APPENDICES

With the Advisory Review of the Environmental and Social Impact Assessment Reports and Supplementary Information for the Baku-Tbilisi-Ceyhan Oil Pipeline and South Caucasus Gas Pipeline in Georgia

(appendices 1 - 4)

APPENDIX 1

Letter from the Ministry of VROM 5 September 2000 in which the

Commission has been asked to submit Advisory review.

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APPENDIX 2

Project information

Proposed activity: To advise on the Environmental Impact assessment of the Baku-Tbilisi-Ceyhan Main Export Oil Pipeline and the South Caucasus Gas Pipeline in Georgia

Categories: DAC/CRS code 71400

Project numbers:

Ministerie van VROM DGM.B/BMB/200095803 Commission for EIA 1120

Procedural information:

Request for advice: 5 September 2000

Advisory guidelines for the EIA (first phase) of the BTC project, 8 June 2001 Approved by the Environment Minister of Georgia: 16 May 2002

Advisory review of draft ESIA report submitted: 19 July 2002

Advisory review of final ESIA report submitted: 29 November 2002

Final advisory review

Information on the project:

General

At the request of the Minister of Environment of Georgia, this advice has been prepared by the Netherlands Commission for Environmental Impact Assessment (EIA)(hereafter called "the Commission")¹. Presented in this advice are the review findings of the supplementary information to the final Environmental and Social Impact Assessment (hereafter called the ESIA report). The supplementary information to the final ESIA report², which has been reviewed by the Commission, is known as the Supplementary Information Lenders pack BTC-project, April 2003. This pack of information contains a number of reports.

¹ The Netherlands Commission for Environmental Impact Assessment is an independent advisory body, has a legal

basis and was established in 1985. For more information see the website: www.eia.nl

Website BTC documentation including the ESIA reports, Addendum report and the Supplementary lenders information pack see: www.caspiandevelopmentandexport.com

Setting of the projects

The proponent for the project is a consortium of companies known as the Baku-Tbilisi-Ceyhan Pipeline Company (BTC Co) led by British Petroleum (BP). The other companies are the State Oil Company of the Azerbaijan Republic (SOCAR), Unocal, Statoil, TPAO, Itochu, Ramco, Delta Hess and ENI. The ESIA report is prepared by BP.

Baku-Tbilisi-Ceyhan Oil pipeline

The Baku-Tbilisi-Ceyhan Main Export oil pipeline project (BTC-project) is intended to become a major system for transporting up to one million barrels per day (50 million tonnes per year) of crude oil from an expanded Sangachel terminal near Baku in Azerbaijan, through Georgia to a new marine terminal at Ceyhan in Turkey on the Mediterranean coast. Tankers will ship the oil to international markets. The total length of the pipeline is 1760 km. The length of pipeline running through Georgia as proposed in the ESIA report is 248 km.

The 42" diameter BTC pipeline in Azerbaijan converts to 46" diameter as it enters Georgia and reverts back to 42" diameter in Turkey. In addition to the 248 km pipeline itself, permanent facilities in Georgia include: two pump stations, a pig launcher/receiver station along with two further pigging facilities integrated within the pump stations; one metering station, a number of valve stations, a cathodic protection system, an optical fibre communication system and a computer-based integrated control and safety system. According to the planning the construction is scheduled to start in the spring of 2003. The pipeline will become operational early 2005.

An Inter-Governmental Agreement (IGA) between Georgia, the Azerbaijan Republic and the Republic of Turkey has been signed in which the transportation of petroleum via the territories of the Azerbaijan republic, Georgia and the Republic of Turkey through the Baku-Tbilisi-Ceyhan (BTC) Main Export pipeline has been agreed upon.

On 28th April 2000 Georgia, Azerbaijan and Turkey initiated the Georgian Host Government Agreement (HGA) on the BTC-project. This Agreement has been ratified by the Parliament of Georgia on May 31, 2000. The HGA defines the environmental standards of this project. It has been stated that environmental standards of the Netherlands and Austria and the EC Directive 85/337/EEC will be applied.

This advice focuses on that part of the BTC-project that crosses the territory of Georgia.

South Caucasus Gas Pipeline

The South Caucasus pipeline project (SC-project) is intended to become a pipeline system to transport up to 7.3 billion cubic metres of gas per year from an expanded Sangachal terminal near Baku in Azerbaijan, through Georgia to the Georgian/Turkish border for onward distribution to Turkish domestic customers via the national gas network. In addition to the pipeline itself, permanent facilities in Georgia include: one pressure reduction and metering station, a number of block valve stations, a natural gas off-take site,

a cathodic protection system, an optical fibre communication system and a computer-based integrated control and safety system. The 42" diameter SCP will have a total length of 690 km, 248 km running parallel to the preferred route of the BTC pipeline between the Sangachal Terminal and the Georgian / Turkish border near Akhaltsikhe. The 690 km pipeline is planned to be operational in late 2005.

The SC project is being implemented within the framework of Inter-Government Agreements between the two transit countries. Two Host Government Agreements (HGA) exist between the respective government of each transit country and the SC project owners. The HGA defines the environmental standards of this project. It has been stated that environmental standards of the Netherlands and Austria and the EC Directive 85/337/EEC will be applied.

This advice focuses on that part of the SC project that crosses the territory of Georgia.

Composition of the working group of the Commission for EIA:

Mr. J.M. Marquenie Mr. D. Steensma Mr. B. Burgess Mrs. I. Kurtskhalia – Local expert Mr. D. de Zeeuw – Chairman

Technical secretary:

Mr. A.J.Kolhoff

APPENDIX 3

Review Framework

For the review of the information the Commission made use of the following guidelines and directives which were mentioned in the respective Host Government Agreements (HGAs) for both projects:

- Environmental standards of the Netherlands and Austria; the Netherlands and Austria are members of the European Union and are obliged to follow the EC directives. Moreover, both countries are bound by the Conventions and Agreements of Ramsar, Bonn and Bern with respect to wildlife and Aarhus with respect to public participation;
- EC directive 85/337/EEC (as amended by EC directive 97/11/EC);
- Guidelines of the World Bank / International Finance Corporation group and the European Bank for Reconstruction and Development;
- Advisory guidelines for environmental impact assessment (first phase) of the Baku-Tbilisi-Ceyhan Main Export oil pipeline project in Georgia prepared by the Netherlands Commission for EIA (8 June 2001) and approved by the Minister of Environment of Georgia (16 May 2002).

The Commission bases its judgement on the English version of the ESIA reports, Addendum report and SLIP.