

## Signing of Japanese ODA Loan with Republic of Indonesia

### Assistance to Improve Investment Infrastructures

1. Today, JICA (President: Sadako Ogata) signed an agreement with the Republic of Indonesia to provide a Japanese ODA loan for up to 36.994 billion yen for the Java-Sumatra Interconnection Transmission Line Project (1).
2. In 2007, Indonesia recorded an economic growth of 6.3 percent, its highest since the Asian economic crisis. That increase was due to a rise in private consumption and exports, though the country subsequently entered a deceleration trend as a result of the global economic and financial crisis in fall 2008. While the pace of the recovery was sluggish in 2009, growth reached 4.5 percent, and the economy is expected to be on the road to recovery with a growth rate of at least 6 percent next year. In order to maintain this economic growth while creating employment opportunities, it is critical that the Indonesian government continue implementing reforms toward improving the investment climate while creating economic infrastructures.
3. Under the **Java-Sumatra Interconnection Transmission Line Project (1)**, new transmission lines will be laid and AC and DC converter stations will be built to supplement the Java and Sumatra power systems. These additions will alleviate the strain on the power supply of both systems and improve their reliability, resulting in a more favorable investment climate which will foster economic development in both regions. Because of the great distance between Java and Sumatra and the high cost that laying surface lines would entail, DC submarine cable will be used, a technique rarely used anywhere in the world. [1]

[1] The only other such facilities are in Japan, the Hokkaido-Honshu HVDC (high voltage direct current) link running between the static inverter stations in Hakodate on Hokkaido and Kamikita on Honshu, and the Kii Channel HVDC system running between the static inverter plants in Anan on Shikoku and Kihoku on Honshu.

### Reference

#### 1. Term and Amount of Loan

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period (years)	Grace Period (years)	Procurement
		Project	Consulting services			
Java-Sumatra Interconnection Transmission Line Project (1)	36,994	1.4	Not applicable	30	10	Untied

#### 2. Project Summaries

##### (1) Java-Sumatra Interconnection Transmission Line Project (I)

###### (a) Background and Necessity

Although Indonesia's total power generating capacity was assumed to be capable of serving the country's demands in 2009, which peaked at 25,000 megawatts (MW), the output of existing facilities has become limited due to aging. When a fire broke out at the transformer facilities in September 2009, a widespread power outage resulted with a great deal of damage over an area that included the nation's capital of Jakarta where some 350 Japanese companies have offices. In the southern portion of Sumatra, which has abundant deposits of coal, independent power producers are being encouraged to take on large-scale power generation projects. The power systems of the islands of Java and Sumatra, the nation's growth engines, are not linked. To create an electric power interchange and supply system, transmission lines are needed to join the systems.

###### (b) Objective and Summary

Under the Java-Sumatra Interconnection Transmission Line Project (1), new transmission lines will be laid and AC and DC converter stations will be built to supplement the Java and Sumatra power systems. These additions will alleviate the strain on the power supply of both systems and improve their reliability, resulting in a more favorable investment climate which will foster economic development in both regions.

Because of the great distance between Java and Sumatra and the high cost that laying surface lines would entail, DC submarine cable will be used, a technique rarely used anywhere in the world.<sup>1</sup>

Loan funds will be allocated to support for the public works to lay the DC submarine transmission lines and AC and DC overhead transmission lines as well as to construct related converter stations and substations.

###### (c) Executing Agency

PT PLN (Persero)

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###### (d) Planned Implementation Schedule

(i) Completion of project: October 2014 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including detailed design):

Completed for the FY2008 loan with an engineering services loan

(iii) Tender announcement for initial procurement package for international competitive bidding:

Procurement package titles: Converter Station Package

Submarine DC Cable Package

Overhead DC Transmission Line Package

AC Transmission Line Package

Substation Package

Release date: June 2010