

KANTOR PUSAT

Number : 0953 /KEU.01.01/011101/2020

19 March 2020

Need :

Attachment : 1 (one) set

Subject : Submission of RBL-ADB Loan 3560-INO : Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program - 2019 Annual Report

To:

ADB Indonesia Resident Mission
The Plaza Office Tower, 11th floor
JI. MH Thamrin 28-30
Jakarta 10350

Attn. Mr. Florian Kitt,

To fulfill the compliance with the Loan Agreement No. 3560-INO : Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development between PLN and ADB dated October 10th, 2017, hereby we submit 2019 Annual Report which covers the period from January to December 2019.

Thank you for your kind attention and good cooperation.

**EXECUTIVE VICE PRESIDENT
OF DEVELOPMENT DIVISION SULAWESI REGION,**

Cc (without attachment):

1. DIRREG-SULKAL
2. DIRREG-MPNT
3. EVP OR-SUL
4. EVP PR-MPNT
5. EVP OR-MPNT
6. EVP CORP
7. EVP RISK



PT PLN (Persero)

Quarterly Report – Q4 2019

Sustainable Energy Access in Eastern
Indonesia - Electricity Grid Development
Program

Result Based Lending (RBL) - ADB

25 February 2020

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Abbreviations

| | | |
|-------|---|--|
| ADB | = | Asian Development Bank |
| AMK | = | Aplikasi Manajemen Kontrak (Contract Management Application) |
| AP2T | = | Aplikasi Pelayanan Pelanggan Terpusat (Centralised Customer Service Application) |
| APKT | = | Aplikasi Pengaduan dan Keluhan Terpadu (Integrated Complaints Management Application) |
| ckm | = | Circuit kilometre |
| COD | = | Commercial Operation Date |
| DLI | = | Disbursement-Linked Indicator |
| ERP | = | Enterprise Resource Planning |
| FPR | = | Financing for Prior Results |
| GIS | = | Geographic Information System |
| GWh | = | Gigawatt-hour |
| IVA | = | Independent Verification Agent |
| KPI | = | Key Performance Indicator |
| kV | = | Kilovolt |
| MVA | = | Megavolt-ampere |
| PAP | = | Program Action Plan |
| PID | = | Project Implementation Document (ADB) |
| PLN | = | Perusahaan Listrik Negara (State-Owned Electricity Company) |
| PMU | = | Program Management Unit |
| PPA | = | Power Purchase Agreement |
| RBL | = | Results Based Lending (ADB) |
| RUPTL | = | Rencana Usaha Penyediaan Tenaga Listrik (Electricity Power Supply Business Plan) |
| SAIDI | = | System Average Interruption Duration Index |
| SAIFI | = | System Average Interruption Frequency Index |
| SILM | = | Sistem Informasi Laporan Manajemen (Management Reporting Information System) |
| SNT | = | Sulawesi dan Nusa Tenggara |
| SPKK | = | Satuan Pemantau Kinerja Korporat (PLN internal performance management unit) |

1. INTRODUCTION

1.1 Background

On October 10th, 2017, PT PLN (Persero) signed the loan agreements with ADB, worth \$600 million to support Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program. The objective of the Program is to support expanded access to more reliable electricity services for residential, commercial, and industrial customers in the eastern provinces of the Guarantor in Sulawesi and Nusa Tenggara, namely North Sulawesi, Gorontalo, Central Sulawesi, West Sulawesi, South Sulawesi, South East Sulawesi, West Nusa Tenggara, and East Nusa Tenggara.

The Program is expected to be completed by 31 December 2021 and comprises the following result areas:

(a) Distribution system strengthening and expansion. Under this result area, the Program shall help address the financing needs for the expansion and strengthening of the distribution system and consequently improve electrification rates, reduce overloading and address reliability issues for the local population and businesses.

(b) Innovation and institutional capacity enhancement. Under this result area, the Program shall support PLN effort in innovation and strengthen institutional capacity for environmental management and increased efficiency through:

- (i) supporting innovation through pilot-scale smart grid projects;
- (ii) expanding the use of digital pre-paid and smart meters to reduce non-technical losses, payment defaults, and servicing costs in remote areas;
- (iii) improving PLN asset and waste management with safe disposal of several years' backlog of used equipment; and
- (iv) tracking the timely implementation of distribution system contracts.

The ADB loan is implemented in the form of programs, whereby PLN, acting as the executing agency, must fulfil program conditions to access loan funding. ADB's program is called Results Based Lending (RBL).

The program follows a performance-based lending structure, in which funds are disbursed in tranches and only released to PLN when mutually agreed Disbursement-Linked Indicators (DLIs) are met (with provision for pro-rata disbursements for partial fulfilment of DLIs). The DLIs are results-oriented as opposed to process-oriented, thus allowing PLN the discretion to use its own processes and systems for managing funds and achieving program results.

In addition to the DLIs, PLN has agreed to implement a series of actions set out in Program Action Plans (PAPs), which are also included as loan covenants in the ADB agreement.

1.2 Program Scope of Work

The scope of work for the ADB RBL program (except Financial Covenants) can be detailed as follows:

Implementation Arrangements

1. The Program is implemented in accordance with the detailed arrangements set forth in the PID. Any subsequent change to the PID shall become effective only after approval of such change by PLN and ADB. In the event of any discrepancy between the PID and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. PLN shall ensure that the amount of Eligible Expenditures under the Program for any Fiscal Year is equal to or exceeds the Loan proceeds withdrawn by PLN in the same Fiscal Year. Such Eligible Expenditures are part of the expenditures incurred under the Program, but they exclude any expenditures for (a) procurement of works, goods and services from countries which are not members of ADB; (b) procurement of works, goods and services from persons or entities debarred or suspended by ADB; (c) procurement involving High-Value Contracts; (d) any activities which are classified as category A for environmental impact under the SPS; and (e) any activities which are prohibited investment activities provided in Appendix 5 of the SPS.

DLI Compliance and Program Dialogue

3. PLN shall ensure that all DLIs achieved under the Program continue to be complied with for the duration of the PLN's program.
4. PLN shall keep ADB informed of discussions with other multilateral or bilateral aid agencies that may have implications for the implementation of the PLN program and the Program and shall provide ADB with an opportunity to comment on any resulting proposals. PLN shall give due consideration to ADB's views before finalizing and implementing any such proposal.

Technical Requirements

5. PLN shall ensure that all Program Actions in the area of technical requirements are implemented in a timely and efficient manner.

Financial Management

6. PLN shall ensure that all Program Actions in the area of financial management are implemented in a timely and efficient manner.

Procurement

7. PLN shall ensure that each contract under the Program is awarded on the basis of the Program's procurement system, having due regard for principles of competition, economy and efficiency, transparency and fairness and equal opportunity.
8. PLN shall ensure that all Program Actions in the area of procurement are implemented in a timely and efficient manner.

Environmental and Social Safeguards

9. PLN shall ensure that all Program Actions in the area of environmental and social safeguards are implemented in a timely and efficient manner.
10. (a) PLN shall ensure that no construction or rehabilitation works under the Program involve significant adverse environmental impacts that may be classified as category A under the SPS. Prior to the first disbursement, PLN shall issue a technical guidance on safeguards screening to exclude all activities that would be classified as category A for environment impacts within the meaning of SPS. Prior to commencing any construction or rehabilitation works under the Program, PLN shall conduct a screening to ensure that any works that may be classified as category A for environment impacts within the meaning of SPS are excluded from the Program.
(b) PLN shall ensure that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with: (i) all applicable laws, regulations and guidelines of the Borrower relating to environment, health and safety; (ii) the Environmental Safeguards; and (iii) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.
11. PLN shall ensure that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with: (a) all applicable laws and regulations of PLN relating to resettlement; (b) Involuntary Resettlement Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.
12. PLN shall ensure that the preparation, design, construction, implementation, operation and decommissioning of all activities under the program comply with: (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) Indigenous Peoples Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.

Gender and Social Equality

13. PLN shall ensure that all Program Actions in the area of gender and social equality are implemented in a timely and efficient manner

Governance and Anticorruption

14. PLN shall ensure that the Program complies with the Anticorruption Guidelines and that all appropriate and timely measures are taken to prevent, detect and respond to allegations of fraud, corruption or any other prohibited activities relating to the Program in accordance with the Anticorruption Guidelines.
15. PLN shall (a) promptly inform ADB of any allegations of fraud, corruption or any other prohibited activities relating to the program; and (b) cooperate fully with any investigation by ADB on such allegations and extend all necessary assistance, including providing access to all relevant records, for satisfactory completion of such investigation.
16. Within 90 days of the Effective Date, PLN shall update its public website to (a) provide procurement-related information on the program (including bidding information); (b) post the audited statements of the Program expenditures, as such statements become

available; and (c) disseminate other information on program implementation deemed mutually relevant by both ADB and the Borrower.

1.3 Scope of this Quarterly Report

This Quarterly Report is intended to provide periodic progress updates to ADB regarding (i) the achievements of overall program results; (ii) status of the DLIs and DLI verification protocols; (iii) the status of covenants in the loan agreements; and (iv) the outcomes of the PAP implementation program.

This Quarterly Report covers reporting periods from January 1st, 2019 until Dec 31st, 2019.

2. PROGRAM STRUCTURE, MANAGEMENT AND IMPLEMENTATION

2.1 ADB Results Based Lending Program

The ADB Results Based Lending (RBL) program focuses on sustainable energy access in Eastern Indonesia – Electricity Grid Development Program.

These are the key milestones of ADB L3560-INO :

- | | | |
|--------------------------|---|-------------------------------|
| a. ADB Approval | : | Sep 14 th , 2017 |
| b. Loan Signing | : | Oct 10 th , 2017 |
| c. Guarantee Signing | : | Nov 16 th , 2017 |
| d. Loan Effectiveness | : | Dec 14 th , 2017 |
| e. Implementation Period | : | Jan 2017 – Dec 2021 (5 years) |
| f. Program Completion | : | Dec 31 st , 2021 |
| g. Loan closing | : | Jun 30 th , 2022 |

The first disbursement of US\$ 150 million was made on December 21st 2017, based on activities claimed under the Financing for Prior Results (FPR) indicators.

The second disbursement, based on verification of 2017 results is US\$ 117 disbursed in November, 2018.

The third disbursement, based on verification of Q2 2018 results is US\$ 67.5 disbursed in December, 2018.

The fourth disbursement, based on verification of 2018 results is US\$ 100.23 disbursed in October 2019.

The fifth disbursement, still on progress, sending Withdrawal Application to ADB in March, 2020.

An allocation and withdrawal of Loan Proceeds and the breakdown of the ADB RBL disbursement allocations according to Loan Review Mission in November 2018 is shown below in Table 1 and Table 2.

Table 1: Allocation and Withdrawal of Loan Proceeds (Source: ADB)

| ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Sustainable Energy Access in Eastern Indonesia—Electricity Grid Development Program) | | | | | | |
|---|--------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Disbursement-Linked Indicator (DLI) | Total ADB Financing Allocation | 2017 | 2018 | 2019 | 2020 | 2021 |
| DLI 1 | 120,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | |
| DLI 2 | 96,000,000 | 24,000,000 | 24,000,000 | 24,000,000 | 24,000,000 | |
| DLI 3 | 48,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | |
| DLI 4 | 96,000,000 | 12,000,000 | 12,000,000 | 36,000,000 | 36,000,000 | |
| DLI 5 | 96,000,000 | 12,000,000 | 12,000,000 | 36,000,000 | 36,000,000 | |
| DLI 6 | 48,000,000 | 6,000,000 | 6,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| DLI 7 | 48,000,000 | 6,000,000 | 6,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| DLI 8 | 48,000,000 | 6,000,000 | 6,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| TOTAL | 600,000,000 | 108,000,000 | 108,000,000 | 174,000,000 | 174,000,000 | 36,000,000 |

| DLI | Total ADB Financing Allocation | RBL01 | RBL 02 | RBL03 | RBL04 | Total Disbursement | For Disbursement* |
|--------------|--------------------------------|---------------|---------------|--------------|---------------|--------------------|-------------------|
| | | 21-Dec-17 | 05-Nov-18 | 17-Dec-18 | 21-Oct-19 | | 2019 Interim |
| | | Advance | 2017 Annual | 2018 Interim | 2018 Annual | | |
| 1 | 120.00 | | 50.00 | 30.90 | 8.20 | 89.10 | 18.00 |
| 2 | 96.00 | | 15.00 | | 20.46 | 35.46 | |
| 3 | 48.00 | | 12.00 | | 12.00 | 24.00 | |
| 4 | 96.00 | | 19.00 | 19.55 | 53.02 | 91.57 | 4.43 |
| 5 | 96.00 | | 11.00 | 8.00 | 2.80 | 21.80 | 9.20 |
| 6 | 48.00 | | 0.00 | 4.50 | 3.75 | 8.25 | 1.67 |
| 7 | 48.00 | | 7.00 | 4.55 | | 11.55 | |
| 8 | 48.00 | | 3.00 | | | 3.00 | 2.00 |
| Advance | | 150.00 | | | | 150.00 | |
| TOTAL | 600.00 | 150.00 | 117.00 | 67.50 | 100.23 | 434.73 | 35.30 |

* PLN may opt to submit a withdrawal application for \$35.30 million to partially off-set the \$150 million advance financing

Table 2: ADB RBL Disbursement Allocations (Source: ADB)

| No | Metric | Defenition of Indicators | Units | Disbursement Allocated (\$ million) |
|-----------|--|---|--------------------------|--|
| 1 | Increased numbers of total PLN Customers | Minimum target of increased customer annually is 5.6%,to reach at least 6.99 | million customers | 120 |
| 2 | Increased annual electricity sales | Minimum target of increased annual electricity sales is 5.35% | GWh | 96 |
| 3 | Permanent interruptions | Maximum annual rate increase allowed for feederline | Interruptions per 100 km | 48 |
| 4 | Increased numbers of distribution transformers | Minimum rate of increased number of distribution transformer units | Units | 96 |
| 5 | Additional length of medium-voltage (MV) distribution lines | Minimum rate of additional length of MV lines annually is 5.6%, to reach 58,764 ckm by 2020 | ckm | 96 |
| 6 | Pilot-scale smart grid projects | at least 4 pilot - scale smart grid projects implemented by | Units | 48 |
| 7 | Enhancement of Operational efficiency and resource optimization | increased use of digital prepaid meter or smart meter use at least | % | 48 |
| 8 | Improvement of asset and waste management | used PLN equipment is safely disposed at least 90% from the 2016 | % | 48 |
| 9 | Timely completion of implementation of distribution system contracts | Timely completion of implementation of distribution system contracts | % | 0 |

The ADB RBL program has eight DLIs and one non-disbursement linked indicators

The target values for each of the results indicators over the loan period (2017 to 2021) and the verification for 2016, 2017 and 2018 are shown in Table 3.

Table 3: ADB RBL Results Indicators & Verification (Source: ADB)

| Proposal Disbursement Linked Indicator(DLI) For performance Target Regional Sulawesi & Nusatenggara | | | | | | | | | | | | |
|--|--|--------------|-------------------|---|---|--|---|---|---|---|--|--------------|
| No | Results Indicators | DLI (Yes/No) | Unit Organisasi | Target Values of Results Indicators | | | | | | | | |
| | | | | Baseline Year 2016 | IVA Verified Baseline 2016 | 2017 | IVA Verified Result 2017 | 2018 | IVA Verified Result 2018 | 2019 | 2020 | |
| 1 | DLI 1: number of total customers increased by an average annual rate of at least 5.6% to reach at least 6.99 million customers by 2020 | Yes/DLI 1 | SNT | 5.623.061 | 5,62 | ≥ 5,9 juta | 6.085.655 | ≥ 6,27 juta | 6.586.438 | ≥ 6,62 juta | ≥ 6,99 juta | |
| 2 | DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% to reach at least 15,710 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 3,234 GWh annual sales by 2020 | Yes/DLI 2 | SNT | Energy sales SNT | 11.336 | 11.336 | ≥ 12.300 GWh | 11.943 | ≥ 13,345 GWh | 12.711 | ≥ 14,480 GWh | ≥ 15,710 GWh |
| | | | | Energy sales commercial customers | 2.334 | 2.287 | ≥ 2,532 GWh | 2.437 | ≥ 2,747 GWh | 2.570 | ≥ 2,981 GWh | ≥ 3,234 GWh |
| 3 | DLI 3: Feeder line permanent interruptions in the distribution system reduced by an average annual rate of at least 5% each year to reach less than 15,82/100 ckm by 2020 | Yes/DLI 3 | SNT | 19,43/100 ckm | 19,92 | < 18,45/100 ckm | 16,16 | < 17,53/100 ckm | 16,16 | < 16,66/100 ckm | < 15,82/100 ckm | |
| 4 | DLI 4: Number of distribution transformer units installed increased by an average annual rate of at least 5.6% each year to reach at least 50.721 by 2020 | Yes/DLI 5 | SNT | 40.788 | 40.760 | ≥ 43.072 Unit | 44.630 | ≥ 45.484 Unit | 44.630 | ≥ 48.031 Unit | ≥ 50.721 Unit | |
| 5 | DLI 5: Additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each | Yes/DLI 5 | SNT | 47.257 ckm | 45.938 | ≥ 48.855 ckm | 48.912 | ≥ 51.957 ckm | 50.758 | ≥ 55.256 ckm | ≥ 58.764 ckm | |
| | | | Lombok and Flores | 5.941 ckm | 5.941 | 6.274 | 6.070 | 6.626 | 6.407 | 6.997 | 7.388 | |
| Output 2: Operational management and implementation capacity strengthened for resource optimization | | | | | | | | | | | | |
| 7 | DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021 | Yes/DLI 6 | 2016 | Issue smart grid projects | smart grid guidelines based on corporate smart grid roadmap issued, pilot projects selected | not achieved | Project design developed, 2 pilot smart grid projects start procurement | partially achieved (50%) | At least 2 more pilot smart grid projects start procurement | At least 2 pilot smart grid projects operation | | |
| 8 | DLI 7: Operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meters use increased to at least 75% of total customers by 2021 | Yes/DLI 7 | 45,00% | 2015 | 48% | 50,65% | 55% | 55,75% | 60% | 58,89% | ≥ 65% | ≥ 70% |
| 9 | DLI 8: Asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021 | Yes/DLI 8 | 2015 | 2016 baseline: 0 disposal rate. accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal | Not yet received | (i) 2016 inventory of used equipment for disposal prepared and approved by PLN & MoSOE. (ii) PLN Guidance for Asset Management (1998) policy revised to accelerate disposal of hazardous waste | PLN send on 3rd May 2018, to be verified by IVA | (i) Existing oil spills cleaned in accordance with MoE Regulation No.33/2009. (ii) At least 20% of PLN's used equipment in the 2016 inventory safely disposed | (i) achieved (ii) not achieved (iii) not achieved | (i) All warehouses equipped with oil containment/ protection measures (ii) At least 50% of PLN's used equipment in the 2016 inventory safely disposed | At least 80% of PLN's used equipment in the 2016 inventory safely disposed | |

ckm = circuit-kilometer, DLI = disbursement-linked indicator, EGSS = Electricity Grid Strengthening—Sulawesi, NTB & NTT Program, FPR = financing for prior results, GWh = gigawatt-hour,

2.2 PLN Program Management and Implementation

PLN formed a Project Management Unit (PMU) and Project Implementing Unit (PIU) specifically for the ADB RBL programs in PLN Sulawesi and Nusa Tenggara. The PMU consists of internal PLN staff drawn from various divisions within PLN Head Office (e.g.

Regional Sulawesi, Regional Jawa Timur, Bali and Nusa Tenggara, Corporate Planning, Procurement, etc). The organisational structure of the PMU is shown in Figure 1 below.

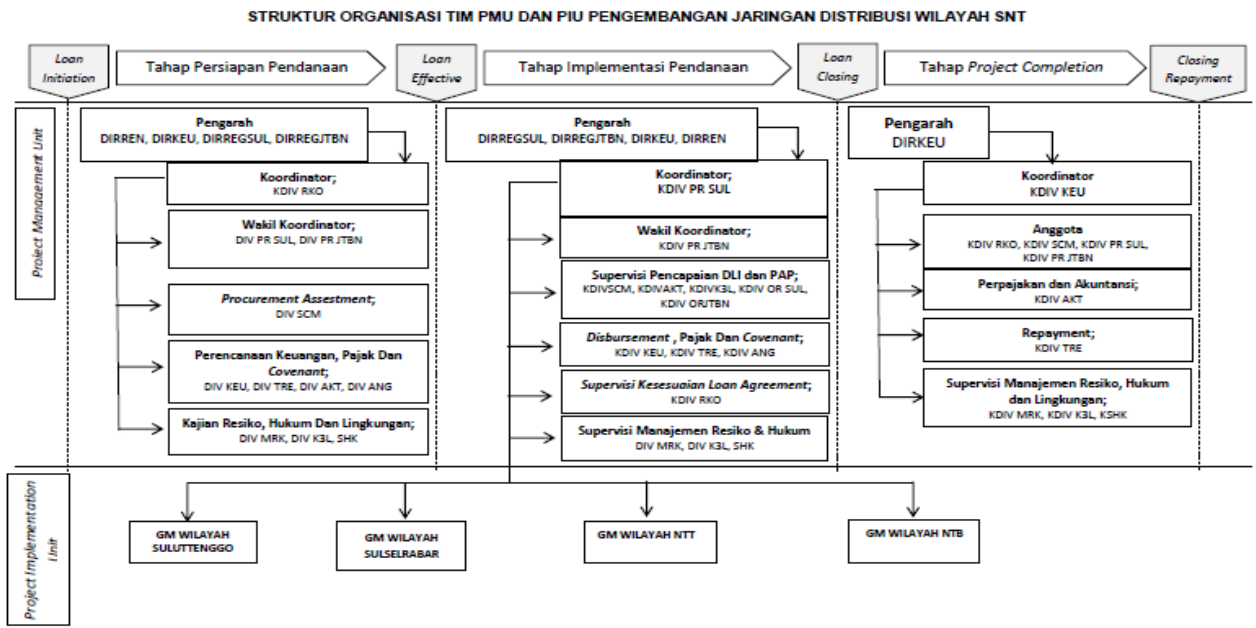


Figure 1: PMU/PIU Organisational Structure

3. *Electrification Ratio of Sulawesi and Nusa Tenggara System*

3.1 Electrification Ratio

The electrification ratio for each PLN Wilayah in Sulawesi and Nusa Tenggara as at December 2019 is shown in Table 4.

Table 4 Electrification Ratio (SILM)

| Province | Household Total | PLN customers | Non PLN customers | Electrification Ratio |
|-------------------------------------|------------------|------------------|-------------------|-----------------------|
| Sulawesi Selatan | 2,194,472 | 2,126,851 | 76,188 | 100.00% |
| Sulawesi Tenggara | 619,368 | 556,746 | 62,081 | 99.91% |
| Sulawesi Barat | 335,909 | 258,197 | 78,777 | 100.00% |
| Sulawesi Utara | 657,427 | 646,347 | 8,786 | 99.65% |
| Sulawesi Tengah | 667,944 | 641,539 | 11,364 | 97.75% |
| Gorontalo | 270,313 | 263,455 | 2,497 | 98.39% |
| Nusa Tenggara Timur | 1,325,545 | 758,498 | 385,809 | 86.33% |
| Nusa Tenggara Barat | 1,486,113 | 1,427,162 | 44,840 | 99.05% |
| Sulawesi & Nusa Tenggara | 7,557,091 | 6,678,795 | 670,342 | 97.25% |

Legend :

| |
|--------------|
| ER > 90% |
| ER 80% - 90% |
| ER < 80% |

4. ADB RBL PROGRAM IMPLEMENTATION STATUS

4.1 Summary of DLI Achievements as of Reporting Period

Table 4 shows the summary of DLI Achievements as of Reporting Period Quarter 4 in 2019

Table 4: Summary of DLI Achievements in Q4-2019

| DLI No. | 2019 Target | PLN Reported Achievement (as of 31 Dec 2019) | Achieved/ Not Achieved |
|---------|---|--|---------------------------|
| 1 | 6.62 Million customers | 7.15 Million | V (107.97%) |
| 2a | 13.255 GWh total energy sales | 13.734 GWh | V (103.61%) |
| 2b | 2.704 GWh business energy sales | 2.675 GWh | X (98.93%) |
| 3 | 16.66/100 ckm permanent interruptions | 11.25 / 100 ckm | V (132.45%) |
| 4 | 48,031 units transformer | 52.966 units | V (110%) |
| 5a | 55,255 ckm MV lines for SNT | 54.560,46 ckm | X (98.74%) |
| 5b | 6,997 ckm MV lines for Flores/Lombok | 7.060,13 ckm | V (100.90%) |
| 6 | a. Smart grid guidelines based on corporate smart grid roadmap issued, pilot projects selected (2017) b. Project design developed, 2 pilot smart grid projects start procurement (2018) c. At least 2 more pilot smart grid projects start procurement | a. Guidelines achieved and pilot projects were selected (Selayar, Sangihe, Semau, Medang) b. Basic design has been started for 4 pilot projects c. Selayar, Sangihe & Medang start on procurement, Semau is contracted | V (100.00%) |
| 7 | 65% prepaid meters+smart meters | 62.23% | X (95.74%) |
| 8 | a. In 2017 : (i) 2016 inventory of used equipment for disposal prepared and approved by PLN & MoSOE. (ii) PLN Guidance for Asset Management revised to accelerate disposal of waste b. In 2018 : (i) Existing oil spills cleaned in accordance with MoE Regulation No.33/2009. (ii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed c. In 2019 : (i) All warehouses equipped with oil containment/ protection measures (ii) At least 50% of PLN's used equipment in the 2016 inventory safely disposed | a. 2017 : (i) Achieved (ii) Not Achieved (on progress) b. 2018 : (i) Not Achieved (on progress) (ii) Achieved c. 2019 : (i) Not Achieved (3/25 warehouse with permit) (ii) Achieved | X (Partially Achieved) |

| | | | |
|------------------|---|-------------|----------|
| Non-DLI 9 | 65% Timely completion of implementation of distribution system contracts | 85 % | V |
|------------------|---|-------------|----------|

4.2 Disbursement Linked Indicators (DLIs)

4.2.1 RBL DLI 1: Increased numbers of total PLN Customers

As at December 2019, for Quarter 4 in 2019, PLN has a total number approximately 7.15 M customers in Sulawesi and Nusa Tenggara, which of the ADB RBL target of 6,62 M for 2019. Data for this indicator are extracted from the SILM system, which has an integrated link to PLN's customer database (AP2T).

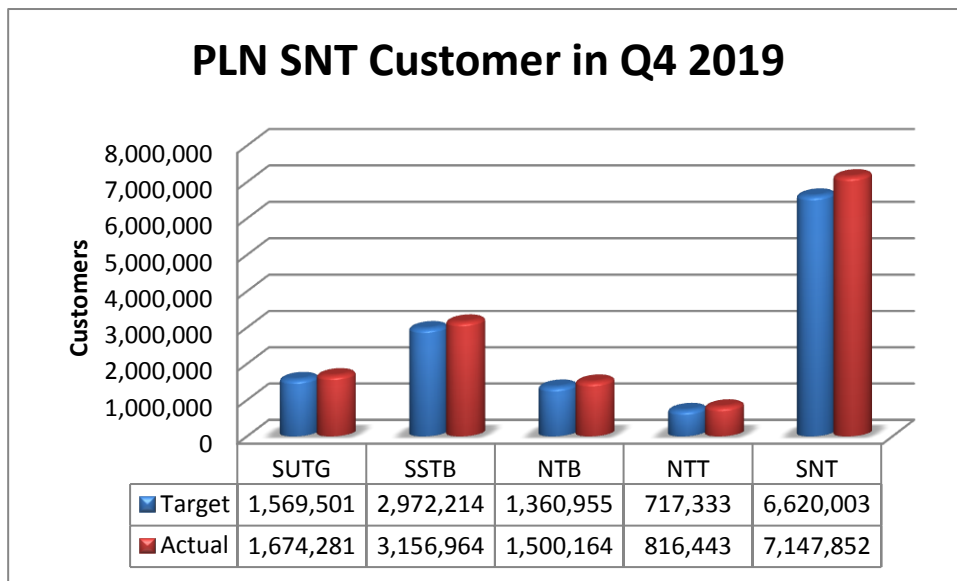


Figure 2: Number of PLN SNT Customers in Quarter 4 2019

The achievement in Quarter 4 2019 is around 107,97% if we compare it to the full target in 2019.

4.2.2 RBL DLI 2: Increased annual electricity sales

Data for ADB RBL DLI 2 are extracted from the SILM system, which has an integrated link to PLN's customer and energy sales database (AP2T).

The Total Energy Sales from January to December 2019 has reached 13.733,62 GWh, which of the ADB RBL full target in 2019 are 13,255 GWh (103,61%)

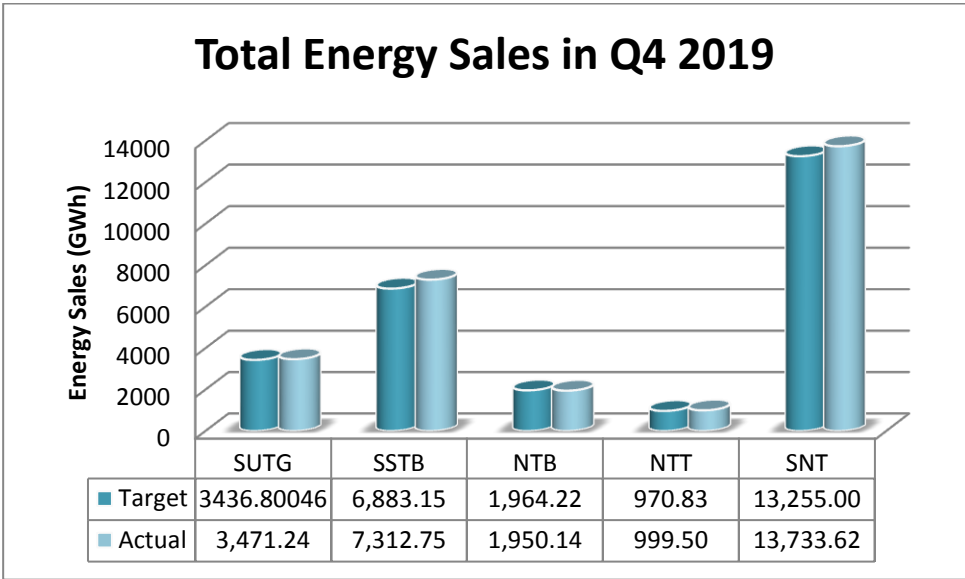


Figure 3: Total Energy Sales in Quarter 4 2019

The Total Commercial Energy Sales from January to December 2019 has reached 2.675 GWh, which of the ADB RBL full target in 2019 are 2,704 GWh (98.93%)

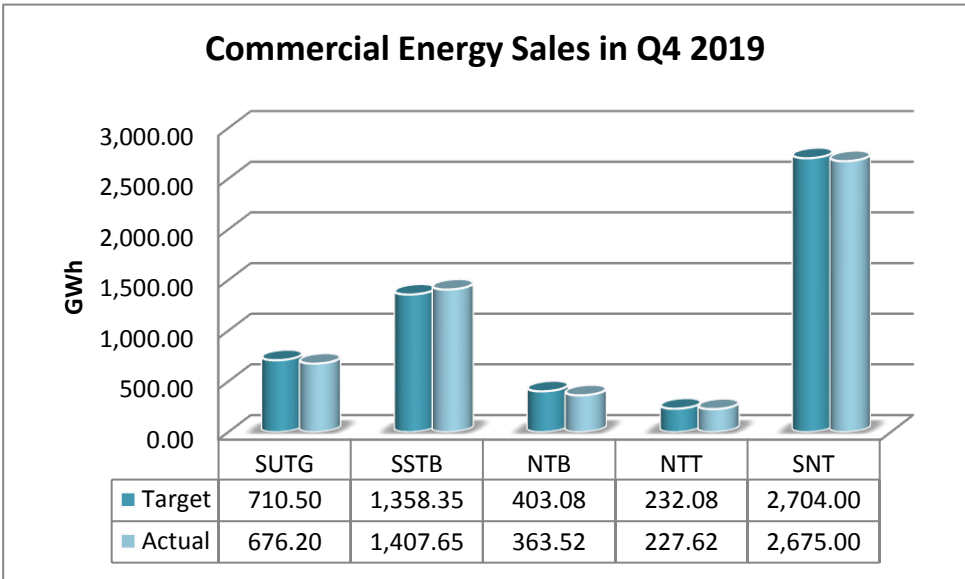


Figure 4: Commercial Energy Sales in Quarter 4 2019

4.2.3 RBL DLI 3: MV Feeder Permanent Interruptions

The number of MV feeder permanent interruptions reported in SNT over the period January – December 2019 was 11,25 interruptions per 100 ckm, which of the ADB RBL target of 16.66 interruptions per 100 ckm for the 2019.

Data for this DLI is extracted from SILM, though the source data is filled from Distribution Control Center from each of the PLN Wilayahs.

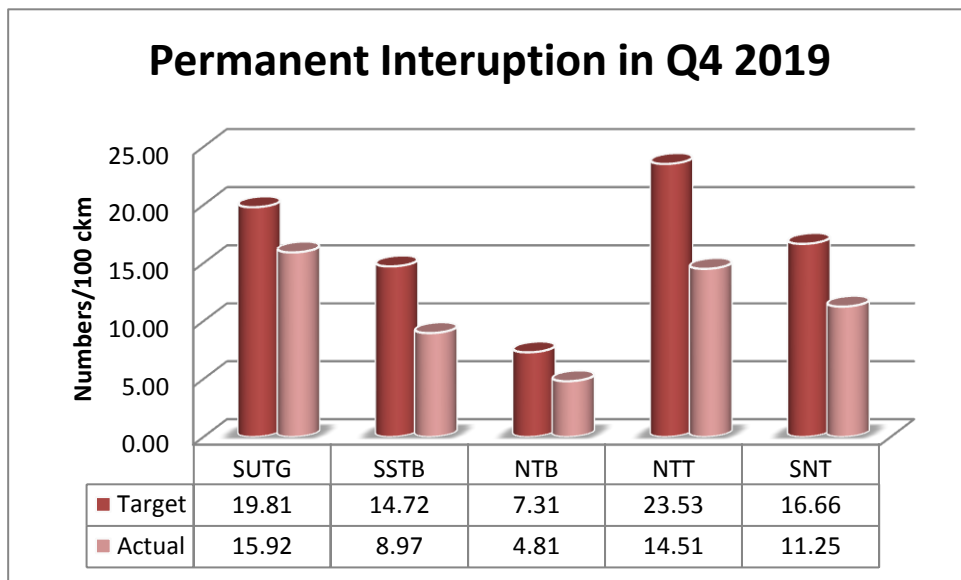


Figure 5: Permanent Interruption in Q4 2019

The target for feeder permanent interruption in 2019 are 16.66 interruption / 100 ckm. The achievement in Quarter 4 2019 is around 132,45%.

4.2.4 RBL DLI 4: Increased numbers of distribution transformers

As at Quarter 4 2019, the number of distribution transformers was 52.966 units, which of the ADB RBL 2019 target of 48,031 unit. The achievement in Quarter 4 2019 compare to full target in 2019 is around 110%.

Data for this DLI is extracted from SILM, though the source data is filled in manually with input from each of the PLN Wilayahs.

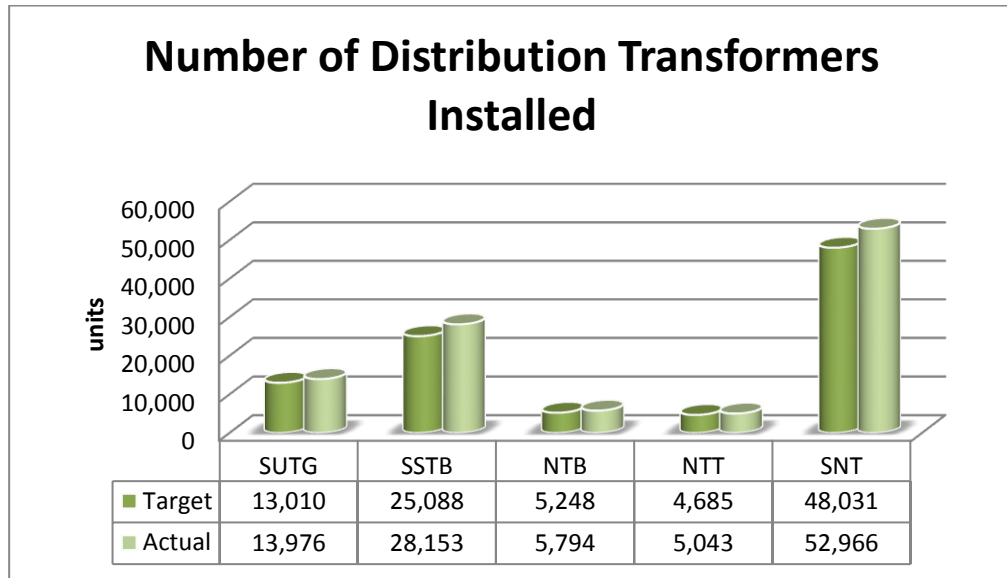


Figure 6: Number of Distribution Transformer in Quarter 4 2019

4.2.5 RBL DLI 5: Additional length of medium voltage (MV) distribution lines

The number of additional length of medium voltage (MV) distribution lines installed over the period Quarter 4 2019 was 54.560,46 ckm, which of the ADB RBL 2019 full year target of 55.256 ckm.

Data for this DLI is extracted from SILM, though the source data is filled in manually with input from each of the PLN Wilayah.

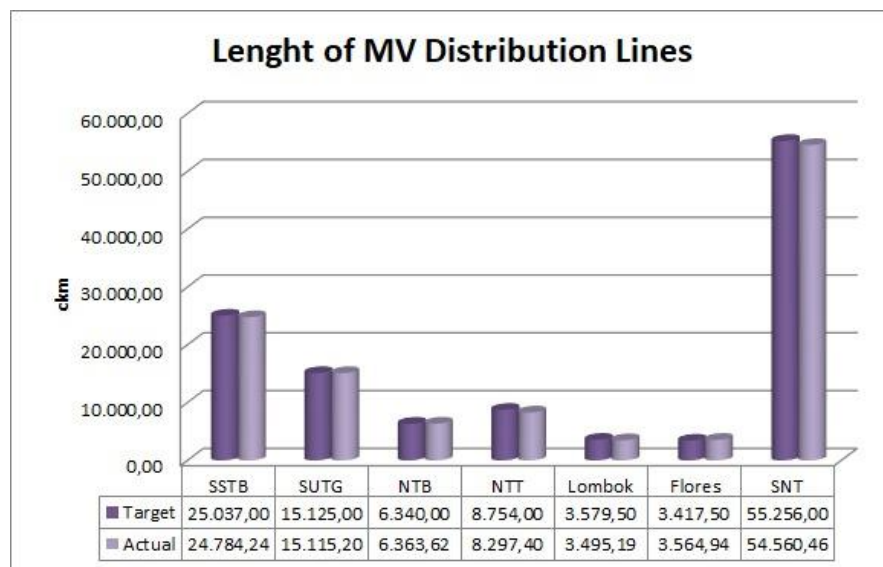


Figure 7: Length of MV Distribution Lines in Quarter 4 2019

The achievement in Quarter 4 2019 compare with the full target is around 98,74%.

For Lombok and Flores, the length of medium voltage (MV) distribution lines in Quarter 4 2019 were 3.495,19 ckm and 3.564,94 ckm respectively.

4.2.6 RBL DLI 6: Pilot scale smart-grid projects

The Smart Grid location for South of Sulawesi will be in Selayar Island and for North of Sulawesi will be in Sangihe Island.

The progress power system planning Selayar Smart Grid are :

1. Survey and Selection : ok
2. Feasibility Study : ok
 - ✓ Final Feasibility Studies (Studi Kelayakan) from the PUSENLIS are in accordance with the letter no. 0658/REN.06.03/PUSENLIS/2019, 17 June 2019
 - ✓ The Project Feasibility Study (KKP) from PLN UIW SULSELBARBAR has been completed in accordance with letter no. 12.01/2018.09/02, 29 March 2019
3. Pra-Qualification : ok
 - ✓ The Number Of PQ Auction Participants : Registered 22 Vendors
 - ✓ Bidders Passed The Auction PQ : 12 Vendors
4. Location Determination : ok
5. Local Government Permit : ok
6. Spatial Permit : ok
7. Environment Permit : on progress
8. Land Acquisition : on progress
 - ✓ Location project PLTHybrid Selayar : Desa Parak, Kecamatan Bontomanai, Kab. Selayar, Provinsi Sulawesi Selatan, 6^o2'47.01"S and 120^o27'29.11"E
 - ✓ Location permit from EVP Perijinan dan Pertanahan has received. No.0932/KON.00.03/DIVPPT/2019, 28 Mey 2019
9. Bid doc and estimated price from Pusenlis : ok
10. Procurement → Contract : on progress in Procurement Committee (Penjelasan/Aanwijzing Biddoc in December 2019). The 1st Procurement failed. The Procurement Committee will go for re-procurement after do some evaluations of Bid Doc.
11. Construction → COD : not yet

The progress power system planning Sangihe Smart Grid are :

1. Survey and Selection : ok
2. Feasibility Study : on progress with PLN Pusenlis
 - ✓ On July 1st -2nd, 2019 has been carried out on the PLTS S Hybrid Sangihe Feasibility Study Survey
3. Pra-Qualification : ok
 - ✓ On June,18th, 2019 a meeting was held for Explanation of Prequalification Implementation Procurement and Construction of Hybrid Sangihe PLTS and Procurement Prequalification and Development SCADA Distribution and Telecommunication in PLN UP3 Tahuna
4. Location Determination : not yet
Regarding location, there are 3 alternatives for Smart Grid Location.
5. Local Government Permit : not yet

6. Spatial Permit : not yet
7. Environment Permit : not yet
8. Land Acquisition : not yet
9. Bid doc and estimated price from Puseulis : not yet
10. Procurement → Contract : not yet
11. Construction → COD : not yet

The Smart Grid location for East Nusa Tenggara will be in Semau Island and for West Nusa Tenggara will be in Medang.

The progress power system planning Semau Smart Grid are :

1. Survey and Selection : ok
2. Feasibility Study : ok
3. Pra-Qualification : ok
4. Location Determination : ok
5. Local Government Permit : ok (already existed during 400 kWp solar power plant construction)
6. Spatial Permit : ok
7. Environment Permit : ok (already existed during 400 kWp solar power plant construction)
8. Land Acquisition : ok (Grant)
9. Location project PLTHybrid Semau : Desa Uileo, Kecamatan Semau, Kab. Kupang, Provinsi Nusa Tenggara Timur, 10°11'18.89"S and 123°26'25.95"T
10. Bid doc and estimated price : ok
11. Procurement → Contract : ok (on December 30, 2019) PT Syntek Otomasi Indonesia
12. Construction → COD : not yet, plan on June 26, 2020

The progress power system planning Medang Smart Grid are

1. Survey and Selection : -
2. Feasibility Study : Assignment to PLNE (For PLT Hybrid Medang, Sebotok & Labuhan Aji)
3. The Project Feasibility Study (KKP) from PLN UIW NTB has been completed
4. Pra-Qualification : -
5. Location Determination : Near PLTD (next to Medang Diesel Power Plant)
6. Local Government Permit : -
7. Spatial Permit : -
8. Environment Permit : -
9. Land Acquisition : -
10. Location project PLTHybrid Medang : Bugis Medang, Labuhan Badas, Sumbawa Regency, West Nusa Tenggara 84316, -8.141897° and 117.401139°
11. Bid doc and estimated price : in June 2020 / 9,5 Billion IDR
12. Procurement → Contract : in July 2020
13. Construction → COD : 2020/2021

4.2.7 RBL DLI 7: Enhancement of operational efficiency and resource optimization

The definition of indicator is the increased use of digital pre-paid meter or smart meter use at least 75% of total customers by 2021. The percentage of digital pre-paid meter customers in

Quarter 4 2019 is 62,23% which of the ADB RBL 2019 year target of $\geq 65\%$. The achievement in Quarter 4 2019 include AMR customers/smart meter

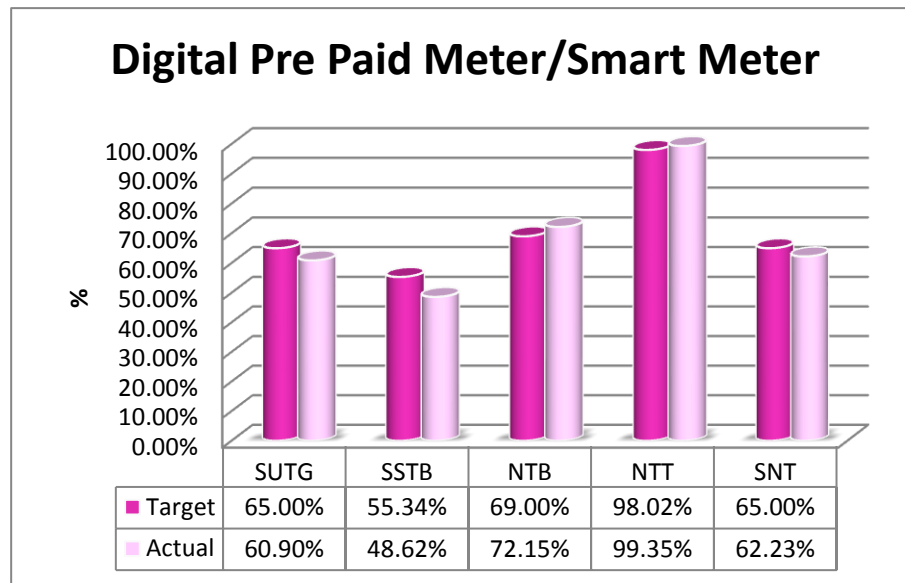


Figure 8: Digital Pre Paid Meter/Smart Meter in Q4-2019

4.2.8 RBL DLI 8: Improvement of asset and waste management

- 1) In 2017 :
 - (i) 2016 inventory of used equipment for disposal prepared and approved by PLN & MoSOE.(Achieved)
 - (ii) PLN Guidance for Asset Management revised to accelerate disposal of waste (On Progress)
- 2) In 2018 :
 - (i) Existing oil spills cleaned in accordance with MoE Regulation No.33/2009 (On Progress)
 - (ii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed (achieved 100%)
- 3) In 2019 :
 - (i) All warehouses equipped with oil containment/ protection measures (On Progress, 6 warehouses already have Temporary Shelters for hazardous waste and permits), i.e : UP3 Bima, UP3 Sumbawa, UP3 Palopo, UP3 Pare-pare, UP3 Bulukumba, UP3 Kotamobagu.
 - (ii) At least 50% of PLN's used equipment in the 2016 inventory safely disposed (achieved 100%)

For asset and waste management improved of used PLN equipment from the 2016 disposal inventory, the total identification as December 31, 2016 for acquisition value proposal in distribution was 39.630 million rupiah (for PLN UIW Sulselrabar proposal number 0583/KEU.02.03/WSSTB/2016, dated June 28th, 2016). This inventory was approved by the board of PLN Commissioner with letter number 269/DK-PLN/2016, dated Dec 30th, 2016 and

by Ministry of State Owned Enterprises with letter number S-290/MBU/04/2018, dated Apr 27th, 2018. Accounting Division has sent a letter to PLN UIW Sulselrabar with letter number 2205/KEU.02.03/DIVAKT/2018, May 17th, 2018 for asking sales contract process.

Disposing asset management will follow the procedure from Director Decree No. 015.E/870/DIR/1998 regarding Penarikan Aktiva Operasi Menjadi Aktiva Tidak Beroperasi dan Director Decree No. 1233/DIR/2011 regarding Tata Cara Penghapusbukuan dan Pemindahtanganan Aktiva Tetap PT PLN (Persero). Hazardous Waste with used equipment categorized (ATTB) that has been abolished from operation asset will be managed as hazardous waste. PLN DIV HSSE has prepared Draft of Director Decree of Hazardous Waste Management which already submitted to Legal Division for their review.

The Director Decree No. 02080.K/DIR/2019 has been issued on November 25, 2019 concerning the Moratorium Annulment of The Abolition of Hazardous Waste with used equipment categorized (ATTB) and Material. The Directors have agreed to conduct the abolition of ATTB and material based on the unit's proposal to be approved by the board of Commissioners

Regarding PLN Guidance for Asset Management revised to accelerate disposal of waste, PLN has held several discussions involving several divisions related accounting division, legal division, Internal Auditor, Corporate Planning, Supply Chain Mangement, Regional Sulawesi & JBNTN, and also Unit Induk Wilayah on November 2019, December 2019 and has continued in February 2020.

Discussion results are:

1. Found the root causes of the accumulation of transformers and kWh Meters is the moratorium, the warehouse management and administration that is less than optimal
2. PLN Unit Induk Wilayah will synchronize the physical data, AP2T and SAP for the proposed removal of assets after the moratorium is lifted.
3. To accelerate the proposed disposal of waste, the procedure for the proposed especially for kWh Meters does not need to be physically checked one by one, but in the form of grouping only (grouping are in (i)Pre 1 Phase, (ii)Pre 3 Phase, (iii)Post 1 Phase, (iv)Post 3 Phase)
4. Proposed letter / instruction from the Board of Directors that accommodates the obligations of the parent unit to accelerate the disposal of assets

To follow up on the results of the discussion,

- 1) PLN will Ensuring that Warehouse Governance including Used Goods is carried out consistently
- 2) Disposing asset management will follow the procedure from Director Decree No. 015.E/870/DIR/1998 regarding Penarikan Aktiva Operasi Menjadi Aktiva Tidak Beroperasi dan Director Decree No. 1233/DIR/2011 regarding Tata Cara Penghapusbukuan dan Pemindahtanganan Aktiva Tetap PT PLN (Persero).

To support the fulfillment of the targets stated in the Loan Agreement between PLN and ADB, Instruction Letter of Board of Directors will be proposed by related division in order to accelerate disposal of waste and also become a unit induk's obligation to periodic propose of assets disposal.

- 3) Regarding hazardous waste and assets exposed / contaminated by hazardous waste will follow the rules made by DIVHSSE. Hazardous Waste with used equipment categorized (ATTB) that has been abolished from operation asset will be managed as hazardous waste. PLN DIV HSSE has prepared Draft of Director Decree of Hazardous Waste Management which already submitted to Legal Division for their review.

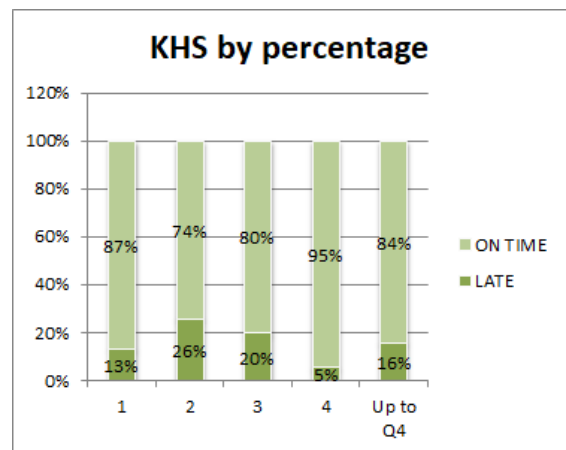
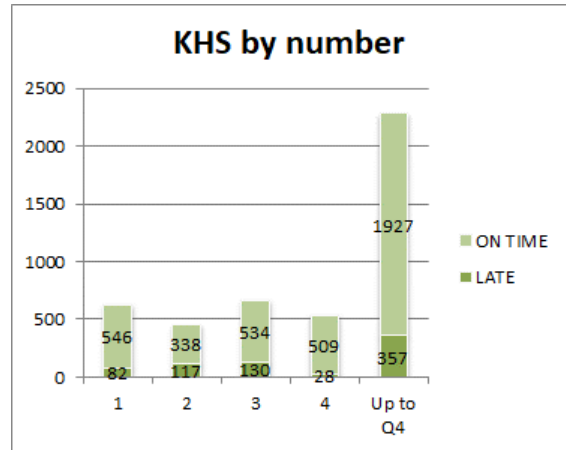
Regarding Clean Up Oil Spill, The updated list of inventory of oil spill for warehouses in eastern Indonesia is submitted along with this quarterly report. In 2019, PLN has planned to clean up oil spill in Sungguminasa which still in detail soil investigation process. On December 19th , 2019, PLN and ADB with the expert has visited Sungguminasa in order to have a review of oil spill in Sungguminasa and the recommended actions plan to clean up, including the procedure to manage the contaminated soil and spill prevention, containment and counter measures. Several warehouses equipped with oil containment and protection measures.

4.3 Non-Disbursement Linked Indicators : Timely completion of implementation of distribution system contract

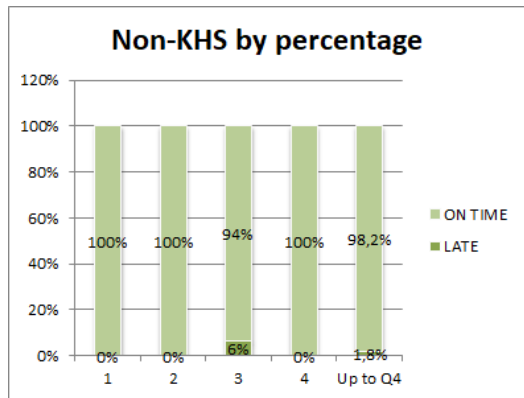
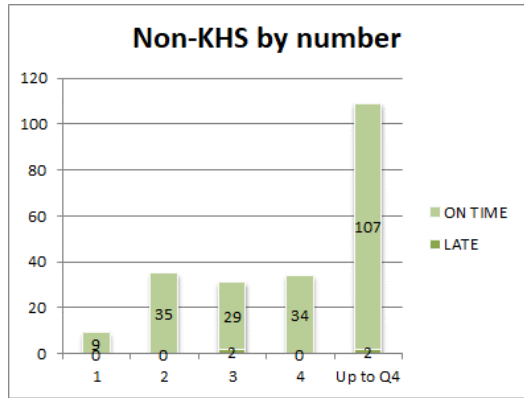
SCM Division already analyzed the data for 2019 :

Table 5: SNT Timely Completion Report 2019 of distribution system contract

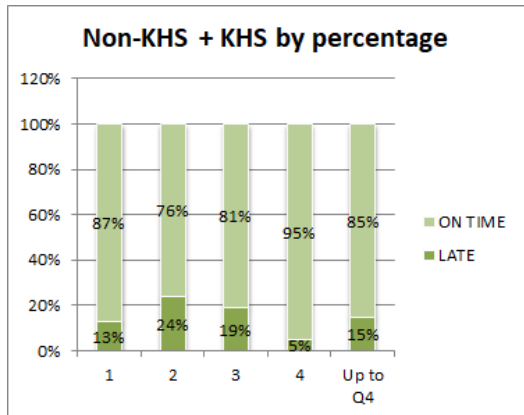
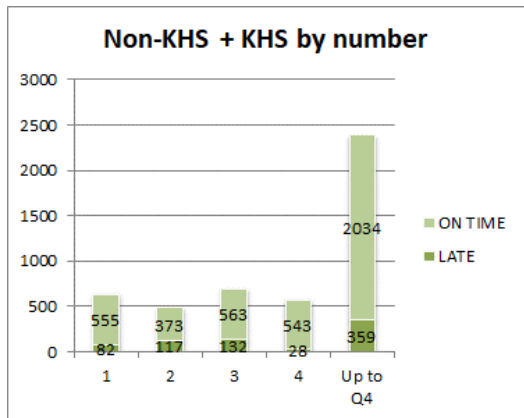
| KHS | | | |
|-----------------|------------|-------------|-------------|
| By Number | | | |
| Quarter (2019) | LATE | ON TIME | Total |
| 1 | 82 | 546 | 628 |
| 2 | 117 | 338 | 455 |
| 3 | 130 | 534 | 664 |
| 4 | 28 | 509 | 537 |
| Up to Q4 | 357 | 1927 | 2284 |
| By Percentage | | | |
| Quarter (2019) | LATE | ON TIME | Total |
| 1 | 13% | 87% | 100% |
| 2 | 26% | 74% | 100% |
| 3 | 20% | 80% | 100% |
| 4 | 5% | 95% | 100% |
| Up to Q4 | 16% | 84% | 100% |



| NON KHS | | | |
|-----------------|-------------|--------------|-------------|
| By Number | | | |
| Quarter (2019) | LATE | ON TIME | Total |
| 1 | 0 | 9 | 9 |
| 2 | 0 | 35 | 35 |
| 3 | 2 | 29 | 31 |
| 4 | 0 | 34 | 34 |
| Up to Q4 | 2 | 107 | 109 |
| By Percentage | | | |
| Quarter (2019) | LATE | ON TIME | Total |
| 1 | 0% | 100% | 100% |
| 2 | 0% | 100% | 100% |
| 3 | 6% | 94% | 100% |
| 4 | 0% | 100% | 100% |
| Up to Q4 | 1,8% | 98,2% | 100% |



| KHS + NON KHS | | | |
|-----------------|------------|-------------|-------------|
| By Number | | | |
| Quarter (2019) | LATE | ON TIME | Total |
| 1 | 82 | 555 | 637 |
| 2 | 117 | 373 | 490 |
| 3 | 132 | 563 | 695 |
| 4 | 28 | 543 | 571 |
| Up to Q4 | 359 | 2034 | 2393 |
| By Percentage | | | |
| Quarter (2019) | LATE | ON TIME | Total |
| 1 | 13% | 87% | 100% |
| 2 | 24% | 76% | 100% |
| 3 | 19% | 81% | 100% |
| 4 | 5% | 95% | 100% |
| Up to Q4 | 15% | 85% | 100% |



4.4 Program Action Plan (PAP) Implementation

| PAP Items | Description | Responsible Teams | Time Frame | PLN Claimed Status for Q4 Report 2019 | IVA Verification Q4 2019 |
|-----------|---|---|------------|---|--------------------------|
| 1 | Plan and finalize the selection of locations and components for the strengthening and expansion of the distribution system, and criteria for sequencing related interventions under the program | <i>Wilayahs;</i> DIV PRSUL and DIV PR JTBN | from 2017 | <p>PLN Div PR, PLN Div ANG and PLN Wilayahs have compiled SKAI and LKAI in 2019 and have sent to IVA.</p> <p>The description of strengthening and expansion programs are listed in SKKI distribution for PLN Wilayahs and PLN areas. Finalization can be seen in actual budget realization and evaluation report</p> | |
| 2 | Support the national program to develop tourism to stimulate job creation and economic growth. Establish annual targets for the number of new customers in PLN Areas with government-designated tourism development sites, and include progress in quarterly reports, with semi-annual consultation with the MOF. | <i>Wilayahs;</i> DIV PRSUL, PR JTBN; DIV SIS; DIV RKO | from 2017 | <p>There are some increased of customers in these areas - Nusa Tenggara: Lombok dan Flores Barat and Sulawesi: Bau Bau, Manado (The data can be seen in monthly report until Dec 2019).</p> <p>PLN will send Management Contract for those area include the customer target in 2019</p> <p>PLN always supports tourism programs especially in tourist destination areas, either for the addition of new customers or additional power, as long as PLN has sufficient supply, it will be served as soon as possible.</p> | |

| | | | | | |
|----|--|--|--------------------|--|--|
| | Technical | | | | |
| 3 | Analyze work process flows relating to the timely completion of distribution implementation contracts. Use the solutions coming from this process to accelerate the implementation and completion of distribution contracts. | DIV SCM; <i>Wilayahs</i> (for works contracts); DIV PRSUL, PR JTBN | by the end of 2017 | Done, no further data required | |
| | Program results | | | | |
| 4. | Build the capacities of and conduct orientation sessions for relevant field personnel on the RBL program and DLI reporting. | DIV TLN; DIV HCMS DIV PRSUL, PR JTBN; <i>Wilayahs</i> | from 2017 | There were already commitment from management (PLN Wilayah) for 2019 to achieve RBL targets of programs. DIV HSSE and ADB has conducted workshop regarding social and environmental safeguards in Lombok, in the end of June 2019 PLN Sulawesi and JBTBN has conducted capacity building for AMK in Feb 27 th – 28 th , 2019 in Makassar for 4 wilayah | |
| 5. | Conduct capacity building programs in targeted <i>areas</i> to enhance the understanding and acceptance of new technologies and innovations (e.g., smart | <i>Wilayahs</i> ; DIV PRSUL, PR JTBN; DIV SIS; Smart | from 2018 | ADB and PLN Sul & NT has conducted smart grid workshop in July 15 th -16 th , 2019 in ADB office in Jakarta. | |

| | | | | | |
|---|---|----------------------------------|-----------|---|--|
| | grids and digital prepaid meters) among stakeholders. | Grid Task Force | | | |
| | Monitoring and evaluation | | | | |
| 6 | Establish tracking, reporting, and verification systems for DLIs: (i) incorporate DLIs into the SILM in a separate module, and set up mechanisms to produce regular DLI reports so that corrective action is possible; and (ii) based on these internal DLI reports, set up mechanisms to produce the Annual DLI Achievement Report, to be shared with the MOF and ADB. | SPKK; DIV PRSUL, PR JTBN | from 2017 | <p>On-track for 2019.</p> <ul style="list-style-type: none"> - DLI 1, 2, 3, 4, 5, 7: SILM - DLI 6: report from from Smart Grid Team SNT - DLI 8: MoM from meeting with HSSE and Accounting Division - Non DLI: Report from SCM Division <p>PLN Sul & NT has developed specific monitoring document for monthly DLI tracking in excel report by UIW.</p> <p>PLN will sent report to ADB.</p> <p>For report to MoF, MRO Division already took a responsibility for reporting all achievement report to MoF in 2019.</p> <p>For collecting monthly progress, PLN did regular video conference with PLN unit to know the achievement for DLI target (DLI 1,2,3,4,5,7)</p> | |
| 7 | Implement or update the measurement and recording of indicator baselines, with a view to (i) conduct effective performance monitoring; and (ii) report on DLIs. | SPKK; DIV PRSUL, PR JTBN; SETPER | from 2017 | <p>Baseline was updated in annual verification 2018. PLN is currently implementing based on the updated target in amendments</p> <p>Monthly monitoring from UIW SSTB, SUTG, NTB and NTT</p> | |

| | | | | | |
|-----------------------------------|--|---|-----------|---|--|
| 8 | Strengthen PLN's regular monitoring and evaluation system for reporting DLIs and other key performance indicators in real time, including the generation of monthly summary progress reports on all RBL program indicators, which will become the basis for annual reporting on DLIs and other indicators. | SPKK; DIV PRSUL, PR JTBN; | from 2017 | Achieved with SILM data and manual report Every month, PLN Regional together with PKK Divison conduct a performance dialogue to monitor the unit performance according to KPIs. PLN Regional also publishes monthly reports related to activities for one month for the purpose of evaluation and management decision making. PLN Sul & NT has developed specific monitoring document for monthly DLI tracking. | |
| 9. | Assess the achievement and verification of the DLIs by PLN and the independent verification agent and authorize the DLI Achievement Report to be shared with the MOF and ADB. Submit the withdrawal application directly to ADB and a copy to the MOF, accompanied by the review mission's verification of DLI achievement and other supporting documents. | DCP; SPKK; DIV RKO; DIV PRSUL, PR JTBN; DIV TRE | from 2017 | PLN will sent report to ADB. For report to MoF, MRO Division already took a responsibility for reporting all achievement report to MoF in Q4 2019. | |
| Financing and partnerships | | | | | |
| 10 | Monitor funding allocations from the Government of Indonesia and all financing partners | DIV TRE; DIV AKT; DIV ANG; | from 2017 | Data is available at the Directorate of Finance in coordination with DIVRKO for all financing of PLN activities. | |

| | | | | | |
|----|--|----------------------------------|-------------|---|--|
| | against agreed funding and investment targets, using existing systems run by PLN's Finance and Budgeting Division and Treasury Division. | DIV KEU | | <p>PLN do not consider the unallocated funding using the market-based instruments to be a major risk for meeting its investment targets. DIVKEU is responsible for fulfilling PLN's short-term financing needs based on the RKAP, i.e. plugging funding shortfalls within a one-year timeframe. DIVKEU is confident that PLN has abundant access to market-based financing instruments for any funding shortfalls, and DIVKEU needs only to choose the optimal pathway (on a just in time basis). PLN DIVKEU has also performed monitoring of the funding from the financing partners as a part of their periodic monitoring.</p> <p>Funding allocations for distribution investment will fulfill from :</p> <ul style="list-style-type: none"> • RBL ADB • RBL KfW (the loan agreement is planned to sign in the end of 2019) • PMN (Penyertaan Modal Negara) 2019 for rural program • Other funding | |
| | Financial management | | | | |
| 11 | Complete the full integration of IBM Cognos' Budget Planning and Control System with the ERP system to allow (i) system-generated comparisons of the budget with actual expenditures, and (ii) system-generated consolidated financial statements. | DIV AKT; DIV KEU ; DIV ANG | by Jan 2018 | Complete | |

| Procurement | | | | | |
|-------------|--|--|--------------------------|--|--|
| 12 | PLN's new procurement monitoring system "AMK" implemented in program areas, and a procurement monitoring report prepared and submitted quarterly. | DIV SCM; DIV PRSUL, PR JTBN; <i>Wilayahs</i> | by the end of 2017 | Currently PLN still uses AMK in Wilayah. In the future, PLN plans to integrate e-proc, enterprise asset management, and ERP. Once this is integrated, procurement monitoring report can be produced automatically without having to do double entry to AMK. (Will update the latest status from STI Division) Data input by user in PLN Areas for AMK application | |
| 13 | An SCM and dispatching system implemented in program areas. | DIV SCM | by the end of 2017 | No further action is required | |
| 14 | Procurement audits each year of 10% of all contracts at <i>Wilayah</i> and <i>Area</i> offices (information sheet shared with ADB). | DIV SCM; DIV PRSUL, PR JTBN; <i>Wilayahs; SPI</i> | starting from 2017 audit | PLN Sulawesi region still asked the update report from SPI for Q4 2018-Q3 2019. PLN will ask to SPI regarding the schedule for procurement audits in Sulawesi and Nusa Tenggara | |
| 15 | Prepare and conduct open competitive bidding (allowing international bidders to participate) following PLN's procurement procedures for all pilot smart grid projects under the program. | DIV PRSUL, PR JTBN; Smart Grid Task Force (including DIV SIS, DIV RKO, SPKK, and others); DIV DAS; DIV EPP | from 2018 | 1. Procurement on Selayar Smart Grid already conducted in 2019. 2. Pre-Qualification on Sangihe already conducted in June 2019 3. Pre-Qualification on Sangihe already conducted in 2019 4. Medang smart grid is on progress FS. | |

| Safeguards | | | | | |
|------------|--|---|---|---|--|
| 16 | Issue a technical guidance on the implementation of safeguard program actions (including the guidance on safeguards screening ^a) to General Managers of PLN Wilayah. | DIV K3L, DIV PR SUL, PR JTBN; DIV OR SUL; DIV OR JTBN | prior to the first annual disbursement | <p>Revised Technical Guidelines for implementation PAP of safeguard in Sulawesi and Nusa Tenggara have been sent to EVP PR SUL and EVP PR JBNTB by Nota Dinas No. 00647/KLH.01.02/EVPHSSE/2018 dated 21st Dec 2018 later on forwarded to PLN Wilayah.</p> <p>The letter has been forwarded by PR-SUL to UIW SSTB and SUTG by letter number 0011/KLH.01.02/EVPPR-SUL/2019 on Jan 14th, 2019. Also for PR-JBNTB to UIW NTB and NTT by letter number 0179/KLH.01.02/DIVPRJBNTB/2019 on May 14th, 2019.</p> <p>Furthermore, there will be another technical guidance for KfW funding. Once KfW's technical guideline has been finalized, the technical guideline of ADB and KfW will be combined and submitted to all UIWs.</p> | |
| 17 | Strengthen meaningful consultation with affected peoples and IPs by: (i) issuing guidance on meaningful consultation in collaboration with DIV PRSNT and SKOM (the guidance will ensure the participation of IPs in tailoring project benefits for affected IPs communities in a culturally appropriate manner) with reference to MOEF Regulation No.17/2012); and (ii) document the process | (i) DIV K3L (ii) Wilayah | (i) prior to the first annual disbursement (ii) from 2017 onward | <p>i) Meaningful consultation guidelines already exist in the revised technical guidelines (PAP 16), for lists of indigenous peoples check www.brwa.or.id</p> <p>DIVHSSE has made a reporting template Form 6 of the technical guidance Appendix III.6, consultation public record and the evidence.</p> <p>ii) According to the screening result, there is no indigenous people but need confirmation from UP3 Bima because there is no screening form, UP3 Mamuju in UIW Sulsebar because there are some activities that not yet filled and UP3 Parepare because there is no screening information on the indigenous people. In UP3 Kotamobagu, UIW Sulutenggo, there are eight activities that potentially affected IPs.</p> | |

| | | | | | |
|----|--|--|--|--|--|
| | <i>and result of the consultations</i> | | | | |
| 18 | <i>Ensure the application of environmental mitigation measures to the construction of distribution lines by: (i) preparing environmental documents (UKL/UPL or SPPL) for the construction of distribution lines that is approved by the BLHD; (ii) specifying environmental mitigation measures in the contract document; (iii) monitoring the implementation of the mitigation measures; and (iv) proposing and implementing corrective actions if noncompliance with the proposed mitigation measures is identified.</i> | <i>Wilayahs</i> | <i>from 2017 onward</i> | <ul style="list-style-type: none"> (i) <i>PLN Wilayah has gradually developed the environment documents and permits for distribution lines activities. For the year 2019 pilot projects have been selected, UP3 Manado (UIW Suluttenggo), UP3 Makassar Selatan (UIW Sulsebar), UP3 Kupang (UIW NTB) and UP3 Bima (UIW NTT). Environment documents of NTB are completed, while for NTT, Sulutenggo, and Sulsebar (except Makassar Utara and Makassar Selatan) are in progress.</i> (ii) <i>Mostly mitigation measures in the in the contract document regarding safety. PLN DIV HSSE has reminded UIWs to include environmental management clauses in contract document and mitigation measures by letter No. 0340/KLH.01.02/010405/2019 dated October 15, 2019 concerning the Submission of Minutes of Meeting of Capacity Building for Safeguards.</i> (iii) <i>The implementation of mitigation measurement from Contractor has reported to PLN UP3 regularly by Laporan Pelaksanaan Pekerjaan.</i> (iv) <i>Monitoring this activities is on Form 6.</i> | |
| 19 | <i>Improve the management of waste and assets at warehouses by: (i) preparing an inventory of used equipment for disposal as of the end of 2016; (ii) preparing an inventory of used equipment for disposal at the end of each year from 2017 onward; (iii) securing approval of the disposal inventory (as of the end of</i> | <ul style="list-style-type: none"> (i) <i>Wilayahs; DIV AKT</i> (ii) <i>Wilayahs; DIV AKT</i> (iii) <i>DIV AKT</i> (iv) <i>DIV AKT; DIV K3L</i> (v) <i>Wilayahs; Area</i> | <ul style="list-style-type: none"> (i) <i>by Dec 2017</i> (ii) <i>every first quarter starting from 2018 onward</i> (iii) <i>by Dec 2018</i> (iv) <i>by Dec 2017</i> (v) <i>by Dec 2017</i> (vi) <i>by Dec 2018</i> (vii) <i>by Dec 2020</i> (viii) <i>by Dec 2021</i> | <ul style="list-style-type: none"> (i) <i>Related to letter No. 0583/Keu.02.02/WSSTB/2016 an inventory of used equipment for disposal as of the end of 2016 have been submitted from Wil Sulsebar to PLN DIVAKT.</i> (ii) <i>Accounting Division will submit list of inventory of used equipment from 2017 onward</i> (iii) <i>Related letter No. S-290/MBU/04/2018, MSOE have been approved.</i> (iv) <i>Disposing asset management will follow the procedure from Director Decree No. 015.E/870/DIR/1998 and Director Decree No. 1233/DIR/2011. Hazardous Waste with used equipment categorized (ATTB) that has been</i> | |

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| <p>2016) from the PLN Board of Commissioners (for equipment less than 5 years old) and the MSOE (for equipment more than 5 years old); (iv) revising the PLN Guidance for Asset Management (1998) to accelerate the disposal of hazardous waste, including a requirement to prepare and submit annual disposal inventories from the end of 2017 onward; (v) preparing a waste and asset management improvement plan (including a timeframe, budget, and human resources) in consultation with DIV AKT and DIV K3L, to be approved by DIR REG SNT; (vi) cleaning up existing oil spills in accordance with relevant regulations (including MOEF Regulation No. 33/2009 and Government Regulation No. 101/2014), and disposing of excavated hazardous waste material at appropriately licensed hazardous waste disposal facilities, while retaining records of all transfer notes; (vii) equipping warehouse sites (with hazardous wastes) with oil containment and protection measures; and (viii)</p> | <p>s; DIR REG SNT</p> <p>(vi) <i>Wilayahs; Areas</i></p> <p>(vii) <i>Wilayahs; Areas</i></p> <p>(viii) <i>Wilayahs; Areas</i></p> | | <p>abolished from operation asset will be managed as hazardous waste. PLN DIV HSSE has prepared Draft of Director Decree of Hazardous Waste Management which already submitted to Legal Division for their review.</p> <p>(v) PLN UIWs have submitted the waste and asset management improvement plan in the form that has been agreed by ADB. The forms have been submitted to ADB and IVA through email but not yet approved and endorsed by DIR REG SNT</p> <p>(vi) PLN has submitted list of inventory of oil spill for 25 warehouses in eastern Indonesia. In 2019, PLN has planned to clean up oil spill in Sungguminasa which still in detail soil investigation process. On December 19, 2019, PLN and ADB with the expert has visited Sungguminasa warehouse in order to have a review of oil spill in Sungguminasa and the recommended actions plan to clean up, including the procedure to manage the contaminated soil and spill prevention, containment, and counter measures.</p> <p>(vii) Several warehouses equipped with oil containment and protection measures.</p> <p>(viii) PLN has submitted action plan to improve the management of assets and hazardous waste in warehouses (Form 2). The action plan for all warehouses are in progress.</p> | |
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| | <i>implementing the waste and asset management improvement plan.</i> | | | | |
| 20. | <i>Enhance community safety along distribution lines (including transformers) under operation by (i) building community awareness to prevent the growth of tall vegetation along the distribution lines and public contact with potentially dangerous electrical equipment; (ii) monitoring tree trimming by the distribution line maintenance contractors; (iii) reducing outages due to tree disturbances (baseline data collected in 2017); and (iv) posting safety notices on newly installed distribution transformers.</i> | <i>(i) Wilayahs (Public Relation Division) (ii) Wilayahs (iii) Wilayahs (iv) Wilayahs (through contractors)</i> | <i>(i) from 2017 onward (ii) from 2017 onward (iii) from 2017 onward (iv) from 2017 onward</i> | <i>(i) Community awareness activities record show in Form 4 from all UP3s, except UP3 Kendari and UP3 Palopo in UIW Sulselrabar. Evidence MoM and attendance list has been submitted to IVA. (ii) Monitoring tree trimming activities record show in Form 5 from all UP3s. (iii) Reducing outages due to tree disturbances data record show in Form 5 from all UP3s, except UP3 Mataram and Sumbawa. (iv) Safety notice activities record show in Form 4 from all UP3s, except UP3 Kendari (no evidence but there are safety notice activities), UP3 Mamuju, and UP3 Watampone.</i> | |
| 21 | <i>Obtain and document the written agreement of landowners for the use of land for distribution transformers, following Buku 4.</i> | <i>Wilayahs</i> | <i>from 2017 onward</i> | <i>DIVHSSE already compose template for the written agreement. This template is in the revised technical Guidance (PAP 16). Written agreement with landowners as form 6 has been submitted from all UP3s, except UP3 Mataram and Sumbawa. The format of the agreement letter or minutes has been made with the signatures of two parties and one witness as informed in the Capacity Building on September 20, 2019 and stated in Minutes of Meeting issued by letter No. 0340/KLH.01.02/010405/2019</i> | |

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| | | | | dated October 15, 2019 from DIV HSSE to all UIWs. Moreover, DIV HSSE reminded UIW by letter No. 0438/KLH.01.02/010405/2019 dated December 23, 2019. | |
| 22 | Monitor resettlement outcomes and their impacts on the living standards of displaced persons by reviewing complaints received, and take necessary actions if the impacts are found to affect the income and livelihood status of the affected persons. The monitoring result should be documented, and corresponding measures formulated and implemented if income and livelihood status are affected | (i) Wilayahs (ii) Wilayahs | (i) from 2017 onward (ii) from 2017 onwards | <p>PLN reported that its units have submitted complaint monitoring report to DIV HSSE every quarter. The complaints received primarily related to community requests for the removal of poles, but none related to the request for compensation. No Activities in all UIWs that required involuntary resettlement.</p> <p>PLN DV PR SUL and PR JB TBN have issued letters to UIW No. 0295/KLH.00.02/010901/2019 dated September 9, 2019 and No. 0406/KLH.00.02/011101/2019 dated November 29, 2019 concerning the Submission of Form of Complaints Management for Contractors.</p> <p>Grievance monitoring (Form 7) has been submitted from all UP3, though there are some UP3 that have no grievances.</p> | |
| 23 | Appoint safeguards focal persons who have attended PLN's internal safeguards training at each Wilayah and Area to implement environmental and social safeguard activities | Wilayahs; Areas | prior to the first annual disbursement | <p>PLN has appointed focal person for environmental and social safeguard for (2019) in each UP3 and UIW.</p> <p>The updated focal person for social safeguards has been received from UIW NTB.</p> | |
| 24 | Build capacity on environmental and social safeguards with a focus on the safeguard program | DIV K3L | from 2017 onward (at least once a | This capacity building has been conducted in June 25 th -26 th , 2019 attended by PLN safeguard focal point (Wilayah and UP3), contractors, DLH, and PLN HO | |

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| | actions by holding regular meetings (including refresher training sessions) convening relevant PLN staff at headquarters, Wilayahs, and Areas, as well as all focal persons, contractors and key local government counterparts) to ensure the smooth and timely implementation of the safeguard program actions. | | year) | (Regional, HSSE, and PPT Division). PLN has submitted material presentation, Minutes of Meeting, and Attendance List to IVA. Moreover, DIV HSSE conducted the capacity building with IVA as the speaker and inviting UIW, UP3, and UP2K and related divisions on September 19, 2019. The aims of capacity building are to inform the detail guideline on how to provide the data and supporting documents for each PAP and Action Plan, including the list and example of required data and supporting documents; the verification result of IVA for further improvement; and to have the same format of data and supporting documents. Minutes of meeting of the capacity building has been submitted to UIWs by letter No. 0340/KLH.01.02/010405/2019 dated October 15, 2019. | |
| 25 | Monitor and ensure the implementation of the program actions by (i) monitoring and documenting the implementation of program action 19 and reporting to the PLN Wilayahs regularly (at least semi-annually), with records (transfer notes) of the disposal of hazardous waste at appropriately licensed facilities; (ii) monitoring and documenting the implementation of program actions 17, 18, 19, 21, 21 and 22, and reporting to DIV PR SNT, DIV PPT, and DIV K3L regularly (at least semi-annually), with | (i) Areas (focal persons) (ii) Wilayahs (focal persons) (iii) Wilayahs | (i)–(ii) from 2017 onward (iii) from 2017 onward | i) PLN DIV HSSE has received the document for implementing of program action 19 from all PLN Wilayahs and all evidences have already submitted to IVA ii) PLN DIV PR SNT and HSSE, except DIV PPT have received the document for implementing of program action 17, 18, 19, 20, 21, 22 from all PLN Wilayahs and all evidences have already submitted to IVA (iii) PLN has submitted all data and supporting documents to ADB and IVA. To follow up the result of interim verification, DIV HSSE has sent a letter to UIWs No. 0438/KLH.01.02/010405/2019 dated December 23, 2019 that inform the data and supporting documents status list of each UP3 for each PAP and Action Plans to be provided for Annual Verification 2019. The status list is given by IVA. The mentioned letter is attached to this report. | |

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| | <p><i>records (transfer notes) of the disposal of hazardous waste at appropriately licensed facilities; and (iii) documenting the list of distribution line projects (including village names and the length of distribution lines) with the result of safeguards screening, and submitting this to DIV PR SNT and DIV K3L annually.</i></p> | | | | |
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