

Cirebon 2 coal power plant Indonesia

Sectors: Coal Electric Power Generation

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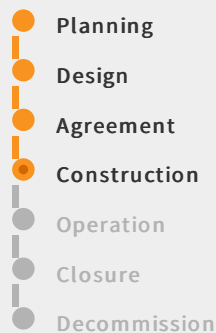


Sectors

Coal Electric Power Generation

Location

Status



Website

<http://www.cirebonpower.co.id/>

About Cirebon 2 coal power plant

The coal fired power plant Cirebon Unit 2, with a capacity of **1,000 megawatt**, is a power plant project in the West Java region of Cirebon, Indonesia. The project is estimated to require an investment of USD two billion and is expected to be operational in 2020. The Cirebon project was also supposed to include a further 1,000 megawatt expansion, Cirebon 3, expected to cost a further USD 2.1 billion. However, as of June 2020 there had been **no progress** on Unit 3 since May 2016 by Marubeni and other potential sponsors, and the unit appears to be cancelled. The project is being developed by Cirebon Energi Prasarana (CEPR), a consortium **consisting of** Marubeni (35%), Indika Energy (25%), Samtan (20%), Korea Midland Power (10%) and Chubu Electric (10%). This consortium signed a 25-year power purchase agreement with the Indonesian state power utility PLN in October 2015.

The Marubeni-led consortium has awarded Black & Veatch, a US-based global engineering company, the engineering contract. Black & Veatch will oversee the scheduling, design, quality control of equipment supplied and construction of the second expansion. ING Bank and Latham & Watkins, an international law firm, are advising on the project.

Latest developments

Cirebon 2 development delayed

Mar 8 2020

Possible corruption and bribery in issuing environmental permit

Nov 20 2019

What must happen

Financial institutions should avoid financing the expansion of the Cirebon power plant, and the banks involved in the consortium financing Cirebon 2 should urgently withdraw their support. We consider ING's involvement in this project a clear violation of the bank's new coal policy, adopted in November 2015 in the lead-up to COP21, which clearly states that "ING will not finance any new coal-fired power plants". Further, financing this project would present a breach of the Equator Principles.

Impacts

Social and human rights impacts

Health impacts of coal

Coal power plants are a significant source of air pollution, filling the air with toxic pollutants, including mercury, lead, arsenic, cadmium and tiny toxic particles that go deep into people's lungs. This pollution leads to an increased risk of lung cancer, stroke, heart diseases, and respiratory diseases. See the 2015 Greenpeace report '[The Human Cost of Coal Power](#)', based on a Harvard University study.

Harvard University has found that existing coal-fired power plants in Indonesia cause an estimated 6,500 premature deaths every year. Each large new power plant, like the Cirebon 2 Expansion (1000 MW capacity) is expected to result, on average, in the death of 600 Indonesians every year.

There have been anecdotal reports from local residents from the surrounding area of the Cirebon Unit 1 Plant of increased respiratory infections, which matches the government data showing there are more patients affected by acute upper respiratory tract infection in this area than other districts.

Impacts on local livelihoods

Since the construction and operation of Cirebon Unit 1 Plant in 2007, the local community has suffered heavily from ongoing adverse environmental impacts of the plant. The people residing at villages near the plant have traditionally relied on small-scale fishing, shellfish harvesting, salt making, production of terasi (shrimp paste) and farming for their livelihood. These livelihoods are all but gone for the local residents due to Cirebon's pollution, use of water resources and impacts on the natural environment.

According to testimonies from local communities, fish and shrimp catches decreased by more than half since the beginning of the project in 2007. The productivity of salt pans near the project site has also deteriorated since Cirebon Unit 1 began its operations, and as a result community representatives report that some 500 laborers in the affected communities have lost their livelihood. These impacts have been reported by the community organisation Rapel (Rakyat Penyelamat Lingkungan, or Environment Defender Community) Cirebon.

Environmental and climate impacts

Lack of Appropriate Consultation and Transparent Procedure in EIA and land acquisition

The Construction of Cirebon Unit 1 started before any environmental impact assessment (EIA) was completed, and local communities have complained of lack of transparency during the land acquisition process for the plant site. There are accounts of local authorities and companies using intimidation to encourage local landowners to sell their land, and a similar situation is emerging in the process of EIA and the land acquisition for Cirebon Unit 2.

Water pollution

Coal is one of the most water-intensive methods of generating electricity since it consumes and pollutes a huge amount of water during extraction, processing, and combustion at power plants. An incredible amount of water is used and contaminated during the entire lifecycle of coal: coal mines deplete groundwater and pollute rivers and lakes. Coal washing turns large amounts of freshwater into toxic wastewater. Coal power plants consume vast amounts of water for cooling and pollution controls and their coal ash ponds can contaminate surrounding water bodies.

Coal ash pollution

Burning pulverized coal in boilers to create steam for power generation produces a number of combustion residuals. One is bottom ash, which is removed from the bottom of coal furnaces. Another is fly ash, most of which is captured by filtration equipment before flue gases reach the chimneys of power plants. Other combustion residuals are emitted through the stack. Such coal ash is generally trucked in dry or sent through pipelines with water to a disposal facility. The former generates fugitive dust and the latter often leads to groundwater contamination as heavy materials and other toxic chemicals flow into bodies of natural water. Coal ash is highly likely to contaminate soils, as well as harm ecosystems and human health, since it contains various heavy metals like arsenic, cadmium, chrome, cobalt, copper, lead, and mercury, as well as radioactive substances such as radium, thorium, and uranium.

Air pollution

Air pollution standards in Indonesia are not protecting the local population. Despite the enormous health impacts of particulate matter pollution, Indonesia has no air quality standards for PM2.5, no standards for yearly average PM10 levels, and only a very weak standard of 150µg/m3 for daily PM10 levels. There is almost no air quality monitoring in Indonesia. From everyday experience it is clear that air pollution is a serious issue e.g. on much of Java and Sumatra, but there is little hard data made available by the government.

The Cirebon region

In West Java province in Indonesia is already feeling the effects of climate change. These include a rise in sea level, flooding in the coastal area, and drought during the long dry season. According to the national Agency for Disaster management (BnPB), about 13 per cent of the total area in Cirebon

city is at heightened risk from flooding during high tides and high rainfall periods. In addition, the impacts of climate change threaten agricultural production, with drought causing extensive crop failure, in particular in Cirebon district (source: pubs.iied.org).

Governance

Applicable norms and standards

Equator Principles

Updates

Cirebon 2 development delayed

Mar 8 2020

In March 2020 the project's sponsor [declared](#) force majeure and stated that development would be delayed as a result of the COVID-19 pandemic.

Possible corruption and bribery in issuing environmental permit

Nov 20 2019

The company building Cirebon 2 – Korean Hyundai Engineering and Construction – stands accused of bribery and corruption. On 15 November 2019, [the Indonesian Corruption Eradication Commission \(KPK\) announced](#) Hyundai's general manager as a suspect in bribery of the former regent of Cirebon.

According to [KPK](#), the former regent received 6 billion rupiah (approx US\$423,000) to give the project the go-ahead. PT. Cirebon Energi Prasarana (CEPR), the project sponsor, is also implicated in these corruption allegations. [KPK has imposed a six-month travel ban on both the CEO and CEPR's director](#). If the project licensing is proven illegal, this project could be cancelled.

The original environmental permit for the plant was [revoked](#) on 19 April 2017. However the sponsors [filed another permit](#) in July, which was issued in September 2017. Bandung Legal Aid challenged that new permit and is having the legality of the verdict in this case reviewed. Loans have been disbursed despite this legal uncertainty.

Indonesian environmental groups file notice against government on Cirebon2

Nov 20 2017

The Indonesian environmental group WALHI through its West Java chapter, together with Bandung Legal Aid and a number of community members and grassroots organization, [submitted a legal notice](#) today to the Head of the West Java Provincial government. The notice expressed the group's objection to an environmental permit issued to the developer of the Cirebon Coal Fired Power Plant to support the planned 1x1000 MW expansion. The permit was issued in lieu of a previous permit that was declared illegal by the Bandung Administrative Court in April 2017.

Decision to revoke the environmental permit for Cirebon 2 seems final

Aug 14 2017

The Head of West Java Provincial Investment and Licensing Agency (BPMPT West Java Province) being the defendant in a court case regarding the environmental permit for the Cirebon 2 power plant has revoked the appeal against the decision of the Bandung State Administrative Court. The request means that the government has to accept the first court decision to revoke the environmental permit. Wahyu Widiyanto, WALHI Advocacy Manager of West Java, expects the defendant to immediately comply with this decision: "This ruling shows the enforcement of one of the worst examples of the 35,000 MW project implementation, as legislation has been breached. With the BHT of this verdict we can see that this project, being contrary to the prevailing spatial plan, and clearly violates the law, has a high legal risk." (source [Walhi.or.id](#)).

WALHI has formally lodged its feedback to a request made by PT Cirebon Energi Prasarana

Jun 13 2017

The West Java chapter of environmental organization Wahana Lingkungan Indonesia ([WALHI](#)) has formally lodged its feedback to a request made by PT Cirebon Energi Prasarana (PT CEPR), the company behind the development of a new 1000 MW power plant in Cirebon, West Java, to have its environmental permit revised. In the submission made yesterday, WALHI West Java argues that the request is a disregard to an ongoing legal process that concerns the environmental permit and therefore must not be granted.

Objection against JBIC, complaint at Japanese National Contact Point

May 29 2017

On May 24, 2017, two community members affected by the Cirebon coal-fired power plant project came over to Japan and handed over an objection to the Japan Bank for International Cooperation (JBIC), one of the project's main funders. At the same time, Indonesian and Japanese NGOs handed the complaint to the Japanese National Contact Point under the OECD Guidelines for Multinational Enterprises. Read a full report and the objections [here](#).

Court orders government to revoke Cirebon coal power plant permit

Apr 20 2017

In a landmark judgement, the Bandung administrative court revoked on April 19, 2017 the environmental permit for Cirebon Coal Fired Power Plant, known as "Cirebon 2". The civil case was filed in December 2016 by The People for Environmental Protection (Rakyat Penyelamat Lingkungan or RAPEL), assisted by the Advocacy Team for Climate Justice. The judgement stipulates that Cirebon 2 has violated the local spatial planning law. Whereas the spatial plan only designated the district of Astanajapura for the power plant development, Cirebon 2 was found to be also covering the district of Mundu, which is assigned as an area for purposes other than the power plant.

According to Indonesian law, an environmental permit is a key requirement in infrastructure projects and is issued by the local government upon the satisfactory completion of the environmental impact assessment or "AMDAL". Without an environmental permit, a project should not be allowed to continue, however, the Provincial Government has a 14 day window to appeal the judgement. After this period, the court ruling effectively means that ongoing developments of Cirebon 2 must cease.

Financial close for Cirebon 2 delayed till April 2017

Mar 28 2017

Financial close for Cirebon 2, the USD2 billion, 1,000MW expansion to the Cirebon coal-fired power plant in West Java, has been delayed to the end of April, according to a source with direct knowledge of the matter. [IJGlobal](#) recently reported that the sponsors would sign the financial documents by end of March 2017, but according to a source, signing has been delayed to mid-April, with certain banks still working on the deal. After the financial documents are signed, which the source said will happen by 15 April, the final close will occur by the end of April. "We saw a short delay on this project, which isn't bad for Indonesia. This isn't the first time this has happened, but this time, it will close. I don't want to get into the details on what happened, but it's still on track. It will be closed by end of April," the source told IJGlobal over the phone.

Legal challenge to Indonesian coal plant begins

Jan 11 2017

A legal challenge has commenced against a decision by the West Java provincial government to grant an environment permit for the proposed 1000 MW expansion of the Cirebon plant. Lawyers for six individuals argue the proposed plant and associated infrastructure are proposed in an area zoned for fishermen and shrimp farmers which have already been adversely affected by the operation of the existing 660 MW Cirebon plant. ([Walhi](#))

Marubeni targets early Q3 for financial closure Cirebon 2

May 19 2016

The sponsors of the USD two billion 1,000 megawatt expansion to the Cirebon coal-fired power plant complex in Indonesia are aiming to reach financial close by the beginning of the third-quarter of 2016 (source: www.ijglobal.com).

Memorandum of Understanding signed on Cirebon 3 project

May 17 2016

Marubeni (Japan), Korea Midland Power, Samtan and PT IMEI have signed a [MOU](#) in May 2016 for the construction of a 1,000 megawatt expansion to the Cirebon project. Cirebon 3 will be build adjacent to Cirebon 2 (due to be realised in 2020) in the West Java province of Indonesia.

Financiers

The consortium of commercial banks, mandated in January 2016, provides 40% of the total debt of the project.

Credit Agricole [withdrew](#) from this consortium of banks at the end of March 2017.

Related companies

Project sponsor

A PHP Error was encountered

Severity: Notice

Message: Trying to get property 'title' of non-object

Filename: project/pdf.php

Line Number: 90

Backtrace:

File: /home/btwebhost/www/btci3/application/views/sections/project/pdf.php

Line: 90

Function: _error_handler

File: /home/btwebhost/www/btci3/application/libraries/sections/Dodgydeal.php

Line: 160

Function: view

File: /home/btwebhost/www/btci3/application/controllers/Main.php

Line: 293

Function: content

File: /home/btwebhost/www/btci3/index.php

Line: 315

Function: require_once

Other companies

Black & Veatch United States

Chubu Electric Japan

Indika Energy Indonesia

Korea Midland Power South Korea

Latham & Watkins - international -
legal advisors

Marubeni Japan [show profile](#)

Coal Electric Power Generation | Mining | Pulp, Paper and Paperboard Mills

Samtan South Korea