

 Early Warning System

ADB-56294-001

Indonesia : Cirebon Energy Transition Mechanism Pilot Project



Quick Facts

Countries	Indonesia
Specific Location	Cirebon, West Java Province
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	B
Borrower	PT Cirebon Electric Power
Sectors	Energy, Finance, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	\$ 125.00 million
Loan Amount (USD)	\$ 125.00 million
Project Cost (USD)	\$ 325.00 million



Project Description

As stated by the ADB, the project is the first transaction under the Asian Development Bank (ADB) Energy Transition Mechanism (ETM) and involves financing the early closure of the Cirebon-1 660- megawatt coal-fired power plant (CFPP), owned by CEP, an independent power producer in West Java Province, Indonesia, which is, in turn, owned by Marubeni Corporation, Korea Midland Power Company Limited, ST International Corporation and PT Indika Energy Terbuka. By demonstrating an independent power producer's early retirement financing-inclusive of programs that promote a just and gender-equal energy transition-the project will facilitate (i) Indonesia's design, adoption and implementation of policies and strategies for coal-to-clean transition, (ii) private investor driven efforts to reduce carbon footprint, (iii) mobilization of private sector financing for the energy transition, and (iv) contribution to carbon emission reduction.

Through a blended finance CFPP retirement facility, ADB supports the shortening of the tenor of the power purchase agreement (PPA) between CEP and PLN while maintaining net present value neutrality for the owners (i.e., ensuring that the early retirement does not result in any loss or gain for the owners in terms of the present value of dividend cash flows). At the end of the shortened PPA, the CFPP owners would be contractually obligated to permanently terminate unabated coal-fired operations and prepare a post-PPA plan to be agreed with ADB. Post-PPA plan activities would involve decommissioning or repurposing the assets in favor of low-carbon power generation.



Early Warning System Project Analysis

The project E&S risks were categorized as follows:

- Environment - B;
- Involuntary Resettlement - C;
- Indigenous Peoples - C.



Investment Description

- Asian Development Bank (ADB)



Private Actors Description

As stated by Bloomberg, PT Cirebon Electric Power is headquartered in Indonesia. The company's line of business includes the generation, transmission, and/or distribution of electric energy.

According to the ADB, PT Cirebon Electric Power is owned by Marubeni Corporation, Korea Midland Power Company Limited, ST International Corporation and PT Indika Energy Terbuka.

As stated by Bloomberg, Korea Midland Power Co., Ltd. provides electricity generation services. The Company offers electricity transmission, electricity distribution, power transformation, and other related services. Korea Midland Power provides services in South Korea.

Samtan Co., Ltd. wholesales and distributes consumer staples. The Company wholesales and distributes solid fuel and other related products. Samtan markets its products throughout South Korea.

PT Indika Energy Tbk is an energy company. The Company provides energy services, energy resources and infrastructure, primarily in the areas of coal production, engineering, procurement and construction services and power generation services.



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Korea Midland Power Company Limited	Parent Company	Energy	owns	PT Cirebon Electric Power	Client	Energy
Marubeni Corporation	Parent Company	Industry and Trade	owns	PT Cirebon Electric Power	Client	Energy
PT Indika Energy Tbk	Parent Company	Energy	owns	PT Cirebon Electric Power	Client	Energy
ST International Corporatio	Parent Company	Industry and Trade	owns	PT Cirebon Electric Power	Client	Energy



Contact Information

ADB Team Leader:

Yuichiro Yoi - Project Officer

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



Bank Documents

- [Environmental and Social Compliance Audit Report](#)
- [Preliminary Just Transition Assessment](#)
- [Preliminary Poverty and Social Analysis](#)

Campaign Documents

- [Fair Finance Asia reveals critical gaps in the gender considerations of the Asian Development Bank'](#)
- [Indonesian Communities and NGOs request before ADB Annual Meeting: "For the Sake of Climate, Environ](#)

Media

- [ADB responds to criticism of Cirebon 1 refinancing deal: Primary channel for grievance redress sits](#)