

*(This is a translation by WALHI West Java- The original document was written in Indonesian.)*

September 18, 2019

To:

Mr. Masumi Kakinoki  
President and CEO  
Marubeni Corporation

**Re: Our Continuous Opposition against the Cirebon Coal-fired Power Plant Project – Units 1 and 2 in West Java, Indonesia and Our Strong Demand for Marubeni’s Immediate Divestment from the Project**

We, Rapel (Rakyat Penyelamat Lingkungan: People Environment Safer) Cirebon and WALHI West Java, are writing to your company, the largest shareholder in CEP and CEPR, to convey why we are still firmly opposing the Cirebon Coal-fired Power Plant Project and why we are calling on your company to immediately stop or withdraw your investment in the ongoing construction of Cirebon Unit 2 (Cirebon 2, 1000 MW) as well as in the operation of Cirebon Unit 1 (Cirebon 1, 660 MW). Aside from the global climate crisis which another international letter to your company dated on September 18, 2019 is arguing in details, the followings are the major reasons why your company must take an immediate action of divestment from the Cirebon Coal-fired Power Plant Project.

Firstly, bribery involved in Cirebon 2 has been recently reported in the court process/ documents and some media. From our viewpoint, this implies how it is impossible for this project to be pushed through only with the normal process amid several fatal flaws in this project as described below, such as continuous firm opposition from the local community and critical legal defect. It is also remarkable that the verdict document dated May 22, 2019 on another bribe case of the former Cirebon Regent<sup>1</sup> describes the details of the bribery related to Cirebon 2, where the names of Heru Dewanto and Teguh from CEPR and Herry Jung from Hyundai as one of the EPC contractors with CEPR, are even mentioned. Such fact itself should not be neglect that the specific names from CEPR and its EPC contractor are spelled out in the court document. We believe that CEPR itself and the investors in CEPR, including Marubeni, have failed to be accountable enough about this bribe case, so far. CEPR and the investors could have disclosed all the money flow related to Cirebon 2 in a transparent manner, if there is no bribe case in this project.

Secondly, the litigation process related to Cirebon 2 hasn’t been concluded yet. While the Supreme Court rejected our demand to cancel the new environmental permit for Cirebon 2 in our second administrative court case on November 29, 2018, we, together with our lawyers’ team, have already lodged the verdict review on August 6, 2019. In addition, the process of judicial review has been ongoing on Government Regulation No. 13 Year 2017 regarding Amendment to Government Regulation No. 26 Year 2008 regarding National Spatial Plan since May 10, 2019, which CEPR has claimed as a legal basis of the new environmental permit for Cirebon 2. Therefore, the project still entails legal risk or the feasibility of Cirebon 2 is still at stake.

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<sup>1</sup> Available at <https://putusan.mahkamahagung.go.id/putusan/6395081793cc605eddda4c2add7e7545> (confirmed it on September 15, 2019 at the last time)

A series of our legal cases related to Cirebon 2 also reveals how it is impossible for this project to be pushed through without the said GR No. 13 Year 2017 on National Spatial Plan (issued on April 12, 2017) or Cirebon Regency Spatial Plan (Year 2018-2038) (issued on June 7, 2018). It must be heeded that both GR No. 13 Year 2017 and Cirebon Spatial Plan (Year 2018-2038) were came out only after CEPR had started access road and land preparation work for Cirebon 2 since 2016. After Bandung administrative court (PTUN Bandung) declared the original environment permit for Cirebon 2 (issued on May 11, 2016) invalid in its verdict dated April 19, 2017, CEPR needed to stop any work at the project site. However, CEPR has managed to push through the work with the new environment permit (issued on July 17, 2017), benefitting from the newly established GR No. 13 Year 2017. We assume that CEPR would still continue the construction work with the new Cirebon Spatial Plan (Year 2018-2038) even though GR No. 13 Year 2017 is declared null as a result of our demand of judicial review. Your company should be aware that CEPR has continued to make profits only in such way ignoring the already existed law and regulations.

Thirdly, as shown in the table<sup>2</sup> below, both Cirebon 1 and Cirebon 2 have failed to comply with the Indonesian domestic standards of air pollution as well as have failed to be equipped with the Best Available Technology (BAT) to prevent air pollution. Since Ministry of Environment and Forestry (KLHK) has enacted a new Ministry Regulation No. 15 Year 2019 Regarding Emission Standard of Thermal Power Plants on April 23, 2019 (though the new standards are still weak, and thus controversial), Cirebon 1 doesn't meet the standards of SO<sub>x</sub> (550 mg/Nm<sup>3</sup>) and NO<sub>x</sub> (550 mg/Nm<sup>3</sup>). Likewise, Cirebon 2 won't meet the standard of SO<sub>x</sub>, if CEPR just operate as currently planned (625 mg/Nm<sup>3</sup>). In addition, Chubu Electric Power Co.,Inc. (the 50 % owner of JERA Co., Inc. who invests in CEPR) has been obviously using much better technology for its own Hekinan coal-fired power plants in Japan since 28 years ago than such technology for Cirebon 1 and 2. As a result, significant negative impact on livelihood and health by Cirebon 1 has been ongoing in the local community<sup>3</sup>, and we believe that such impact on livelihood and health could be deteriorated by Cirebon 2. It is ironic that CEPR seems to be very proud of its “clean energy” and its “clean coal technology”<sup>4</sup> while CEPR hasn't used the same kind of technology as used in Japan, making use of the double standards, and hasn't met even the Indonesian domestic standards.

Name of Power Plant	New Indonesian Standards for Constructed or Operating Coal-fired Power Plants Before the MoEF Regulation No. 15 Year 2019 was	New Indonesian Standards for Constructed Coal-fired Power Plants After the MoEF Regulation No. 15 Year 2019 was enacted	Cirebon 2	Cirebon 1	Hekinan 5	Hekinan 1
Proponent			CEPR	CEP	Chubu	Chubu
Location			Indonesia	Indonesia	Japan	Japan
Capacity (MW)			1000	660	1000	700
Operation Year			2022 (proposed)	July 2012	November 2002	October 1991
Type of Power Generation			USC	SC	USC	SC

<sup>2</sup> The sources of the data on each power plant are the EIA (ANDAL) of Cirebon 2 (March 2016), the EIA (ANDAL) of Cirebon 1 (April 2008) and CCT Journal No. 1, Center for Coal Utilization, Japan (currently JCOAL, May 2002) on Hekinan 5 and 1.

<sup>3</sup> Available at <http://mn.kbs.co.kr/mobile/news/view.do?ncd=4140203> (confirmed it on September 15, 2019 at the last time)

<sup>4</sup> <https://www.cirebonpower.co.id/cirebon-power-reduced-the-emission-of-pltu/> (confirmed it on September 15, 2019 at the last time)

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<b>SOx Emission concentration</b>	550 mg/Nm <sup>3</sup>	200 mg/Nm <sup>3</sup>	<b>221 ppm = 625 mg/Nm<sup>3</sup></b>	<b>227 ppm = 649 mg/Nm<sup>3</sup></b>	25 ppm	50 (28) ppm ( ) = after improvement in 2002
<b>NOx Emission concentration</b>	550 mg/Nm <sup>3</sup>	200 mg/Nm <sup>3</sup>	251 ppm = 510 mg/Nm <sup>3</sup>	<b>404 ppm = 829 mg/Nm<sup>3</sup></b>	15 ppm	45 (30) ppm
<b>PM Emission concentration</b>	100 mg/Nm <sup>3</sup>	50 mg/Nm <sup>3</sup>	50 mg/Nm <sup>3</sup>	29 mg/Nm <sup>3</sup>	5 mg/Nm <sup>3</sup>	10 (5) mg/Nm <sup>3</sup>

Last but not least, we would like to reiterate that the livelihood of the local community have been greatly disturbed after Cirebon 1. CEP/CEPR has provided some livelihood programs as CSR, including fishing nets and fish cultivation. As far as we know, however, such programs have failed to restore the local community's life to the previous level and couldn't be the solution to ensure the sustainable life of the local community. Because of our simple fear that this ongoing negative impact on livelihood in the local community would get deteriorated with Cirebon 2, which has even a bigger capacity than Cirebon 1, we have been continuously raising our concerns about and strong opposition against Cirebon 2; for example, our sea action last June 21, 2019. After the action, the police intimidated some of the local community, mentioning the possible confiscation of their fishing boats. Despite this difficult local situation amid human rights violations, we will never give up our struggle to stop Cirebon 2 by any peaceful means for the current and next generation's local community, since our said fare has been already becoming a reality, especially for small-scale fishermen who have been disturbed by the jetty construction of Cirebon 2.

Therefore, we strongly request your company again to immediately stop or withdraw your investment in the ongoing construction of Cirebon 2 as well as in the operation of Cirebon 1, considering the local community's concerns and the controversial issues as described above, including corruption and legal risk.

Thank you very much for your kind attention and sensible consideration on this matter in advance.

(Signified by two leaders of Rapel Cirebon and Director of WALHI West Java)

Cc: Mr. Taro Aso, Minister of Finance  
 Mr. Isshu Sugawara, Minister of Economy, Trade and Industry  
 Mr. Tadashi Maeda, Governor, Japan Bank for International Cooperation (JBIC)  
 Mr. Atsuo Kuroda, Chairman and CEO, Nippon Export and Investment Insurance (NEXI)  
 Mr. Seung-Joong Kang, Deputy President, The Export-Import Bank of Korea  
 Mr. Kanetsugu Mike, President and Group CEO, Mitsubishi UFJ Financial Group, Inc.  
 Mr. Jun Ohta, President and Group CEO, Sumitomo Mitsui Financial Group, Inc.

Mr. Tatsufumi Sakai, President and CEO, Mizuho Financial Group  
Mr. Ralph Hamers, CEO and Chairman, ING Groep N.V.  
Mr. Toshihiro Sano, Chairman, JERA Co., Inc.  
Mr. Satoshi Onoda, President, JERA Co., Inc.