

INA's Participation in Asia Pacific Forum – Energy Transition Mechanism (“ETM”)

Country: Indonesia

Project overview

The Energy Transition Mechanism (“ETM”) is a concept pioneered by Asian Development Bank during COP26 in November 2021 to initiate a secure and cost-effective phase-out of Coal-Fired Power Plants (“CFPPs”) to accelerate the transition from coal to clean energy in Southeast Asia.

INA (with DBS as Financial Advisor) has shortlisted a portfolio of 3 privately-owned CFPPs and are looking to (i) partner with potential Equity investors to jointly acquire stakes the CFPP targets, and (ii) raise debt funding from potential Lenders to refinance existing loans with terms that would enable the ETM, with the primary objective of retiring the CFPPs targets ahead of schedule and reduce their operational life to reduce the carbon emissions into the environment.

Timelines

Project stage: Structuring

Project timelines: We sent out the 1st of two batches of Information Memorandums to >30 potential Investors / Lenders over the weekend and are currently in the process of collecting confirmations of interest to participate.

Key info



Energy (Coal-Fired Power Plants) –
Transition Finance



Program – Energy Transition
Mechanism

Project structure

Owner

A portfolio of
privately-owned Coal
Fired Power Plants

Contractual structure

Build, Operate,
[Decommission],
Transfer

Project sponsor

Indonesia Investment
Authority (“INA”)

Climate impact

Mitigation
(Avoidance)

33 – 47mtCO₂e

We have identified a portfolio of CFPPs targets, with a total capacity of up to 1.6GW, to participate in the ETM Scheme. We are currently executing MOUs with the respective CFPP owners to formalize their willingness to sell a portion of / all their existing shareholdings.

With reference to our Base Case calculations, we estimate a total CFPP Asset Life Reduction of 27 years is achievable, resulting in an estimated carbon avoidance of 33-47mtCO₂e.

Financing



Equity Funding required



Debt Funding required