

October 19, 2020

Mr. Joko Widodo, President of Indonesia
Mr. SUGA Yoshihide, Prime Minister of Japan

Re: Request Stop the Indramayu Coal-fired Power Plant Expansion Project, West Java, Indonesia

Dear Mr. Joko Widodo and Mr. SUGA:

The undersigned groups from Indonesia and Japan are writing to you to call on the Indonesian government not to push through and the Japanese government not to support the expansion of the Indramayu coal-fired power plant¹ (1,000 MW) (hereinafter, the “Project”) in West Java, Indonesia, any more.

As far as we know, the Japan International Cooperation Agency (JICA) conducted the feasibility studies of the Project in 2009-2010 and is currently disbursing its loan to the Indonesian state-owned electricity company PT PLN (Persero) for the consulting service, such as the basic design, under the scheme of Engineering Service (E/S) Loan. The loan agreement of E/S loan was concluded in March 2013 with the total amount of 1,727 million Yen (241.5 billion Rupiah with a current exchange rate). And JICA is expected to provide its loan of USD 1,845 million (27.2 trillion Rupiah or 194.3 billion Yen) for the main construction of the Indramayu Project.²

The main construction of the Project, however, hasn’t started yet. Therefore, it is not too late for both of the governments to review the necessity of the Project and to decide the cancellation of the Project, considering the points described as below. There are mainly 5 reasons why this coal power plant must not be constructed.

- (1) The Project is not necessary from the viewpoint of energy security, as the Java-Bali electrical grid has excessive power supply. The Indonesian government’s plan, or the Electricity Supply Business Plan (RUPTL) (2019-2028) indicates that the reserve margin in the grid would be 30 to 45 % during the period. Just recently, the oversupply of electricity in Java-Bali grid was also revealed in the letters (dated September 18, 2020) sent by the Ministry of State Owned Enterprises (BUMN) to the Ministry of Energy and Mineral Resources (ESDM) and the Indonesia Investment Promotion Centre (BKPM).³ Further, given the severe impact of COVID-19 on the economy, growth in electricity demand will slow down. It is not wise that the Project will be just pushed through based on the past projection of growth in electricity demand, considering the current excessive power supply and the ongoing recession. The necessity of the Project as well as the 35 GW program of the Indonesian government must be reviewed.

¹ https://www.jica.go.jp/english/our_work/evaluation/oda_loan/economic_cooperation/c8h0vm000001rdjt-att/indonesia130328_02.pdf

² https://www.bappenas.go.id/files/bluebook_dan_greenbook/DRPLN%20-%20JM%202015-2019%20Revisi%202019/2019-06-26%20-%20Draft%20Blue%20Book%20Revisi%202019%20Final%20Edition.pdf

³ <https://money.kompas.com/read/2020/10/02/074542126/terlalu-banyak-pembangkit-listrik-pln-oversupply>

- (2) The Project will put an additional burden on PT PLN, whose financial problems have been pointed out,⁴ if the main construction is pushed through with JICA's loan. PT PLN or the Indonesian government will have to pay back for decades for such unnecessary plant. This burden could easily transfer to the Indonesian consumers or taxpayers, including the future generations, in order to save the financial difficulties of the state-owned company. Such unreasonable burden must not be imposed on the Indonesian people.
- (3) The Project entails the risk of becoming a stranded asset because it is necessary even for developing countries to completely stop the operation of coal-fired power plants by 2040 to achieve the Paris Agreement's long-term goals.⁵ It is obvious that the building of this power plant, even with high efficiency or ultra-super critical (USC) technology, is inconsistent with the Paris goals by "locking in" future greenhouse gas emissions for a long period of time. The Project must not be allowed in order to tackle the climate crisis and make a credible transition toward a decarbonized society.
- (4) The Project has been faced with the strong opposition of the local community in Indramayu due to environmental and social concerns.
 - (i) The Project will deprive or adversely affect the livelihoods of thousands of local farmers and fishermen because the power plant will be constructed in the middle of farmland and along the fishing grounds. The tenants and day laborers have been growing their rice, vegetable and fruits all year long since their ancestors. When the season comes, the small-scale fishermen have caught the small shrimp called "*rebon*" along the coast. Monetary compensation and livelihood restoration programs, such as livestock-raising and skill-training, even if provided, are not sufficient to restore their livelihoods and thus not a true solution.
 - (ii) The Project will expose the local community to a higher risk of health damage. Some local community members, especially children, have been already suffering from health damages, such as cough or respiratory diseases, due to the existing coal-fired power plant (330 MW x 3 units), which started its commercial operation in 2011. The new power plant will not use any of the BAT (best available technology) that are installed in most of the coal-fired power plants in Japan even though it will emit air pollutants, including SO_x, NO_x and PM_{2.5}.⁶
 - (iii) The Project has failed to ensure appropriate consultation and sufficient information disclosure with local farmers and fishermen. They will be heavily affected by the Project but were not invited for any consultation to prepare an Environment Impact Assessment (EIA) report. Likewise, there was no appropriate participation by affected peasants in the planning of the Land Acquisition and Resettlement Action Plan (LARAP). These defective processes are clearly illegal under the Indonesian laws.
- (5) The Project has caused serious human rights violations and has threatened the freedom of expression at the local level. Several farmers who have voiced opposition to the Project became victims of criminalization, or were accused of false charges and put in jail for 5 to 6 months. According to the Indonesian law or Law No. 32/2009 on Environmental Protection and Management, the Indonesian government must protect farmers who try to protect the environment, but it failed to do so. Likewise, the Japanese government also failed to comply with the Development Cooperation Charter of the Japanese government, which states that "Japan will pay adequate attention to the situation in the recipient

⁴ <https://ieefa.org/ieefa-report-in-a-deepening-debt-hole-of-34-billion-indonesias-pln-must-stop-digging/>

⁵ <https://climateanalytics.org/publications/2019/coal-phase-out-insights-from-the-ipcc-special-report-on-15c-and-global-trends-since-2015/>

⁶ https://sekitan.jp/jbic/wp-content/uploads/2014/01/Comparison-of-pollution-control-tech-v11_en.pdf

countries regarding the process of democratization, the rule of law and the protection of basic human rights," as "Principles for securing the appropriateness of development cooperation."

Therefore, we strongly demand that the Indonesian and Japanese governments make wise decisions to cancel the Project, reviewing the risks and concerns as described in the above. The Project must not be pushed through at the expense of the livelihoods and environment of the local community, or in exchange for future generations' opportunities and choices, and global climate.

Thank you very much for your attention and consideration in advance and we look forward to your sincere response.

Your sincerely,

Wahana Lingkungan Hidup Indonesia (WALHI – FoE Indonesia)
WALHI West Java
350.org Indonesia
Bersihkan Indonesia Coalition
Friends of the Earth Japan
350.org Japan
Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network, Japan

Cc: Mr. ASO Taro, Minister of Finance
Mr. MOTEGI Toshimitsu, Minister for Foreign Affairs
Mr. KAJIYAMA Hiroshi, Minister of Economy, Trade and Industry
Mr. KOIZUMI Shinjiro, Minister of the Environment
Mr. KITAOKA Shinichi, President, Japan International Cooperation Agency (JICA)
Mr. ISHII Masafumi, Ambassador of Japan to Indonesia
Mrs. Sri Mulyani, Minister of Finance
Mr. Arifin Tasrif, Minister of Energy and Mineral Resources
Mr. Suharso Monoarfa, Minister of National Development Planning/Head of Bappenas
Mrs. Siti Nurbaya, Minister of Environment and Forestry
Mr. Zulkifli Zaini, President Director of PT PLN (Persero)

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