

May 28, 2015

**Approval by mail: Revised CTF Investment Plan for Indonesia  
Comments from the UK**

I am emailing you on behalf of Lawrence Avery on the request to endorse the revised CTF Investment Plan for Indonesia. We have some queries that I hope you can help with before we formally endorse the proposed revisions.

Overall, it now seems that this is very much dominated by geothermal, and that emission reductions and cost effectiveness are both slightly lower than in previous IP. We have the following comments which I hope you can provide some further information on:

- With the dropping of the ADB's energy efficiency project the overall Indonesia IP is now very much geothermal concentrated – 93% of the allocated \$400m will now go towards various geothermal projects, up from 81% geothermal and 19% EE in the 2013 revision. It would be good to know why the ADB is dropping the EE project – i.e. is it due to implementation challenges or is it that EE projects are just too difficult to implement? The ADB has spent nearly \$0.5 million in project preparation and is now unable to mobilise the project. We would like to see some lessons learnt from this experience so that we are able to learn and improve design and delivery of future EE projects. As part of this, we can we also explore how the IFC's EE and RE programme is going ahead as planned. Are they operating in totally different segments of the market such that different conditions apply when both recognise that this is a big market?
- The new WB project proposal is identical to the IBRD proposal presented in the DPSP Phase 2 on pg. 13. How is this proposal additional to the IBRD concept suggested in the DPSP Phase 2 draft proposal?
- Would private developers be able to benefit from other private sector geothermal support projects in Indonesia's IP following this guarantee (i.e. potential downstream cross-subsidy) or would this support be exclusive on a project basis and would not result in the double-counting of results?
- When project is submitted for approval, could the WB show if anything has been learned from already approved DPSP Geothermal projects (and projects in the standard CTF portfolio) to inform the design of the risk mitigation instrument?

Many thanks in advance for your help.

Regards,

Abu.



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