤20 | ≤1000 | Reused as spray water of ash storage house |
| 4 | Sewage from equipment circulating cooling process | 2.7 | 2.7 | 6-9 | ≤30 | ≤10 | ≤50 | Spray water in project area for dust control |
| 5 | Domestic wastewater | 3.1 | 3.1 | 6-9 | ≤400 | ≤30 | ≤200 | Treated in septic tank then used as landscape water |
| Limit : Class 1A of table 1 of <i>Discharge standard of pollutants for municipal wastewater treatment plant</i> (GB18918-2002) | | | | 6-9 | 50 | 5 | 10 | / |

5.5.3 Noise

The permanent noises of this project mainly consist of mechanical noise generated from equipment operation and aerodynamic noise produced by various fan and steam pipes (Table 5-7). The intensity of noise sources from each device ranges from 75 dB(A) to 120 dB(A). Measures should be taken to control the mechanical noise from equipment below 85 dB(A). If such control result is not technically possible, additional personal protective equipment needs to be provided to the employees. In addition to the above measures, reasonable greening in the project site can also facilitate mitigation of noise impacts. Workers should regularly examine and repair equipment and environmental facilities regularly to ensure that they are in good working conditions.

Table 5-7 Main project noise sources

| No. | Name | Number | Noise level at 1m from the equipment dB(A) | Mitigation measures | Noise level after mitigation measures dB(A) |
|-----|-------------------|--------|--|-------------------------------|---|
| 1 | Blower | 4 | 95 | Damping and sound insulation | 75 |
| 2 | Induced draft fan | 2 | 95 | Damping and noise elimination | 75 |
| 3 | Air compressor | 3 | 95 | Damping and sound insulation | 70 |
| 4 | Pump | 20 | 90 | Damping and sound insulation | 70 |
| 5 | Stirrer | 1 | 75 | Damping and sound insulation | 65 |
| 6 | Mixer | 1 | 75 | Damping and sound insulation | 65 |

| | | | | | |
|---|----------------------|---|-----|-------------------|----|
| 7 | Cooling tower | 1 | 75 | Damping | 65 |
| 8 | Boiler exhaust noise | — | 110 | Noise elimination | 80 |
| 9 | Blow pipe | — | 120 | Noise elimination | 85 |

Given the existence of multiple noise sources, higher sound level and compact layout, a spectrum of noise reduction measures have been adopted to lessen the project's impacts on the surroundings.

(1) Noise control actions have been taken on the sound source equipment. During the equipment selection and ordering process, noise level requirements were raised to the manufacturers. In general, the noise of main engine shall not exceed 95 dB(A) and noise from auxiliary apparatus shall not exceed 85 dB (A).

(2) High efficiency mufflers have been installed to guarantee that the exhaust noise is controlled below 100 dB(A) and the pipe noise below 110 dB(A).

(3) When blowing the pipe, the direction of the pipe hole should be controlled to avoid facing the residential area; and the operation time should avoid resting period of the general public. Prior to the pipe blowing, announcement should be made to notify the neighborhood residents of the pipe blowing time and noise intensity and then remind them of shutting doors and windows firmly, so as to minimize impacts of exhaust noise on environment.

(4) Mufflers have been connected to air intake of the fans to reduce aerodynamic noise.

(5) Anti-vibration and anti-shock considerations have been incorporated in the facility and pipeline design to lessen noise caused by vibration. Damper supports and damping materials are used on pipes to reduce vibration. Sound insulation barriers were set up around equipment. Efforts should be made to improve the flow field during gas delivery to reduce aerodynamic noise.

(6) The overall layout of the project site was planned in a coordinated manner, with rational distribution of facilities and proper spacing for noise prevention. Green belts were widely established in the plant (project site), front area of the plant, and along the plant walls to further reduce the noise impact on surroundings and meet noise control standards.

(7) Measures such as planting lawn were taken to soften the ground surface of area around the buildings that contain the main noise sources.

(8) Drivers of the ash transport vehicles are required to slow down and reduce whistle when passing the villages to minimize impacts on the villages.

Table 5-8 shows the contribution of the main noise equipment to the noise prediction sites and the evaluation results.

Table 5-8 Contribution of noise equipment to site boundaries Unit: dB (A)

| Prediction Sites | Daytime | | Nighttime | |
|-------------------|--------------|------------|--------------|------------|
| | Contribution | Superscale | Contribution | Superscale |
| 1# West Boundary | 54.6 | -10.4 | 54.6 | -0.4 |
| 2# North Boundary | 48.4 | -16.6 | 48.4 | -6.6 |
| 3# East Boundary | 42.3 | -22.7 | 42.3 | -12.7 |
| 4# South Boundary | 51.9 | -13.1 | 51.9 | -3.1 |

The prediction results indicate that the daytime and nighttime noise level at four boundaries can meet the Class 3 Standard of *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008). There is no sensitive receptors within the 200-m scope from the project boundaries, thus the project has relatively low impact on the surrounding acoustic environment.

5.5.4 Storage, Transportation and Disposal of Ash, Slag and Desulfurization Gypsum

A positive pressure dense phase pneumatic conveying system is set up to handle ash and slag. The system uses compressed air to blow the fly ash and slag into ash storage chamber (a bag filter is installed at the top of ash storage chamber). This project has constructed a steel ash storage chamber with a volume of 100 m³, which is capable of storing ash and slag produced by 2 × 35 t/h boilers in 48 hours under rated load.

The project uses the processes of limestone-gypsum wet flue gas desulfurization. Lime powder is prepared into slurry (i.e. lime reacts with water to form calcium hydroxide) as absorber. Desulfurization performance is automatically controlled via adjustment of pH value and slurry concentration by automatic control system. The external oxidation fan blows evenly distributed oxidation air into slurry in the reaction tank at the bottom of absorption tower and the stirrer continuously mixes content in the tank to facilitate transformation of sulfite into gypsum. Gypsum slurry produced in the absorption tower is pumped out by gypsum pump and concentrated through the primary and secondary hydrocyclones to form gypsum cakes containing < 10% moisture, which is then sent to gypsum storehouse by transfer belt.

The ash storage chamber and gypsum storehouse satisfy the requirements set out by the *Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes* (GB18599-2001). Their ground floor is laid in cement (with geomembrane inside), and the thickness of impermeable layer is equivalent to the impermeability of clay layer with permeability coefficient of 1.0×10^{-7} cm/s and 1.5-m thickness. Drainage is constructed around these facilities. Necessary rain-proof measures are also taken on temporary storage sites to prevent leaching of solid waste leachate, so as to eliminate impacts of solid waste leachate on the aqua-environment.

Ash, slag and desulfurization gypsum belongs to general waste. The project has signed contract with Laoling Baimaoxin Construction and Installation Engineering Co. Ltd. to sell all

the ash and gypsum as raw material for cement production. The total ash, slag and gypsum generated by the project amounts to 6880.0 ton/year; based on a price of RMB 6.0 yuan/ton, they can create RMB 41,000 yuan each year.

5.5.5 Occupational Health and Safety

Compared with conditions in general industrial enterprises, the operation of this project involves lower temperature and pressure, a high degree of automation, and a quite safer operating system. In the normal course of production and operation, this project has a relative high safety level. The project operator is expected to take proper measures to protect employees' occupational health and safety of workers, including:

(1) Operation phase EHS plan will be developed and implemented and workers will be trained regularly on their implementation;

(2) The EHS plan will be aligned with relevant government regulations and guidelines on COVID-19 prevention and control, or with international good practice guidelines as updated in the future³. The plan shall be reviewed by I&G in consultation with local public health inspectors, local medical officers, or other relevant health specialists, with a recommendation forwarded to the subborrower for clearance. The plan will include COVID-19 prevention and control measures, including disinfection/cleaning of offices, and operation sites, on-site temperature checks, social distancing measures, mandatory use of personal protective equipment such as facemasks, provision of handwashing stations and hand sanitizers etc., and procedures to be adopted in the event any worker is infected with COVID-19.

(3) Provide personal protective equipment (PPE) to the employees based on their job responsibilities and circumstances;

(4) Regularly check the heating supply system and repair defects in time;

(5) A Technical Safety Division is set up in the plant headquarter to take charge of safety education, safety supervision and safety performance evaluation for the whole plant. One safety supervisor is assigned to monitoring boiler operation and one to electricity operation to inspect safety performance of the plant.

(6) Comply with provisions on vocational health, safety and safe production in related laws of the People's Republic of China.

³ See e.g.: World Health Organization. 2020. Considerations for public health and social measures in the workplace in the context of COVID-19. Geneva. Available at: <https://www.who.int/publications-detail/considerations-for-public-health-and-social-measures-in-the-workplace-in-the-context-of-covid-19>. HM Government. 2020. Working safely during COVID-19 in construction and other outdoor work. Guidance for employers, employees and the self-employed. Available at: <https://assets.publishing.service.gov.uk/media/5eb961bfe90e070834b6675f/working-safely-during-covid-19-construction-outdoors-110520.pdf>. The Canadian Construction Association–COVID-19 Standard Protocols. Available here: <https://www.cca-acc.com/wp-content/uploads/2020/04/CCA-COVID-19-Standardized-Protocols-for-All-Canadian-Construction-Sites-04-16-20.pdf>

5.5.6 Abnormal Operating Conditions

The main environmental impact of this project is brought by air pollutants emitted in the boiler flue gas. Should any failure occur in desulfurization, denitration and dust removal device, non-compliance in air pollutant emissions would appear. With the help of estimation model, it is anticipated that under abnormal operating conditions, the pollutant emission concentrations would be very high and exceed the emission limits to varied extent. However, no sensitive receivers such as residential area are located within the outreach of maximum ground level concentrations of air pollutants. As the maximum pollutant concentrations in downwind direction of flue gas emission surpass limits in Level II standards of the Ambient Air Quality Standards (GB3095-2012), once the abnormal operating conditions occur, air quality in sensitive receivers' locations in project adjacent area will be affected. During the project operation, there should be strengthened maintenance and management of environmental protection facilities to avoid occurrence of abnormal operating conditions to the maximum extent. In case of any such occurrence, efforts should be made to minimize the duration of abnormal operating conditions.

The Elion Clean Energy (Laoling) Co. Ltd. has developed the Integrated Emergence Response Plan (Appendix 1), Specific Emergency Response Plan (Appendix 2), and On-site Emergency Response Plan, and established a relatively sound emergency response mechanism.

6 Alternatives Analysis

All the project alternatives are usually compared during feasibility study phase, with the purposes to minimize adverse environmental impacts and improve environmental benefits based on satisfaction of environmental standards. Common selective factors include: (1) energy efficiency; (2) emission reduction rate; (3) land use; (4) impacts on goals for environmental protection; and (5) resettlement etc. In addition, “absence of this project” is often analyzed as an alternative.

6.1 No Project Alternative

No Project Alternative aims to identify the potential impacts when this project has never been implemented. At present, a quantity of enterprises has settled in LCEDIP. These businesses have continuous and stable production and thus maintain stable heat load, with thermal energy primarily used for heating and drying. However, development of regional steam provision capacity cannot catch up with the pace of steam demand growth, and steam supply is unable to satisfy the soaring demand for heat load. In absence of this project, all industrial enterprises would have to build self-operated small-scale boilers for steam supply. Such self-built small boilers usually have lower combustion efficiency and higher pollution emissions, which is not conducive to improvement of regional environmental quality. In addition, decentralized storage and transportation of fuel coal and ash/slag by enterprises will bring negative impacts to local area as well. On the basis of strictly verifying current heat load for production in each and every industrial enterprise and giving due consideration to their short-term development plan, this project performs centralized steam supply to LCEDIP. Such centralized steam supply will raise coal use efficiency, reduce pollutant discharge, and improve regional environmental quality. The project is in favor of facilitating local investment, boosting regional economic development and safeguarding public health. Therefore, “Absence of This Project” is not a reasonable option.

6.2 Project location

This project is located in the planned area for steam supply which belongs to industrial land. The site selection is in conformity of provisions in LCEDIP planning and land use plan. Laoling Municipal Urban Planning Bureau issued “Opinions on Planned Site of Centralized Heat/Steam Supply Project in Laoling Circular Economy Demonstration Park of Shandong Province”. Laoling Municipal Land and Resources Bureau issued “Preliminary Review Opinions on Land Use for Centralized Heat/Steam Supply Project in Laoling Circular Economy Demonstration Park of Shandong Province”. Both documents recognized the rationality of the project site. In addition, the site selection has incorporated full consideration of steam demand of both existing enterprises and newly settled businesses in LCEDIP as

well as the range of heat-supply service. The project location is reasonable. It is beneficial to energy conservation and guarantees the safe and reliable operation of steam supply system.

6.3 Fuel/Energy Alternatives

Multiple fuels or energy sources can be used to generate heat or as source for indirect heating, including: natural gas, solar power, wind power, geothermal power, biomass, coal and so on.

6.3.1 Natural gas

Natural gas is a clean, environmentally friendly, and high-quality energy source that contains almost no sulfur, dust, and other harmful substances. It produces less carbon dioxide than other fossil fuels when burning, reduces emissions of sulfur dioxide and dust by nearly 100%, reduces carbon dioxide emissions by 60% and nitrogen Oxygen emissions by 50%, all of which help lessen the formation of acid rain and mitigate global warming. China's natural gas reserves are mainly distributed in the basins in Central and Western China. At present, demand for natural gas in China is increasing year by year. However, the general quality of natural gas reserves is not satisfactory and the resource use is often affected by geographic factors. At the same time, the cost of fuel natural gas is higher than that of fuel coal. Thus, natural gas is not suitable to be the fuel for centralized steam supply in LCEDIP.

6.3.2 Solar power

Solar power is the most critical basic energy source among various renewable energies and the most abundant energy available to human beings. The energy embedded in solar radiation striking the earth surface annually is up to 1.05×10^{18} kWh (3.78×10^{24} J), equivalent to 1.3×10^6 billion tons of standard coal. China has a vast land territory and the majority of the territory lies in mid-latitude zone, with a large solar elevation angle. The annual radiation amount ranges from 80 kcal/cm² to 220 kcal/cm².

Currently, solar power is generally applied in two ways: electricity generation and water heating. The solar water heater is only good for domestic water use. Solar power heating still suffers from disadvantages of low efficiency, high price and large area requirement. As this project supplies steam to industrial enterprises in LCEDIP, there are certain requirements on steam temperature and pressure. Therefore, solar heating solution does not apply to this project.

6.3.3 Wind power

Wind power is the use of air flow through wind turbines to generate energy in various forms such as electricity, thermal energy and mechanical energy for the purposes of power generation, water lifting, navigation assistance, cooling and heating, etc. Wind power volume

depends on wind speed and air density. China lies on the verge of the Pacific Ocean, with strong monsoon and a coastal line stretching more than 18,000 km, and multiple mountain ranges inland change the distribution of air pressure, all of which fosters widely distributed wind power resources. The first step of wind power heating requires the conversion of wind power into electricity, which has relatively higher costs. In addition, wind power output fluctuations will render the continuous reliable heating impotent. Therefore, additional backup heating sources such as coal, natural gas or electricity storage system are needed if wind power is used as fuel, which substantially reduce the economic efficiency.

6.3.4 Geothermal Power

Most of the geothermal power comes from the renewable heat in the depths of the earth, which starts from the earth's molten magma and the decay of radioactive material. A small portion of the geothermal power comes from the sun, accounting for about 5% of the total geothermal energy; and the surface geothermal energy is primarily originated from the sun. The deep groundwater cycle and invasion of magma at significant depth into the earth crust brings heat from deep underground to near-surface. The use of geothermal energy has great geographical constraints and requires available geothermal resources in project adjacent areas. However, no available geothermal energy source has been observed in project surroundings.

6.3.5 Biomass

Biomass energy refers to the chemical energy that plant chlorophyll converts from solar power and then stores in the biomass. The current technology for bio-energy use includes thermochemical conversion of solid biomass into flammable gases and tar; biochemical conversion of biomass into biogas and alcohol through microorganism fermentation; and physical conversion of biomass into high-density solid fuel through densification molding technology. Biomass energy mainly consist of agricultural residual, forest production and processing waste, industrial wastewater, municipal solid waste, etc.

However, current practice of applying biomass energy to heating or power generation has the following problems: (1) absence of systematic framework for raw biomass collection and energy production; (2) excessive investment costs; (3) higher fuel costs than coal; and (4) sources of raw materials are subject to seasonal restrictions. Thus, biomass energy is not a feasible option for fuel.

6.3.6 Coal

The project uses coal produced in Shenmu County of Shaanxi Province as the main fuel. Shenmu area in Shaanxi Province is a coal accumulation center of in Shenfu Jurassic coalfield. The coal reserve has an area of over 4,500 km², accounting for 60% of the county's

total area, with the proven reserve exceeding 50 billion tons. The coal seam has a simple geological structure and stable storage. The coal deposit is shallow and easy to be mined. With excellent quality, extra-low ash content, extra-low phosphorus content, extra-low sulfur content, and high calorific value, Shenmu coal belongs to high volatile weak caking or non-caking long flame coal, which is environmentally friendly. At present, Shenmu County has 13 key state-owned coal mines, 8 local state-owned coal mines, and 128 township coal mines. The fuel supply is sufficient to support long-term stable operation of boilers of the project.

6.4 Boiler Alternatives

6.4.1 Grate-fired Boiler

Grate firing refers to the combustion of fuel staying fixed on grates, also known as fixed-bed combustion method. It has features of slow combustion and clearly phased combustion process. Given these combustion features, regular grate-fired boiler has the following characteristics: (1) Poor adaptability to coal type. Grate-fired boiler is only suitable for combusting high volatile bituminous coal with caloric value over 4,000 kcal. (2) Low combustion efficiency. There is huge heat loss due to incomplete combustion in the furnace, in particular the combustion of low-quality coal, resulting in high carbon content in slag and energy waste. (3) Low heat transfer performance in furnace. The heat transfer mainly relies on simple radiation and thus boiler's thermal efficiency is quite low, merely reaching 75% on average. (4) The gaps between grates and large coal feed hopper lead to severe coal leakage and air leak. (5) Heavy structure. The structure causes large steel consumption and easy failure in grate movement, which will cause damages and even destroy the motor.

6.4.2 Circulating Fluidized Bed Boiler

Circulating fluidized bed boiler is an efficient, low polluting and clean combustion technology developing over the past decade. It boasts of such advantages as high combustion efficiency, large adaptability to coal types, low concentrations of harmful components in flue gas, wide load adjustment range, comprehensive use of ash and slag, etc. This technology has been developing rapidly in China and the world given the growing energy shortage and environmental protection requirements.

Due to the strong circulation disturbance inside the gas-solid bed in the circulating bed, the heat and mass transfer processes in the furnace are strengthened. As a result, the fresh fuel particles are heated to the furnace temperature ($\approx 850\text{ }^{\circ}\text{C}$) as soon as they enter into the furnace. Combustion and heat transfer at the furnace height can be carried out at a constant temperature, thus extending the combustion time. The fuel is circulated back to the furnace through separator for several times, prolonging the residence and reaction time of the fuel

particles and reducing heat loss from incomplete combustion. The circulating fluidized bed boiler can achieve combustion efficiency of 88% up to 95%, which is quite close to that of pulverized coal-fired boiler. Because of its unique combustion method, circulating fluidized bed boiler has the following advantages that differentiate it from other boilers:

(1) Circulating fluidized bed boiler can accommodate to a wide range of fuels, for instance various types of coal, including low volatile, low calorific value, conventional inferior fuels and even some special low quality fuels.

(2) Circulating fluidized bed boiler has little requirement on fuel preparation. Fuel prepared by a simple single-stage crusher will meet the design requirement for furnace use. In the existence of centralized coal feeding device, a 100 t/h boiler only needs one coal feed point to maintain operation. Such feature is in favor of the future capacity enlargement of boiler unit.

(3) The combustion process is stable. Due to high temperature of original fuels on bed, the thorough mixture of gas and solid and that of fuel particles on the bed, as well as the relatively low share of new fuels in total fuels on bed (less than 5%), there are no obvious changes of furnace temperature.

(4) Circulating fluidized bed boiler boasts of high combustion efficiency. Recovery and separation of fuel particles guarantees continuous combustion of fuel. For large particle size fuel, the sufficient residence time in furnace ensures combustion effect. Therefore, the carbon content in slag is low.

(5) Adjustment of operating parameters can ensure stable combustion under different operating load and conditions.

However, problems exist in circulating fluidized bed boiler's actual operation. High combustion efficiency can only be achieved as long as the coal in use and operating parameters conform to the boiler design. At present, changes of fuel coal type highly frequently take place in real operation of circulating fluidized bed boilers, and operation under designed conditions is hard to realize. The operation cannot give timely response when the fuel coal is different from design coal, and the operating parameters cannot be identified and adjusted accordingly. Therefore, it is difficult to maintain stable and safe boiler operation and directly leads to the lessened thermal efficiency and increased power consumption of the boiler system.

6.4.3 Micro-fine Coal Atomization Boiler

Micro-fine Coal Atomization boiler is built on the German technology for superfine pulverized coal combustion and introduces vortex technology in aviation sector into the operation. The prepared micro-fine pulverized coal is efficiently atomized for multiple times and fully mixed with air for combustion. Micro-fine Coal Atomization operation has the

advantages of low emission, low coal consumption, high thermal efficiency, and high cost-effective performance, known as “two lows and two highs” advantages, thus is widely acknowledged in the market and among users. At present, Elion’s Micro-fine Coal Atomization technology application projects have been implemented in many provinces and municipality including Shandong, Hebei, Tianjin, Jiangsu, Jiangxi, and Zhejiang, and the corresponding technology is relative mature.

Micro-fine Coal Atomization boiler boasts of the following advantages:

(1) Centralized supply of pulverized coal is used, i.e. coal is pulverized in centralized mills and then distributed to the boilers, which guarantees the stable quality of fuel coal.

(2) Micro-fine Coal Atomization boiler creates a friendly working environment. The boiler is operating in a fully-enclosed system in which coal is automatically fed in, fly ash is discharged in a centralize way, and no fly ash is leaked.

(3) The boiler can be started and shut down easily. Immediate start and shutoff of boiler system is achieved, i.e. 30-second ignition will initiate boiler operation and cut off coal supply will lead to boiler shutoff at once.

(4) Boiler system is under high level monitoring. Automatic monitoring and adjustment of operating parameters maintains the best operating conditions, and at the same time reduce labor intensity and human impacts on boiler operation.

(5) Micro-fine Coal Atomization boiler has a high efficiency and excellent energy saving performance, with full combustion of pulverized coal, good heat exchange result, small coefficient of excess air, and high thermal efficiency. Large power consuming equipment is connected with frequency converters and remarkable energy conservation results are achieved.

(6) The boiler system contributes to land saving. As there is neither coal-bunker bay nor slag site beside boiler, reduction in land use area and investment is achieved.

(7) The main fans use energy-efficient technologies (e.g. selecting variable moving blade axial flow fan as blower and stationary blade adjustable axial flow fan as draft fan) to save energy.

(8) Distribution of pipelines for flue gas, air blow and pulverized coal is optimized to reduce local resistance loss and conserve power.

In general, by comparing processes of three common coal-fired boilers and with proper consideration of local steam demand and heat load scale, it is concluded that Micro-fine Coal Atomization boiler is a reasonable option for the project.

6.5 Desulfurization Alternatives

At present, there are dozens of flue gas desulphurization (FGD) technologies. FGD can be achieved by three major types of processes, including wet FGD process, semi-dry FGD

process and dry FGD process, the differences among which are the water input in desulfurization process and the form of desulfurization product. Wet FGD technology is relatively mature, with high efficiency and simple operation.

6.5.1 Magnesium Oxide FGD Process

Magnesium oxide FGD process is also known as magnesia FGD slurry process, which employs magnesia slurry (magnesium hydroxide) as absorbent to scrub sulfur dioxide in the flue gas and generate magnesium sulfite and magnesium sulfate. These sulfates will be dehydrated, dried, and then calcined. A small amount of coke is added in the calcining furnace to reduce magnesium sulfate and the sulfates and sulfites decompose into high-concentration sulfur dioxide and magnesium oxide. Magnesium oxide turns into magnesium hydroxide after reaction with water and is reused in the system as absorbent. High-concentration sulfur dioxide can be used to produce sulfuric acid or sulfur. At present, technology for Magnesium oxide FGD process has become mature and been applied to large-scale industrial installations. Corresponding desulfurization rate exceeds 90%.

Magnesium oxide FGD process is a desulfurization process which is secondary only to calcium-based FGD process in terms of technical maturity. It is widely used worldwide, with more than 100 projects in Japan, application in 95% of power plants in Chinese Taiwan, and application cases in the United States and Germany. The magnesia reserve in China is remarkable and the current proven reserve amounts to 16 billion tons, taking up to around 80% of the world's total reserve. The magnesia resources are distributed in Liaoning, Shandong, Sichuan and Hebei provinces. Therefore, magnesium oxide can definitely be used as a desulfurizer in the FGD system.

6.5.2 Double-alkali Scrubbing Process

Double-alkali scrubbing process uses sodium-based scrubbing reagent in the absorption tower to remove sulfur dioxide in the flue gas. As sodium-based scrubbing reagent is strong, the solution formed after scrubbing sulfur dioxide has high solubility and will not create supersaturated crystallization to block the facility. Desulfurization products are discharged into regeneration tank to react with calcium hydroxide and regenerate the sodium-based scrubbing reagent which is sent back to the scrubbing tower for reuse. Double-alkali scrubbing process reduces investment and operation costs, which is more suitable for desulfurization renovation in medium and small-sized boilers.

6.5.3 Limestone-gypsum FGD Process

Limestone-gypsum wet FGD process is the most technically mature and extensively applied conventional flue gas desulfurization process at present. It has a spectrum of advantages, including high desulfurization efficiency, mature technology and reliable

operation, rich sources of desulfurization agents, low price, and high utilization rate. According to the *Notice on Issuing the Technical Policy on Pollution Prevention and Control of Thermal Power Plant* (Ministry of Environmental Protection Announcement No. 1 of 2017) and the *Guideline on Available Technologies of Pollution Prevention and Control for Thermal Power Plant* (Draft for Comments), wet FGD process which uses limestone slurry to scrub SO₂ and form gypsum is the best available technology to cope with all coal types and achieve ultra-low SO₂ emission.

Table 6-1 Comparison of Common Wet FGD Processes

| No. | Item | Limestone-gypsum FGD Process | Magnesium Oxide FGD Process | Double-alkali Scrubbing Process |
|-----|----------------------------|---|---|--|
| 1 | Requirements for absorbent | Lime powder (purity ≥ 80%, and 90% should be 200 mesh powder) | Magnesia powder (purity ≥ 85%, and 90% should be 200 mesh powder) | Lime powder (purity ≥ 80%, and 90% should be 200 mesh powder) Soda ash (purity ≥ 90%) |
| 2 | Advantages | (1) Cheap absorbent (2) Mature technology and easiest and most reliable operation (3) Desulfurization efficiency > 90% (4) Byproduct (gypsum) can be used as cement additive (5) Stable operation (6) Easy to use (7) Low operation costs | (1) Advanced and mature technology, reliable equipment, high cost-effectiveness, excellent desulfurization results, and remarkable economic benefits from magnesium sulfate heptahydrate recovery (2) Desulfurization efficiency > 90% (3) Mature process and reliable operation (4) Recovered byproduct can be used to produce magnesium sulfate heptahydrate as fertilizer additives, reducing secondary pollution and generating economic benefits (5) Much smaller amount of slag than other processes and easy follow-up operation | (1) Mature technology and reliable operation (2) Use of sodium based alkali as desulfurization agent creates better reaction environment in the desulfurization tower than that of limestone-gypsum FGD process (3) Desulfurization efficiency > 90% |
| 3 | Disadvantages | High quality requirement for byproduct (gypsum) as cement additive | The one-time investment is slightly higher than those of double-alkali scrubbing process and limestone-gypsum FGD process | Water content in byproduct is high and actual operation requires large quantity of sodium based alkali replenishment, causing excessive operation costs |

The above comparison shows that limestone-gypsum FGD process has such features as mature technology, stable operation, high desulfurization efficiency, high degree of byproduct utilization, and low one-time investment, facilitating its wide use in China. Therefore, the project's selection of limestone-gypsum wet FGD system is reasonable and feasible.

6.6 Dust Removal Alternatives

Fly ash generated from pulverized coal combustion enters into the rear part of the boiler with flue gas, and then is removed by various dust removal collectors to a maximum extent. Based on their operating principles, dust collectors can be divided into dry dust collector, wet dust collector, electrostatic precipitator and bag filter.

6.6.1 Electrostatic Precipitator

Electrostatic precipitator (ESP) uses high-voltage electric field to trigger ionization in flue gas to separate dust with induced electrostatic charge from the airflow. Four inter-related physical processes are involved in applying electrical power to capture dust in flue gas in ESP: (1) ionization of flue gas, (2) electrostatic charge of dust particle, (3) movement of charged dust particles toward electrode, and (4) charged dust collection. ESP's dust removal efficiency is influenced by multiple factors such as temperature and flow rate of the flue gas, ESP's working condition, and space between dust collection plates.

Compared with other dust collectors, ESP has lower energy consumption and high dust removal efficiency for removing dust particles of 0.01 – 50 μ m in size. It can be applied to high temperature and pressure flue gas. Practice shows that the greater the amount flue gas treated, the more cost-effective the ESP investment and operation becomes.

The main advantages of ESP include:

(1) ESP has high dust removal efficiency, with capability of capturing superfine particulate with a diameter greater than 0.01 μ m. The desired dust removal efficiency can be achieved through selection of different operating parameters in design.

(2) ESP has small pressure drop which is usually below 20 mmWc. Compared with cyclone dust collector, its total power consumption is relatively small even with power consumption of the power supply unit and rapper unit being considered.

(3) ESP has a high acceptable operating temperature. For instance, the SHWB model can be operated at a maximum acceptable temperature of 250 °C, and other models can accept temperature ranging 350 – 400 °C or even higher.

(4) ESP is capable of treating a wide range of air volume fully under automatic control.

ESP has the following major disadvantages:

(1) ESP has complicated structure which imposes higher requirements on equipment transfer, installation, maintenance and management.

(2) ESP has certain requirements to dust resistivity. Therefore, ESP is selective and unable to guarantee high dust removal efficiency on all types of dust.

(3) ESP is susceptible to operating conditions such as gas temperature and operating temperature. Treatment of same type of dust particles will generate different results under different operating temperature and humidity.

(4) ESP needs large one-time investment, and horizontal ESP takes up a large area.

(5) ESP's practical performance in some enterprises cannot achieve the designed performance.

6.6.2 Bag Filter

Bag filter is a type of dry dust collector. It is suitable for capturing small, dry, and non-fibrous dust. The filter bag is made of textile cloth or non-woven felt to use the filtering effect of fiber fabric to handle dust-laden gas. When the dust-laden gas enters the bag filter, large and heavy particulates will settle and fall into hopper due to gravity effect; and the finer dust-contained gas will be cleaned when passing through filter materials which will block the fine dust.

Bag filter's high dust removal efficiency is firmly related to its dust removal mechanism. The dust-laden gas goes into the inlet duct in the lower part of the dust collector and is directed by the baffle plate to the hopper where coarse dust will settle due to collision with baffle plate and gas velocity decrease. The remaining fine dust particles flow with gas into the filtration chamber where the dust and ash is blocked due to inertia, diffusion, blockage, capture, and electrostatic effect of the filter fabric. The cleaned gas flows out of the chamber and is discharged via outlet duct. Accumulated dust on the filter bag is removed by reverse blowing approach and then falls into hopper to be further emitted through double rotary valves to the discharge device. Bag filter's high dust removal efficiency is also attributed to the filter materials whose performance is directly linked with bag filter's overall performance and operation life. Bag filter has the following advantages:

(1) High dust removal efficiency, which generally surpasses 99%, and relatively higher sorting performance on superfine dust with submicron particle size.

(2) A wide range of gas treating capacity.

(3) Simple structure and easy maintenance.

(4) Lower cost than the electrostatic precipitator with same dust removal efficiency.

(5) Ability to operate at 200 °C when high temperature resistance filter materials such as glass fiber and PTFE are used.

(6) Insensitive to dust characteristics and free of impacts from dust and resistance.

In summary, analysis of dust removal efficiency, operational stability, investment and equipment space shows that bag filter is better than the electrostatic precipitator. This

project's selection of bag filter is reasonable.

7 Information disclosure and public consultation

7.1 Information disclosure

Information disclosure involves delivering information about a proposed project to the general public and to affected communities and other stakeholders, beginning early in the project cycle and continuing throughout the life of the project. Information disclosure is intended to facilitate constructive engagement with affected communities and stakeholders over the life of the project. It can directly reflect the public's perceptions of environmental quality in the project's area of influence

Elion Laoling Subcompany has undertaken public consultation and information disclosure in 2015 in accordance with the *Regulations on the Administration of Construction Project Environmental Protection* (1998), *Interim Guidelines on Public Consultation for EIA* (2006) and *Note on Enhance of Supervision and Management of Public Consultation for EIA of Construction Project* (2012, No. 138, Shandong EPB). The Information disclosure methods were questionnaire distribution, information posted at bulletin board, leaflet distribution and information disclosed on websites.

The project's information will be disclosed by the following methods;

- (1) Domestic EIA was disclosed on the Laoling EPB's website;
- (2) This IEE will be disclosed on the ADB website (www.adb.org);
- (3) Copies of domestic EIA will be provided as required;
- (4) All environmental monitoring reports will be disclosed on the ADB website (www.adb.org).

7.2 PRC and ADB Requirements for Public Consultation

7.2.1 PRC Requirements

Relevant provisions in the PRC *Environmental Impact Assessment Law* (2015) and the *Regulations on the Administration of Construction Project Environmental Protection* (No. 253 Order of the State Council, 1998), *Interim Guidelines on Public Consultation for EIA* (2006) and *Technical guideline for environmental impact assessment of construction project General Programme* (HJ 2.1-2016) require that for an environmental Category A project, full EIA reports are required including two rounds of public consultations.

7.2.2 ADB Requirements

ADB's SPS has specific requirements for information disclosure and public consultation. Information disclosure involves delivering information about a proposed project to the general public and to affected communities and other stakeholders, beginning early in the project cycle and continuing throughout the life of the project. Information disclosure is intended to

facilitate constructive engagement with affected communities and stakeholders over the life of the project.

The SPS also requires that the borrower carry out consultation with affected people and other concerned stakeholders, including civil society, and facilitate their informed participation.

7.3 Public consultation of the project

7.3.1 Information disclosure on website

(1) First information disclosure

The first information disclosure was undertaken from May 30, 2015 to June 8, 2015. The information included project name, project content, name and contact information of construction companies, name and contact information of EIA Institute, EIA procedures and content, type of EIA notification notice and request for questions, suggestions and feedback from the public.

(2) Second information disclosure

The second information disclosure was undertaken from June 12, 2015 to June 21, 2015. The information included

- a) Project introduction;
- b) Potential environmental impacts;
- c) Mitigation measures;
- d) Key conclusions of the EIA report;
- e) Method to get questions, suggestions and feedback from the public; and
- f) Contact information to get abridged versions of the EIA report.

7.3.2 Questionnaire survey

Questionnaire survey was undertaken in June 22, 2015. A total of 203 questionnaires was distributed and 203 completed questionnaires were received, a recovery rate of 100%. Table 7-1 presents summary information on the questionnaire respondents.

Table 7-1 Summary data on questionnaire respondents

| Parameter | | No. | Percentage (%) |
|-----------------|---|-----|----------------|
| Age | Below 20 | 30 | 14.8 |
| | 20-60 | 127 | 62.6 |
| | Above 60 | 46 | 22.7 |
| Education level | Junior school or below | 47 | 23.2 |
| | High school, including technical secondary school | 130 | 64.0 |
| | Bachelor degree or above | 26 | 12.8 |
| Occupation | Worker | 78 | 38.4 |
| | Farmer | 102 | 50.2 |
| | Businessman | 17 | 8.4 |

| | | | |
|--|---------|---|-----|
| | Student | 6 | 3.0 |
|--|---------|---|-----|

The summary data indicated that the respondents covered a range of ages, education levels and occupation. The respondents were surroundings residents and workers from surrounding enterprises and can reflect the public attitude to the project.

Public consultation questionnaire results were presented in Table 7-2.

Table 7-2 Public consultation questionnaire results

| Question | Item | No. | Percentage (%) | Dominant alternative |
|---|-----------------------|-----|----------------|----------------------|
| 1. Do you know this project before this survey? | Yes | 158 | 77.8 | √ |
| | No | 45 | 22.2 | |
| 2. How do you obtain project information? | News channels | 24 | 11.8 | |
| | Meetings and planning | 2 | 1.0 | |
| | Public debate | 65 | 32.0 | |
| | Questionnaire survey | 112 | 55.2 | √ |
| 3. In your opinion, how is ambient environmental quality in project area? | Good | 94 | 46.3 | |
| | Slightly polluted | 108 | 53.2 | √ |
| | Relatively high | 1 | 0.5 | |
| | Seriously polluted | 0 | 0.0 | |
| 4. In your opinion, how is ambient air quality in the project area? | Good | 86 | 42.4 | |
| | Slightly polluted | 117 | 57.6 | √ |
| | Relatively high | 0 | 0.0 | |
| | Seriously polluted | 0 | 0.0 | |
| 5. In your opinion, how is surface water quality in the project's surrounding area? | Good | 119 | 58.6 | √ |
| | Slightly polluted | 84 | 41.4 | |
| | Relatively high | 0 | 0.0 | |
| | Seriously polluted | 0 | 0.0 | |
| 6. In your opinion, how is ground water quality in the project's surrounding area? | Good | 129 | 63.5 | √ |
| | Slightly polluted | 74 | 36.5 | |
| | Relatively high | 0 | 0.0 | |
| | Seriously polluted | 0 | 0.0 | |
| 7. In your opinion, how is acoustic environment quality in the project's surrounding area? | Excellent | 139 | 68.5 | √ |
| | Good | 64 | 31.5 | |
| | Ordinary | 0 | 0.0 | |
| | Poor | 0 | 0.0 | |
| 8. Based on mitigation measures on noise, do you accept the projects' impacts to acoustic environment? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | No opinion | 0 | 0.0 | |
| 9. Based on mitigation measures on exhaust gas, do you accept the projects' impacts to ambient air? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | No opinion | 0 | 0.0 | |
| 10. Based on mitigation measures on wastewater, do you accept the projects' impacts to surface water? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | No opinion | 0 | 0.0 | |
| 11. Based on mitigation measures on groundwater, do you accept the projects' impacts to ground water? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | No opinion | 0 | 0.0 | |
| 12. Based on mitigation measures on solid waste, do you accept the projects' impacts to environment by solid waste? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | No opinion | 0 | 0.0 | |
| 13. Do you think risk control measures of the project are feasible? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | Uncertain | 0 | 0.0 | |

| Question | Item | No. | Percentage (%) | Dominant alternative |
|--|-----------------|-----|----------------|----------------------|
| 14. Do you accept the project's impacts to ecology environment? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | No opinion | 0 | 0.0 | |
| 15. Do you think the project's mitigation measures can reduce the impacts to environment? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | Uncertain | 0 | 0.0 | |
| 16. What are the major environmental concerns of this subproject in your opinion? | Water pollution | 56 | 27.6 | |
| | Air pollution | 135 | 66.5 | √ |
| | Noise pollution | 12 | 5.9 | |
| | Others | 0 | 0.0 | |
| 17. Do you accept the project's location? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | Barely accept | 0 | 0.0 | |
| 18. Do you think construction of this project can improve local economic development or not? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | Uncertain | 0 | 0.0 | |
| 19. After comprehensive analysis about advantages and disadvantages of this project, do you agree with the construction of this project? | Yes | 203 | 100.0 | √ |
| | No | 0 | 0.0 | |
| | No opinion | 0 | 0.0 | |

Based on the questionnaire survey results, the top three environment issues respondents identified are air pollution (66.5%), water pollution (27.6%) and noise pollution (5.9%). 100% of the respondents indicated that the project will improve local economic development and 100% of respondents indicated that they support the proposed project. Overall support for the project is very strong

7.4 Public consultation meeting

Based on requirements from Environment and Social Management System (ESMS) and ADB SPS 2009, the project should undertake public consultation meeting.

With the assistance of ADB's environment specialist, public consultation meeting was undertaken at Elion Laoling Subcompany's meeting room by Elion Laoling Subcompany on November 2, 2017. 36 participants were invited to attend this meeting. During the meeting information was presented about the project information including project content, project status, potential environmental impacts, environmental risk control measures and proposed mitigation measures by the staff from Elion Laoling Subcompany. The following process was question & answer process and no question or suggestion from public was received.

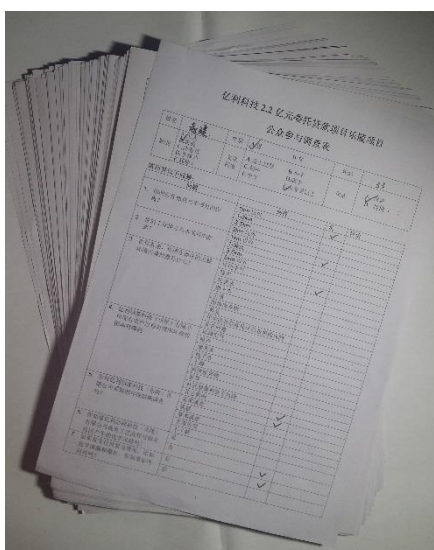
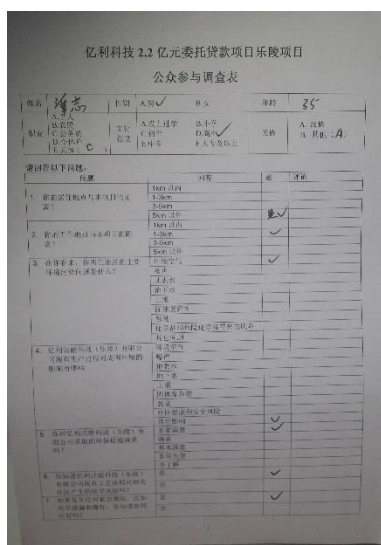
At last, participants were asked to complete a questionnaire and a sample of completed questionnaire and participants list were presented in Figure 7-1. A total of 36 completed questionnaires were received. Table 7-2 presents summary data on the questionnaire respondents while Table 7-3 presents a summary of the questionnaire results

38.9% of the respondents worked within a 3 km radius of the project while 33.3% lived within a 3 km radius of the project. Before this public consultation, 94.4% of respondents

knew about project before this public consultation meeting. The top concerned environment issues were ambient air (69.4%), other issues (13.9%), soil (5.6%), odor (5.6%), risk by chemicals and hazardous chemicals (5.6%) and surface water (2.8%). The top environment issues of the operation of Elion Laoling Subcompany identified by respondents were other issues (72.2%), ambient air (22.2%), noise (2.8%), soil (2.8%) and risk to community health and safety (2.8%). 94.4% of respondents indicated that they were satisfied or very satisfied with the environment protection measures of Elion Laoling Subcompany. 63.9% of respondents knew that production process of Elion Laoling Subcompany can result in chemical risk and 91.7% of respondents knew how to respond to emergency. 100% of respondents indicated that they accepted the impacts to surroundings environment and residents by production process of Elion Laoling Subcompany. The top critical areas that the project should focus on were exhaust air efficiency treatment (66.7%), protection for community health and safety (16.7%), protection to workers health and safety (16.7%), chemicals handling (8.3%), wastewater treatment (5.6%), ground water protection (5.6%), soil protection (5.6%), noise disturbing to residents (5.6%), odor control (2.8%) and make use of recyclable resources to reduce solid waste (2.8%). Before this public consultation, 13.9% of respondents didn't understand environmental impacts of the project. After this public consultation, 2.8% of respondents still didn't understand environmental impacts of the project and 11.1% of respondents didn't understand negative environmental impacts of the project during operation phase. 100% of respondents indicated that they understood anticipated health and safety adverse impacts of the project during operation. 88.9% of respondents indicated that they understood the proposed mitigation measures during the project operation. 94.4% of respondents accepted or barely accepted the impacts to ambient air quality and ecology environment by this project while 2.8% didn't accept and 2.8% had no idea. 97.2% of respondents accepted or barely accepted the impacts to surface water, ground water, acoustic environment, community health and safety and solid waste impacts by the project while 2.8% didn't accept. The top concerns of this project identified by the respondents were ambient air (80.6%), groundwater (13.9%), soil (8.3%), risks associated with chemicals and hazardous chemicals (8.3%), noise (2.8%), odor (2.8%). and others (2.8%). 100% of respondents indicated that they support the proposed project.



Public consultation photographs



Sample of completed questionnaire

All completed questionnaires

| 序号 | 姓名 | 性别 | 职业 |
|----|-----|----|-----|
| 1 | 张为 | 男 | 施工 |
| 2 | 李良民 | 男 | 司机 |
| 3 | 张为 | 男 | 居民 |
| 4 | 张延龙 | 男 | 工人 |
| 5 | 刘俊华 | 男 | 医生 |
| 6 | 张为 | 男 | 农民 |
| 7 | 曲文强 | 男 | 个体户 |
| 8 | 张汉梅 | 女 | 农民 |
| 9 | 高中 | 男 | 工人 |
| 10 | 罗艳南 | 女 | 工人 |
| 11 | 杨玉芝 | 女 | 工人 |
| 12 | 常兰枝 | 女 | 农民 |
| 13 | 李俊 | 女 | 无业 |
| 14 | 刘松 | 女 | 工人 |
| 15 | 刘松周 | 男 | 工人 |
| 16 | 张博 | 男 | 工人 |
| 17 | 张博 | 男 | 工人 |
| 18 | 张为 | 女 | 工人 |
| 19 | 孙明 | 男 | 公职 |
| 20 | 张为 | 男 | 公职 |

Sign in table

Figure 7-1 Public consultation photographs, questionnaire and sign in table

Table 7-1 Public consultation questionnaire

| Public consultation questionnaire of Elion entrusted loan project | | | | | |
|---|---|---|--|-------------|------------------------|
| Name | | Sex | A. Male Female | B. Age | |
| Occupation | A. worker B. farmer C. civil servants D. Self-employed entrepreneurs E. Other () | Education level | A. Never attend any school B. Primary school C. Junior school D. High school E. Technical secondary school F. Junior college or above | Nationality | A. Han B. Other () |
| Please answer the following questions | | | | | |
| Question | | Answer | | Yes | Comments |
| 1. Distance between your living place and project site | | <1 km | | | |
| | | 1-3 km | | | |
| | | 3-5 km | | | |
| | | > 5km | | | |
| 2. Distance between your working place and project site | | <1 km | | | |
| | | 1-3 km | | | |
| | | 3-5 km | | | |
| | | > 5km | | | |
| 3. In your opinion, what are the major environment pollution issues in your areas? | | Ambient air | | | |
| | | Noise | | | |
| | | Surface water | | | |
| | | Ground water | | | |
| | | Soil | | | |
| | | Solid waste | | | |
| | | Odor | | | |
| | | Risks associated with chemicals and hazardous chemicals | | | |
| 4. Which are the impacts to surrounding environment by Elion Laoling Subcompany during existing production process? | | Ambient air | | | |
| | | Noise | | | |
| | | Surface water | | | |
| | | Ground water | | | |
| | | Soil | | | |
| | | Solid waste | | | |
| | | Odor | | | |
| | | Risks to community health and safety | | | |
| 5. Are you satisfied with environment protection measures of Elion Laoling Subcompany? | | Very satisfied | | | |
| | | Satisfied | | | |
| | | Barely satisfied | | | |
| | | Very disappointed | | | |
| | | Do not understand | | | |
| 6. Are you aware of chemical risks to the community associated with existing process of Elion Laoling Subcompany? | | Yes | | | |
| | | No | | | |
| 7. If any emergency, such as chemical spill, leaks, and explosion, occurs, do you know how to respond? | | Yes | | | |
| | | No | | | |
| 8. Do you consider the impacts of existing production process of Elion Laoling Subcompany to surrounding | | Yes | | | |
| | | No | | | |

| | | | |
|---|--|--|--|
| environment and your lifestyle are acceptable? | I do not know | | |
| 9. Before the survey, did you hear about the proposed subproject components by of Elion Laoling Subcompany? | Yes | | |
| | No | | |
| 10. Before the survey, did you understand environmental impacts associated with the proposed subproject components by of Elion Laoling Subcompany? | Understand | | |
| | Barely understand | | |
| | Do not understand | | |
| 11. After knowing about the EIA findings, is it clear to you all the potential positive and adverse impacts of the proposed subproject components by of Elion Laoling Subcompany? | Clearly understand | | |
| | Somewhat understand | | |
| | Barely understand | | |
| | Do not understand | | |
| 12. In your opinion, what should be the most critical area that the subproject should focus on? | Exhaust air efficiency treatment | | |
| | Controlling fugitive emissions | | |
| | Wastewater treatment | | |
| | Groundwater protection | | |
| | Soil protection | | |
| | Chemicals handling | | |
| | Odor control | | |
| | Make use of recyclable resources to reduce solid waste | | |
| | Noise disturbing to residents | | |
| | Protection for community health and safety | | |
| | Protection to workers health and safety | | |
| | Others | | |
| 13. Do you understand all the anticipated environmental adverse impacts of the subproject during operation? | Clearly understand | | |
| | Somewhat understand | | |
| | Barely understand | | |
| | Do not understand | | |
| 14. Do you understand all the anticipated health and safety adverse impacts of the project during operation? | Clearly understand | | |
| | Somewhat understand | | |
| | Barely understand | | |
| | Do not understand | | |
| 15. Do you understand the proposed mitigation measures during the project operation? | Clearly understand | | |
| | Somewhat understand | | |
| | Barely understand | | |
| | Do not understand | | |
| 16. Do you accept the impacts to ambient air quality by this project? | Accept | | |
| | Barely accept | | |
| | Do not accept | | |
| | Have no idea | | |
| 17. Do you accept the impacts to surface water quality by this project? | Accept | | |
| | Barely accept | | |
| | Do not accept | | |

| | | | |
|--|---|--|--|
| | Have no idea | | |
| 18. Do you accept the impacts to ground water quality by this project? | Accept | | |
| | Barely accept | | |
| | Do not accept | | |
| | Have no idea | | |
| 19. Do you accept the impacts to acoustic environment quality by this project? | Accept | | |
| | Barely accept | | |
| | Do not accept | | |
| | Have no idea | | |
| 20. Do you accept the impacts to solid waste pollution by this project? | Accept | | |
| | Barely accept | | |
| | Do not accept | | |
| | Have no idea | | |
| 21. Do you accept the impacts to ecology environment by this project? | Accept | | |
| | Barely accept | | |
| | Do not accept | | |
| | Have no idea | | |
| 22. Do you accept the impacts to environment, health and safety by this project? | Accept | | |
| | Barely accept | | |
| | Do not accept | | |
| | Have no idea | | |
| 23. What are the major concerns of this subproject | Ambient air | | |
| | Noise | | |
| | Surface water | | |
| | Ground water | | |
| | Soil | | |
| | Solid waste | | |
| | Odor | | |
| | Risks associated with chemicals and hazardous chemicals | | |
| | Other concern | | |
| 24. Which is your top concern of this subproject? | Ambient air | | |
| | Noise | | |
| | Surface water | | |
| | Ground water | | |
| | Soil | | |
| | Solid waste | | |
| | Odor | | |
| | Risks associated with chemicals and hazardous chemicals | | |
| | Other concern | | |
| 25. Do you support the project? | Yes | | |
| | No | | |
| | I do not know | | |

Table 7-2 Summary data on questionnaire respondents

| Parameter | Indicator | No. | % |
|-------------|------------|-----|------|
| Sex | Male | 23 | 63.9 |
| | Female | 13 | 36.1 |
| Age | Below 30 | 18 | 50.0 |
| | 31-40 | 9 | 25.0 |
| | Above 40 | 9 | 25.0 |
| Nationality | Han people | 33 | 91.7 |
| | Other | 3 | 8.3 |

| | | | |
|-----------------|-----------------------------|----|------|
| Education level | Never attend any school | 1 | 2.8 |
| | Primary school | 2 | 5.6 |
| | Junior school | 7 | 19.4 |
| | High school | 10 | 27.8 |
| | Technical secondary school | 5 | 13.9 |
| | Junior college or above | 11 | 30.6 |
| Occupation | Worker | 18 | 50.0 |
| | Farmer | 12 | 33.3 |
| | Civil servants | 2 | 5.6 |
| | Self-employed entrepreneurs | 1 | 2.8 |
| | Others | 3 | 8.3 |

Table 7-3 Public consultation questionnaire results

| Question | Answer | No. | Percentage (%) |
|---|---|-----|----------------|
| 1. Distance between your living place and project site | <1 km | 3 | 8.3 |
| | 1-3 km | 9 | 25.0 |
| | 3-5 km | 9 | 25.0 |
| | > 5km | 15 | 41.7 |
| 2. Distance between your working place and project site | <1 km | 4 | 11.1 |
| | 1-3 km | 10 | 27.8 |
| | 3-5 km | 17 | 47.2 |
| | > 5km | 5 | 13.9 |
| 3. In your opinion, what are the major environment pollution issues in your areas? | Ambient air | 25 | 69.4 |
| | Noise | 0 | 0.0 |
| | Surface water | 1 | 2.8 |
| | Ground water | 0 | 0.0 |
| | Soil | 2 | 5.6 |
| | Solid waste | 0 | 0.0 |
| | Odor | 2 | 5.6 |
| | Risks associated with chemicals and hazardous chemicals | 2 | 5.6 |
| | Other concern | 5 | 13.9 |
| 4. Which are the impacts to surrounding environment by Elion Laoling Subcompany during existing production process? | Ambient air | 8 | 22.2 |
| | Noise | 1 | 2.8 |
| | Surface water | 0 | 0.0 |
| | Ground water | 0 | 0.0 |
| | Soil | 1 | 2.8 |
| | Solid waste | 0 | 0.0 |
| | Odor | 0 | 0.0 |
| | Risks to community health and safety | 1 | 2.8 |
| | Other concern | 26 | 72.2 |
| 5. Are you satisfied with environment protection measures of Elion Laoling Subcompany? | Very satisfied | 25 | 69.4 |
| | Satisfied | 9 | 25.0 |
| | Barely satisfied | 2 | 5.6 |
| | Very disappointed | 0 | 0.0 |
| | Do not understand | 0 | 0.0 |
| 6. Are you aware of chemical risks to the community associated with existing process of Elion Laoling Subcompany? | Yes | 23 | 63.9 |
| | No | 13 | 36.1 |
| 7. If any emergency, such as chemical spill, leaks, and explosion, occurs, do you know how to respond? | Yes | 33 | 91.7 |
| | No | 3 | 8.3 |
| 8. Do you consider the impacts of existing production process of Elion Laoling | Yes | 36 | 100.0 |
| | No | 0 | 0.0 |

| | | | |
|---|--|----|------|
| Subcompany to surrounding environment and your lifestyle are acceptable? | I do not know | 0 | 0.0 |
| 9. Before the survey, did you hear about the proposed subproject components by of Elion Laoling Subcompany? | Yes | 34 | 94.4 |
| | No | 2 | 5.6 |
| 10. Before the survey, did you understand environmental impacts associated with the proposed subproject components by of Elion Laoling Subcompany? | Understand | 15 | 41.7 |
| | Barely understand | 16 | 44.4 |
| | Do not understand | 5 | 13.9 |
| 11. After knowing about the EIA findings, is it clear to you all the potential positive and adverse impacts of the proposed subproject components by of [name of subproject plant]? | Clearly understand | 7 | 19.4 |
| | Somewhat understand | 16 | 44.4 |
| | Barely understand | 12 | 33.3 |
| | Do not understand | 1 | 2.8 |
| 12. In your opinion, what should be the most critical area that the subproject should focus on? | Exhaust air efficiency treatment | 24 | 66.7 |
| | Controlling fugitive emissions | 0 | 0.0 |
| | Wastewater treatment | 2 | 5.6 |
| | Groundwater protection | 2 | 5.6 |
| | Soil protection | 2 | 5.6 |
| | Chemicals handling | 3 | 8.3 |
| | Odor control | 1 | 2.8 |
| | Make use of recyclable resources to reduce solid waste | 1 | 2.8 |
| | Noise disturbing to residents | 2 | 5.6 |
| | Protection for community health and safety | 6 | 16.7 |
| | Protection to workers health and safety | 6 | 16.7 |
| | Others | 0 | 0.0 |
| 13. Do you understand all the anticipated environmental adverse impacts of the subproject during operation? | Clearly understand | 5 | 13.9 |
| | Somewhat understand | 18 | 50.0 |
| | Barely understand | 9 | 25.0 |
| | Do not understand | 4 | 11.1 |
| 14. Do you understand all the anticipated health and safety adverse impacts of the project during operation? | Clearly understand | 7 | 19.4 |
| | Somewhat understand | 16 | 44.4 |
| | Barely understand | 13 | 36.1 |
| | Do not understand | 0 | 0.0 |
| 15. Do you understand the proposed mitigation measures during the project operation? | Clearly understand | 2 | 5.6 |
| | Somewhat understand | 22 | 61.1 |
| | Barely understand | 8 | 22.2 |
| | Do not understand | 4 | 11.1 |
| 16. Do you accept the impacts to ambient air quality by this project? | Accept | 22 | 61.1 |
| | Barely accept | 12 | 33.3 |
| | Do not accept | 1 | 2.8 |
| | Have no idea | 1 | 2.8 |
| 17. Do you accept the impacts to surface water quality by this project? | Accept | 27 | 75.0 |
| | Barely accept | 8 | 22.2 |
| | Do not accept | 1 | 2.8 |
| | Have no idea | 0 | 0.0 |
| 18. Do you accept the impacts to ground water quality by this project? | Accept | 29 | 80.6 |
| | Barely accept | 6 | 16.7 |
| | Do not accept | 1 | 2.8 |
| | Have no idea | 0 | 0.0 |

| | | | |
|--|---|----|-------|
| 19. Do you accept the impacts to acoustic environment quality by this project? | Accept | 27 | 75.0 |
| | Barely accept | 8 | 22.2 |
| | Do not accept | 1 | 2.8 |
| | Have no idea | 0 | 0.0 |
| 20. Do you accept the impacts to solid waste pollution by this project? | Accept | 24 | 66.7 |
| | Barely accept | 11 | 30.6 |
| | Do not accept | 1 | 2.8 |
| | Have no idea | 0 | 0.0 |
| 21. Do you accept the impacts to ecology environment by this project? | Accept | 26 | 72.2 |
| | Barely accept | 8 | 22.2 |
| | Do not accept | 1 | 2.8 |
| | Have no idea | 1 | 2.8 |
| 22. Do you accept the impacts to environment, health and safety by this project? | Accept | 26 | 72.2 |
| | Barely accept | 9 | 25.0 |
| | Do not accept | 1 | 2.8 |
| | Have no idea | 0 | 0.0 |
| 23. What are the major concerns of this subproject | Ambient air | 31 | 86.1 |
| | Noise | 1 | 2.8 |
| | Surface water | 1 | 2.8 |
| | Ground water | 5 | 13.9 |
| | Soil | 1 | 2.8 |
| | Solid waste | 1 | 2.8 |
| | Odor | 1 | 2.8 |
| | Risks associated with chemicals and hazardous chemicals | 4 | 11.1 |
| | Other concern | 1 | 2.8 |
| | | | |
| 24. Which is your top concern of this subproject? | Ambient air | 29 | 80.6 |
| | Noise | 1 | 2.8 |
| | Surface water | 0 | 0.0 |
| | Ground water | 5 | 13.9 |
| | Soil | 3 | 8.3 |
| | Solid waste | 0 | 0.0 |
| | Odor | 1 | 2.8 |
| | Risks associated with chemicals and hazardous chemicals | 3 | 8.3 |
| | Other concern | 1 | 2.8 |
| | | | |
| 25. Do you support the subproject? | Yes | 36 | 100.0 |
| | No | 0 | 0.0 |
| | I do not know | 0 | 0.0 |

7.5 Future Consultation Activities

The subborrower will continue to undertake public consultation activities and conduct regular community liaison activities during the operations phase as needed. Ongoing consultation will ensure that public concerns are understood and dealt with in a timely manner. During operation phase, if complain is received or unexpected adverse environmental impacts occurs, the subborrower will undertake public consultation activities by questionnaire survey, household interview, seminar and public consultation meeting.

8 Grievance redress mechanism

8.1 Introduction

A Project grievance can be defined as an actual or perceived Project related problem that gives ground for complaint by an affected person (AP). As a general policy, the subborrower will work proactively toward preventing grievances through the implementation of impact mitigation measures and community liaison activities that anticipate and address potential issues before they become grievances. In addition, as the Project has strong public support and will not involve any involuntary land or property acquisition or resettlement, significant grievance are unlikely. Nonetheless, during construction and operation it is possible that unanticipated impacts may occur if the mitigation measures are not properly implemented, or unforeseen issues arise.

In order to address complaints if or when they arise, a Project grievance redress mechanism (GRM) has been developed in accordance with ADB requirements and Government practices. A GRM is a systematic process for receiving, recording, evaluating and addressing AP's Project-related grievances transparently and in a reasonable period of time.

The ADB's SPS requires the subborrower to establish a GRM to receive and facilitate resolution of affected person's concerns and complaints about the project's environmental performance during construction as well as operation phase of the project. The GRM should be scaled to the risks and adverse impacts of the project; should address affected people's concerns and complaints promptly, using an understandable and transparent process; should be readily accessible to all sections of the community at no cost and without retribution; and, should not impede access to the PRC's judicial or administrative remedies.

8.2 Current Practice in the PRC

At the national level a framework to address grievance has been established. State Council Decree No. 431 "Regulations on Letters and Visits" (January 2005) codifies a complaint mechanism at all levels of government, and safeguards the complainants from any retaliation. The Ministry of Environmental Protection (MEP) "Decree No. 34 Environmental Letters and Visits System" provides specific guidelines to establish a system and address environmental complaints.

Currently, when APs are negatively affected by project activities, such as noise, dust or safety issues caused by construction activities, they may complain to the contractors and the project IA by themselves or through their community organizations, or complain directly to local EPBs. If the issue is not resolved they may take legal action, though that is typically considered as a last option.

8.3 Proposed Project GRM

The overall approach of the GRM is to deal with grievances at a local level first in an efficient manner, and escalate to higher level of authority if the grievance cannot be resolved. The construction phase of the project has already completed and no complain was received. Public grievances will most likely relate to environmental issues encountered during operation phase. If complain is received during operation phase, EHS department of Elion Laoling Subcompany will identify if the complain is reasonable. Reasonable complain means: (1) the complain is associated with the project; and (2) the complain can be addressed through the GRM. Unreasonable compliance means: (1) the complain is obviously not associated with the project; (2) the complain can not be addressed through the GRM; and (3) the complain is better to be addressed through process of other company or community. If the compliance is rejected, reason and conclusion for rejection will provided to the complainer.

8.4 GRM process

The GRM will be implemented through five escalating steps which is presented in Figure 8-1, advancing to the next level only if the grievance was unable to be redressed at the previous level:

(1) Step 1: If a concern arises, the AP should try to resolve the issue of concern directly with the EHS department of the subborrower (Elion Laoling Subcompany) via GRM access points. If the concern is resolved successfully no further follow-up action is required. Nonetheless, EHS department shall record any complaint and actions taken to resolve the issues. If no solution is found within 10 working days or if the complainant is not satisfied with the suggested solution under Step 1, proceed to Step 2. The AP may also skip step 1 and directly file the complaint with the subborrower;

(2) Step 2: The AP will submit the grievance to the subborrower, who will record the grievance, assess its eligibility and report back to the AP within 5 working days. If the grievance is eligible, proceed to step 3;

(3) Step 3: The subborrower will investigate the complaint, and consult with the local EPB and other stakeholders as appropriate to identify a solution. The subborrower. will give a clear reply to the AP within 10 working days with the suggested solution, and the subborrower will ensure that implementation of the agreed-upon redress solution begins within 10 working days. If no solution is found or if the complainant is not satisfied with the suggested solution under Step 3, proceed to Step 4;

(4) Step 4: The subborrower will inform the EA as to the grievance, and will organize a multi-stakeholder meeting within 10 days, where all relevant stakeholders, including the complainant, the EA, subborrower and local EPB, can discuss the issue. The

multi-stakeholder meeting will aim to find a solution acceptable to all, and identify responsibilities and an action plan. The subborrower will ensure that the implementation of agreed-upon redress solution begins within 10 working days of the completion of the multi-stakeholder meeting;

(5) Step 5: If the complainant is not satisfied with the suggested solution under Step 4, the grievance will be directed to ADB. ADB will direct the EA to organize a hearing process and shall determine a solution acceptable to all. Based on the hearing results, an action plan shall be developed and the subborrower will ensure that the implementation of the agreed-upon redress solution begins within 10 working days of the completion of the hearing.

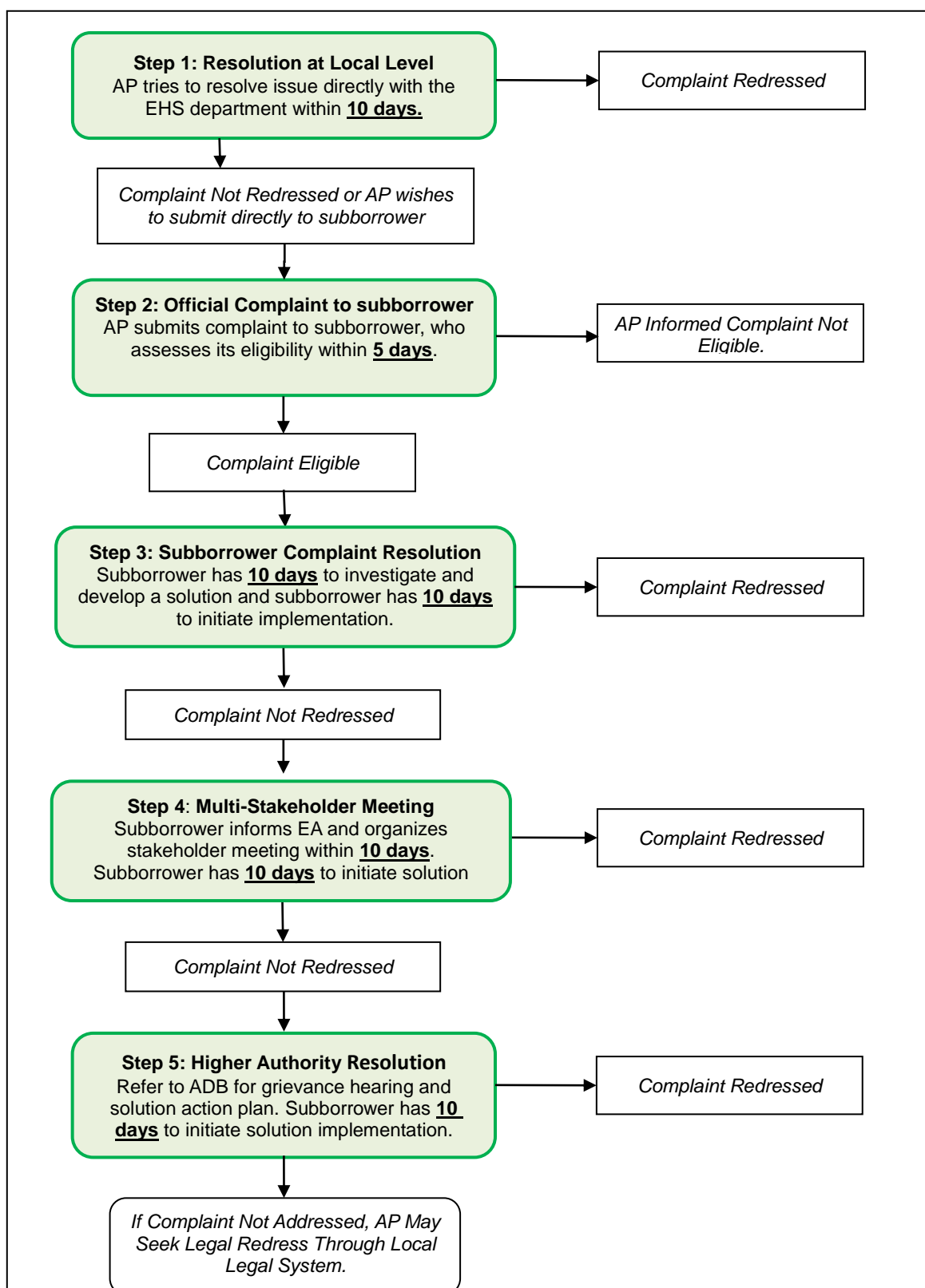


Figure 8-1: Five Step Subproject GRM.

The grievance procedures will remain valid throughout the duration of the project construction and until project closure. If a concern arises, the AP can provide feedback to resolve the issue and complaints/grievances lodged by the AP is free of charge. Any cost incurred should be covered by the subborrower.

9 Environment Management Plan (EMP)

9.1 Objectives

This is the Environmental Management Plan (EMP) for the proposed Laoling 2x35t/h Micro-fine Coal Atomization Steam Supply Subproject. The Project will provide district steam supply to the enterprises in LCEDIP. The objectives of the EMP are to ensure (i) implementation of identified mitigation and management measures to avoid, reduce, mitigate, and compensate for anticipated adverse environment impacts; (ii) implementation of monitoring and reporting; and (iii) the Project compliance with the PRC's relevant environmental laws, standards and regulations and ADB's SPS 2009. Organizational responsibilities and budgets are clearly identified for execution, monitoring and reporting.

9.1.1 Implementation Arrangements

I&G will be the EA. The EA will form an ESMS Department including an ESMS manager.

Elion Laoling Subcompany is the subborrower with one EHS department consists of one manager and two staff. The subborrower is responsible for: (1) pollutants emission monitoring; (2) implementation of capacity building plan; (3) incorporation of environment management, environmental monitoring and mitigation measures into EMP during operation phase, (4) regularly report to EA on EMP implementation; and (5) efficiently response to emergency.

Laoling EPB is responsible for: (1) project is compliance with relevant environment regulations; (2) supervision of project pollutants emission; and (3) GRM implementation. Laoling EPB also participates in environment compliance monitoring of the project.

ADB will conduct regular review mission to provide environmental due diligence on environmental issues. I&G will prepare environmental monitoring reports semi-annually and submit them to ADB. ADB will review the reports and disclose them on ADB's website. If the project is incompliance with the EMP's requirements,

appropriate corrective actions will be provided by ADB and following actions will be implemented as required by ADB.

The roles and responsibilities of the participating agencies related to EMP implementation are presented in Table 9-1.

Table 9-1 Roles and responsibilities of the agencies for EMP implementation

| Organization | Role and Responsibility |
|---------------|---|
| I&G | <p>Will serve as the EA and establish an ESMS department with qualified full time staff. ESMS department is responsible for the implementation of all subprojects, including:</p> <ul style="list-style-type: none"> ➤ Formulating subproject management and operating procedures, implementation plans, and budget; ➤ Ensuring subproject's compliance with loan and project agreements, and with the safeguards requirements as specified in the ESMS; ➤ Participant in capacity building and training activities; ➤ Overseeing the implementation of different subproject outputs; ➤ Monitoring the subproject's physical and financial progress, and compliance with subproject's reporting requirements, ensuring subproject progress reports are prepared and submitted to ADB on time; ➤ Addressing complaints received from APs; ➤ Coordinating the activities of and meeting the requirements of the ADB review missions; ➤ Supervision implementation of EMP and EMoP; ➤ Conducting regular site visits and safeguard review missions in accordance with the requirements set forth in the ESMS; ➤ Preparing and submitting consolidated semi-annual and annual environmental monitoring reports as required by the ESMS to ADB; ➤ Requiring subborrowers to prepare corrective action plans in the event of noncompliance with EMP or EMoP. |
| Subborrower | <p>Main responsibilities include:</p> <ul style="list-style-type: none"> ➤ Contracting and administering contractors and suppliers. ➤ Ensuring compliance with EMP, EMoP, engaging external environmental safeguard consultants if needed; ➤ Preparing subproject progress reports for submission to the ESMS department of I&G; ➤ Operation and maintenance of the subproject; ➤ Coordinating with and assisting the PMO in developing subproject management procedures and detailed implementation plan, and monitoring achievement thereof; ➤ Preparing semi-annual and annual environmental monitoring reports and submit to ESMS department of I&G. |
| Environmental | A qualified independent environmental monitoring company will be recruited to |

| Organization | Role and Responsibility |
|--------------------|---|
| Monitoring Company | implement the ambient monitoring portion of the EMoP. |
| ADB | <p>Responsible for the following:</p> <ul style="list-style-type: none"> ➤ -Providing the EA and ESMS department with guidance to ensure smooth subproject implementation and achieve the desired development impacts and their sustainability; ➤ -Conducting regular review missions; ➤ -Monitoring the implementation of EMP and EMoP; ➤ -Monitoring status of compliance with loan and project covenants, including safeguards; ➤ -Reviewing environmental monitoring reports and disclosing them on ADB website; ➤ -Regularly updating the subproject information documents for public disclosure at ADB website, including the safeguards documents. ➤ -Requiring EA to develop corrective action plan for any non-compliance issues. |

9.1.2 Institutional Strengthening and capacity building

The institutional strengthening and capacity building focus on the safeguards requirements of relevant PRC laws and regulations and ADB's SPS 2009. Institutional strengthening and training program are presented in Table 9-2 including developed EHS plan, training topic, training content, budget and numbers of participants.

Table 9-2 Institutional strengthening and training program

| Training Topic | Trainers | Attendees | Contents | Times | Days | # Persons | Budget (USD) | Funding sources |
|-----------------------------------|------------|-------------|--|-------|------|-----------|---|------------------------|
| Operation Phase EHS Plan Training | Consultant | Subborrower | <p>ADB and PRC laws, regulations and policies</p> <ul style="list-style-type: none"> ➤ ADB's safeguard policy statement ➤ Project applicable PRC environmental, health and safety laws, policies, standards and regulations ➤ International EHS management practice <p>GRM</p> <ul style="list-style-type: none"> ➤ GRM structure, responsibilities, and timeframe ➤ Types of grievances and eligibility assessment <p>Implementation of Operation Phase EMP</p> <ul style="list-style-type: none"> ➤ Impacts and mitigation measures ➤ Monitoring and reporting requirements ➤ Non-compliance and corrective actions | 1 | 2 | 20 | <p>Training Development Fixed costs: \$2000 per</p> <p>EHS Plan Training Course Development (fees and per diem) 2days x \$400/day = \$800</p> <p>Course Delivery (fees and per diem): 2 days x 400/day = \$800</p> <p>Total = \$ 3,600</p> | Counter part Financing |
| | | | Total | 1 | 2 | 20 | \$ 3,600 | |

9.2 Potential Impacts and mitigation measures

The potential impacts of the project during operation phase have been identified and appropriate mitigation measures developed (see Chapter V of the IEE). Detailed impacts and mitigation measures are presented in Table 9-3.

9.3 Environmental monitoring plan

An environment monitoring plan (EMoP) to monitor the environmental impacts of the Project and assess the effectiveness of mitigation measures is presented in Table 9-4. The EMoP includes noise, wastewater and flue gas monitoring undertaken during operation phase. The environmental monitoring will follow PRC's regulation, laws and technical specifications.

The data and results of environmental compliance inspection and monitoring activities will be used to assess: (1) the extent and severity of actual environmental impacts against the predicted impacts and baseline data collected before the project implementation; (2) performance or effectiveness of environmental mitigation measures or compliance with pertinent environmental rules and regulations; (3) trends in impacts; (4) overall effectiveness of EMP implementation; and (5) the need for additional mitigation measures and corrective actions if non-compliance is observed.

Table 9-3 Environmental impacts and mitigation measures

| Item | Potential impacts | Mitigation measures | Responsibility | | Funding sources |
|-------------|--|---|----------------|----------------------|--------------------|
| | | | Implemented by | Supervised by | |
| Exhaust gas | Boiler flue gas | <ul style="list-style-type: none"> ➤ Proper operation and maintenance of desulphurization, denitration and dust removal equipment ➤ Installation of online monitoring equipment which is connected to local EPB | Subborrower | EA, Laoling EPB, ADB | Operational budget |
| | Dust-laden exhaust gas in ash storage room | <ul style="list-style-type: none"> ➤ Water spray during coal transportation, load and unload process for dust control ➤ Ash and slag transportation in sealed trucks ➤ Water spray in ash and slag storage rooms for dust control ➤ Regular monitoring of fugitive flue gas emission | Subborrower | EA, Laoling EPB, ADB | Operational budget |
| Noise | Impacts to sensitive area by noise from fan, air compressor and pump | <ul style="list-style-type: none"> ➤ Installation of noise enclosure, barrier or shield to reduce noise; ➤ Reasonable landscape inside and outside the project site to reduce noise; ➤ Appropriate noise PPE will be provided to the workers who are likely to be exposed to high noise level environments; ➤ Install silencer on air vents of boiler and fan and noise enclosure on equipment to reduce noise; ➤ Conduct noise monitoring if needed and implement extra noise control measures such as noise barrier. | Subborrower | EA, Laoling EPB, ADB | Operational budget |
| Solid waste | Unreasonable treatment of coal slag may result in soil and | <ul style="list-style-type: none"> ➤ All ash and slag will be temporally stored at the project site, then sold to local construction material enterprises as material; ➤ Permanent storage of ash and slag at project site is | Subborrower | EA, Laoling EPB, ADB | Operational budget |

| Item | Potential impacts | Mitigation measures | Responsibility | | Funding sources |
|--------------------------------|---|--|----------------|----------------------|--------------------|
| | | | Implemented by | Supervised by | |
| | water pollution | prohibited. | | | |
| Wastewater | Emission of production wastewater and domestic wastewater | <ul style="list-style-type: none"> ➤ Wastewater will be recycled as much as possible after treatment; ➤ Domestic wastewater is recycled as landscape water after treated by septic tank; ➤ Wastewater from the desulfurization system is used for humidifying ash storage chamber; ➤ Concentrated water produced by the chemical water system is unpolluted wastewater, part of which will be used in desulfurization system and the rest will be discharged into municipal drainage network after neutralization and sedimentation; ➤ The boiler effluent is unpolluted wastewater and will be discharged into municipal storm water sewer after neutralization and sedimentation; ➤ Effluent from water recycling system is unpolluted wastewater and will be used for spraying to control dust in project site. | Subborrower | EA, Laoling EPB, ADB | Operational budget |
| Occupational Health and Safety | Risks to Workers | <ul style="list-style-type: none"> ➤ Project operation phase occupational health and safety plans including fire prevention and control will be developed and implemented, and workers will be trained regularly on their implementation. ➤ The EHS plan will be aligned with relevant government | Subborrower | EA, Laoling EPB, ADB | Operational budget |

| Item | Potential impacts | Mitigation measures | Responsibility | | Funding sources |
|-----------|-------------------------|--|----------------|----------------------|--------------------|
| | | | Implemented by | Supervised by | |
| | | <p>regulations and guidelines on COVID-19 prevention and control, or with international good practice guidelines as updated in the future (footnote 3). The plan will include COVID-19 prevention and control measures, including disinfection/cleaning of offices and operation sites, on-site temperature checks, social distancing measures, mandatory use of personal protective equipment such as facemasks, provision of handwashing stations and hand sanitizers etc., and procedures to be adopted in the event any worker/staff is infected with COVID-19;</p> <ul style="list-style-type: none"> ➤ The project will be designed in strict compliance with relevant PRC fire, health and safety standards; ➤ Fire-alarm and suppression systems will be installed and tested regularly to ensure it functions properly; ➤ PPE, including goggles, gloves, safety shoes, will be provided to workers; ➤ Authorized personnel must have appropriate PPE at all times. | | | |
| Emergency | Emergency Response Plan | <p>Project emergency response plans will be established in accordance with the “National Environmental Emergency Plan” (24 January 2006) and other relevant PRC laws, regulations and standards. The plan must be established and in place before the plant is operational.</p> <p>Indicative plan requirements are as follows:</p> | Subborrower | EA, Laoling EPB, ADB | Operational budget |

| Item | Potential impacts | Mitigation measures | Responsibility | | Funding sources |
|------|-------------------|--|----------------|---------------|-----------------|
| | | | Implemented by | Supervised by | |
| | | <p>➤ Procedures for responding to different types of emergency situations will be identified in the response plan.</p> <p>➤ Emergency exercises will be conducted and they should include different emergency scenarios.</p> <p>Training Requirements Appropriate operating and maintenance employees will be trained to ensure that they are knowledgeable of the requirements of emergency response plan. Training will be provided as follows:</p> <p>➤ Initial training to all employees before the project is put in operation;</p> <p>➤ When new equipment, materials, or processes are introduced.</p> <p>➤ When emergency response procedures have been updated or revised.</p> <p>Annual Emergency Simulation Simulated emergency exercises will be conducted at least annually.</p> <p>Communication with Public Officials When an emergency resulting in a hazard to the public safety occurs, the local fire department, police, the city medical emergency center and other relevant public officials should be notified. An emergency call list will be prepared and make it available at the project site.</p> | | | |

Table 9-4 Environmental monitoring plan

| Item | Parameter | Location | Frequency | Implemented by | Supervised by | Funding sources |
|---|---|---------------------------|------------------------------|--|---------------|--------------------|
| Boiler flue gas | SO ₂ , NO _x and PM | Boiler chimney | Online continuous monitoring | 3 rd party environment monitoring company | EA | Operational budget |
| Dust-laden exhaust gas of ash and slag storage room | Fugitive emission of TSP and PM ₁₀ | Site boundaries | Semi-annual | 3 rd party environment monitoring company | EA | Operational budget |
| Noise at the site boundaries | Noise monitoring at the site boundaries | Site boundaries | Semi-annual | 3 rd party environment monitoring company | EA | Operational budget |
| Wastewater | Compliance inspection of wastewater treatment measures | Wastewater emission point | Semi-annual | 3 rd party environment monitoring company | EA | Operational budget |
| Occupational health and safety | Compliance inspection of development and implementation of EHS plan | Project operation site | Semi-annual | Subborrower | EA | Operational budget |

9.4 Reporting requirements

The subborrower will submit annual EMP implementation reports during operation phase to the EA on the implementation and compliance with the EMP. EA will review the reports and submit them to ADB. All the reports will be disclosed on ADB's website.

The environmental reporting requirements are summarized in Table 9-5.

Table 9-5 Reporting Requirements

| Report | Prepared by | Submitted to | Frequency |
|----------------------------------|-------------|-------------------------------|-----------|
| Environmental monitoring reports | Subborrower | EA reviews and submits to ADB | Annually |

9.5 Performance indicators

Performance indicators (Table 9-6) have been developed to assess the implementation of the EMP. These indicators will be used to evaluate the effectiveness of environmental management.

Table 9-6 Performance Indicators

| No. | Description | Indicators |
|-----|-------------------|--|
| 1 | Staffing | 1) 3rd party environmental monitoring entity engaged |
| 2 | Budgeting | 1) Environment mitigation cost during operation is sufficiently and timely allocated. 2) Environment monitoring cost is sufficiently and timely allocated. 3) Budget for capacity building is sufficiently and timely allocated. |
| 3 | Monitoring | 1) Compliance monitoring is conducted by I&G as per EMP and EMoP. 2) Operation phase ambient and effluent monitoring is conducted by 3rd party environmental monitoring entity. |
| 4 | Supervision | 1) I&G reviews the implementation of EMP; 2) ADB reviews consolidated environmental monitoring reports. |
| 5 | Reporting | 1) Annual EMP implementation reports during operation phase are prepared by the subborrower are submitted to I&G; 2) Annual environmental monitoring reports are prepared by I&G and submitted to ADB |
| 6 | Capacity Building | 1) Training on ADB safeguard policy, EMP implementation, and GRM is provided during project implementation |

| No. | Description | Indicators |
|-----|-------------------------------|---|
| 7 | Grievance Redress Mechanism | 1) GRM contact persons are designated at all subborrowers and I&G, and GRM contact information disclosed to the public before construction 2) All complains are recorded and processed within the set time framework in the GRM of this IE |
| 8 | Compliance with PRC standards | 1) Subproject complies with the PRC's environmental laws and regulations and meets all required standards. |

9.6 Feedback and adjustment mechanism

The effectiveness of mitigation measures and monitoring plans will be evaluated through a feedback reporting system. If, during compliance inspections and monitoring, substantial deviation from the EMP is observed, then the EA will consult with the subborrower and propose appropriate changes to the EMP monitoring and mitigation plan.

Any major EMP adjustments will be subject to ADB review and approval and ADB may pursue additional EIA and, if necessary, further public consultation. The revised EIA with ADB confirmation is subject to reposting on the ADB's website as the ADB public communications policy requires.

10 Conclusions

10.1 Project benefit

The project will provide district steam supply to enterprises in LCEDIP to instead of small coal-fired boilers owned by the enterprises. To mitigate environmental impacts, the project will use Micro-fine Coal Atomization technology to increase combustion efficiency of boilers, then coal consumption of will be reduces compared to traditional coal fired boilers. The project's implementation will: (i) significantly reduce heat cost; (ii) reduce coal consumption and pollutants emission; and (iii) improve air quality in LCEDIP.

When compared to the equivalent production of heat through traditional coal-fired boilers, once operational the project will: (i) result in annual energy savings equivalent to 45,523 tons of standard coal, thereby providing a global public good by avoiding the annual emission of 113,489 tons of carbon dioxide (CO₂), a greenhouse gas; (ii) improve local air quality through the estimated annual reduction of emissions of sulfur dioxide (SO₂) by 164.58 tons, nitrogen oxides (NO_x) by 91.76 tons, and particulate matter (PM) by 60.70 tons; and (iii) eliminate the negative impacts of coal transportation through urban areas by truck or train.

10.2 Negative impacts and mitigation measures

Potential negative environmental impacts during operation phase include flue gas, waste water, noise and solid waste. The flue gas includes flue gas of boilers and dust-laden flue gas and is treated by dust removal, desulfurization and denitrogen measures before emission and can meet relevant standards. The report undertakes atmospheric dispersion modeling for SO₂, PM₁₀, TSP, ammonia and NO_x using SCREEN3, a US EPA approved screening mode to estimate the effects to ambient air quality of the project. Based on the modeling result, the project will have very limited effects to the ambient air quality. The wastewater of the project includes boiler effluent, chemical water facilities drainage, wastewater from desulfurization process, sewage from equipment circulating cooling process, as well as domestic sewage will be

treated by different methods according to wastewater quality. Most of the treated wastewater will be recycled or reused and only few will be discharged to municipal sewer. Solid waste of the project is ash, slag and desulfurization gypsum which is 100% sold out.

Based on the information collected by the domestic EIA Institute and domestic EIA report and environmental due diligence, the project is comply with requirements of PRC laws and regulations and standard and the project's impacts during operation phase is acceptable.

10.3 Risk and guarantee

Micro-fine Coal Atomization technology used by the project is a proven technique with a lot of operation practices in many domestic cities. Thus the project will have no technical risk. Desulfurization, denitrogen and dust removal technology used by the project is also proven techniques which are widely used in the domestic and overseas. But the project still has some risks associated with incorrect implementation of mitigation measures and environment monitoring during operation phase. Therefore, the following measures will be implemented to control the risks: (1) Budget for EMP implementation and environment monitoring will be sufficiently and timely allocated; (2) ADB will conduct regular review missions; and (3) Guarantee terms will be incorporated in loan agreement.

10.4 Overall conclusion

Based on the domestic EIA report and environmental due diligence, the project has identified potential negative environment impacts and appropriately established mitigation measures. If mitigation measures are well implemented and monitored, identified environmental impacts of the project can be reduced to an acceptable level. The project is environmentally feasible. The project will use advanced Micro-fine Coal

Overall, Micro-fine Coal Atomization technology is used in the project to achieve district steam to the LCEDIP. The project's implementation will improve air quality in LCEDIP and bring environmental and economic benefits to local development.



**亿利洁能科技（乐陵）有限公司
综合应急预案**

制 定：潘剑 日 期：2017.4.15

审 核：刘岳林 日 期：2017.4.20

审 定： 日 期：

批 准：郑荣 日 期：2017.4.30

版本更新记录

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发 布 令

为了进一步规范公司应急救援工作，提高应对风险和防范事故的能力，保障职工安全健康，最大限度减少企业财产损失，根据山东省《生产安全事故应急预案管理办法》的要求，按照《生产经营单位安全生产事故应急救援预案编制导则》，结合我公司实际情况编制《亿利洁能科技（乐陵）有限公司生产安全事故应急救援预案》，已于 2014 年 4 月 25 日经公司审议通过，并自 2014 年 4 月 30 日起施行。2016 年 9 月份，公司根据国家安全生产监督管理总局 88 号令《生产安全事故应急预案管理办法》的要求，组织对《生产安全事故应急救援预案》进行第一次修订。

公司所属各部门、单位要做好预案的宣贯和培训工作，按照本预案要求做好突发事件的应对准备，并根据预案内容开展演练活动。

总经理：郑荣

2017 年 4 月 30 日

Appendix II Specific emergency response plan (cover pages)



**亿利洁能科技（乐陵）有限公司
专项应急预案**

制 定：潘 剑 日 期：2017.4.15

审 核：刘岳林 日 期：2017.4.20

审 定： 日 期：

批 准：郑 荣 日 期：2017.4.30

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发 布 令

为了进一步规范公司应急救援工作，提高应对风险和防范事故的能力，保障职工安全健康，最大限度减少企业财产损失，根据山东省《生产安全事故应急预案管理办法》的要求，按照《生产经营单位安全生产事故应急救援预案编制导则》，结合我公司实际情况编制《亿利洁能科技（乐陵）有限公司生产安全事故应急救援预案》，已于 2014 年 4 月 25 日经公司审议通过，并自 2014 年 4 月 30 日起施行。2016 年 9 月份，公司根据国家安全生产监督管理总局 88 号令《生产安全事故应急预案管理办法》的要求，组织对《生产安全事故应急救援预案》进行第一次修订。

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总经理：郑荣

2017 年 4 月 30 日