

**PERUSAHAAN PERSEROAN (PERSERO)
PT PERUSAHAAN LISTRIK NEGARA**

**ADB LOAN 3560-INO, KFW LOAN 27834, AND KFW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN
EASTERN INDONESIA - ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)**

**SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2022**

**DIRECTORS' STATEMENT
REGARDING RESPONSIBILITY FOR
ADB LOAN 3560-INO, KFW LOAN 27834, AND KFW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA - ELECTRICITY
GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULTS BASED LENDING PROGRAM)
SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND
EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2022**

**PERUSAHAAN PERSEROAN (PERSERO)
PT PERUSAHAAN LISTRIK NEGARA**

We state that:

1. We are responsible for the preparation and presentation of the Special-Purpose Statements of Program Receipts and Expenditures of the Asian Development Bank ("ADB") Loan 3560-INO, Kreditanstalt für Wiederaufbau ("KfW") Loan 27834, and KfW Loan 29069: Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program – (Sulawesi and Nusa Tenggara - Results Based Lending Program) (the "Special-Purpose Statements") of Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara (the "Company").
2. The Special-Purpose Statements have been prepared and presented in accordance with Note 2a to the Special-Purpose Statements.
3. All information contained in the Special-Purpose Statements is complete and correct.
4. The Special-Purpose Statements do not contain misleading material information or facts and do not omit material information and facts.
5. We are responsible for the Company's internal control system.

For and on behalf of the Board of Directors,



SINTHYA ROESLY
Director of Finance

Jakarta, 27 June 2023



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PERUSAHAAN PERSEROAN (PERSERO)
PT PERUSAHAAN LISTRIK NEGARA**

Opinion

We have audited the Special-Purpose Statements of Program Receipts and Expenditures of the Asian Development Bank ("ADB") Loan 3560-INO, Kreditanstalt für Wiederaufbau ("KfW") Loan 27834 and KfW Loan 29069: Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program (Sulawesi and Nusa Tenggara - Results Based Lending Program) (the "Special-Purpose Statements") of Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara (the "Company"), which comprise the statement of actual program receipts and expenditures for the year ended 31 December 2022, and the statement of cumulative actual program receipts and expenditures as at 31 December 2022 and a summary of significant accounting policies and other explanatory information. The Special-Purpose Statements have been prepared by management of the Company in accordance with the financial reporting provisions of the ADB 3560-INO Loan Agreement dated 10 October 2017 between the ADB and the Company, as disclosed in Note 2 to the Special-Purpose Statements.

In our opinion, the Special-Purpose Statements present fairly, in all material respects, the actual program receipts and expenditures of ADB Loan 3560-INO, KfW Loan 27834 and KfW Loan 29069 for the year ended 31 December 2022, and the cumulative actual program receipts and expenditures as at 31 December 2022 in accordance with the financial reporting provisions as disclosed in Note 2 to these Special-Purpose Statements.

Basis for opinion

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the Special-Purpose Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Special-Purpose Statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter - Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to Note 2 to the Special-Purpose Statements, which describes the basis of accounting. The Special-Purpose Statements are prepared to assist the Company to comply with the financial reporting provisions of ADB 3560-INO Loan Agreement referred to above. As a result, the Special-Purpose Statements may not be suitable for another purpose. Our report is intended solely for the Company and ADB and should not be distributed to or used by parties other than the Company and ADB.

Responsibilities of management and those charged with governance for the Special-Purpose Statements

Management is responsible for the preparation and the fair presentation of these Special-Purpose Statements in accordance with the financial reporting provisions disclosed in Note 2 to the Special-Purpose Statements, and for such internal control as management determines is necessary to enable the preparation of Special-Purpose Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special-Purpose Statements, management is responsible for assessing the Company's ability to continue as a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditors' responsibilities for the audit of the Special-Purpose Statements

Our objectives are to obtain reasonable assurance about whether the Special-Purpose Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special-Purpose Statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special-Purpose Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Special-Purpose Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JAKARTA,
27 June 2023

A handwritten signature in blue ink, appearing to read 'Yanto', written over a light blue horizontal line.

Yanto, S.E., Ak., M.Ak., CPA
License of Public Accountant No. AP.0241

**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 3560-INO, KFW LOAN 27834, AND KFW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA -
ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
SPECIAL-PURPOSE STATEMENT OF PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31 December 2022**

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

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**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
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SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA -
ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
STATEMENTS OF ACTUAL PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2022
(Figures in tables are stated in millions of Rupiah, unless otherwise stated)**

		2022											
Description	Notes	Plan Receipts and Expenditures				Actual Receipts and Expenditures				Actual/Plan Receipts and Expenditures			
		ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp	ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp	ADB %	PLN %	Other (KFW) %	TOTAL %
I. CASH RECEIPTS													
Cash Receipt													
ADB		744,915	-	-	744,915	561,938	-	-	561,938	75.44	-	-	75.44
PLN		-	452,722	-	452,722	-	497,236	-	497,236	-	109.83	-	109.83
Other (KFW)		-	-	832,592	832,592	-	-	2,097,989	2,097,989	-	-	251.98	251.98
TOTAL RECEIPTS		744,915	452,722	832,592	2,030,229	561,938*	497,236	2,097,989	3,157,163	75.44	109.83	251.98	155.51
II. EXPENDITURES													
Distribution													
a. Capacity Expansion													
- Additional Asset Related to Energy Access	4.1.a	424,677	2,870	376,895	804,442	347,082	53,881	436,677	837,640	81.73	1,877.39	115.86	104.13
- Rural Electrification	4.1.b	-	449,852	-	449,852	8,460	416,426	5,011	429,897	-	92.57	-	95.56
- Supporting Equipment	4.1.c	13,944	-	25,317	39,261	3,161	103	29,952	33,216	22.67	-	118.31	84.61
Subtotal		438,621	452,722	402,212	1,293,555	358,703	470,410	471,640	1,300,753	81.78	103.91	117.26	100.56
b. Capacity Strengthening													
- Network Reliability Enhancement	4.2.a	69,427	-	327,781	397,208	125,852	26,826	195,477	348,155	181.27	-	59.64	87.65
- Efficiency	4.2.b	236,867	-	102,599	339,466	79,670	-	258,096	337,766	33.63	-	251.56	99.50
Subtotal		306,294	-	430,380	736,674	205,522	26,826	453,573	685,921	67.10	-	105.39	93.11
TOTAL EXPENDITURES		744,915	452,722	832,592	2,030,229	564,225	497,236	925,213	1,986,674	75.74	109.83	111.12	97.85
REMAINING PROCEEDS/(EXCESS EXPENDITURES)		-	-	-	-	(2,287)	-	1,172,776	1,170,489	-	-	-	-

*) US\$1 equivalent to Rp15,617, based on rate as at 2 December 2022).

**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
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SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA -
ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
STATEMENTS OF ACTUAL PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

		2021											
Description	Notes	Plan Receipts and Expenditures				Actual Receipts and Expenditures				Actual/Plan Receipts and Expenditures			
		ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB %	PLN %	Others %	TOTAL %
I. CASH RECEIPTS													
Cash Receipt													
ADB		275,930	-	-	275,930	205,894	-	-	205,894	74.62	-	-	74.62
PLN		-	707,293	-	707,293	-	744,293	-	744,293	-	105.23	-	105.23
Other (KFW)		-	-	1,255,139	1,255,139	-	-	733,672	733,672	-	-	58.45	58.45
TOTAL RECEIPTS		275,930	707,293	1,255,139	2,238,362	205,894*)	744,293	733,672	1,683,859	74.62	105.23	58.45	75.23
II. EXPENDITURES													
Distribution													
a. Capacity Expansion													
- Additional Asset Related to Energy Access	4.1.a	39,123	-	850,163	889,286	69,972	122,427	824,387	1,016,786	178.85	-	96.97	114.34
- Rural Electrification	4.1.b	6,477	707,293	-	713,770	74,786	589,981	-	664,767	1,154.63	83.41	-	93.13
- Supporting Equipment	4.1.c	4,071	-	-	4,071	3,598	-	-	3,598	88.38	-	-	88.38
Subtotal		49,671	707,293	850,163	1,607,127	148,356	712,408	824,387	1,685,151	298.68	100.72	96.97	104.85
b. Capacity Strengthening													
- Network Reliability Enhancement	4.2.a	-	-	404,976	404,976	16,437	31,885	296,074	344,396	-	-	73.11	85.04
- Efficiency	4.2.b	226,259	-	-	226,259	238,465	-	-	238,465	105.39	-	-	105.39
Subtotal		226,259	-	404,976	631,235	254,902	31,885	296,074	582,861	112.66	-	73.11	92.34
TOTAL EXPENDITURES		275,930	707,293	1,255,139	2,238,362	403,258	744,293	1,120,461	2,268,012	146.15	105.23	89.27	101.32
REMAINING PROCEEDS/(EXCESS EXPENDITURES)		-	-	-	-	(197,364)	-	(386,789)	(584,153)	-	-	-	-

*) US\$1 equivalent to Rp14,348, based on rate as at 9 December 2021.

**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
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SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA -
ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
STATEMENTS OF CUMULATIVE ACTUAL PROGRAM RECEIPTS AND EXPENDITURES
31 DECEMBER 2022**

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

Description	Notes	2022				2021			
		ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp	ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp
I. CASH RECEIPTS									
Cash Receipt									
ADB	3	8,450,077	-	-	8,450,077	7,888,139	-	-	7,888,139
PLN		-	7,752,368	-	7,752,368	-	7,255,132	-	7,255,132
Other (KFW)	3	-	-	2,831,661	2,831,661	-	-	733,672	733,672
TOTAL RECEIPTS		8,450,077	7,752,368	2,831,661	19,034,106	7,888,139	7,255,132	733,672	15,876,943
II. EXPENDITURES									
Distribution									
a, Capacity Expansion									
- Additional Asset Related to Energy Access	4.1.a	3,235,227	1,036,610	1,261,064	5,532,901	2,888,145	982,729	824,387	4,695,261
- Rural Electrification	4.1.b	318,927	5,391,519	5,011	5,715,457	310,467	4,975,093	-	5,285,560
- Supporting Equipment	4.1.c	139,969	8,414	29,952	178,335	136,808	8,311	-	145,119
Subtotal		3,694,123	6,436,543	1,296,027	11,426,693	3,335,420	5,966,133	824,387	10,125,940
b, Capacity Strengthening									
- Network Reliability Enhancement	4.2.a	2,936,411	836,422	491,551	4,264,384	2,810,559	809,596	296,074	3,916,229
- Efficiency	4.2.b	1,819,559	479,403	258,096	2,557,058	1,739,889	479,403	-	2,219,292
Subtotal		4,755,970	1,315,825	749,647	6,821,442	4,550,448	1,288,999	296,074	6,135,521
TOTAL EXPENDITURES		8,450,093	7,752,368	2,045,674	18,248,135	7,885,868	7,255,132	1,120,461	16,261,461
REMAINING PROCEEDS/(EXCESS EXPENDITURES)	3	(16)*	-	785,987	785,971	2,271	-	(386,789)	(384,518)

*) The difference includes the use of accumulated interest from previous escrow account's balance (Note 3).

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ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL

The role of the energy sector as a key enabler of inclusive growth has become more important as the Government of Indonesia (the “Government”) is faced with the challenge of expanding its economy. The annual rate of growth declined from 6.4% in 2010 to 5.0% in 2016 and is expected to remain at 5.1% in 2017. Improved access to affordable and sustainable forms of energy is critical to enhancing competitiveness, not only in the country’s manufacturing and commercial centres, but also in remote areas. Lack of access to energy constrains efforts to transform the eastern part of Indonesia into a new growth engine with a focus on high-value agriculture, fisheries, small and medium-sized enterprises, and tourism, all of which rely on a stable energy supply. Uneven development across provinces has contributed to widening income disparities, with several provinces in Eastern Indonesia lagging significantly behind Java and Bali.

To address this, the Government has prioritized accelerating investment in infrastructure under the National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional* or “RPJMN”) 2015-2019, which explicitly includes the “outer” and eastern regions as geographical priorities. One of its pillars is to improve access to electricity services significantly by adding 35 gigawatts of generation capacity and expanding power grids to raise the national electrification ratio from 84% in 2014 to 97% by the end of 2019. Eastern Indonesia, where power grids across the islands are isolated, and underdeveloped, presents the greatest challenge to achieving these targets. The electrification ratios in some eastern provinces are particularly low, 74% in West Sulawesi, 67% in Southeast Sulawesi, 68% in West Nusa Tenggara, 59% in East Nusa Tenggara and 44% in Papua.

The overall investment needs for the Government’s generation, transmission, and distribution program are US\$83.5 billion, of which US\$43.5 billion is to come from the private sector (independent power producers) and the balance of US\$40 billion is from the State Electricity Corporation, PT Perusahaan Listrik Negara (Persero) (the “Company” or “PLN”). PLN will not be able to meet the investment needs on its own and has an estimated funding gap of US\$30.3 billion, which will have to be borne by other financing sources, including from development partners. In Eastern Indonesia, where there are many isolated grids, PLN is already using its own resources to establish 70 kilovolt (“kV”) and 150 kV backbone transmission systems while seeking support from the Asian Development Bank (ADB) and other partners to strengthen and expand local distribution networks.

The Result Based Lending (“RBL”) program will finance a portion of the overall broader program needs as identified in PLN’s RUPTL, 2017-2026 for strengthening and expanding the power distribution network in Eastern Indonesia. It builds on the experience and lessons learned from the ongoing RBL program for grid strengthening in Sumatra. The RBL is a suitable modality as (i) it uses PLN’s own systems, such that the agreed program actions will directly contribute to institutional strengthening beyond the RBL program’s geographical coverage; (ii) its focus on results rather than expenditures will help establish a stronger evaluation culture complementary to the Government’s intent to provide incentives based on corporate performance; (iii) it helps lower the transaction costs involved in managing thousands of small-scale activities and expenditures to develop the distribution network; and (iv) it will enable PLN, Government stakeholders, and development partners to convene around achieving the results and outcomes of the program to enhance collaboration.

PLN is expected to finance around 50% of the RBL Program. PLN and the Government may request Asian Development Bank (“ADB”) and other development partners to provide additional financing during satisfactory implementation of the subsequent phases of the program to bridge any financing gap through to 2021. For the program, PLN has requested a loan to be guaranteed by the Republic of Indonesia in the amount of US\$600 million from ADB’s ordinary capital resources.

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ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
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(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

The composition of Total Costs and the financing plan is as follows:

Financing	RBL Program	
	US\$ million	Percentage share (%)
PLN a)	915.2	50.0
ADB	600.0	32.8
Others b)	315.1	17.2
Total	1,830.3	100.0

a. From PLN's internal cash flows and equity injections from the Government of Indonesia

b. Includes possible funding from the World Bank, the Islamic Development Bank, and other multilateral and bilateral financial institutions, If partner funding is insufficient, PLN is expected to secure the necessary funding from its internal cash flows or additional equity injections from the Government.

Disbursement Linked Indicators (DLI)	Total ADB financing allocation	Share of ADB financing	ADB's financing plan (in USD million)					
			2017	2018	2019	2020	2021	2022
OUTCOME								
DLI 1: expanded access to electricity services 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	120.0	20%	30.0	30.0	30.0	30.0	-	-
DLI 2: Growth in delivered electricity services: total electricity sales increased by an average annual rate of at least 8,5% to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,704 GWh annual sales by 2019	96.0	16%	24.0	24.0	24.0	24.0	-	-
DLI 3: improved reliability of services 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	48.0	8%	12.0	12.0	12.0	12.0	-	-
OUTPUTS								
DLI 4: number of distribution transformer unit installed increased by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	96.0	16%	12.0	12.0	36.0	36.0	-	-
DLI 5: length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020	96.0	16%	12.0	12.0	36.0	36.0	-	-
DLI 6: Pilot-scale smart grids projects implemented in at least 4 areas by 2021	48.0	8%	6.0	6.0	12.0	12.0	12.0	-
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	48.0	8%	6.0	6.0	12.0	12.0	12.0	-
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	48.0	8%	6.0	6.0	12.0	12.0	12.0	0.0
TOTAL	600.0	100%	108.0	108.0	174.0	174.0	36.0	0.0

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(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
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(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

The proposed US\$600 million loan for the Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program (the "Program") aims to support the development of electricity distribution networks to connect businesses and households and to enhance the quality of life in Eastern Indonesia through the sustainable use of electricity as a key driver of increased economic activity. The program will complement a proposed sector loan for small-to mid-sized natural gas-fired power stations across Eastern Indonesia.

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 Republic of Indonesia in SNT, namely North Sulawesi, Gorontalo, Central Sulawesi, West Sulawesi, South Sulawesi, Southeast Sulawesi, West Nusa Tenggara, and East Nusa Tenggara.

The Program shall comprise the following result areas:

1. Distribution system strengthening and expansion

Under this results area, the Program shall help address the 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.

2. Innovation and institutional capacity enhancement

Under this result area, the Program shall support the PLN's effort in innovation and strengthen institutional capacity for environmental management and increased efficiency through:

1. Supporting innovation through pilot-scale smart grid projects;
2. Expanding the use of digital pre-paid meters to reduce non-technical losses, payment defaults, and servicing costs in remote areas;
3. Improving the PLN's assets and waste management with safe disposal of several years backlog of used equipment, including hazardous waste; and
4. Tracking the timely implementation of distribution system contracts.

On 10 October 2017, PLN and ADB entered into Loan Agreement No. 3560-INO under which ADB agreed to lend to the PLN from ADB's ordinary capital resources an amount of US\$600 million.

The loan is to be guaranteed by the Republic of Indonesia ("Guarantor") under the terms of the Guarantee Agreement of even date herewith between the Guarantor and ADB. The loan agreement is effective as at 14 December 2017. The maturity date of the ADB Loan No. 3560-INO is on 15 May 2037 and the last date for disbursement of the ADB Loan No. 3560-INO is on 30 June 2022.

Kreditanstalt für Wiederaufbau ("KfW") have agreed to undertake the financing of a Results-Based Loan for "Sustainable Energy Access in Eastern Indonesia Sulawesi and Nusa Tenggara Electricity Grid Development Programme" (the "Programme"). Furthermore, the Lender and the Borrower have agreed, by financing the Programme, to pursue the common goal of expanding the access to more reliable electricity services for residential, commercial and industrial customers in the Eastern Indonesian provinces of Sulawesi and Nusa Tenggara through strengthening the electricity distribution system. For this purpose, KfW and the Borrower have agreed to enter into a loan agreement.

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ADB LOAN 3560-INO, KFW LOAN 27834, AND KFW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA - ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
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(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

The Company is required to comply with certain covenants, as stated in the amended loan agreement dated 18 January 2021. Among other things, the Company has to comply with financial covenants including (1) for the fiscal year ending 31 December 2020 and for each succeeding the fiscal year, PLN shall achieve a self-financing ratio of at least 15%, (2) its net revenues for the 12 months prior to the date of such incurrence shall be at least 1.2 times for each of its fiscal years beginning the fiscal year ending 31 December 2020, of its estimated maximum debt service requirements for any succeeding fiscal year on all its debt, including the debt to be incurred, and (3) the ratio of debt to equity shall not be greater than 75 to 25, and the covenant that all proceeds of the loan withdrawn from ADB should be utilized developing the Program as agreed in the ADB Loan No. 3560-INO.

The RBL program shall be completed by 30 June 2022. A summary of the program expenditure framework for the RBL Program 2017-2022 agreed with ADB is as follows:

Proposed Revised Items	2017	2018	2019	2020	2021	2022	Total
	(\$ million)	(\$ million)	(\$ million)				
Distribution	296.26	247.73	249.57	197.44	158.97	94.96	1,244.93
a. Capacity Expansion	195.03	138.80	142.56	123.96	118.10	67.53	785.98
- Additional Asset Related to Energy Access	69.39	67.79	47.88	73.49	71.26	42.71	372.52
- Rural Electrification	125.12	67.65	90.20	48.98	46.59	21.84	400.38
- Supporting Equipment	0.52	3.36	4.48	1.49	0.25	2.98	13.08
b. Capacity Strengthening	101.23	108.93	107.01	73.48	40.87	27.43	458.95
- Network Reliability Enhancement	66.00	54.26	76.89	53.44	24.13	14.76	289.48
- Efficiency	35.23	54.67	30.12	20.04	16.74	12.67	169.47
Interest							31.59
Physical Contingencies							-
Price Contingencies							-
TOTAL							1,276.52

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1. GENERAL (continued)

Disbursement Linked Indicators (“DLIs”) are the indicators outlined in the loan agreement which the Borrower is required to achieve in order to withdraw the amount of the loan proceeds allocated in the withdrawal table. The annual DLIs, known as the DLI matrix, based on the loan agreement is as follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
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	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
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	2016 baseline: Energy sales 11,336 GWh (2,334 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 13,345 GWh, or more of energy sales to customers (at least 2,747 GWh to commercial customers)	At least 14,480 GWh, or more of energy sales to customers (at least 2,981 GWh to commercial customers)	At least 15,710 GWh, or more of energy sales to customers (at least 3,234 GWh to commercial customers)	-
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	2016 baseline: medium voltage feeder permanent interruptions: 19.43/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increase by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,788 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020,	2016 baseline: 47,256 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 49,902 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 52,697 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,648 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line with Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot project selected in 4 PLN areas	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
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	2016 baseline: 48% of total customers use digital pre-paid meters or smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate, Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management (1998) policy revised to accelerate disposal of hazardous waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with MoEF Regulation No. 33/2009 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(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	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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1. GENERAL (continued)

Regarding the amendments of the loan agreement effective on 1 October 2019, there are changes in the program concerning cost categories, allocation, and withdrawal of loan proceeds and DLI. The amended DLI matrix is follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
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	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% (for 2017) and 5.35% (based on 2017 actual of 11,943 GWh for 2018 to 2020) to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,849 GWh annual sales by 2020	2016 baseline: Energy sales 11,336 GWh (2,287 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 12,582 GWh, or more of energy sales to customers (at least 2,567 GWh to commercial customers)	At least 13,255 GWh, or more of energy sales to customers (at least 2,704 GWh to commercial customers)	At least 13,964 GWh, or more of energy sales to customers (at least 2,849 GWh to commercial customers)	-
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	2016 baseline: medium voltage feeder permanent interruptions: 19.91/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increases by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,760 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020.	2016 baseline: 45,938 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 48,854 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 51,956 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,255 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line inwith Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot project selected	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
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	2016 baseline: 50.65% of total customers use digital pre-paid meters or smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate, Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management revised to accelerate disposal of waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with MoEF Regulation No. 33/2009 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(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	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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1. GENERAL (continued)

Regarding the loan amendment, there is another amendment effective on 5 November 2020, there are changes in the program concerning cost categories, allocation, and withdrawal of loan proceeds and DLI. The amended DLI matrix is as follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
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	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% (for 2017) and 5.35% (based on 2017 actual of 11,943 GWh for 2018 to 2020) to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,849 GWh annual sales by 2020	2016 baseline: Energy sales 11,336 GWh (2,287 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 12,582 GWh, or more of energy sales to customers (at least 2,567 GWh to commercial customers)	At least 13,255 GWh, or more of energy sales to customers (at least 2,704 GWh to commercial customers)	At least 13,964 GWh, or more of energy sales to customers (at least 2,849 GWh to commercial customers)	-
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	2016 baseline: medium voltage feeder permanent interruptions: 19.91/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increase by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,760 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020.	2016 baseline: 45,938 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 48,854 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 51,956 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,255 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line with Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot projects selected	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
DLI 7: operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meter use increased to at least 75% of total customers by 2021	2016 baseline: 50.65% of total customers use digital pre-paid meters or smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate, Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management revised to accelerate disposal of waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with Government Regulation No. 101/2014 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(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	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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1. GENERAL (continued)

Regarding the loan amendment, there is another amendment effective on 31 August 2021, there are changes in the program concerning cost categories, allocation, and withdrawal of loan proceeds and DLI. The amended DLI matrix is as follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
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	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% (for 2017) and 5.35% (based on 2017 actual of 11,943 GWh for 2018 to 2020) to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,704 GWh annual sales by 2019	2016 baseline: Energy sales 11,336 GWh (2,287 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 12,582 GWh, or more of energy sales to customers (at least 2,567 GWh to commercial customers)	At least 13,255 GWh, or more of energy sales to customers (at least 2,704 GWh to commercial customers)	At least 13,964 GWh, or more of energy sales to customers	-
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	2016 baseline: medium voltage feeder permanent interruptions: 19.91/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increase by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,760 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020.	2016 baseline: 45,938 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 48,854 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 51,956 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,255 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line with Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot projects selected	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
DLI 7: operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meter use increased to at least 75% of total customers by 2021	2016 baseline: 50.65% of total customers use digital pre-paid meters of smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate, Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management revised to accelerate disposal of waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with Government Regulation No. 101/2014 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(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	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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2. SIGNIFICANT ACCOUNTING POLICIES OF THE SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND EXPENDITURES

a. Presentation of Statements of Program Receipts and Expenditures

The special-purpose statements of program receipts and expenditures have been prepared in the format and basis agreed between ADB and the Company, and which are not intended to be a presentation in conformity with Indonesian Financial Accounting Standards. These special-purpose statements of program receipts and expenditures were prepared for the purpose of complying with Section 4.02 of the loan agreement of ADB Loan 3560-INO between ADB and the Company.

The special-purpose statements of program receipts and expenditures were compiled from accounts held by PLN which were prepared in accordance with Indonesian Generally Accepted Accounting Principles; however, the special-purpose statements of program receipts and expenditures only present accounts that directly related to Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program.

The special-purpose statements of program receipts and expenditures are presented in Rupiah.

b. Basis for Withdrawal

ADB

The withdrawal table sets out the amount available for withdrawal upon the Borrower's achievement of the corresponding DLI targets as set out in the DLI matrix. Except as otherwise agreed by ADB, the withdrawal table shall form the basis for withdrawal from the Loan Account. The amounts allocated for ADB Financing regarding the Amendments of Loan Agreement effective on 1 October 2019 are as follows:

Indicator	2017 US\$ million	2018 US\$ million	2019 US\$ million	2020 US\$ million	2021 US\$ million	Total US\$ million
DLI 1	30	30	30	30	-	120
DLI 2	24	24	24	24	-	96
DLI 3	12	12	12	12	-	48
DLI 4	12	12	36	36	-	96
DLI 5	12	12	36	36	-	96
DLI 6	6	6	12	12	12	48
DLI 7	6	6	12	12	12	48
DLI 8	6	6	12	12	12	48
Total	108	108	174	174	36	600

PLN

Withdrawals are performed according to the approval set by management through the issuance of Surat Kuasa Investasi ("SKI").

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2. SIGNIFICANT ACCOUNTING POLICIES OF THE SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND EXPENDITURES (continued)

b. Basis for Withdrawal (continued)

KfW

The withdrawal table sets out the amount available for withdrawal upon the Borrower's achievement of the corresponding DLI targets, The amounts allocated for KfW Financing are as follows:

Indicator	Advance Financing US\$ million	2019 US\$ million	2020 US\$ million	2021 US\$ million	2022 US\$ million	Total US\$ million
DLI 1	0.0	15.5	15.5	15.5	15.5	62.0
DLI 2	0.0	12.4	12.4	12.4	12.4	49.6
DLI 3	0.0	6.2	6.2	6.2	6.2	24.8
DLI 4	9.9	9.9	9.9	9.9	9.9	49.5
DLI 5	9.9	9.9	9.9	9.9	9.9	49.5
DLI 6	2.5	5.6	5.6	5.6	5.6	24.9
DLI 7	2.5	5.6	5.6	5.6	5.6	24.9
DLI 8	2.4	5.6	5.6	5.6	5.6	24.8
Total	27.2	70.7	70.7	70.7	70.7	310.0

Other

The withdrawal from the others account will be set and agreed upon with the parties according to the respective loan agreements.

c. Financing Disbursement

ADB

The disbursement is based on the result of the verification of the DLI matrix by an Independent Verification Agency ("IVA"). The verification is performed every semester. For the withdrawal process, the Borrower prepares a withdrawal application and submits it to ADB. Disbursements are recognised based on the withdrawal authorisation ("WA") issued by ADB.

PLN

The disbursement is based on the payment voucher issued by the Company.

KfW

Prior to submitting an application for withdrawal from the Loan Account in respect of a DLI, PLN shall submit to KfW in accordance with the DLI Verification Protocols. KfW will then arrange for the IVA to verify the evidence provided by PLN and submit its independent report. KfW may verify these results by spot checks during yearly verification missions and/or by audits. Upon KfW's confirmation that the DLI has been achieved in full or in part, PLN may submit to KfW an application for withdrawal of the corresponding loan amount for such DLI.

Others

The disbursement will be set and agreed upon with parties according to the respective loan agreement.

d. Plan Program Expenditures

The plan program expenditures for respective provinces in Sulawesi and Nusa Tenggara are presented based on ADB and PLN estimation.

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2. SIGNIFICANT ACCOUNTING POLICIES OF THE SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND EXPENDITURES (continued)

e. Actual Program Expenditures

ADB

Eligible expenditures means the total expenditures incurred by the Borrower under the Program during its fiscal year minus the expenditures for (i) procurement of goods and services from countries which are not members of ADB, and (ii) any prohibited investment activities provided in Appendix 5 of ADB's Safeguard Policy Statement, incurred by the Borrower under the Program during the same fiscal year.

The units within the Regions of Sulawesi and Nusa Tenggara paid to contractors for any transactions related to the Program with the PLN budget ("APLN"). The Division of Regional Planning and Control of Sulawesi, Maluku, Papua and Nusa Tenggara ("RMP") which acts as the Project Management Units must screen the eligible expenses for reimbursement with the ADB-RBL fund. Based on the approval from RMP, the eligible expenses will be forwarded to Treasury Division ("DIV PBH") and will transfer a certain amount of money from the defined escrow account related to the ADB-RBL to PLN's account.

All of the expenditures funded by the ADB in 2022 amounting to Rp564,225 million were reimbursed during 2022.

PLN

Expenditures are based on the payment voucher issued by the Company.

KfW

Eligible expenditures means the total expenditures incurred by the Borrower under the Program during its fiscal year.

The units within the Regions of Sulawesi and Nusa Tenggara paid to contractors for any transactions related to the Program with PLN budget ("APLN"). The Division of Regional Planning and Control of Sulawesi, Maluku, Papua and Nusa Tenggara ("RMP") who acts as the Project Management Units must screen the eligible expenses for reimbursement with the KfW fund. Based on the approval from RMP, the eligible expenses will be forwarded to Treasury Division ("DIV PBH") and will transfer a certain amount of money from the defined escrow account related to KfW to PLN's account.

All of the expenditures funded by the KfW in 2022 amounting to Rp925,213 millions were reimbursed during 2022.

Others

Expenditures incurred will be settled according to the respective loan agreement.

f. Deposit Account

Prior to submitting the first application to ADB for withdrawal from the Loan Account, the Borrower shall nominate a Deposit Account at a commercial bank acceptable to ADB into which all withdrawals from the Loan Account shall be deposited. The Deposit Account shall be managed and liquidated in accordance with terms and conditions satisfactory to ADB.

Referring to paragraph 2 and 3 of schedule 3 to the loan agreement, PLN shall maintain separate records in respect of the Deposit Account in accordance with the accounting principles acceptable to ADB. On 11 July 2018, PLN received a confirmation letter from ADB that disbursements are meant to provide pooled program financial support and are not directly linked to specific transactions. The SNT RBL escrow account may be transferred and all future disbursements may be deposited to PLN's general account.

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3. WITHDRAWAL OF LOAN AND THE USE OF LOAN PROCEEDS

ADB

Starting from 14 December 2017, the Company has withdrawn the loan according to the DLI matrix totaling US\$583.8 million which has the following details:

	<u>Withdrawal (in million US\$)</u>	<u>Equivalent to Rupiah (in million)</u>
Withdrawal for the year:		
- 2017	150.0	2,031,750
- 2018	184.5	2,738,371
- 2019	100.2	1,416,450
- 2020	98.7	1,495,674
- 2021	14.4	205,894
- 2022	36.0	561,938
Total	<u>583.8</u>	<u>8,450,077</u>

From the above withdrawal of Rp8,450 billion, the use of loan proceeds up to 31 December 2022 is totaling Rp8,450 billion.

The difference that arises between the amount of cumulative total disbursement and cumulative total expenditures as at 31 December 2022, amounted Rp16 million mainly derived from the accumulated interest on previous years' ADB fund placed in the escrow account balance amounting to US\$1,064.34 converted to Rupiah using BI Middle Rate at the end of December 2022. Since there is a small balance in the escrow account, the Company spent it to optimize the funding for Additional Asset related to Energy Access category during 2022.

KfW

The Company has withdrawn the KfW loan up to 31 December 2022 totaling Rp2,832 billion while the use of loan proceeds up to 31 December 2022 totaling Rp2,046 billion. The remaining amount which has not yet been used is Rp786 billion will be reported as program expenditure in future years.

4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY

4.1 Capacity Expansion

Capacity expansion is in the form of additional capacity. Additional capacity includes additional assets related to energy access, rural electrifications and supporting equipment. For this investment activity, PLN conducts activities to support new installment, power upgrading and the addition of networks to rural areas that are not yet electrified. Works include the addition or replacement of distribution transformers and distribution lines as a result of greater demand from new/existing consumers.

a. Additional Asset Related to Energy Access

Actual expenditures for additional assets related to energy access as at 31 December 2022, are as follows:

	<u>ADB Financed Rp</u>	<u>PLN Financed Rp</u>	<u>KFW Financed Rp</u>	<u>Total Financed Rp</u>
Balance at beginning of the year	2,888,145	982,729	824,387	4,695,261
Additions	<u>347,082</u>	<u>53,881</u>	<u>436,677</u>	<u>837,640</u>
Balance at end of year	<u>3,235,227</u>	<u>1,036,610</u>	<u>1,261,064</u>	<u>5,532,901</u>

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4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.1 Capacity Expansion (continued)

b. Rural Electrifications

Actual expenditures for rural electrifications as at 31 December 2022, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	310,467	4,975,093	-	5,285,560
Additions	<u>8,460</u>	<u>416,426</u>	<u>5,011</u>	<u>429,897</u>
Balance at the end of year	<u>318,927</u>	<u>5,391,519</u>	<u>5,011</u>	<u>5,715,457</u>

c. Supporting Equipment

Actual expenditures for supporting equipment as at 31 December 2022, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	136,808	8,311	-	145,119
Additions	<u>3,161</u>	<u>103</u>	<u>29,952</u>	<u>33,216</u>
Balance at end of the year	<u>139,969</u>	<u>8,414</u>	<u>29,952</u>	<u>178,335</u>

4.2 Capacity Strengthening

From the existing distribution network, for better served customers, the Company perform activities for upgrading its quality, network reliability enhancement and efficiency improvements, such as barrier installment along the distribution lines to prevent tree disturbances or animals, network reconfiguration and additional insertion transformers to repair shrinkage and provision of appropriate voltage. These activities are not intended to add to the distribution lines or transformers that increase the supply of power, but rather to improve network quality and capacity-related services.

a. Network Reliability Enhancement

Actual expenditures for network reliability enhancement as at 31 December 2022, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	2,810,559	809,596	296,074	3,916,229
Additions	<u>125,852</u>	<u>26,826</u>	<u>195,477</u>	<u>348,155</u>
Balance at the end of year	<u>2,936,411</u>	<u>836,422</u>	<u>491,551</u>	<u>4,264,384</u>

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4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.2 Capacity Strengthening (continued)

b. Efficiency

Actual expenditures for efficiency as at 31 December 2022, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	1,739,889	479,403	-	2,219,292
Additions	<u>79,670</u>	<u>-</u>	<u>258,096</u>	<u>337,766</u>
Balance at the end of year	<u>1,819,559</u>	<u>479,403</u>	<u>258,096</u>	<u>2,557,058</u>