



Indonesia: Jawa-1 Liquefied Natural Gas-to-Power Project

Project Name	Jawa-1 Liquefied Natural Gas-to-Power Project		
Project Number	51112-001		
Borrower/Company	PT. Jawa Satu Power		
Country	Indonesia		
Location	Cilamaya, Karawang, West Java		
Approval Number	7568/3693		
Type of ADB Assistance / Amount	Ordinary capital resources	USD 250.00 million	Proposed
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Partnerships Private sector development		
Sector / Subsector	Energy - Conventional energy generation		
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)	Marubeni Corporation PT Pertamina (Persero) Sojitz Corporation		
Description	The project entails the construction, operation, and maintenance of a 1,760-megawatt (MW) load-following, combined-cycle, gas turbine (CCGT) power plant and associated facilities. The LNG-to-power project is located about 100 kilometers (km) east of Jakarta on the Javanese coastline. The project will be developed and implemented by an independent power producer, Jawa Power Satu, under a 25-year power purchase agreement (PPA) with the Indonesian utility company PLN.		
Objectives and Scope	The project will help the government addressing an expected electricity supply shortage that could undermine the country's sustainable growth potential if not addressed adequately. The use of combined-cycle gas-fired generation can improve the environmental sustainability of the current energy mix by displacing diesel and coal as fuels for electricity generation. Gas turbines can ramp up more quickly than coal or diesel units, and thus are better suited to respond rapidly to load fluctuations. In turn, this can enable greater use of intermittent renewable energy sources, such as wind and solar. Therefore, the increase in the use of natural gas will help the government reach the target of 23% for power generation from renewable energy sources. In addition, the Jawa-1 LNG-to-power project will also help lower the average power generation cost in Indonesia's largest power grid, given that the proposed project's tariff is well below the average cost of generation for the Jawa Bali grid.		
Linkage to Country/Regional Strategy	The project supports private sector participation in infrastructure, a core pillar of ADB's long-term strategy as affirmed by Strategy 2030. The project is consistent with ADB's country partnership strategy, 2016-2019 for Indonesia in supporting the expansion of infrastructure and environment-friendly technologies for clean energy generation. It also contributes to the objectives of Indonesia's National Energy Plan.		

Safeguard Categories

Environment	A
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The project is classified as Category A for environment. The proposed project will support the construction, operation, and maintenance of a 1,760 MW combined-cycle, gas-fired power plant, and associated facilities. The power plant site consists of former rice paddy fields currently used for periodic grazing, located adjacent to a gas processing facility and residential housing. Associated facilities such as transmission line, pipelines and access road pass through areas of modified habitat and natural habitat. Temporary construction impacts include noise, dust, traffic, sedimentation, disturbance of terrestrial and marine habitat, solid and liquid waste generation, hazardous substances use, and health and safety issues. During operation, the plant will produce air emissions (including NO ₂ and CO ₂), noise emissions, solid waste, and wastewater discharges. An Environmental and Social Impact Assessment (ESIA) has been prepared and effective measures to avoid, minimize, mitigate, and compensate for the adverse potential impacts have been identified.
Involuntary Resettlement	The project is classified as Category B for involuntary resettlement. The project will acquire 76.3 hectares (ha) of land through negotiation on a willing buyer willing seller basis. This will involve about 132 landowners and 27 land users. In addition, about 174 ha of land below the transmission line will be subject to land use restriction, affecting 727 landowners, of which 724 are individuals and 3 are government entities. The land below the transmission line is used for paddy cultivation, trees, residential houses, a cattle farm, a fishpond, a family graveyard, part of a prayer room, warehouse, food stall, and public sanitation. Landowners will be compensated based on the Ministry of Energy and Mineral Resources Regulation No. 38/2013, which is linked to the market price of assets in computing the basis rate for compensation. The land for the power plant (36.7 ha), which is currently vacant, will be acquired from Pertamina Gas (Pertagas) through transfer of land ownership. The land for the onshore pipeline and access road will be partly acquired (17.3 ha) and partly leased (18 ha), involving about 12 landowners and land users. A resettlement plan has been prepared to guide the conduct of land acquisition negotiations through a willing seller willing buyer approach and negotiated settlement. The land acquisition will affect 20 vulnerable landowning households. A livelihood restoration program has been prepared by the borrower to mitigate the impacts.
Indigenous Peoples	The project is classified as Category C for indigenous peoples. There are no distinct, vulnerable social-cultural groups that would qualify as indigenous peoples found in the project area.
Stakeholder Communication, Participation, and Consultation	Consultations were conducted as early as February 2017 and involved the national and local government agencies, district leaders, village leaders and representatives, fisherfolk groups, nongovernment organizations (NGOs), academe, business enterprises, landowners and land users, women's groups, and local military and police officials. During the consultations, the borrower presented and discussed the project description, the likely project impacts, the measures to minimize the environmental and social impacts, promotion of a community partnership, and prioritization of local employment. NGOs were also involved in the discussion of issues and concerns related to fisherfolk. The borrower prepared a stakeholder engagement plan (SEP) to guide the consultation activities during construction and operations.

Timetable for assistance design, processing and implementation

Concept Clearance	18 Apr 2017
Due Diligence	
Credit Committee Meeting	13 Jul 2018 to 13 Jul 2018
Approval	29 Aug 2018
Last PDS Update	02 Aug 2018
Project Page	https://www.adb.org/projects/51112-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51112-001
Date Generated	09 November 2018

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