



Indonesia: Rantau Dedap Geothermal Power Project (Phase 2)

Project Name	Rantau Dedap Geothermal Power Project (Phase 2)		
Project Number	50330-001		
Borrower/Company	PT Supreme Energy Rantau Dedap		
Country	Indonesia		
Location	South Sumatra		
Approval Number	7548/3647		
Type of ADB Assistance / Amount	Clean Technology Fund	USD 50.00 million	Approved
	3647 Ordinary capital resources	USD 177.50 million	Approved
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Partnerships Private sector development		
Sector / Subsector	Energy - Renewable energy generation - geothermal		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Infrastructure Finance Division 2		
Responsible ADB Officer	Dovan, David		
Project Sponsor(s)	Engie Electrabel SA Marubeni Corporation PT Supreme Energy Tohoku Electric Power		
Description	The project will develop geothermal steam resources through production and injection facilities and construct, operate, and maintain a power generation plant with a total capacity of approximately 90 megawatts (MW) in South Sumatra.		
Objectives and Scope	The project will develop geothermal steam resources through production and injection facilities and construct, operate, and maintain a power generation plant with a total capacity of approximately 90 megawatts (MW). The project is located in the Muara Enim, Rahat Regencies and Pagar Alam City, approximately 290 kilometers (km) from Palembang, the capital city of South Sumatra Province. The project will be developed and implemented under a 30-year power purchase agreement (PPA) with PLN (the off-taker) and a 15-year support from the Ministry of Finance, as stipulated under a business viability guarantee letter (BVGL). It is intended for base load operation. PLN will develop a 40 km of 150 kV transmission line from the plant site to the 150 kilovolt (kV) Lumut Balai substation.		
Linkage to Country/Regional Strategy	The project supports private sector participation in infrastructure and environment, two of the five core pillars of ADB's long-term strategy as reaffirmed by the Midterm Review of Strategy 2020. The project is consistent with ADB's country partnership strategy for Indonesia, 2016 2019 in supporting the expansion of infrastructure and environment-friendly technologies for clean energy generation. It contributes to the objectives of Indonesia's National Energy Plan and to the 2015 commitment to the Paris Agreement under the United Nations Framework Convention on Climate Change. The project is also consistent with ADB's Energy Policy, which states that support for renewable energy projects will be prioritized and broadened. The project fully aligns with ADB's energy sector strategy for Indonesia, which has the following main pillars: (i) undertake sector policy reform to make access to energy more sustainable and inclusive; (ii) strengthen the reach, reliability, and efficiency of the nation's electricity grid; and (iii) enable the greater use of clean energy.		
Safeguard Categories			
Environment			A
Involuntary Resettlement			B

Summary of Environmental and Social Aspects

Environmental Aspects	The exploration program commenced in 2012 and construction of the access roads and well pads is advanced. The implementation of effective measures to avoid, minimize, mitigate, and compensate for the adverse impacts started in the exploration phase and further measures to be implemented during construction and operations are reflected in the safeguard reports and plans, and include a biodiversity action plan to ensure no net loss of biodiversity. The institutional capacity and commitment of SERD to manage the projects social and environmental impacts are deemed adequate.
Involuntary Resettlement	SERD acquired a total of 124.5 ha of lands through negotiated settlements from 157 project affected households for the project between 2011 and 2017. All lands required for the project have been acquired, and no additional land acquisition is expected. The social safeguards compliance audit confirms that (i) no households experienced physical displacement of housing or commercial assets and (ii) all project-affected households have been compensated according to negotiated compensation rates for land, crops, assets, and structures, (iii) affected households are given opportunities for skills development as part of the implementation of an Integrated Social Development Program (ISDP), apart from a prioritization for employment created by the project, and (iv) no outstanding grievances or complaints related to land procurement and compensation exists for lands acquired by SERD till date for the project.
Indigenous Peoples	Semendos form the majority of the population in the project area. There are no traditional or customary lands within the proposed footprints of the project facilities. The Semendos in the project area are fully incorporated into the legal, political, social, economic and administrative systems of Sumatra. The findings of the social safeguards compliance audit confirm that the Semendos in the project area do not qualify to be considered as a distinct, vulnerable, social and cultural group. Indigenous Peoples safeguards are therefore not triggered.
Stakeholder Communication, Participation, and Consultation	A Stakeholder Engagement Plan has been developed. Consultations have been conducted by SERD since 2011 in the project area as part of the exploration phase and will be continued during the development and operation phases of the project. A grievance mechanism has been established to address any grievances of stakeholders including the local communities and affected persons.

Timetable for assistance design, processing and implementation

Concept Clearance	13 Dec 2016
Due Diligence	
Credit Committee Meeting	07 Feb 2018 to 07 Feb 2018
Approval	23 Mar 2018
Last PDS Update	29 May 2018

Project Page	https://www.adb.org/projects/50330-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=50330-001
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