

INFORMATION SUMMARY FOR THE PUBLIC
PT UPC Sidrap Bayu Energi

Host Country:	Indonesia
Name of Borrower:	PT UPC Sidrap Bayu Energi
Project Description:	The Project is the development, construction, commissioning and operation of a 75 MW wind farm in Indonesia. The Project expects to sell its electricity to PT Perusahaan Listrik Negara (Persero) pursuant to a 30-year power purchase agreement. The Project will be managed by UPC Renewables Group, a U.S.-based privately owned wind and solar energy company.
Proposed OPIC Loan:	A 16.5-year direct loan not to exceed \$120 million
Total Project Costs:	\$150 million
U.S. Sponsor:	UPC Solar and Wind Investments LLC, a Delaware limited liability company
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a negative five-year U.S. balance of payments impact.
Developmental Effects:	This Project is expected to have a highly developmental impact by expanding Indonesia's capacity to generate clean energy by 75 MW. Indonesia's generation capacity growth has been lower than electricity demand, leading to power shortages and a low electrification ratio. The Project is located in South Sulawesi, which suffers from regular brown outs and rolling black outs due to a shortage of reliable generating assets. As the first utility-scale wind power plant in Indonesia, the Project is expected to have significant demonstration effects in the sector by utilizing modern wind turbine technologies. The Project aligns with the Government of Indonesia's energy goals, which aim to increase renewable energy's contribution to the generation mix from 6% in 2014 to 23% by 2025.
Environment:	Screening: This Project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. The Project is screened as Category B under OPIC's environmental and social guidelines because impacts are site specific and readily mitigated. The major concerns related to the Project are proximity to sensitive bird habitat or migratory flyways, potential impacts to community both during construction (e.g., influx of workers) and operation (e.g., noise and shadow flicker), occupational health and safety risks, and the need for proper management and disposal of wastes and hazardous materials.

Applicable Standards: OPIC’s environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:

PS1: Assessment and Management of Environmental and Social Risks and Impacts;

PS2: Labor and Working Conditions;

PS3: Resource Efficiency and Pollution Prevention;

PS4: Community Health, Safety and Security;

PS5: Land Acquisition and Involuntary Resettlement; and

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

Based on the Borrower’s representations, the Project will not impact any indigenous peoples or cultural sites. Therefore, P.S.’s 7 and 8 are not triggered at this time.

In addition to the Performance Standards listed above, the IFC’s August 7, 2015 Environmental, Health, and Safety (EHS) Guidelines for Wind Energy, IFC’s April 30, 2007 EHS Guidelines for Electrical Transmission and Distribution and relevant sections of the IFC’s April 30, 2007 General EHS Guidelines are applicable to this project.

Environmental and Social Risks and Mitigation: The Project involves construction and operation of a 75 MW wind farm, transmission line and substation in Sidenreng Rappang (“Sidrap”) Regency, South Sulawesi Province, Indonesia. The Borrower has not yet developed a Project-specific Environmental and Social Management System, but is committed to doing so as part of a detailed Environmental and Social Action Plan (ESAP) developed as part of the Environmental and Social Impact Assessment on the Project. The ESAP identifies a series of plans that must be developed to support strong management of risks at various stages and phases of the Project. The ESAP further requires the preparation of a schedule of environmental roles and responsibilities, including the responsibilities of contractors and sub-contractors. Several pre-construction and design phase plans have been completed including grievance procedures, stakeholder engagement and requirements for environmental induction training.

Land for the Project is being acquired on a willing seller willing buyer basis from private landowners and the government. The Project developed a Land Acquisition Framework which set out the basic approach to land acquisition negotiations. The Project will acquire 109 parcels (136.2 ha) for the turbine layout, project access road and transmission line. Land acquisition will affect 173 land users, including users that only possess informal use rights. All affected land users will receive cash payments and lease back rights to continue to use the land without fee following construction completion. As of January 12, 2016, the Project had signed sales agreement for 95 parcels of required land. With respect to other lands that may need to be acquired or leased to support transport of equipment from the port of Parepare to the Project site, negotiations are underway and no impediments are anticipated with respect to these sales or lease agreements. Modelling indicated that noise and shadow flicker impacts would be within guidelines and adverse impacts on local communities are not expected to occur.

Vegetation in the area of the Project consists of cultivated land, shrub and grassland and there are no remnants of high conservation forest remaining in the area. The Project will not impact endemic floral species or critical habitats. Because the habitat in the area of the Project is highly disturbed, the Project will not impact any terrestrial fauna species of concern.

The year-long baseline survey of bird populations did not observe large numbers of birds in the area or identify the Project area as a significant migratory route. However the Project is located between coastal wetlands and an Important Bird Area (IBS Danau Tempe) which may increase the potential for bird collisions. The primary species of concern are the Javan Black Heron, Black-winged Kite, Black Eagle, Spotted Kestrel, the Sulawesi Owl, the Java Sparrow and the Pacific Sparrow. All are potentially vulnerable during migration and movement between habitats, and the raptors and owl are also vulnerable during hunting and feeding. The Project will develop an adaptive management plan and conduct daily monitoring of bird strikes.

Four species of fruit bats are found in the area of the Project. No bat roosts were identified in the baseline surveys. Although these species are unlikely to fly at the height of the turbines, the Project will prepare an adaptive management plan to address any potential bat strikes.

Workers Rights:	<p>The Project will be required to operate in a manner consistent with the International Finance Corporation’s Performance Standard 2 on Labor and Working Conditions, OPIC’s Environmental and Social Policy Statement and applicable local labor laws. OPIC’s statutorily required language will be supplemented with provisions concerning the right of association, organization and collective bargaining, minimum age, hours of work, the timely payment of wages, and hazardous work situations. Standard and supplemental contract language will be applied to all workers of the Project, including contracted and subcontracted workers.</p> <p>OPIC has reviewed the Project’s labor management system, which includes a human resource policy, employee handbook, and grievance policy and procedures and determined it to be aligned with the requirements of the IFC Performance Standards. Terms and conditions of work are outlined in employment contracts. The Project requires all contractors to comply with the IFC Performance Standards and Indonesian labor law and has a Compliance Policy and dedicated staff to support this compliance.</p>
Human Rights:	OPIC issued a human rights clearance for the Project on February 16, 2016.

