



## Indonesia: Riau Natural Gas Power Project

Project Name	Riau Natural Gas Power Project		
Project Number	50182-001		
Borrower/Company	PT. Medco Ratch Power Riau		
Country	Indonesia		
Location	Kabupaten Pelalawan		
Approval Number			
Type of ADB Assistance / Amount	Ordinary capital resources	USD 75.00 million	Proposed
	Guarantee	USD 75.00 million	Proposed
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Partnerships Private sector development		
Sector / Subsector	<b>Energy</b> - Conventional energy generation - Energy utility services		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Infrastructure Finance Division 2		
Responsible ADB Officer	Yasumura, Kota		
Project Sponsor(s)	Medco Power Indonesia Ratchaburi Electricity Generating Holding Pcl		
Description	The project entails construction, operation and maintenance of a 275 megawatt (MW) combined-cycle gas-fired power plant (CCGT), located in Tenayan Raya District, Pekanbaru City Regency, Riau Province in the central part of Sumatra, and including a gas pipeline of approximately 40 km, a transmission line of approximately 700 m, and associated facilities.		
Objectives and Scope	The project entails construction, operation and maintenance of a 275 MW CCGT, and including a gas pipeline of approximately 40-42 km, a transmission line of approximately 500 m, and associated facilities. The project will be developed and implemented under a 20-year power purchase agreement (PPA) with the Indonesian utility company PLN.		
Linkage to Country/Regional Strategy	The project is consistent with the Midterm Review on Strategy 2020, which includes a consideration on private sector infrastructure development. ADB's support for the project is also in line with its country partnership strategy for Indonesia, 2016-2019, which comprises enhancing energy security by diversifying energy sources, and promoting private investment in the energy sector.		

### Safeguard Categories

Environment	A
Involuntary Resettlement	B
Indigenous Peoples	C

### Summary of Environmental and Social Aspects

Environmental Aspects	In compliance with ADB's Safeguard Policy Statement (2009), the project is proposed classified as Category A for environment. The project is a 275 MW combined-cycle gas-fired power plant. The site is currently a palm oil plantation located 3 km south of an existing coal-fired power station and 10 km east of Pekanbaru City. Cooling water is from the Siak River, which will also be used for wastewater discharge and transport of materials. A 500 m long transmission line will be built on agricultural land and a 40-42 km gas pipeline will be built along existing roads. Preliminary data indicates that it's a non-degraded airshed.
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Involuntary Resettlement	In compliance with ADB's Safeguard Policy Statement (2009), the project is proposed classified as Category B for involuntary resettlement. The project will not cause involuntary physical displacement but will produce some temporary involuntary economic displacement impacts. The power plant and switchyard will be constructed on a 9.1 ha plot of privately owned land. Purchase of this land by the borrower will be on a voluntary willing seller willing buyer basis on commercial terms at market value. Land required for the pumphouse and water intake area will be leased. Water intake and discharge pipelines will be on government land and laid along existing corridors with easement rights. Land for the three transmission line tower footings will be leased. Land for a temporary jetty required during construction is unoccupied but its use for the project may restrict the access of river users during the eight-month construction period. The gas supply pipeline has been designed to minimize displacement impacts and will be built within an existing road right-of-way and oil palm plantations. It will be built in one 500-meter section per week. A plan to manage temporary involuntary economic displacement impacts through compensation and livelihood restoration measures will be developed by the borrower.
Indigenous Peoples	In compliance with ADB's Safeguard Policy Statement (2009), the project is proposed classified as Category C for Indigenous Peoples. The project's environmental and social impact assessment found no distinct and vulnerable Indigenous Peoples groups in the project area.
Stakeholder Communication, Participation, and Consultation	A stakeholder engagement plan has been in place throughout the project impact assessment process and will be further enhanced for implementation during project construction and operation phases. Consultation with affected people, government, and civil society stakeholders has been undertaken in accordance with Indonesian law and in accordance with ADB's Safeguard Policy Statement (2009).

#### Timetable for assistance design, processing and implementation

Concept Clearance	08 Jun 2016
Due Diligence	
Credit Committee Meeting	25 Oct 2018 to 25 Oct 2018
Approval	-
Last PDS Update	18 May 2018

Project Page	<a href="https://www.adb.org/projects/50182-001/main">https://www.adb.org/projects/50182-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=50182-001">http://www.adb.org/forms/request-information-form?subject=50182-001</a>
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