Supplemental Letter No. 2

PT PERUSAHAAN LISTRIK NEGARA

November 29, 2011

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, DC 20433
United States of America

Re: Upper Cisokan Pumped Storage Power Project
Loan Number 8057-ID
Performance Indicators

Dear Sirs and Mesdames:

We refer to Section II.A of the Schedule to the Project Agreement for the above-referenced Project of even date herewith between the International Bank for Reconstruction and Development (the Bank) and PT Perusahaan Listrik Negara (PLN) (the Project Implementing Entity) concerning performance indicators.

We hereby agree that the performance indicators to monitor and evaluate the carrying out of the Project and the achievement of the objectives thereof are those set forth in the Annex to this letter.

Please confirm the agreement on behalf of the Bank to the application of these Performance Indicators by signing the form of confirmation below.

It is our understanding that, in making the Loan and entering into the Project Agreement with the Project Implementing Entity, the Bank may rely on the representations contained herein.

Sincerely yours,

PT PERUSAHAAN LISTRIK NEGARA

By: NUR PANUDJI
Authorized Representative

CONFIRMED:
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: Authorized Representative
# ANNEX

## INDONESIA: Upper Cisokan Pumped Storage Power Project

### Results Framework

**Project Development Objective (PDO):** To significantly increase peaking capacity of the power generation system in Java-Bali in an environmentally and socially sustainable way and strengthen PLN’s institutional capacity in hydropower planning, development and operation.

<table>
<thead>
<tr>
<th>PDO Level Results Indicators</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline (2011)</th>
<th>Mid Term Review (MTR) (Q2, 2015)</th>
<th>Completion (Q4, 2018)</th>
<th>Frequency</th>
<th>Cumulative Target Values</th>
<th>Monitoring</th>
<th>Responsibility for Data Collection</th>
<th>Description (indicator definition etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator One:</td>
<td>MW</td>
<td></td>
<td>0</td>
<td>0</td>
<td>1040</td>
<td>Once</td>
<td></td>
<td>Project report</td>
<td>PIU</td>
<td>Increases of peaking power generation capacity</td>
</tr>
<tr>
<td>Increased peaking capacity because of the project</td>
<td>(%)</td>
<td>100</td>
<td>50</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td>IMET and PIU</td>
<td></td>
<td>Percentage of affected households with living standards at least at the same level at start of project operation, compared with pre-project</td>
</tr>
<tr>
<td>Indicator Two:</td>
<td>Pending cases of non-compliance</td>
<td>no pending cases</td>
<td>No pending cases</td>
<td>No pending cases</td>
<td>Six monthly</td>
<td>Supervising Engineer progress report</td>
<td>Project Engineer and PIU</td>
<td></td>
<td>Measures extent to which environmental impacts are minimized</td>
<td></td>
</tr>
<tr>
<td>Evidence of satisfactory compliance with the EMP</td>
<td>Satisfactory completion of training and capacity building activities</td>
<td>0</td>
<td>Completion of 40% of the training and capacity building activities</td>
<td>Completion of all the studies, training and capacity building activities</td>
<td>Six monthly</td>
<td>Project reports and training completion reports</td>
<td>The Bank Project Team and PIU</td>
<td>Capacity of planning, preparing and operating pumped storage hydropower projects</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>