

ISEW 2024

The role of PT SMI to intermediate private capital to energy sector

Pradana Murti

Director

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PT SMI's Business Model





Vision

"A leading catalyst in the acceleration on the national infrastructure development"

- Mission
 - 1. To become a strategic partner who provides added value in infrastructure development in Indonesia.
 - 2. To establish flexible financing products.
 - 3. To provide quality services which comply with good corporate governance.

PT SMI's Business Pillars

Pillar #1 COMMERCIAL **FINANCE**

- Senior loan
- Junior Loan
- Mezzanine
- Cash Deficiency Support
- Bridging Loan
- Equity Investment
- Arranger & Underwriter
- Credit Enhancement
- Standby Financing
- Fund management and subsidiary loan

Pillar #2 **PUBLIC FINANCE**

Regular Financing

for Regional Government

Program Loan

Loan to Public Institution

(BUMD, BLU Pusat / BLUD, etc)

Pillar #3 **ADVISORY** PROJECT DEVELOPMENT

Financial Advisory

Investment Advisory

Financing Arranger

KPBU Project Development

Geothermal Fund Management

Renewable Energy & Energy **Efficiency Project Development**

Regional Government Project Preparation Technical Assistance, Capacity Building

Sharia Financing
Provider of Sharia financial solutions for national development
-IMBT -Murabahah -MMQ -Musyarakah -IMFZ -Wakalah bi Al -Ujrah-Kafalah bi Al -Ujrah -Qard -Istishna -Mudharabah

Sustainable Financing

Financing and investment catalyst to support the achievement of SDG in Indonesia

Finance & Treasury

Optimal balance sheet management & CFO Excellence

Credit Excellence

Prudent credit risk management & principles through HR, platforms & processes optimalization

People, Organization and KPI

Agile organization with high talent density and excellent EVP

Governance, Risk, Compliance

Strong governance, risk management & compliance, effective stakeholder engagement

Next-Gen IT & Analytics

Future proof business partners, scalable IT architecture and strong data capabilities

INFRASTRUCTURE SECTORS











Transportation

Road

Irrigation Telecommunication

Oil & Gas

Energy Efficiency





Wastew



Facilities & Infrastruct

Stock



Housing

Information Technology

Renewable Energy & Energy Conservation

Management

SOCIAL INFRASTRUCTURE



Health

Facilities

ater



Correctional

Facilities



Educational

Facilities



Tourism





Industrial Urban Infrastructure Zone

MANDATE EXPANSION

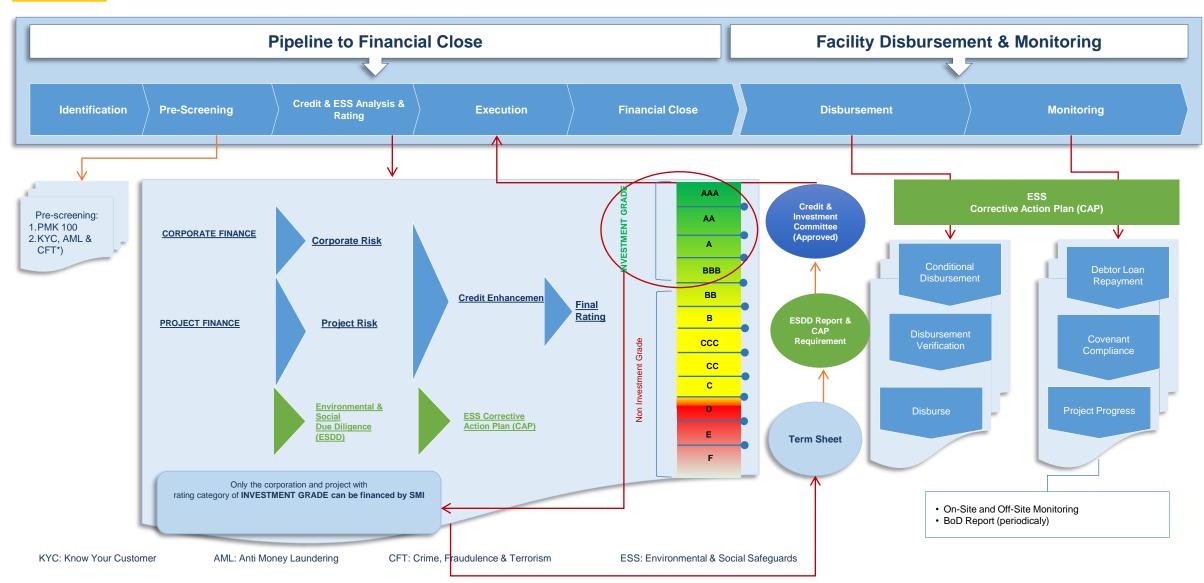


Provision of other development financing based on government assignments

- PP No.53/2020 (Amendment of PP 66/2007)
- POJK No. 46/POJK.05/2020 (Infrastructure Financing Company)

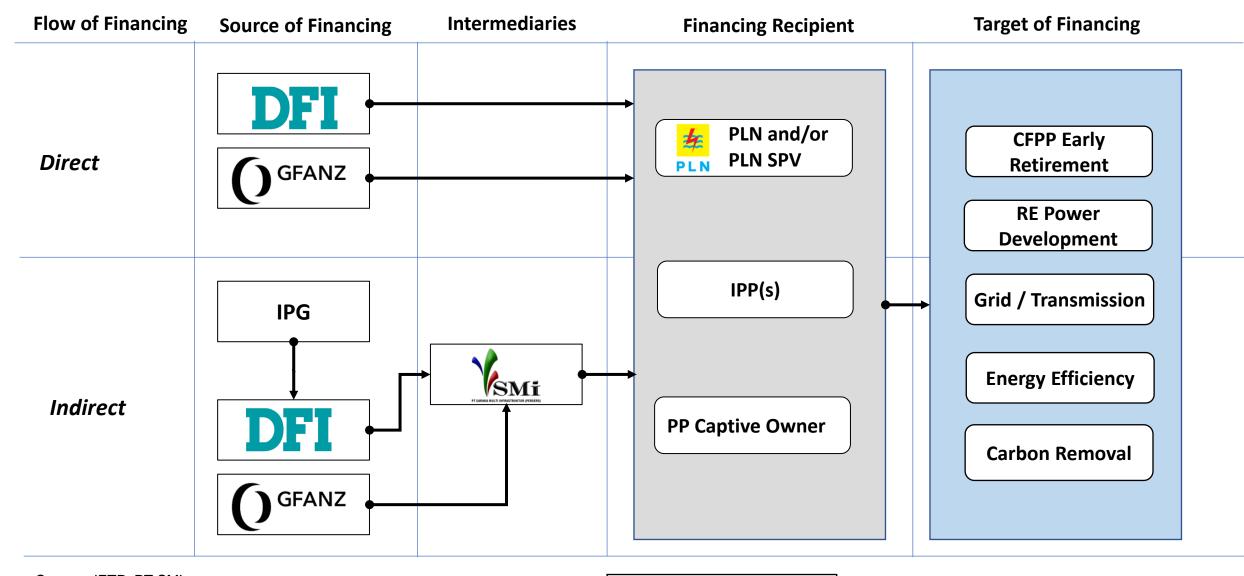
Financing Process in PT SMI





Financing Modalities under JETP to Support Energy Transition





Source: JETP, PT SMI

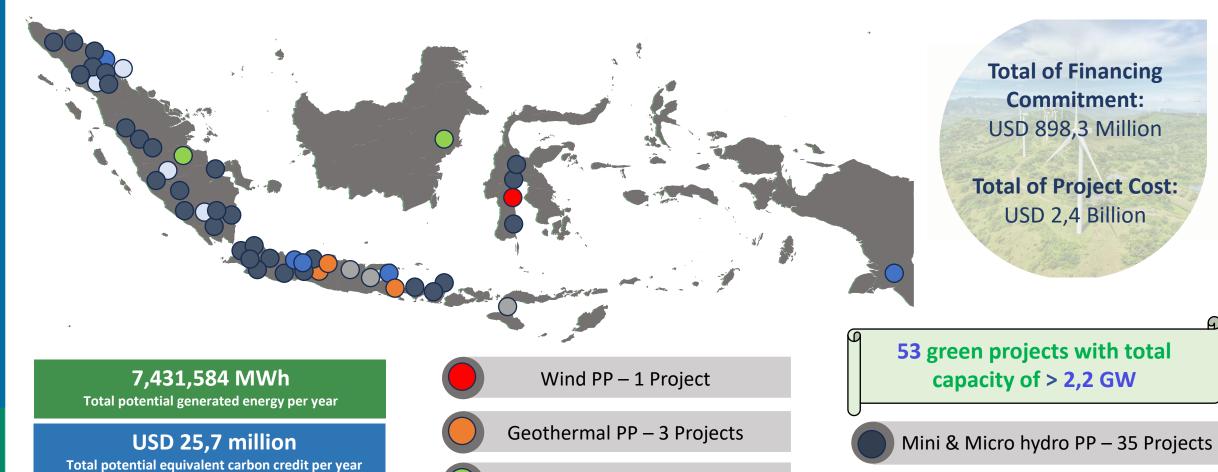
Implementation Model of Blended Financing Structure



Type of Facilities	Blended Finance Structure	Description	Program
Development (Early-Stage Risk)	Grant Funding Equity	Grants for meeting project preparation costs for viable RE projects ready to scale, and is targeted explicitly at mobilizing debt finance	Early-stage project (potentially could be scaled up)
	Technical Loan Equity	Grants to support due diligence transaction focus on legal, financial, environmental or technical assessment aspect of RE	Feasible projects ready to be financed
De-risking (Financing and Credit Risk)	Senior Loan or Equity Investment Concessional Loan (First Loss)	Concessional capital originating to reduce credit risk and ensure the amount of capital which is exposed first should there be a financial loss on a security, including equity or debt	Marginally feasible projects
	Senior Loan or Equity Investment Reimbursable Grant	Grants originating to reduce the early-stage exploration risk taken by geothermal developers with the uncertainty to find resources.	Marginally feasible projects
	Investment Grant Equity	Grants originating which aims to reduce the risk of capital expenditure by providing grant support to reduce the capital expenditures	Marginally feasible projects
	Senior Loan or Equity Investment (Commercial) Guarantee	Concessional Capital originating in the Guarantee Format to reduce the cost of fund of long-term financing which can catalyst commercial financing	Feasible projects

PT SMI's Portfolio in Green Energy





Gas & Steam PP – 2 Projects

Biomass PP – 5 Projects

6,801,759 -ton co₂e Total potential GHG emission avoidance per year* Solar PP – 3 Projects

Hydro PP – 4 Projects

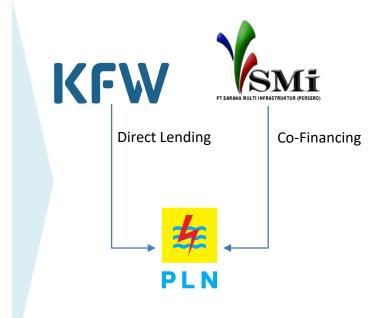
^{*}PT SMI calculated the estimated environmental impact and other additional impact on those three projects finance by issuance of the green bond. Indicators are derived up to 31 Dec 2023 data.

Case Study: Grindulu and Sumatra Pumped Storage Hydro Power Plant





Project Financing



PLN		
Project	1. PLTA Grindulu Pumped Storage (4x250 MW)	
	2. PLTA Sumatra Pumped Storage (2x250 MW)	
Support:	Feasibility study and environmental & social scoping	
Status:	Signing of Head of Agreement	
Follow ups:	 Consultant procurement process 	
	Signing of technical assistance agreement	



Signing of Head of Agreement between PT PLN (Persero), PT Sarana Multi Infrastruktur (Persero), and KfW in Dubai, 3 December 2023

Financing Perspective on Energy Efficiency



Guaranteed Saving Model

Shared Saving Model

Bank







Client





ESCO implements project & provides savings guarantee

Payment based on

ESCO









Loan

ESCO



ESCO implements project

Payment based on

obtained savings





Enhancement needed to support energy efficiency business model

- Uncertainty from energy saving, therefore, need to be guaranteed or insured by third party
- Need bankable ESCO company (good track record and good financial statement)
- Support in the form of incentive for Investment Grade Audit (IGA) for project owner
- Corporate finance model can be an alternative to project finance model; however the energy efficiency asset is still included as underlying
- Bundling of several projects into one facility, considering average projects are small sized projects, to reduce transaction cost

Collaboration in Supporting Energy Efficiency



Description

Technical assistance to PT SMI to support energy efficiency financing. Funded by UK Government under MENTARI/ASEAN Low Carbon Energy **Programme. Delivered by Carbon Trust and EY**

EE Loan Product

- Creation of PT SMI-tailored EE Loan Product
- **Development of EE Loan Product Manual**
- Identification of a pipeline of potential EE projects from PT SMI's existing clients

Scope

EE Risk Framework

- Review of best practice EE Risk Frameworks for Financial Institutions
- Development of an EE risk framework for PT SMI
- Consultations and workshops for PT SMI's staff











Terima kasih,

PT Sarana Multi Infrastruktur (Persero)

Sahid Sudirman Center, Lantai 48

Jl. Jenderal Sudirman No. 86

Jakarta 10220, Indonesia

Telepon : (62-21) 8082 5288 (hunting)

Faksimile : (62-21) 8082 5258

Surel : corporatesecretary@ptsmi.co.id

ptsmi.co.id

infralib.ptsmi.co.id

🕜 @ptsmi

o ptsmi_id

PT Sarana Multi Infrastruktur (Persero)