

## Scottish energy firm Red Rock Power linked to Indonesian dam that threatens world's rarest orangutan

Mighty Earth, February 2023

### Summary

- The Batang Toru Dam in Indonesia threatens the critically endangered Tapanuli orangutan
- A decline of just 1% in population could put this unique orangutan on the path to extinction
- The dam has been purchased by China's State Development and Investment Corporation (SDIC)
- SDIC's wholly-owned subsidiary, Red Rock Power, owns and operates wind farms across the UK with headquarters in Edinburgh, Scotland.

### The Tapanuli orangutan: the rarest great ape in the world

The Batang Toru hydroelectric dam came to worldwide attention in 2017, when scientists made the stunning announcement that they had identified a new species of great ape living in the forests of Batang Toru, North Sumatra, Indonesia.<sup>1</sup> The Tapanuli orangutan, numbering fewer than 800, is the most endangered species of great ape in the world.

It is estimated that already, the Tapanuli orangutan population has almost halved since 1985, and that it will continue to decline unless comprehensive protection measures are implemented.<sup>2</sup> Conservation scientists have projected that if the adult Tapanuli orangutan population decreases by more than 1% per year—that's fewer than 8 individuals—the genetic diversity will decline to the point that the species could go extinct in the foreseeable future.<sup>3</sup> The conservation of the Tapanuli orangutan and its habitat is thus an urgent priority.

### The Batang Toru Dam project

The dam project involves the construction of a 510 MW hydroelectric power plant on approximately 645 ha of land, including the construction of a powerhouse, a substation, race tunnels, a reservoir, spillway and related infrastructure, turbines, generators, and transformers, as well as transmission lines.<sup>4</sup> The annual generating capacity is expected to be about 2.2 GWh, which will mainly be used to supply electricity to North Sumatra during peak hours.<sup>5</sup> The dam will bisect the Tapanuli orangutan habitat, fragmenting the remaining Tapanuli orangutan sub populations, further threatening the species' survival.<sup>6</sup>

### Disaster for workers and local people

Tragically, the dam's construction has already cost the lives of 16 construction workers and locals in two years after a series of landslides and tunnel collapses.<sup>7</sup> The project site is adjacent

<sup>1</sup> ["Discovery of new great ape: The Tapanuli Orangutan,"](#) Liverpool John Moores University, 2 November, 2017.

<sup>2</sup> ["Red List of Threatened Species: Tapanuli Orangutan,"](#) International Union for the Conservation of Nature.

<sup>3</sup> ["Is this our chance to save the world's rarest great ape?,"](#) Crossroads, 20 July, 2020.

<sup>4</sup> ["PNSHE – Batang Toru Hydroelectric Power Plant 510 MW – North Sumatra - Project Profile,"](#) Marketresearch.com

<sup>5</sup> ["Bank of China provides loan for 510MW Batang Toru Hydropower Plant Construction Project \[Suspended\],"](#) AIDDATA. 21 October, 2021.

<sup>6</sup> ["The Tapanuli orangutan: Status, threats, and steps for improved conservation,"](#) Wich et al., 17 April, 2019.

<sup>7</sup> Tunnel collapse at dam project in orangutan habitat claims yet another life, Mongabay, 21 November 2022, <https://news.mongabay.com/2022/11/tunnel-collapse-at-dam-project-in-orangutan-habitat-claims-yet-another-life/>

to the Great Sumatran Fault and is an earthquake hotspot,<sup>8</sup> raising fears of major and catastrophic earthquake-driven disaster for communities living downstream if an earthquake were to rupture the dam when the reservoir was full.

Economic analysis from 2020 highlights that the dam is no longer necessary to meet the region's electricity needs,<sup>9</sup> and by 2027, it's predicted that the dam's electricity will be 46% more expensive than solar.<sup>10</sup> There are concerns that financial mismanagement, poor planning, and delays have severely compromised the project, whilst over-inflated prices for generation suggests possible corruption.<sup>11</sup>

### **Scientists call for construction halt and habitat conservation plan**

Experts from the International Union for the Conservation of Nature (IUCN) have called for a moratorium on "further development of projects with an impact on the habitat and viability of the Tapanuli orangutan" until the development and adoption of a conservation management plan for the species.<sup>12</sup> Conservation scientists, former government officials and international and local civil society organisations have joined together to call on Indonesian President Joko Widodo and Chinese President Xi Jinping to halt the development of the Batang Toru Dam project.<sup>13</sup>

### **The Batang Toru Ecosystem**

The Tapanuli orangutan is wholly confined to the Batang Toru Ecosystem, a mountainous tract of rainforest in the province of North Sumatra. Occupying about 1420 square kilometres, the Batang Toru Ecosystem is habitat for many other rare and threatened species, including other threatened primates, the Sumatran tiger, other cat species, pangolins, tapirs and sun bears.<sup>14</sup>

The Martabe gold-and-silver mine has already destroyed 101 Ha of lowland forest in Batang Toru since 2016.<sup>15</sup> The mine is seeking to expand its operations further into the habitat of the Tapanuli orangutan. It is owned by Jardine Matherson, a company with Scottish roots that has been engaging with the IUCN,<sup>16</sup> under pressure from Mighty Earth and other Non-Governmental Organisations.<sup>17</sup>

### **SDIC buys the Batang Toru Dam after other investors pull out**

A growing number of potential funders have expressed reservations about the dam project. Financiers, including the Bank of China, Goldman Sachs, the International Finance Corporation and the Asian Development Bank have refused to fund or have pulled out of The project, citing social and corporate responsibility concerns.<sup>18</sup>

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<sup>8</sup> ["Hydroelectric project in Sumatra risks extinction of world's rarest orangutan,"](#) The Third Pole, 3 September 2021.

<sup>9</sup> ["Dam that threatens orangutan habitat is 'wholly unnecessary',"](#) The Jakarta Post, 30 January, 2020.

<sup>10</sup> ["Riverscope: Case Study: Batang Toru, Indonesia Summary,"](#) TMP Systems, August, 2021.

<sup>11</sup> ["Poor planning causes PLN to pay more for Batang Toru hydropower plant,"](#) Jakarta Post, 21 February, 2023.

<sup>12</sup> ["IUCN calls for a moratorium on projects impacting the Critically Endangered Tapanuli,"](#) IUCN, 16 April, 2019.

<sup>13</sup> ["Calls grow for Jokowi to protect Tapanuli orangutan,"](#) The Jakarta Post, 24 August, 2018.

<sup>14</sup> FOKUS et. al., ["The Batang Toru Ecosystem for World Heritage,"](#) November, 2016.

<sup>15</sup> ["Palm Oil Report 36,"](#) Mighty Earth, October, 2021.

<sup>16</sup> ["Martabe mine and Tapanuli orangutan,"](#) Jardine Matherson, 18 January, 2023.

<sup>17</sup> ["Rare Sumatran orangutan threatened by dam project in Indonesia,"](#) Telegraph, 22 October 2018.

<sup>18</sup> After the Bank of China expressed reservations about supporting the project (announcing in March 2019 that they will "evaluate the project very carefully") they eventually pulled out financing of the project completely. See: ["Dam threatening world's rarest great ape faces delays,"](#) Science, 1 December 2020, and ["Proyek PLTA Batang Toru Molor Hingga 2025,"](#) De Dunia Energy, 19 June, 2020.

In 2021, a 70% share in the Batang Toru Dam project was purchased by State Development & Investment Corporation (SDIC) Power Holdings Ltd for \$212 million.<sup>19</sup> SDIC is China's largest State Owned Entity investment holding company. Its subsidiary, SDIC Power Holdings Ltd. is publicly traded and listed on the Shanghai exchange and more recently the London Stock Exchange.<sup>20</sup>

### **CHEXIM to finance the Batang Toru Dam**

In December 2022, during the United Nations Biodiversity Conference (COP15), SDIC agreed that the Export-Import Bank of China (CHEXIM) would lead a loan syndicate to finance the project for USD 1.251 billion.<sup>21</sup> SDIC will provide a full-amount whole-process joint liability guarantee for the loan. Profundo data shows that Western financial institutions including the "big three" US asset managers, BlackRock, Vanguard and State Street, as well as German Deutsche Bank hold stakes in the project through SDIC Power.<sup>22</sup>

As host of COP15, China played a pivotal role in securing an agreement to halt and reverse nature loss by 2030 and was vocal in its support for the protection of biodiversity globally.<sup>23</sup> During the conference, however, 90 civil society groups globally wrote to President Xi to highlight 37 projects in China's Belt and Road Initiative (BRI) associated with harmful biodiversity, environmental, and social impacts.<sup>24</sup> This included the Batang Toru Dam.

### **The Scottish connection: Red Rock Power**

Batang Toru Dam owner SDIC is active in Scotland through its wholly owned subsidiary company, Red Rock Power Ltd. The company specialises in renewable energy and operates major wind farms across the UK. It has stakes in Afton (100% owned, onshore operational 50 MW), Beatrice (25% owned, offshore operational 588 MW), Benbrack (100% owned, onshore development 72 MW), and Inch Cape (50% owned, offshore development 1000MW) wind farms.<sup>25</sup>

SDIC / Red Rock Power was warmly welcomed to Scotland by First Minister Nicola Sturgeon when they opened their offices in central Edinburgh in 2016.<sup>26</sup> In 2018, controversy arose over the Scottish Government's decision to call in a local planning application for a subsea station at the former Cockenzie coal-fired power plant site in East Lothian by Red Rock Power just one day before the First Minister made a trade visit to China where she met SDIC executives.<sup>27</sup> In 2021, Red Rock came under fire for lobbying the Scottish Government to lower the rent for one of its offshore projects.<sup>28</sup>

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<sup>19</sup> ["Chinese state-owned company accused of endangering rare orang-utans,"](#) Financial Times, 19 June, 2022.

<sup>20</sup> ["China's SDIC Power seeks London listing to invest in clean energy,"](#) Reuters, 26 November, 2019.

<sup>21</sup> SDIC Power Holdings CO., LTD. (GDR under the symbol: "SDIC"), ["Notice Of The 2022 Seventh Extraordinary General Meeting,"](#) London Stock Exchange, 24 November, 2022.

<sup>22</sup> ["China's big firms put reputation at risk in Batang Toru power plant,"](#) Jakarta Post, 22 February, 2023.

<sup>23</sup> ["Xi addresses opening ceremony of high-level segment of COP15 part 2,"](#) Global Times, December 16 2022.

<sup>24</sup> ["90 Civil Society Groups Call on China to Protect Biodiversity in its Overseas Investments,"](#) Inclusive Development International, 15 December, 2022.

<sup>25</sup> Our Portfolio, Red Rock Power, <https://www.redrockpower.co.uk/projects/>

<sup>26</sup> ["First Minister welcomes SDIC to Scotland,"](#) Scottish Government, 15 November, 2016.

<sup>27</sup> ["Nicola Sturgeon under pressure over control of China power plan,"](#) The Scotsman, 13 April, 2018.

<sup>28</sup> ["Chinese state-owned firm lobbied government to reduce wind farm rents,"](#) The Ferret, 29 April 2022.

### **Campaign aims**

Mighty Earth is calling on Red Rock Power to formally raise the acquisition of the destructive dam project with parent company SDIC, and implore them to:

- review its purchase of the Batang Toru Dam;
- pause further construction of the project;
- commit to a public, independent impact assessment of the project as well as a long-term conservation management plan for the Tapanuli orangutan and the Batang Toru ecosystem.
- We similarly ask the Scottish Government to raise this issue with SDIC and Red Rock Power, given its connection to both companies.

As a first step, Mighty Earth recommends a meeting between dam developers SDIC Power and scientists from the International Union for Conservation of Nature (IUCN) ARRC taskforce<sup>29</sup>.

**For more information, please contact [nick@mightyearth.org](mailto:nick@mightyearth.org)**

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<sup>29</sup> ["IUCN SSC Primate Specialist Group,"](#) Section on Great Apes & Section on Small Apes, ARRC Task Force..