



Krnovo Green Energy d.o.o. – Podgorica

Krnovo Wind Power Plant Project

Project Information Leaflet July 2013

Krnovo Green Energy (KGE) plans to construct a wind power plant (the Project) in the region of Krnovo on the territories of three municipalities, Nikšić, Šavnik and Plužine. The Project will also include construction of two of overhead transmission lines and two new substations. Project construction is planned to commence in April 2014 and be completed in November 2015. This leaflet presents the main elements of the Project, the key positive and negative impacts, and measures that will be taken to avoid negative effects and improve positive impacts. It also gives you the opportunity to comment on the proposed Project, either online or by using the feedback form which is at the end of this leaflet.

Why is the wind power plant needed?

- **Increase the supply of electricity from renewable energy sources** with the objective of reducing greenhouse gases, such as CO₂ emissions, air pollutants and related pressures on climate change, by displacing electricity generated by coal and other fossil fuels..
- **Provide a safe and reliable electricity supply** in Montenegro.
- **Creation of employment opportunities** during construction, operation and maintenance of the wind power plant.

An Environmental Impact Assessment (EIA) has been prepared for the Project to assess its benefits and impacts and to identify mitigation measures to manage any potential adverse impacts. The EIA was approved by the Government of Montenegro in September 2012. An initial **Environmental and Social Action Plan (ESAP)** has also been developed which identifies actions that will be taken by KGE in order to avoid or reduce negative impacts and enhance Project benefits.

In order to manage environmental and social impacts associated with the Project's construction, operation and maintenance, KGE will develop and regularly update an **Environmental and Social Monitoring and Management Plan (ESMMP)**. The ESMMP will provide measures to address

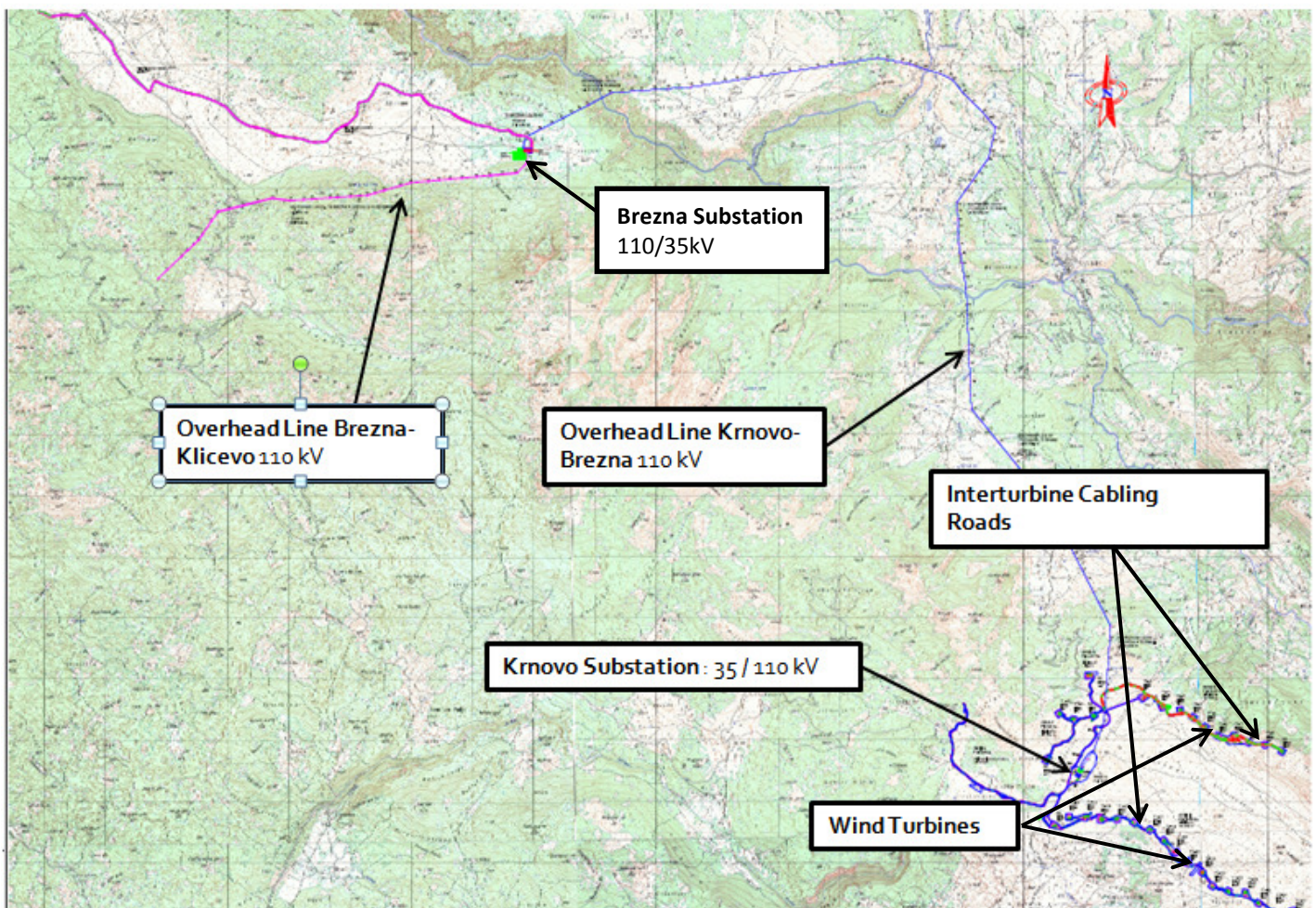
negative impacts and enhance positive impacts of the Project. It will also allocate responsibility for the management and monitoring of each of the measures. The ESMMP will be aligned to Montenegrin law and international best practice.

Defining the Project

The wind power plant will produce 72MW of energy and will include the construction and operation of:

- 26 Wind Turbine Generators (WTGs), each one approximately 130 metres high
- An on-site 33/110kV substation at Krnovo
- A 20.0km 110kV transmission line connecting the Krnovo substation to the Brezna substation
- A 110/35kV substation in Brezna
- A 6.85km 110kV transmission line connecting the Brezna substation to the existing overhead transmission line between Brezna and Nikšić (the Brezna-Klicevo transmission line)

The approximate location of the Project is shown in the map below.



The Brezna substation will be built with an option to expand its size in future to 400kV. This fits within the corridor of a proposed 400kV transmission line that will connect Montenegro with other European countries. The location for this substation was selected by the Montenegrin Electrical Transmission System (Crnogorski elektroprenosni sistem - CGES) to avoid residential areas and minimise impacts on communities.

There are houses and other structures located close to the area of the proposed wind power plant, however these are not permanently inhabited and are used as weekend houses or as bases from which to graze sheep during the summer months. The nearest village is Gvozd which is 2.3km from the closest wind turbine, whereas Šavnik village is 6.5km to the north. The transmission lines pass near several villages; six houses are within 200m of the corridor, the closest being 88m away. The minimum allowable distance is 60m of the corridor. There are no houses close to the substation at Krnovo and near Brezna.

Impacts and Mitigation

KGE will be required to meet all relevant national environmental and labour standards and the best practice requirements of the environmental and social policies of the European Bank for Reconstruction and Development (EBRD), who are considering providing finance for the Project.

Main Impacts and Associated Mitigation Measures during Construction

Potential significant positive impacts during construction:

- Short term employment opportunities during construction; the workforce will be hired locally to the greatest extent possible (approximately 80% of workers are expected to be local).

Potential significant negative impacts during construction:

- Excess material generated as a result of construction activities will be reused for construction of necessary infrastructure and for surface reconstruction.
- Transport of the wind turbines to the site could cause traffic and disturbances to local road users - turbine parts will be transported at night to minimise the amount of disturbance. Heavy vehicle movement will be limited to the existing roads so the impact on the environment should be minimal.
- Because trees will be felled for the construction of the transmission lines there is a potential risk of forest fire. There will be trees felled on 15% of the Krnovo substation to the Brezna substation transmission line and 90% of the Brezna to Klicevo transmission line (approximately 19km in total) none of this forestland is considered to be valuable or used for commercial purposes, This risk will be



managed by clearing logs and wood waste in order to leave corridors clear. The wood from state-owned land that is to be cut down will be stored by the municipalities and distributed to residents as firewood. There will also still be sufficient forest left to provide firewood, just as the forest does now.

- Construction works will lead to some vegetation loss however this will be avoided as far as possible as construction works will be limited to defined areas and will be reinstated once construction works are finished. Basic construction works will be finalised before the bird reproductive season so as to prevent nest formation in these areas. Communication between developer and local nature preservation representatives will be on-going during construction.
- Approximately 0.5km² of privately owned land will be expropriated by the Government of Montenegro (with funding provided by KGE) and KGE will be given the right to use the land. The total number of affected privately owned plots is 420, while the number of affected owners is 360. The owners of these land plots will be fully compensated by the Government with funds from KGE.
- Two uninhabited structures will need to be acquired for the Project, because they are in the vicinity (within 250m) of a turbine and will be affected by noise and shadow flicker. The owner of both structures will be fully compensated by the Project.
- Security guards and fencing will be provided by subcontractors during the construction phase to restrict access for local communities to any areas that are considered dangerous or hazardous.



Installation of a measuring mast at Krnovo

Main Impacts and Associated Mitigation Measures during Operation

Possible significant positive impacts during operation:

- Krnovo Wind Farm is the first wind farm in Montenegro and will contribute to achieving national and international goals of reducing carbon dioxide emissions.
- Roads will be reconstructed (3.8km of existing paved roads will be reconstructed and 13km of new roads will be constructed) and maintained on a regular basis and therefore the local population will benefit from better road conditions. These roads will be kept clear all-year-round, which will improve access for local communities. Upgraded roads may increase the number of tourists and sporting activities in the area.
- Employment opportunities for five to eight individuals during the operation of the wind power plant. These workers will be carrying out accounting, first-level maintenance on -site and security service.
- KGE will consider implementing a small corporate social responsibility programme based on feedback received from local communities.

Possible significant negative impacts during operation:

- Some roads may be damaged by the construction works or transportation of the components of the WTGs. After construction works are completed, any roads damaged from heavy vehicle activities will be repaired.
- The operation of the wind farm may have negative impacts on birds and bats. Bird and bat monitoring will be undertaken during operation. If there are negative impacts, appropriate mitigation will be put in place by KGE to reduce the impacts.
- If, during operation, the wind turbines produce noise higher than permissible levels, then the wind turbines will be stopped temporarily. Noise monitoring will take place during the first year of operation at the project boundaries and the nearest houses.
- Potential cumulative impacts of the Project in combination with other developments in the area have been considered but it was concluded that there will be no significant cumulative impacts.



Public Consultation and Contact Details

A **Stakeholder Engagement Plan (SEP)** has been prepared for this Project. It identifies key stakeholders and ensures that they are well informed about the Project including any potential positive or negative impacts of the Project. The SEP also summarises previous stakeholder engagement activities and provides a formal grievance mechanism to be used by stakeholders for registering complaints, concerns, queries and comments.

If activities change or new activities relating to stakeholder engagement commence, the SEP will be updated and it will be reviewed on a regular basis. The SEP includes the following:

- Public consultation and information disclosure requirements of Montenegrin law and EBRD requirements
- Identification of stakeholders and other affected parties
- Overview of previous engagement activities
- Stakeholder engagement programme including methods of engagement and resources
- A grievance mechanism.

Stakeholders can be individuals or organisations that may be directly or indirectly affected by the Project or may be interested in the Project. Anyone may ask for information and may comment on the proposed Project.

This document and the SEP will be available on the EBRD website (www.ebrd.com) and the KGE website (www.krnovo-ge.com) as well as the following locations:

- Krnovo Green Energy (office in Podgorica), Svetozara Markovića 3, Podgorica
- EBRD Montenegro: T.C. Palada, Serdara Jola Piletica bb, 81000 Podgorica
- EBRD London (UK): One Exchange Square, London EC2A 2JN, United Kingdom

All comments will be considered in preparing final documents and plans, and will be considered by the EBRD in its decision on whether to provide financing for the Project. All comments or enquiries should be directed to:

Krešimir Čondić,
Project Manager, Ivicom Holding
Address: Wiedner Hauptstrasse 76/2/1, 1040 Vienna, Austria
Email: k.condic@ivicom.at

In addition, the Feedback / Grievance Form at the end of this leaflet can be used at any time, including during construction and operation.

Feedback Form

You may use this form if you have any comments, complaints or grievances regarding the Project. The form can be posted to the address provided below. A copy of this grievance form is also available on the company website www.krnovo-ge.com.

Full Name	<input type="checkbox"/> I wish to raise my grievance anonymously <input type="checkbox"/> I request not to disclose my identity without my consent
Contact Information <i>Please include how you wish to be contacted (i.e. mail, telephone or e-mail)</i>	Postal Address: Telephone number: E-mail address:
Preferred language <i>(please tick)</i>	Montenegrin <input type="checkbox"/> Croatian <input type="checkbox"/> Serbian <input type="checkbox"/> English <input type="checkbox"/> Other <input type="checkbox"/>
Description of feedback or grievance <i>(What happened? Where did it happen? Who did it happen to? What is the result of the problem?):</i>	
Date of feedback/grievance	
One time incident / grievance date (if applicable)..... Happened more than once? How many times? Still on-going (i.e. currently experiencing problem) Y / N <i>(please circle)</i>	
How would you like to see this issue addressed?	
Signature.....Date.....	
Please return this form to: Krnovo Green Energy, Svetozara Markovića 3, Podgorica	
(For office use only) Reference number:	