



# Private Sector Geothermal Energy Program

Country / Region: **Indonesia** | Project Id: **PCTFID016A** | Fund Name: **CTF** |

MDB : **Asian Development Bank**

Comment Type	Commenter Name	Commenter Profile	Comment	Date
Comment 1	Annette Windmeisser	Germany	Germany welcomes the effort of the proposed Program to mobilize private sector financing for geothermal investments in Indonesia and has no objections. With respect to forest protection and potential environmental risks we encourage ADB to strictly implement its environmental safeguards procedures. Our more detailed evaluation is as follows: The proposed program is in line with the revised IP of Indonesia, with geothermal power being the main sector. We reiterate that this sectors is well chosen, especially with the very substantial geothermal potential in Indonesia and with regard to the Indonesian sectoral and its climate policies. Geothermal power generally is a reasonable field of intervention as it is renewable (and almost climate neutral) and controllable, but at the same time faces high barriers due to high upfront capital costs and risks (exploration, test drilling). The potential for GHG Emissions Savings is high, even without replication. The technology is commercially available and the potential for replication and scale is vast. The Cost-effectiveness is favourable, both in the meaning of CTF-investments per CO2 abatement (1.70 USD / t CO2) and in terms of marginal costs of CO2 abatement (27 USD / t CO2) - we do appreciate that the latter figure is given, which unfortunately is not the case with many proposals (and not clearly requested by the guidelines). The Development Impact is also favourable with different kind of significant co-benefits, especially health benefits due to air quality improvement (reduction of coal and oil/diesel combustion) and increased supply reliability.	Oct 02, 2013
Comment 2	Katie Berg	United States	Dear Mafalda, Thank you for the opportunity to review the project "Indonesia Private Sector Geothermal Energy Program – ADB – Restructuring Request." We note that this project appears to go beyond what is normally considered a restructuring. We urge MDBs to circulate all relevant project documents to the Committee when proposing funding to follow-on projects for which the Committee has not seen documentation. We thank ADB for the additional information with respect to the project document itself as well as documents responding to various safeguard issues. We appreciate that ADB appears to be approaching potential safeguard issues associated with this project seriously. However, since some of the relevant documents are not yet final and/or publicly available, we are unable to support this project now. However, we do not block consensus with respect to the proposal to restructure the tenor of the existing \$50 million CTF four-year loan. Regarding the request to restructure the financing of the \$28.5 million for the "Indonesia and Philippines: Private Sector Geothermal Program" into a senior loan to the "Rantau Dedap Power Project (Phase 2)," we are not convinced of the additionality or effectiveness of this use of CTF funding. Therefore, we do not support moving forward with the use of \$28.5 million from the "Indonesia and Philippines: Private Sector Geothermal Program for the Rantau Dedap Geothermal Power Project (Phase 2)." We appreciate the efforts of the ADB in providing us with additional information promptly. We would be happy to discuss this further, if that would be helpful. Thank you, Katie Berg	Feb 05, 2018
Response 1	Tristan Knowles	ADB	Dear Katie and Mafalda, The ADB acknowledges the US position regarding the "Indonesia Private Sector Geothermal Energy Program – ADB – Restructuring Request". We will revert to the Sponsor group and other lenders to negotiate on the basis of the \$50 million roll over only. This is done in anticipation of CIF AU's distribution of a revised proposed decision Tuesday Eastern Time (US) and the conclusion of the no-objection period later this week. As mentioned in a previous comment, we are obviously disappointed not to receive	Feb 06, 2018



approval for use of the full amount as requested but believe that there will be sufficient goodwill to see the project reach financial close, despite the negative impacts on project cash flows and equity return.

We once again thank the members of the TFC, and the CIF AU for their time and effort on this request.

Regards,  
Tristan Knowles