

Summary of HSS Assessment and Report

Assessment Overview

The Hydropower Sustainability Standard (HSS) is a comprehensive framework for assessing and certifying hydropower projects globally. Managed by the Hydropower Sustainability Alliance (HSA), it sets out performance requirements in environmental, social, and governance (ESG) areas. The HS Standard comprises 12 sections that cover the environmental, social, governance and climate change impacts, both negative and positive, that arise from hydropower development and operation. The standard includes stages for Preparation, Implementation, and Operation, catering to different project phases with standalone guidelines. Accredited Assessors conduct evidence-based assessments using data triangulation, ensuring findings are factual and reproducible. The HS Standard aligns with key lender safeguards and supports green finance initiatives like Climate Bonds, enhancing project credibility and attracting climate-aligned investments.

Assessors Joerg Hartmann, Antonio Fonseca dos Santos, and Anamaya Upadhyay (collectively, Kelowna Consult) conducted an assessment of the San Roque Multipurpose Project (SRMP) under the initiative of the San Roque Power Corporation (SRPC) with field visit undertaken during the period April 15 to 20, 2024. Objectives of said field visit were to evaluate the Project and enhance SRPC's performance across several key areas: promoting sustainable operations, improving environmental management, fostering social responsibility, ensuring operational excellence, driving innovation, and demonstrating transparency. The assessment aimed to validate SRPC's adherence to global sustainability standards in hydropower, contribute to local community development, and establish benchmarks for responsible energy production. The assessment report was issued on July 12, 2024.

Assessment Results

<p>Limitations of the assessment</p>	<p>The San Roque Multipurpose Project (SRMP) is operated by the San Roque Power Corporation (SRPC). The owner of the assets is the National Power Company (NPC), which in turn is owned by PSALM (Power Sector Assets and Liabilities Management), a government holding company. The scope of this assessment covers the ESG issues related to the SRMP assets, and under the responsibility of SRPC and NPC. These assets are influenced by upstream land and water users (e.g. hydropower projects, miners, farmers, loggers), and in turn their operation influences downstream land and water users (e.g. irrigation farmers and the National Irrigation Administration (NIA), municipalities and provinces and their flood control efforts). While these interrelationships are described in the assessment, and upstream and downstream stakeholders were interviewed to provide context, their ESG management and the overall coordination across the basin is outside the scope of the assessment.</p>
---	--

Section	Summary of findings and other notable issues	SRMP % Score
<p>1. Environmental and Social Assessment and Management</p>	<p>The economic, social and environmental benefits of current multi-purpose operations of the SRMP are substantial. The reservoir stores water for one of the country's largest irrigation areas, can capture several hundred million m3 of water during typhoons and an excessive load of silt from the catchment, thus protecting the downstream floodplain, and generate valuable power for the Luzon system.</p> <p>However, the initial and some ongoing negative environmental and social impacts were also substantial. The mitigation of most issues has been</p>	<p>33%</p>

	concluded, and ecosystems and communities in the project area have largely adapted to the SRMP. However, a number of impacts are only partially understood and resolved, and some potential opportunities and benefits have not been realized to the extent possible. This relates to the complex responsibilities for E&S issues of the SRMP, which are only partially under the control of SRPC.	
2. Labour and Working Conditions	SRPC has inclusive human resource policies and a comprehensive OH&S program. Risks and opportunities for improvement are identified through a well-planned safety inspection program, and the safety record is exemplary. SRPC has several programs to give opportunities to students from local communities and attract local workers. Compliance with a number of regulatory labour and OH&S requirements has been certified. An external Human Rights Assessment was undertaken which confirmed consistency with internationally recognized labour rights	100%
3. Water Quality and Sediments	Water quality, erosion and sedimentation are important issues in the SRMP. Water quality in terms of turbidity is improved and downstream areas are protected from excessive sediment loads for several decades, however at the price of sedimentation of the reservoir and future loss of services from the SRMP. Arsenic, copper and potentially other metals from the catchment are public health risks, and while a part of them is removed from the river system by trapping in reservoir sediment, another part becomes more available as the SRMP enables increased fishing and irrigation.	64%
4. Community Impacts and Infrastructure Safety	The SRMP was built to deliver multiple social and economic benefits, but also required the displacement of several communities. Displacement has been fairly compensated and multiple initiatives have been implemented to improve the lives of local stakeholders. Since the transformation of the SRPC Environment Unit to San Roque Power Foundation Inc (SRPFI) in 2010, this organisation is responsible for implementation and monitoring of all CSR programs (regulatory such as the ER 1-94 program, obligatory under the ECC, and voluntary ones). Project RANG-AY is the current flagship program for all development interventions. There has been significant improvement in all affected municipalities, in the quality of life in terms of access to utilities and housing, and livelihoods. The safety management of the SRMP's dam and associated infrastructure is thorough and proactive. Emergency preparedness and response is robust, and the reservoir has been able to mitigate the floods from major typhoons since commissioning.	100%
5. Resettlement	The resettlement program was delivered as planned in the RAP by NPC, and then continued in some aspects by SRPC. Resettled and host communities on the whole are better off today, especially in terms of their housing conditions and access to utilities. Livelihoods support had a more mixed success, with significant initial adjustment problems and several failed initiatives, and a continued need for support from NPC and SRPC, which means that not all livelihoods are yet self-sustaining.	60%
6. Biodiversity and Invasive Species	The SRMP actively contributes to restoring and enhancing biodiversity in the project area, particularly the rich terrestrial biodiversity in the Cordillera Central mountains, where SRPC and government bodies conduct collaborative reforestation efforts. While ecosystem health is still impaired, there are no notable emerging threats for aquatic and terrestrial habitats, and trends are generally pointing in the right direction.	50%
7. Indigenous Peoples	While IPs did not have an opportunity for FPIC prior to the project decision, they have been fully involved in planning, implementing and monitoring a development plan for their communities, besides participating as all other affected people in resettlement and livelihoods restoration programs and in benefit sharing.	75%

8. Cultural Heritage	This section is not relevant as no significant physical cultural heritage was damaged by or lost to the SRMP. Some disturbed archaeological sites at the Operator's village (Sitio Camanggaan, Barangay San Roque) were identified and salvage excavations recommended in the ESIA process. However, these sites were deemed of minor importance and salvage excavations were not included in the conditions of the Environmental Compliance Certificate (ECC) issued to the project in 1985 (7 conditions) and 1998 (26 additional conditions).	n.r.
9. Governance and Procurement	The SRMP was set up as a hybrid structure or public-private partnership, which allowed it to be financed, built and operated by a private entity (SRPC) while still delivering its multiple purposes in the public interest. SRPC is a well-structured company with significant experience operating in and adapting to the evolving Philippine regulatory framework and market.	83%
10. Communications and Consultation	SRPC has used a number of communications and consultation strategies, throughout the different phases of the SRMP and for different target stakeholder groups including resettlers, other affected communities upstream and downstream, IPs, government entities, and employees. A comprehensive consultation and disclosure process have been implemented since the start of the project, including a FPIC process for the support projects to be implemented in the IP communities. Communication channels are in place to attend the various stakeholder groups in an appropriate manner. Engagement activities include participatory meetings with community relations officers, open houses, walk in policy, project tours, communications campaigns and presentations where monitoring results are presented. The SRPC website provides a number of reports on project performance including SRPC's GRI-compliant Sustainability Reports. Stakeholder mapping is updated periodically. There is a systematic grievance mechanism.	87%
11. Hydrological Resource	The San Roque reservoir and the associated downstream re-regulating pond are operated under rules for multiple objectives including power generation, irrigation, flood control and sediment retention while maintaining dam safety and river maintenance flows. These rules are largely accepted and based on a good understanding of their hydrological basis and effectiveness, with the exception of river maintenance flows in the main river channel downstream of the re-regulating pond.	63%
12. Climate Change Mitigation and Resilience	The SRMP has a relatively high power density and is therefore likely to have relatively low reservoir and total emissions. Its large reservoir can support adaptation to climate change. The resilience of the SRMP to climate change, i.e. the ability under future climate conditions to safely provide the various services such as power generation, flood control and irrigation, is currently being analysed.	80%

Public Consultation Process

As a project being assessed against the HSS, the Assessment Report on the SRMP is currently undergoing Public Consultation Process. The following items outline the steps for submission, review, and distribution of the assessment report, emphasizing transparency and community engagement:

1. Submission of Assessment Report(s):

- The SRPC submits a preliminary assessment report to the HSA Secretariat.
- The report, which is in English, will be translated to Tagalog to ensure accessibility for affected communities, with a disclaimer and link to the original.

2. **Review of Assessment Report(s):**
 - The HSA Secretariat reviews the report and prepares a final version for public consultation.
 - This final version includes a Results Diagram and a "Under Public Consultation" watermark.
3. **Distribution to Project-Affected Communities:**
 - Mechanisms for distributing the report and comment forms to affected communities are proposed by SRPC and approved by the HSA Secretariat.
 - Evidence (e.g., photos) of these mechanisms will be shared for transparency on the assessment webpage.
4. **Creation of Online Public Consultation Form(s):**
 - The HSA Secretariat creates online forms for public consultation, facilitating the collection of comments.
 - These forms are shared with SRPC, who provides translations if needed.
5. **Creation of Project Assessment Webpages:**
 - Both the HSA Secretariat and SRPC create assessment webpages linked to respective websites.
 - These pages include links to the public consultation forms and each other's assessment pages.
6. **Coordinating the Consultation Period:**
 - Dates for the 60-day public consultation period is proposed by the HSA Secretariat, with feedback from SRPC.
7. **Public Consultation Period:**
 - During this period, the report is available for public review and comment.
8. **Collation of Public Comments:**
 - Comments received are recorded by both the HSA Secretariat and SRPC.
 - A Public Comment Log is shared with assessors.
9. **Response to Comments and Finalization:**
 - Assessors respond to received comments, if any, and finalize the assessment report.
 - SRPC accepts the Final Assessment Report, potentially translating it if needed.
 - The HSA Secretariat reviews the Final Assessment Report and creates a Response to Comments Form, which is published after project certification.

This structured approach ensures thorough review, transparency, and community participation throughout the assessment and consultation phases of the project. All information provided in the Assessment Report are supported mostly by studies and documents provided by SRPC.