

CLIMATE INVESTMENT FUNDS

February 17, 2016

**APPROVAL BY MAIL: INDONESIA: GEOTHERMAL ENERGY UPSTREAM DEVELOPMENT PROJECT
(GEUDP) (WORLD BANK) (CTF) -XCTFID112A**

Comments Received from the United States

Dear CIF Admin Unit,

Thank you for the opportunity to comment on the Geothermal Energy Upstream Development proposal. We have a few questions we would like to raise:

- What are the plans for conducting environmental and social due diligence for the exploratory drilling, including collecting baseline data?
- The proposal notes that ESIA's will be conducted during implementation; how will this allow for consultation with potentially affected persons? Will these ESIA's come back to the World Bank Board 120 days in advance of the vote?
- Because the region in question has such low electrification rates (p. 15), will using new geothermal plants to expand energy access require building new distribution networks? Will the Environmental and Social Management Framework and related analysis include the impacts of building distribution networks for the new geothermal plants?
- Does GoI have a sense of how many private developers will be looking to take on these projects? How will GoI solicit applications/bidders/interest for licenses?
- The project proposal mentions an existing geothermal fund, the Geothermal Fund Facility (GFF). The proposal says GoI plans on transferring about \$220 million from the fund to the national implementing entity to mitigate risk in exploratory drilling (p. 14). What is the relationship between the GFF and the revolving facility the CTF is helping establish? Are there plans for the existing fund to learn from the CTF-backed facility?
- We would also like to see a bit more detail about how financially sustainable these geothermal plants will be, particularly in regards to potential market size given that Eastern Indonesia has high poverty rates and low electrification rates (p. 15). However, we do note that existing infrastructure, distribution networks, and demand will be included in the assessments of possible development sites (p. 32).

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