

# GNL Quintero and its commitment with the community: Shaping a new Quintero

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## ABSTRACT

This paper describes the community engagement process at GNL Quintero, a new liquefied natural gas facility in Central Chile. The Terminal, operating since 2009 in Quintero Bay, Valparaíso Region of Chile, is located in one of the zones most conspicuously known for its problematic relationship between industries, pollution, poverty and the community.

Inspired by sound ethics, a pragmatic, yet ambitious plan was put into place. In order to deal with the deterioration in the urban setting and quality of life, a plan was developed and is now underway to improve the most significant points of the city. Additionally, fishermen are main stakeholders, so a thorough diversification plan is being carried out and is showing promising results. Finally, the social-environmental issues of this emblematic area have begun to be addressed in an unprecedented manner, through a joint effort by all the companies located around the bay area and the public sector, inspired by the GNL Quintero example.

## INTRODUCTION

### The GNL Quintero Project

Developed as a result of the uncertain supply of natural gas piped from Argentina, the GNL Quintero Project was the country's response to secure a long-term energy supply for central Chile. The project was conceived to supply NG reliably according to world-class safety, environmental and quality standards, and it had to be implemented very quickly.

**Some milestones:** (2004) first signs of problems with gas supply from Argentina; (2005) approval of the Environmental Impact Study and maritime concessions; (2009) commencement of Fast-Track operations under a model that included building the Jetty, a small storage space (while both large tanks were still being built); (2010) completion and operational start-up of the two large, full-containment LNG storage tanks (160,000 m<sup>3</sup> each).

**Project results:** Good safety record: Construction (13 million man hours); operations (2 million man hours); Plant operating at close to full capacity (10 Mm<sup>3</sup>/d), with high availability (99.5%); almost 200 ships berthed and over ten thousand LNG trucks; Quick reconversion of markets to natural gas (recovery to pre-crisis level, 25% generation; 536,000 residential customers, 330 industrial customers, Vehicle Natural Gas); Highly successful community relations program<sup>1</sup>.

### The Quintero Bay

The Quintero Bay, located in the Valparaíso Region 160 km north of Santiago, in the Quintero and Puchuncaví Counties, is one of the most important industrial and energy hubs in the country.

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<sup>1</sup> In addition to the statistical evaluation presented further below in the paper, the program has been awarded with several recognitions (see references).

The Region of Valparaíso as a whole has over 1.7 million inhabitants and Quintero has 25 thousand, with a population that is getting older and is, on average, poorer than the rest of the Region and the country. For instance, Loncura, the neighborhood adjoining the industrial sector, has neither potable water nor a sewage system.



**Figure 1** The Quintero Bay and the industrial and energy hub

In addition, the environmental deterioration of the area is high. It started in the mid-60's, when a coal-fired power plant and a copper smelter were installed in the Ventanas Sector of the bay. The pollution of the seawater, soil and especially the air has been notorious, and in 1994 the area was declared to be a SO<sub>2</sub> and PM attainment zone. A decontamination plan was put into place to regulate the emissions from the two biggest sources of air pollution (coal-fired power plant and copper smelter). Although the environmental situation is now much better than it was, the effects of decades of pollution are visible and the population is resentful towards the industrial sector because they feel that they have suffered the wrongs of a progress that has benefited others.

## METHODOLOGY

This case study has been structured on the basis of the following methodology:

- Description of the GNLQ approach to community engagement
  - Philosophical, methodological and public participation underpinning
  - The community engagement plan
- Results of the GNLQ community engagement approach to date
- Discussion and conclusions

## THE GNL QUINTERO APPROACH TO COMMUNITY ENGAGEMENT

Perhaps the most relevant obstacle to a successful community engagement lies not in the natural or even social impacts of a particular project, but in the sheer lack of commitment and unselfish concern on the part of developers for the community fortune. In the best case, the common logic is based on attempting to mitigate and/or compensate for negative impacts caused by the project, marked by a far too noticeable desire to obtain the so-called license to operate. However, if community engagement and business social responsibility are truly inspired on ethical values, this transactional approach is doomed to fail. Real ethical commitment cannot stem from selfish motivation (as many philosophers have pointed out, particularly Kant). A parent does not care for

his children in order to gain their approval or admiration, but because he loves them. On the contrary, a politician patently led by egoistic ambition exudes his true motivation, which only gains him the suspicion and lack of trust of the population. Somehow, paradoxically, when behavior is motivated by generosity, trust follows as a corollary. Yet when gaining trust and recognition is the dominant goal, mistrust and suspicion prevail (as with Viktor Frankl's notion of hyper-intention).

Based on the ethical standpoint described above, the GNL Quintero engagement plan was conceived as a serious and honest attempt to generate an inflection point for Quintero. Yet, this altruistic motivation had first to overcome the widespread mistrust of the community towards all industrial endeavors. The traumatic history of industrial development in the area negatively predisposed the community to the project and filled them with mistrust towards its executives. So, the plan was conceived as a combination of short-term initiatives capable of crystallizing the company's good intention into concrete deeds, with more sophisticated and challenging endeavors oriented to reverse the city's doomed situation.

## **THE COMMUNITY ENGAGEMENT PLAN**

### **Short-term initiatives**

#### *Participative funding*

The main purpose of this funding was to channel in an organized manner the numerous requests for support received by the company from social organizations (Quintero has almost 150). This funding is competitive, is disbursed three times per year, and finances projects ranging from US\$ 600 to US\$ 6,000. The fund was launched in 2008 and has awarded more than 250 projects, benefiting more than 140 organizations for a total expenditure of US\$ 450,000.

#### *Specific donations to key stakeholders*

Mainly at the beginning, the company had to deal with great pressure from the local authority to contribute the funding directly to the municipality. Although the company attempted to agree on a development plan with the Mayor of the time, requests for specific support set the tone. As a concession, the company funded some projects for the hospital, the firehouse and the municipality.

#### *Local employment*

Although GNL Quintero is not a labor-intensive company, it has preferred to hire locally, both during construction and operation. Additionally, it has recruited young people from the community to train and mentor them during one year, and then it has employed those with the best performance (there have been 39 apprentices since the program started in 2010).

### **Long-term initiatives**

Two areas were selected to generate a turning point in the city's situation:

#### *Work with fishermen*

The Terminal's main impacts are its potential danger, its two km offshore jetty and the use of seawater for its Open Rack Vaporizers (15,000 m<sup>3</sup>/hr), which is then returned colder and with some chlorine content. On the other hand, the local fishermen, organized in four coves along the Quintero Bay, found themselves impoverished as a result of several factors that included the pollution of the bay. This led the company to develop a long-term effort based on jointly working out new economic opportunities, grounded on their strengths as men of the sea.

### *Urban improvement*

There are many areas needing improvement in any city, and particularly in Quintero. The health services are poor, the local schools are rather poor, security becomes an issue every summer when the city's population can triple in number due to tourism, air and water pollution are still high, and poverty and a lack of infrastructure are prevalent (EIA "Proyecto Terminal de GNL en Quintero, V Región"; Casen 2011). All these combined translate into a sense of hopelessness and discontent.

Yet Quintero was once a renowned bathing resort, with beautiful summer residences belonging to aristocratic Chilean families. The company believed that focusing on changing this sense of decay through a well-conceived, pragmatic urban plan was feasible and coherent with the economic plan developed for the fishermen and their coves, to prompt economic development.

## **RESULTS OF THE GNLQ COMMUNITY ENGAGEMENT APPROACH TO DATE**

Although the results of all the initiatives just described have been good, this paper concentrates on the two long-term initiatives: work with fishermen and urban improvement.

### **Work with fishermen**

Among the pilot projects developed for and with the fishermen, two are worth mentioning. The first is the Loncura cove, where a restaurant managed by fishermen's spouses and relatives has been opened. Despite opening in the off-season, it has been an all-around economic success. The second case is Papagallo, a small and modest cove, where a diving school is gaining fame and has put Papagallo on the map of national diving spots.



**Figure 2** Location of fishing coves and the pilot projects

### **Urban improvement**

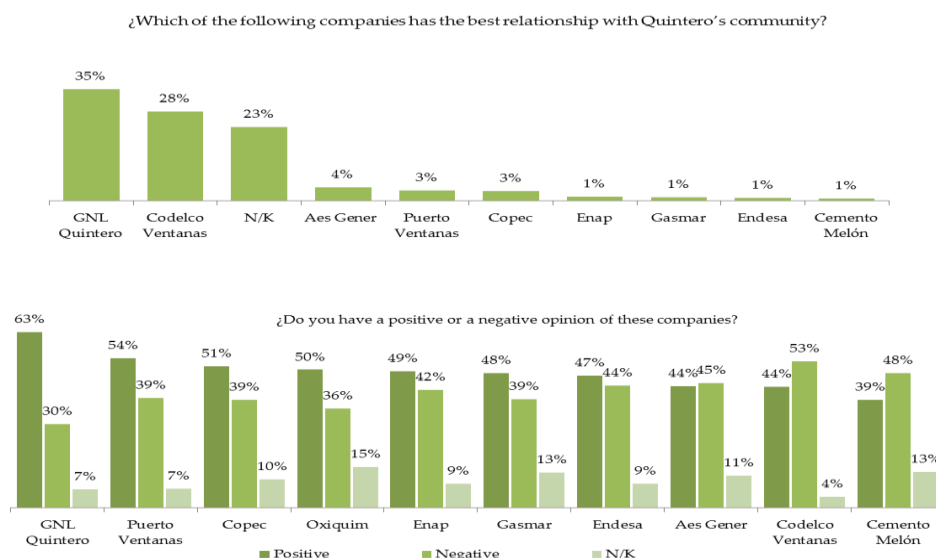
A pragmatic plan was developed working with the municipality. It considers the recuperation of emblematic public spaces, historic buildings, the coves and the waterfront (21 projects). The estimated budget is US\$ 15 million which financing is conceived as a joint public/private effort. So far the company has built a park in Loncura (honored as one of the best mitigation projects by the National Environmental Authority, SEA). A coastal walkway connecting Loncura to the Quintero Peninsula will be built in 2014 and public funding for a local market has been secured. Each project includes public participation, given the community a sense of empowerment.



**Figure 3** Photograph and rendering of the project to make the Papagallo fishing cove a diving center

## Perception of the local community

The initial public disposition towards the company was tense and conflictive. As a result of the engagement plan described above, the relationship with both local authorities and the general public is not merely peaceful, but now affectionate. This was corroborated by a survey conducted in Quintero. The results are shown in the next Table:



**Figure 4** Reputation opinion survey on companies in Quintero

303 cases. Error  $\pm 6\%$ , 95% confidence interval and maximum variance

This goodwill towards the company can also be confirmed by the absence of public opposition to several projects developed by GNL Quintero. In addition to the initial environmental approvals, the company has successfully implemented four additional projects that required further environmental approval.

## DISCUSSION AND CONCLUSIONS

Although is too early to assess whether the ultimate goal of GNL Quintero's approach has been achieved (i.e. to generate a turning point towards social and economic recovery), there seem to be grounds for optimism. Fishing coves are starting to consolidate new business; the public authorities seem committed to following the master plan developed by the company to recuperate key places in the city; and the other companies in the bay are beginning to contribute too.

As a result, the community has accepted the LNG Terminal and has not expressed major objections to several enlargement projects implemented by the company.

Moving from a narrow focus of dealing only with the particular effects of a project to a more ambitious approach that encompasses and tackles more profound social deprivations seems to be a step in the right direction.

The challenge is a long-term commitment, focused on the wellbeing of the community as a whole and not on the particular interests of the company or the industrial sector. The future remains a blank page and any mistake may change the fortunes of the current success. The final key will be to keep up with unshakeable conviction a true ethical commitment towards the community.

## REFERENCES

Casen (2011) *Encuesta de Caracterización Socioeconómica Nacional (CASEN)*, Ministerio de Desarrollo Social

EIA “Proyecto Terminal de GNL en Quintero, V Región”, Chapter 6

Frankl, V. (2006) *Man’s Search for Meaning. An Introduction to Logotherapy*, Beacon Press, Boston, MA.

Kant, I. (1983) *Ethical Philosophy. The Complete Texts of Grounding for the Metaphysics of Morals and Metaphysical Principles of Virtue*. Hackett Publishing Company Inc.

Business Social Responsibility Awards received by the company for its community engagement work:

- Social Responsibility Award 2009, 2010, 2011. ASIVA, Valparaíso
- Best mitigation measures Award for Loncura Civic Centre project, granted by Environmental Authority (SEA), 2012
- “Sello más por Chile” Award by Ministry of Social Development, 2013
- AmCham Corporate Social Responsibility Award, 2013