



Background: Permitting Process in Russia

Nord Stream 2 AG | Aug-18



Permitting Process in Russia

Nord Stream 2 aims to build the new pipeline through the Baltic Sea with the least environmental impact. The decision for the proposed pipeline route was made following a process that took around five years and included thorough studies and the assessment of all options. In Russia, Nord Stream 2 had to obtain two permits for the construction of its pipeline.



1. Overview

Legislation

EIA according to:

Federal Law 174-FZ dated 23.11.1995 “On environmental expertise”, Order 372 of the State Committee for the Environment Protection dated 16.05.2000 on approval of provisions on the assessment of the impact of the planned economic and other activity on the environment in the Russian Federation.

Permit for onshore construction according to Art. 51 Russian Urban Planning Code; Russian Government Resolution 92 dated 06.02.2012;

Permit for pipe-laying (offshore construction) according to Art. 16 Federal Law 155-FZ dated 31.07.1998, Art. 22 Federal Law 187-FZ dated 30.11.1995, Russian Government Resolution 68 dated 26.01.2000, Russian Government Resolution 417 dated 09.06.2010, Ministry of Natural Resources Order 202 dated 29.06.2012

Permit for operation according to Art. 55 Russian Urban Planning Code, Russian Government Resolution 92 dated 06.02.2012;

License to operate a hazardous facility according to Art. 9 Federal Law 116-FZ dated 21.07.1997, Art. 12 Federal Law 99-FZ dated 04.05.2011, Russian Government Resolution 492 dated 10.06.2013, Rostekhnadzor Decree 305 dated 11.08.2015.

Authorities

Federal Service for Supervision of Natural Resources

Ministry of Construction, Housing and Utilities of the Russian Federation

Federal Service for Supervision of Natural Resources

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Federal Agency for Environmental, Technological, and Nuclear Supervision



2. Responsible infrastructure development in a sensitive area of Narva Bay

Protection of the environment is a priority for our company – and for each of the over 200 dedicated professionals who work for Nord Stream 2 AG. Adherence to regulatory requirements and environmental and industrial safety standards underpin our approach. Through careful planning, engineering solutions and comprehensive offset activities we will mitigate the impacts and safeguard the valuable and sensitive habitats and species. While the majority of impacts from the construction activities will be temporary only – our commitment to improving the condition of the nature reserve is lasting.

The proposal to plan the pipeline route across part of the Kurgalsky reserve was made after studies and the assessment of all options. The preparatory phase of the project took around five years, during which we studied all possible route options, the risks associated with each scenario, and ways of mitigating the risks. We have carefully studied every kilometre of coastline in the Gulf of Finland. As a result of the route evaluation process, only two possible locations offering access to the shore for the pipeline were identified, and based on comprehensive overall considerations, the route crossing Narva Bay has the least environmental impact.

We aim to build our pipeline with the least overall impact. Our team has demonstrated this commitment with the successful implementation of the Nord Stream project. The results of annual environmental monitoring have shown that the impact caused by the construction work was in line with and in some cases considerably lower than predicted in the preliminary assessments. Moreover, our compensation and offset activities in Germany received an environmental award and have been lauded as exemplary cases of responsible infrastructure development. This experience showed that pipeline construction in a sensitive area can be managed, and we are confident that implementation of the Nord Stream 2 project will also result in an overall improvement of the affected area through our mitigation and compensation activities.

3. Selecting the Route in Russia – Studying the northern and southern corridors

Comprehensive surveys are the cornerstone of large-scale international infrastructure projects. There have been three stages of research work for the Nord Stream 2 project, which began in 2012.

Stage I - Evaluation of the Corridor to the North of St. Petersburg

A desk study was carried out to evaluate the corridor to the north of St. Petersburg along the route of the Nord Stream's supply pipeline. The study concluded that it would not be technically feasible to lay new infrastructure alongside the existing pipelines.

- Urban development along the banks of the Neva is very dense and there is not enough space for the new pipeline and the backup and support infrastructure.



- > It would not be possible to adhere to Russian legislative requirements on the minimum safe distance away from inhabited localities.
- > Building a second compressor station alongside the existing Portovaya facilities would double the burden on the environment in this area.
- > The supply gas pipeline for Nord Stream 2 will be built in accordance with Gazprom's plans to bring more gas to the Kingisepp district under agreement between Gazprom and the Leningrad region authorities.

The Russian government approved the territorial planning scheme that envisages the expansion of the Russian Unified Gas Supply System in order to supply the Nord Stream 2 Pipeline. According to the scheme, the supply pipeline will pass through the Kingisepp district.

Stage II - Choosing a Landfall on the Southern Coast of the Gulf of Finland

The entire Gulf of Finland shoreline to the south and west of St. Petersburg to the border with Estonia has been studied in detail, taking into account many technical, environmental and social constraints.

Only two landfall options were deemed appropriate, both within the Kingisepp district, because of heavy urbanisation and industrial development of the rest of the shoreline.

- > The area to the south of St. Petersburg features both military and industrial infrastructure, including:
 - the Baltic Fleet exclusion zone;
 - St. Petersburg flood defences;
 - the Leningrad nuclear power plant, with its associated nuclear fuel storage and reprocessing facilities;
 - Ferro-Manganese deposits.
- > The abundance of cultural and historical sites are major restrictions on construction in the St. Petersburg suburbs of Lomonosov and Peterhof.

Offshore there is also heavy shipping traffic and anchorage areas in and around the ports of St. Petersburg and Ust-Luga.

Two route options have been identified to the south of St. Petersburg: through the Kolganpya Cape and the Narva Bay.

Stage III - Evaluating Landfall Options in the Kingisepp District

Reliable infrastructure, including gas transportation, would create the conditions for new industrial enterprises, new investment and could contribute to the sustainable development of the Kingisepp district.

Kolganpya Cape route

- > The route is 39 km longer than the Narva option, which means construction work will affect a larger area and take longer.



- > A significant amount of dredging will be required, approximately four times as much as for the Narva Bay route. It is necessary due to shallow water with numerous rocky outcrops and boulders, shipping lane crossing, restricted military exercise areas and anchorage areas.
- > Due to the greater volume of work and length of time required to perform it, the impact on biodiversity will be greater than for the Narva Bay route.
- > Crossing shipping lanes will require restrictions to ship traffic during the construction stage and will elevate the risk during operation.
- > This route also crosses the habitats of grey and ringed seals.
- > This route has a greater impact on the proposed Eastern Gulf of Finland (Ingermanlandsky) nature reserve. This territory is a key habitat of grey and ringed seals.
- > The Gazprom supply pipeline will pass through the Kotelsky nature reserve. Nord Stream 2 crosses the Koporski Bay important bird area and pass by the proposed Eastern Gulf of Finland (Ingermanlandsky) nature reserve (there are plans to create it in 2017).

Narva Bay route

- > 39 km shorter than the Kolganpya Cape route, meaning work will take less time.
- > Significantly less dredging (1/4) will be required compared to the Kolganpya Cape route because there is less shallow water and no boulders.
- > Smoother seabed so less seabed intervention works.
- > Far from shipping channels, ports and industrial and other facilities, less impact to ship traffic during construction and reduced risk during operation.
- > Far from the habitats of grey and ringed seals.
- > Less impact to the proposed Eastern Gulf of Finland (Ingermanlandsky) nature reserve and to grey and ringed seals.
- > 3.7 kilometres of the gas pipeline will pass through the southern section of the Kurgalsky nature reserve and the Kurgalsky Peninsula Ramsar site (the borders of both are identical). This route option does not pass through any important bird areas.

Taking all factors into consideration, Narva Bay route is the preferred option. It will have a lower environmental impact.

Narva Bay Route: Crossing the Kurgalsky Nature Reserve

Caring for the environment is a priority for Nord Stream 2 AG. We will employ state-of-the-art environmental technologies and invest in the region's sustainable development. Our aim is not just to minimise impact but to have a positive effect on biodiversity and local communities.

The onshore segment of the Narva Bay route passes through a maximum of 3.7 kilometres of the southern section of the Kurgalsky reserve.

- > The biodiversity of flora and fauna is significantly lower here than in the northern section which is home to key protected species.
- > Most of the route through the reserve (2.3 out of 3.7 km) covers modified habitats: young plantations on burned or otherwise degraded forest areas and fallow lands.



- > The pipeline service facilities (pig trap area) and the Gazprom compressor station will be built outside the reserve.
- > The environmentally significant wetland (Kader Swamp) will be crossed on the very edge and in the driest part.
- > Of most value is a primary coniferous forest along the seashore, approximately 1 km of which will be crossed. Survey for a detailed engineering assessment, optimization of route options and technical solutions will be carried out to implement the project with minimum impact.

4. Environmental impact assessment procedure in Russia

Nord Stream 2 AG is committed to the principle of open dialogue and consultations with stakeholders including authorities, non-governmental organizations, experts and local communities.

The objective of an active public engagement is to share information about the project and provide stakeholders with an opportunity to comment on various aspects of the project implementation including the environmental impact assessment (EIA).

The EIA procedure in Russia has been carried out in compliance to the Russian environment protection legislation and other environmental, natural resource management and investment regulations, such as:

- > Federal Law No 7-FZ On Environmental Protection, dated on 10.01.2002.
- > Federal Law No. 174-FZ On Environmental Expert Review dated on 23.11.1995
- > Federal Law No.155-FZ On the Internal Sea Waters, Territorial Sea and Contiguous Zone of the Russian Federation dated on 31.07.1998
- > Russian Federation Environment Impact Assessment Procedure for Planned Business Activities Russian Environment Protection Committee Order No. 372 dated on 16.05.2000, etc.

The requirements of the Convention on Environmental Impact Assessment in a Transboundary Context (the Espoo Convention) which provides for the involvement of all Baltic Sea countries in the discussion of potential transboundary impacts, other international norms and standards, including the standards of the International Finance Corporation (IFC), were also taken into account.

As envisaged by Russian legislation, the EIA procedure has several stages:

1. Development of the EIA Terms of Reference

The Draft Terms of Reference for the development of the Environmental Protection Measures, including the EIA, was released for public review on April 12, 2017. Public consultations were held for 60 days since the disclosure date through collecting comments and proposals. After the public hearings the comments were analyzed and incorporated into the final Terms of Reference.



The following materials prepared by independent environmental consultants are also available for public:

- > [Environmental Impact Assessment Programme](#)
- > [Assessment of alternatives for the Russian part](#)
- > [Comparative environmental assessment of alternative routes for the Russian section of the Nord Stream 2 pipeline](#)

[The Institute of Geography of the Russian Academy of Sciences](#) and [Peter the Great St. Petersburg Polytechnic University](#) have provided a positive feedback to the reports on comparative environmental assessment of the route options for the Nord Stream 2 Pipeline in Russia.

2. EIA Procedure and Draft Report

The primary EIA results are: identifying the sources of impact, their properties, magnitude, and Generating a list of environment protection measures to mitigate any project's negative environmental impacts.

The EIA includes hydrometeorological, geological, biological, social, economic and other analysis. Special attention is paid to the identification of and impact assessment on rare and endangered species of biota, nature protected areas, distribution of commercial species and other factors that could potentially restrict the project implementation.

The EIA has identified a wide range of measures to be taken to prevent or minimize the negative impact to the acceptable level.

The draft EIA report, for offshore and onshore part, concept note as well as Non-Technical Summary and a journal for registering public feedbacks were made available in four public liaison offices on 4 August 2017 for 60 calendar days. A public hearing was held on 4 September 2017 in Kingisepp. Public consultations and collection of comments were ongoing for 30 days after the hearing and were completed on 4 October 2017.

Besides the public hearings procedure required by the Russian legislation Nord Stream 2 AG in compliance with international regulations also have held consultations with non-governmental environment protection organizations, experts, local community as "round tables", individual meetings with experts, focus groups, group meetings with local community.

3. Final EIA Report Development

The Final EIA Report for the offshore ([Vol.1](#), [Vol.2](#)) and onshore ([Vol.1](#), [Vol.2](#)) parts has been developed based on the submitted comments, remarks, and proposals. The document has a number of large appendices.

It includes a proposed comprehensive environmental monitoring program for the offshore pipeline sections covering its [Construction](#) and [operation](#) and onshore sections covering its



Construction and operation periods. The program is compliant to the Russian legislation and international environmental laws not inconsistent with the Russian legislation.

All the comments received in the course of the EIA, answers and explanations by the project developer are included in the materials of public consultations and in the documentation package submitted for State environmental expert review (SEER).

State Environmental Expert Review of project documentation was carried out by expert commission in accordance with the Order of Federal Service for Supervision of Natural Resource Usage (Rosprirodnadzor) from 23.11.2017 №559. Positive conclusion of State Environmental Expert Review was approved by the Order №22 from 18.01.2018.

The expert commission for state environmental expert review (SEER) under the Russian Federal Service for Supervision of Natural Resource Use (Rosprirodnadzor) issued a positive conclusion on the project documentation for the Nord Stream 2 Pipeline in Russia. The expert commission concluded that implementation of the project in Russia is feasible and compliant with Russian environmental requirements.

5. Stakeholder Engagement

Nord Stream 2 is committed to an open and transparent dialogue with stakeholders: authorities, NGOs, the local community, scientific and research experts, institutes and other organizations. Nord Stream 2 recognizes the importance of stakeholder engagement in building strong, constructive and responsive relationships that are essential for the successful management of environmental and social impacts. You can learn more about Nord Stream 2's past, present and future stakeholder engagement activities in Russia in our [Stakeholder Engagement Plan](#).

The objective of the dialog is to disclose information about the project while also giving stakeholders the opportunity to provide their opinions about it. This approach guarantees that decisions on the Nord Stream 2 project are based on proven expert opinion and clear scientific facts.

Nord Stream 2 is implemented in close contact with the research experts on the main aspects of the project and is taking into account their recommendations and proposals. In addition, an important area is the engagement with non-governmental environmental organizations.

6. Relevant Documentation

The following documents related to the Russian EIA and permitting procedure can be found online in the Nord Stream 2 library:

- > Background paper: Nord Stream 2 in Russia: Environmental and Community Initiatives Strategy
- > Background paper: The Nord Stream 2 Project in Russia
- > Brochure: Responsible Infrastructure Development in the Sensitive Area of Narva Bay



- > Brochure: Onshore Construction in Russia
- > Brochure: Selecting the Pipeline Route in Russia
- > White Paper: Key Facts About the Narva Bay Route in Russia
- > Report: EIA for offshore section of the Nord Stream 2 pipeline in Russia (Part 1)
- > Report: EIA for offshore section of the Nord Stream 2 pipeline in Russia (Part 2)
- > Report: EIA for onshore section of the Nord Stream 2 pipeline in Russia (Part 1)
- > Report: EIA for onshore section of the Nord Stream 2 pipeline in Russia (Part 2)
- > Report: Offshore environmental monitoring programme for the construction phase of the Nord Stream 2 pipeline in Russia
- > Report: Offshore environmental monitoring programme for the operation phase of the Nord Stream 2 pipeline in Russia
- > Report: Onshore environmental monitoring programme for the construction phase of the Nord Stream 2 pipeline in Russia
- > Report: Onshore environmental monitoring programme for the operation phase of the Nord Stream 2 pipeline in Russia
- > Brochure: Grievance mechanism
- > Brochure: Landfall in Russia: Our commitment

Nord Stream 2 AG

Baarerstrasse 52, 6300 Zug, Switzerland

info@nord-stream2.com

T: +41 41 414 54 54

F: +41 41 414 54 55

Moskauer Branch

ul. Znamenka, 7/3, 119019 Moscow, Russia

info@nord-stream2.com

T: +7 495 229 65 85

F: +7 495 229 65 80

St. Petersburger Branch

ul. Reshetnikova 14a, 196105 St. Petersburg, Russia

info@nord-stream2.com

T: +7 812 331 16 71

F: +7 812 331 16 70

About Nord Stream 2

Nord Stream 2 is a planned pipeline through the Baltic Sea, which will transport natural gas over some 1,230 km from the world's largest gas reserves in Russia via the most efficient route to consumers in Europe. Nord Stream 2 will largely follow the route and technical concept of the successful Nord Stream Pipeline. The new pipeline will have the capacity to transport 55 billion cubic metres of gas per year, enough to supply 26 million European households. This secure supply of natural gas with its low CO₂ emissions will also contribute to Europe's objective to have a more climate-friendly energy mix with gas substituting for coal in power generation and providing back-up for intermittent renewable sources of energy such as wind and solar power. www.nord-stream2.com