



Indonesia: Rantau Dedap Geothermal Power Project (Phase I)

Project Name	Rantau Dedap Geothermal Power Project (Phase I)		
Project Number	47937-001		
Borrower/Company	SUPREME ENERGY RANTAU DEDAP		
Country	Indonesia		
Location			
Approval Number	7409/8283		
Type or Modality of Assistance	7409	Loan	USD 50.00 million Committed
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Private sector development		
Sector / Subsector	Energy - Energy sector development and institutional reform		
Gender Equity and Mainstreaming	No gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Infrastructure Finance Division 2		
Responsible ADB Officer	Tonizzo, Martina		
Project Sponsor(s)	GDF SUEZ Marubeni Corporation PT Supreme Energy		
Description	<p>The proposed 240 MW Rantau Dedap Geothermal Power Project (Phase I) is located in South Sumatra, Indonesia. Phase I constitutes the geothermal resource exploration and drilling phase of project development. Steamfield development and power plant construction will be considered in subsequent phases. The Borrower will be PT. Supreme Energy Rantau Dedap, an Indonesian project company owned by GDF Suez (rated A by S&P and A2 by Moody's), Marubeni Corporation (rated BBB by S&P and Baa2 by Moody's) and PT. Supreme Energy.</p>		
Objectives and Scope	<p>The proposed 240 MW Rantau Dedap Geothermal Development Project (Phase 1) is an ideal opportunity for ADB and Clean Technology Fund (CTF) to play an instrumental role in developing the next generation of greenfield geothermal projects in Indonesia through the pilot-testing of an innovative, early stage financing product. The project is located southwest of Palembang in South Sumatra, Indonesia. Phase 1 constitutes the initial geothermal resource exploration, involving the drilling of wells to better ascertain steam reservoir characteristics and capacity. A separate Phase 2 project will follow to complete further drilling of steam production and injection wells and power plant construction. Phase 2 will be financed through a traditional limited-recourse, long-term project financing structure.</p> <p>The project has been prioritized under PLN's long-term power development plan and the second 10,000 MW accelerated development program launched by the Government of Indonesia in 2010 (Fast Track Program 2). Phase 1 development has commenced under the framework of a 35-year geothermal mining license (IUP), a 30-year Power Purchase Agreement (PPA) with PLN and an approximately 20-year guarantee from the Ministry of Finance, as stipulated under a Business Viability Guarantee Letter (BVGL) signed in 2012. Overall, the project benefits from strong contractual arrangements with creditworthy parties including the Government of Indonesia, rated BB+ by Standard & Poor's (S&P) and Baa3 by Moody's, and PLN, rated BB by S&P and Baa3 by Moody's.</p>		

Linkage to Country/Regional Strategy	The project is aligned with ADB's country partnership strategy for Indonesia for 2012- 2014. It supports the strategy's second pillar of environmental sustainability through climate change mitigation, which prioritizes projects designed to promote renewable energy and energy efficiency. The project also supports the government's long-term objective under the endorsed CTF investment plan for Indonesia to deploy CTF resources to leverage commercial financing of geothermal projects. The CTF plan complements recent ADB technical assistance to Ministry of Energy and Mineral Resource (MEMR) and PLN for renewable energy development (including geothermal resources) through its public sector operations, as well as other ADB initiatives to review and revise geothermal tariff incentive schemes and improve government geothermal risk mitigation mechanisms. The project is consistent with ADB's Energy Policy, which emphasizes investment in energy efficiency, renewable energy, and wider access to energy. Though ADB reached its internal goal of \$2 billion per annum in clean energy in 2011, the project helps sustain that level of investment in 2014 and further bolster the private sector role in catalyzing additional resources in the renewable energy sector.
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Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B

Summary of Environmental and Social Aspects

Environmental Aspects	Environment and social safeguards. In compliance with ADB's Safeguard Policy Statement (2009) (SPS), the project is classified category B for environmental impact, category A for involuntary resettlement and category B for indigenous peoples. The potential environmental and social impacts of the project have been identified and effective measures to avoid, minimize, mitigate, and compensate for the adverse impacts have been incorporated in the safeguard reports and plans. The institutional capacity and commitment of the Borrower to manage the project's social and environmental impacts are deemed adequate. Information disclosure and consultations with stakeholders and affected communities have been conducted in accordance with ADB requirements.
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Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

Timetable for assistance design, processing and implementation

Concept Clearance	03 Feb 2014
Due Diligence	
Credit Committee Meeting	14 Apr 2014
Approval	04 Jun 2014
PDS Creation Date	14 Apr 2014
Last PDS Update	29 Sep 2014

Project Page	https://www.adb.org/projects/47937-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47937-001
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