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**TRIPUTRA ENERGI MEGATARA:
EMERGING ENERGY SOLUTION**

A BETTER 2021

Gunardi Atmojo, CEO of Triputra Energi Megatara



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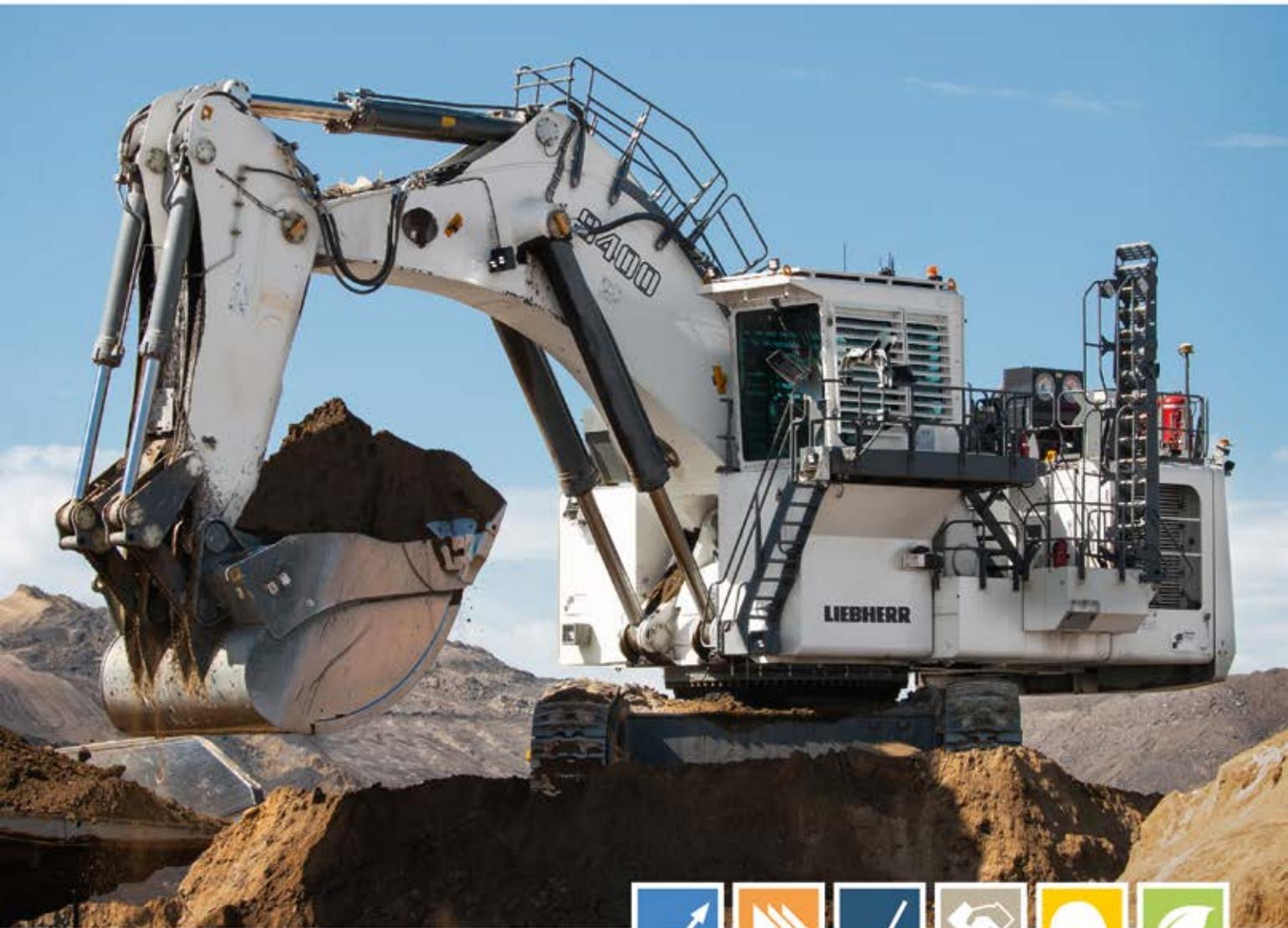
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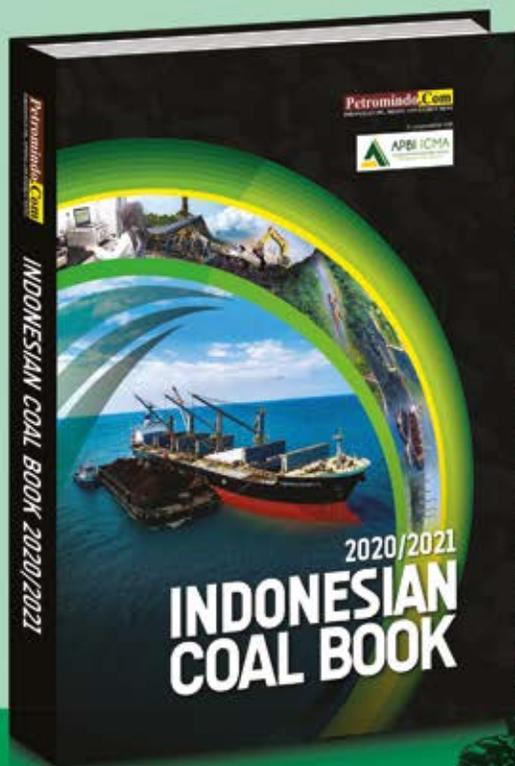
Triputra Energi Megatara: Emerging Energy Solution

Addressing the Covid-19 pandemic that hit businesses around the globe, industries have been searching measures to operate optimally amidst the unprecedented time. In mining operations, where fuel corresponds the large share of operational costs, miners ultimately require reliable services with competitive pricing fuels.

9th

EDITION

INDONESIAN COAL BOOK 2020/2021



IN OUR STORES NOW

Description

"Indonesian Coal Book 2020/2021", which is the ninth edition of the Indonesian Coal Book series, is the most comprehensive source of information on coal mining industry in Indonesia. It is an invaluable source of information on more than 300 coal mining companies operating in Indonesia, including maps of their locations, mining methods, production activities and coal specification and business plans. It also contains information about the existing common-user coal terminals, statistical data on the sector and directories of industry and government contacts.

This full color book provides a comprehensive and easy-to-use reference containing detailed and up-to-date information on Indonesian coal industry. This edition is definitely a must-buy reference book for not only business executives, prospective coal investors, players, but also research centers and consultants.

Content

- Profiles of more than 300 coal mining companies
- Profiles of services companies, Government, Provincial and Organization contacts
- Indonesian coal statistics: Coal Resources/Reserves; Production; Domestic Sales; Export;
- Updated list of PKP2Bs; coal IUPs 'clean and clear' (concession holder, location, area, status)

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A BETTER 2021

After unprecedented market disruption due to Covid-19 pandemic during the year, industry players expect better condition in 2021 supported by improving coal prices in recent weeks. However, many industry players believe that coal market may not recover to the 2019 level anytime soon.

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2nd **INDONESIAN MINERALS BOOK** **2019/2020**



The mining industry has been one of the key sectors supporting Indonesia's economic growth for a number of years. The sector makes a significant contribution to Indonesian GDP, exports, government revenues, employment, and perhaps most importantly, the economic development of the remote regions where mining operations are located. The country has long been a major producer of minerals for international markets.

According to the Central Statistics Agency (BPS), the mining industry accounted for approximately 8% of Indonesia's Gross Domestic Product (GDP) in 2018 of Rp 14,837.4 trillion, with minerals and related products contributing 16.25% of the country's total exports of about US\$180.22 billion.

"Indonesian Minerals Book 2019/2020" is the most comprehensive source of information on minerals mining industry in Indonesia. It is an invaluable source of information on minerals mining companies operating in Indonesia, including maps of their locations, mining methods, production activities, product specification and business plans. It also contains information about regulatory frame work in the industry, statistical data, and directories of industry and government contacts.

This full color book provides a comprehensive and easy-to-use reference containing detailed and up-to-date information on Indonesian minerals mining industry. This edition is definitely a must-buy reference book for not only business executives, prospective investors, players, but also research centers and consultants.

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[PUBLISHER'S LETTER]

Coal Review and Outlook

The global outbreak of Coronavirus Disease has changed the world's coal demand and supply trend during 2020, including Indonesia – the world's largest thermal coal exporter. The government estimated Indonesia's coal export this year may be at least 392.4 million tons, a 14 percent lower than coal export realization in 2019 at 454.5 million tons.

The government, however, expects higher coal export potential next year on strong demand in key market of China and also in new markets in the region such as Vietnam, Bangladesh and Pakistan. The Ministry of Energy and Mineral Resources projected the country's coal export volume next year to be in the range of 406.3 million-427 million tons with coal export to the China market is estimated to range from 185 million tons to 202.3 million tons in 2021.

The government has set coal production target of 550 million tons for next year, or the same as this year's target in a bid to help revive the price of the commodity. All coal miners in the country must adjust their 2021 production plans to the government's output target. As of November, the country's coal production reached 504.62 million tons, or about 91.75 percent of the government's full-year target of 550 million tons.

The International Energy Agency (IEA) forecasts a 2.6 percent rise in global coal demand in 2021, driven by higher electricity demand and industrial output. China, India and Southeast Asian economies account for most of the growth, although the United States and Europe may also both see their first increases in coal consumption in nearly a decade. The IEA, however, said that global coal demand in 2021 is still forecast to remain below 2019 levels and could be even lower if the report's assumptions for the economic recovery, electricity demand or natural gas prices are not met.

The rebound in coal demand in 2021 is set to be short-lived, with coal use forecast to flatten out by 2025 at around 7.4 billion tons. IEA stated that the future of coal will largely be decided in Asia. Today, China and India account for 65 percent of global coal demand. With Japan, Korea, Taiwan and Southeast Asia included, that share rises to 75 percent. China, which currently accounts for half of the world's coal consumption, will be especially influential.

CoalAsia runs the coal review and outlook as the main story for December edition. We also publish analysis and opinion articles by noted experts in mining industry to enrich knowledge of the country's mining industry.

Happy New Year

Adianto P. Simamora*Editor in Chief*

Government Regulation No. 81/2019 regarding the Types and Tariffs of the Non-Tax State Revenues (PNBP) applicable to the Ministry of Energy and Mineral Resources

Peraturan Pemerintah No. 81 Tahun 2019 tentang Jenis dan Tarif atas Jenis Penerimaan Negara Bukan Pajak yang Berlaku pada Kementerian Energi dan Sumber Daya Mineral

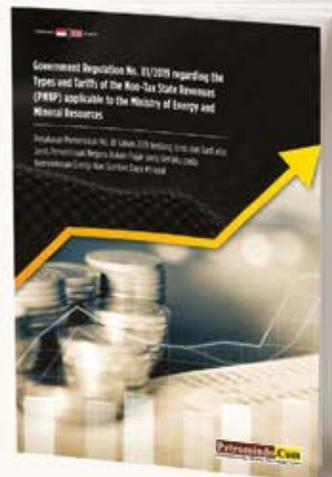
In order to implement the 2018 Law No. 9 on Non-Tax State Revenue (PNBP), the Government has recently issued Government Regulation No. 81/2019 (PP 81) regarding the types and tariffs of PNBP applicable to the Ministry of Energy and Mineral Resources (Oil & Gas, Mineral and Coal, Electricity, New and Renewable Energy, Geological Agency, Human Resource Development Agency (BPSDM), and Research & Development Agency). This new regulation replaces Government Regulation No. 9/2012.

PNBP are all Government receipts received in the form of revenues from natural resources, service provided by the relevant government divisions or agencies and revenues from Public Service Agency (BLU).

This publication is aimed at disseminating information regarding the new regulation to international community, who need to know them in English as well as for investors wishing to get involved in Indonesian energy and mining related industries. The narrative is presented in dual language with Bahasa Indonesia and English versions appearing side-by-side on each page.

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**New
Release**





OPINION

By Singgih Widagdo - Indonesian Coal Observer

2021 priority, coal production control

The government (the Energy and Mineral Resources or ESDM authority) has decided on Indonesian coal production for the year 2021 of 550 million tons. Out of the year's planned production, a large amount or 351.44 million tons would be allocated to companies supervised by the central government. The remaining 198.56 million tons (36 percent) would be allocated to companies under the supervision of the local governments. Out of the entire amount, 429.29 million tons was proposed by companies under the supervision of the ESDM authority. There is the 77.9 tons difference between the amount decided by the

government and the amount proposed by the companies for their planned production for the year 2021.

There is only a slight change of the planned production of 2021 from that of the previous year. Companies holding the Coal Contract of Works (PKP2B) would be entitled to the largest allocation amounting to 292.66 million tons. State-owned companies holding the Mining Business License in Production Operation (IUP OP) would provide 24.20 million tons, while foreign companies holding the IUP OP licenses would be entitled to provide 32.48 million tons of the planned production. The ESDM Ministry is quite objective in allocating production

for each company. In the formula, the amount of production allocated to a company is based on the said company's production achievement in 2020.

Observing the condition of the coal market, especially in concern with the pressures on the coal price, it is just rights that the ESDM authority set the planned production at 550 million tons. However, there is still some room for the companies to propose revisions. As the government would continue to evaluate the plan as it goes throughout 2021, particularly in terms of the coal demand and price, these companies would be given some room to propose revisions in the middle of the year. The authorities would consider the proposed revisions



by taking into account the company's performance and the external condition of the coal market.

Planning the adequate amount of coal production based on the situation of the domestic, as well as international coal business is a government measure that should be appreciated. But approving all company proposals in the actual development of the coal mining industry would only entrap the government in the continuing pressures against the coal price. Therefore, various measures based on conditions of the international coal market, the national policies on energy, and the state finance should be integrated. The ESDM Ministry should now start the preparation and hard work to build the grounds on how the coal production control should be implemented in the coming years.



The market and production control

Whether or not there is any direct impact on the release of the government's decision on the coal production plan 2021, the fact is, the coal price improved by approximately 19 percent throughout December 2020. In the last quarter of the year, the price even jumped 35 percent. And approaching the end of the year 2020, the price was 21 percent higher than that in the early months of 2020.

The relatively fast improving economy in China has ultimately caused the hike of the coal price. This is actually the fortunate moment for Indonesia, as its majority of coal exports are for China's market. China's Gross Domestic Product (GDP) has moved fast. In February this year, it went down to -6.8 percent, which was on the lowest level since 1989. In September, it managed to climb up to -4.9 percent. The increase was just normal, as China managed to return its manufacture's Purchasing Managers' Index (PMI) from 40.30 percent (in February 2020) to 50 percent (growth) since May 2020. The government has made all possible efforts to improve China's economy affecting the demands of commodities, including opening potential coal exports from Indonesia.

Considering over 50 percent of potential markets of Indonesian coal are the exports to China and India, the government should develop the plan on the national coal production for 2021 and the next years primarily based on the condition of the coal market.

At the moment, the coal price increases quite fast. The price of coal with 4,200 kcal/kg (gar) quality is now US\$ 41. It was only US\$ 28 last November. Similarly, the price of coal

with 5,000 kcal/kg (gar) quality managed to reach up to US\$ 62, while it was only at US\$ 41 level in the middle of November. In mid-December, the coal with quality of 4,200 kcal/kg (gar) has actually reached a new trade record with a highest increase of transaction volume.

However, we have to pay close attention to the fact that fast increases of the price are not caused by fundamental conditions. Various happenings leading to increases of the coal price, which benefit Indonesia's coal mining industry, as the large portion of the country's coal production is allocated for exports. The damages in Newcastle port that require major repair up to January or February 2021 that have significantly cut down the supply capacity of Australia, the ongoing import ban of China against Australia, the winter, also the mining accident happened in China are among the events pushing the coal price up in a fast pace.

Such events have opened the chances for Indonesia to increase its coal exports, especially to China. APBI (Indonesian Association of Coal Business Owners) has been appreciated for its effort to ensure that China absorbs the Indonesian coal supply by recently signing a Memorandum of Understanding (MOU) with the country's coal industry's authority of China Coal Transportation and Distribution (CCTDA) (25/11). The duration of the MOU is three years, and it is worth US\$ 1.46 billion or approximately Rp 20.6 trillion. After the signing of the MOU, sale-and-purchase contracts are expected to follow suit for the 2021 shipments. The exports to China have made the biggest portion of Indonesia's coal exports (30 percent), and they were expected to reach 118

million tons by the end of 2020, which means we have an 18 percent decrease compared to that of 2019. With the signing of the MOU, the exports of Indonesian coal to China are expected to reach 150 million tons by 2021.

Observing Indonesia's potential export markets outside China and India, we should turn our attention to some countries in Southeast Asia, expected to increase their imports of Indonesian coal. Though we have seen the prospects in these countries, their absolute growth of coal demand is still below the potential growth of production for the year 2021 and the years going forward, which is projected to reach 600 million tons.

The coal imports of these four Southeast Asian countries namely; Vietnam, Malaysia, Thailand, and the Philippines combined are projected to grow only 6 million tons in 2021, to reach some 89 million tons. Observing this condition of growth of the potential importer countries, China and India are definitely the most hopefuls in absorbing the largest amount of Indonesian coal. China would potentially import some 150 million tons throughout 2021, while India is expected to follow suit by absorbing 105 million tons of Indonesian coal in 2021, an increase from 98 million tons of coal imports in 2020.

Production control steps

The coal prices have been depressed during the last two years. The prices of coal with 5,000 kcal/kg (gar) and 4,200 kcal/kg (gar) qualities, mostly produced in Indonesia, stayed at US\$ 41 and US\$ 28 levels, respectively, in mid-November 2020. The long-term and hard pressures against the coal prices have lowered the non-tax state-income (PNBP), and strategically affect the conservation of the listed reserves.

For the companies, the pressures

against the price (coal with certain qualities are even priced below the mining cost), have led to severe consequences of suspension of mining operation and closing of the mines. The mines' closure is not based on the mining plan, already proposed to and approved by the Energy and Mineral Resources (ESDM) authority. This condition could lead to environmental problems damaging the image of the mining industry that has been painstakingly built thus far. Exploration activities and investment would not run well under pressures against the price and declining volume of potential exports.

Mapping projections of the mining industry should not be done to last only several years, as the government has the policy of continuing the development of coal as energy. A long-term vision is required in managing the coal mining industry within that framework. As coal is also utilized for electricity fuel by some of the coal importers, the policies related to coal mining industry should accommodate, not only the calculation of energy mix for the domestic use, but also that of the importer countries.

Besides that, environmental issues and ratified commitment on environmental reservation already agreed by many coal importer countries should be calculated in details so that the Indonesian government would not be trapped in inadequate projections of national production set forth every year. Setting wrong projection would lead to, not only losses of income on the part of the government and damages to the environment, but it would also put the companies in a bad position as they have to operate under the production capacities. Operating the mines not in line with the mining plan would affect the mining efficiency leading to financial losses.

Learning from the experience

concerning the depressed market in the last couple of years and the consequences of such condition, then in implementing the required control, the government should not just focus on the yearly production. There should be efforts to speed up the revisions on the limits of national coal production set forth in the General Plan of National Energy (RUEN). The National Energy Council (DEN) presided by the president and chaired by the ESDM Minister who run the daily operation should easily facilitate the revisions over limits of the national production set forth in RUEN of 400 million tons in 2019 (in effect under PERPRES No. 22 of 2017), as the number is no longer rational for the coal mining industry already established thus far.

With RUEN revisions, the ESDM Ministry no longer needs to establish the national production planning and the Work Plan and Budget (RKAB) of coal mining companies, effective for only one year. The RKAB should last for, at least, five years, or even 10 years, if necessary, while the monitoring of the mines' environments should be reviewed every year. Though such actions are considered difficult and complicated by certain parties, but in observance of the possible negative impacts, the government should seriously work with other stakeholders to establish the RKAB in effect for over a year.

Finally, we have to acknowledge the fact that in implementing control over the national coal production, the government should establish the long-term vision on how the domestic coal potentials are optimized to accommodate the interests of the government and investors, for the highest welfare of the people. The measures should also take into account details over conditions of the importers countries in response to policies on the effective energy mix 

**UNDANG-UNDANG NOMOR 3 TAHUN 2020
TENTANG
PERUBAHAN ATAS UNDANG-UNDANG
NOMOR 4 TAHUN 2009 TENTANG
PERTAMBANGAN MINERAL DAN BATUBARA**

**LAW NO. 3 OF 2020
REGARDING
AMENDMENT OF LAW NO. 4 OF 2009
REGARDING MINERAL AND COAL MINING**

President Joko Widodo has recently enacted the long-awaited new mining law, which is an amendment to Law No. 4 of 2009 regarding Mineral and Coal Mining, introducing significant changes to the mining sector and how the players operate in Indonesia.

Key points in the new Law No. 3 of 2020 regarding Amendment of Law No. 4 of 2009 Regarding Mineral and Coal Mining include: centralizing permit issuance, nationalizing resources, profit sharing with local administrations, guarantee on continued operations of Coal Contract of Work/CPKP2B, expanding mining reserves, and developing downstream industries. This new law has been in force since June 10, 2020.

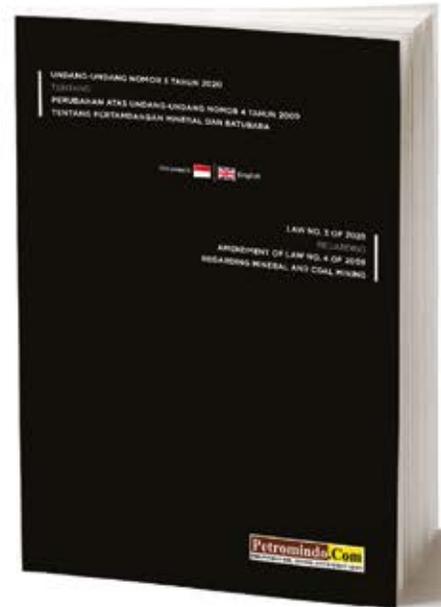
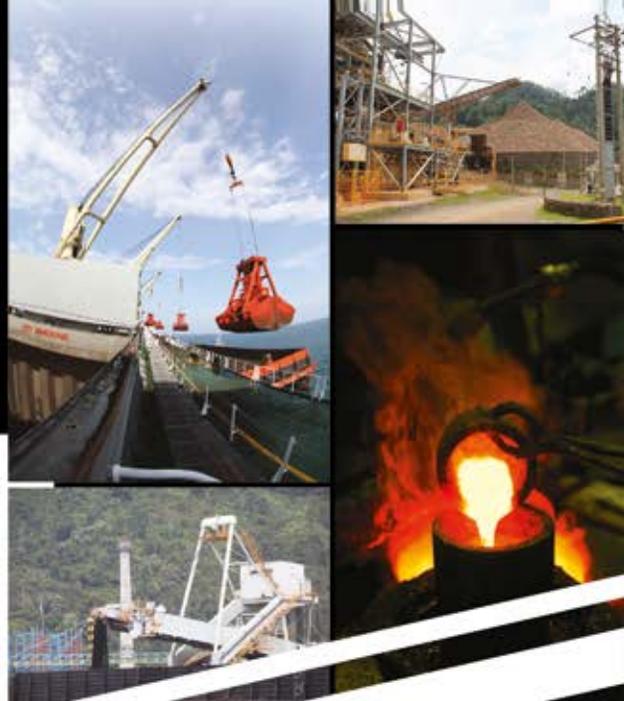
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OPINION

By **Bill Sullivan**

Christian Teo & Partners (in association with Stephenson Harwood LLP)

New approach to construction failure liability – Important implications for heavy industry¹²³⁴

Introduction

A 2020 construction services regulation has given “new life” to Indonesia’s long existing but largely overlooked potential liability for defective construction of buildings and other facilities.

It may well be that the Government’s focus on infrastructure development and its expectation that numerous new infrastructure projects will be “rolled out” in the next few years has resulted in concern that Indonesia has not previously done enough to protect users of buildings and other facilities from the consequences of defective construction.

This regulation is particularly interesting because of the overt encouragement it provides to construction services providers and building/facility owners to co-operate in obtaining insurance coverage against building/facility failure. The likely “windfall” opportunity being created for insurance companies is obvious.

Poor quality construction services and resulting defective building/facility integrity can have very serious implications for energy, infrastructure,

mining and oil & gas companies. As such, all companies operating in these industries should be taking careful note of Indonesia’s revamped approach to liability for defective construction of buildings and other facilities.

In this article, the writer will first review the relevant provisions of the 2020 construction services regulation and then look at how it encourages much greater reliance upon insurance to mitigate against the consequences of defective construction of buildings and other facilities.

Background

The colonial era Indonesian Civil Code (“ICC”) has long made provision in respect of (i) general liability for damages or losses to others occasioned by wrongdoing and (ii) more specific liability for damages or losses arising out of the construction or use of defective buildings.

With respect to general liability for damages or losses to others occasioned by wrongdoing, ICC Articles 1365, 1366 and 1337 provide that:

“Every unlawful action that causes

damage to another person obliges the person causing the damage to compensate for the damage.

Everyone is responsible not only for the damage caused by his deed but also for the damage caused by his negligence or carelessness.

A person is responsible not only for the damage caused by his own deed but also for damage caused by persons under his responsibility or by property under his supervision.”

ICC Articles 1365, 1366 and 1367 are understood as creating the potential for general “tort liability” although this concept is not nearly as well-developed in Indonesia (being a civil law country) as it is in common law countries such as Australia, North America, Singapore or the United Kingdom.

In principle, ICC Articles 1365, 1366 and 1337 might well be applicable to construction services providers and building owners which are negligent in connection with the construction or maintenance/operation of buildings and other facilities. Much remains unclear, however, about the actual scope of ICC Articles 1365, 1366 and 1337. Because

1. Bill Sullivan, Senior Foreign Counsel with Christian Teo & Partners and Senior Adviser to Stephenson Harwood LLP.

2. Bill Sullivan is the author of “Mining Law & Regulatory Practice in Indonesia – A Primary Reference Source” (Wiley, New York & Singapore 2013), the first internationally published, comprehensive book on Indonesia’s 2009 Mining Law and its implementing regulations.

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of this lack of clarity, ICC Articles 1365, 1366 and 1337 are usually only relied upon as a matter of last resort and when there is no other more certain basis for liability available.

More specific potential liability for damages or losses arising out of the construction or use of defective buildings is provided for in ICC Articles 1369 and 1609.

ICC Article 1369 provides that:

“The owner of a building is responsible for any damage caused by its collapse, entirely or partially, if this happens due to negligence in maintenance or because of a defect in its construction or array.”

ICC Article 1609 provides that:

“If a building, contracted and built at a certain price, decays wholly or partly through a defect in the construction thereof, or even because of the unsuitability of the soil, the architects and contractors shall therefore be responsible during ten years.”

It might be thought that ICC Article 1369 would be sufficient to create a

clear basis for the liability of building owners if their negligence leads to the collapse of a building/facility resulting in damage or loss to third parties. Likewise, it might be thought that ICC Article 1609 would be sufficient to create a clear basis for the liability of architects and contractors (i.e., “construction services providers”) if their negligence leads to the collapse of a building/facility resulting in damage or loss to third parties. This, however, has not proved to be the case and research has revealed very few, if any, cases in which ICC Articles 1369 and 1609 have been successfully relied upon to establish the liability of building owners and/or construction services providers for damage or loss suffered by third parties in connection with the use of buildings/facilities. That seemingly surprising reality is probably due to a combination of (i) the lack of much meaningful development of the concept of tort liability as a whole in Indonesia, (ii) the uncertain meaning and scope of key terms/words, used in Articles

1369 and 1609, such as “building”, “negligence in maintenance”, “defect in construction or array”, “contracted and built at a certain price”, “decay”, “during 10 years”, “unsuitability of the soil” etc., (iii) the absence of clear minimum standards for building construction and maintenance, (iv) the relatively non-litigious nature of Indonesian society and (v) the cost and uncertainty of Indonesian legal proceedings. With regard to this last factor, it would be simply beyond the knowledge and financial capacity of most construction workers and individual building users, who suffer damage or loss in connection with a building failure, to even think of, far less seriously proceed with, instituting legal proceedings against the owner of or construction services provider in respect of a “failed” building/facility.

In the energy, infrastructure, mining and oil & gas industries, there has long been speculation as to whether or not such things as (i) power plants, (ii) bridges, railways and toll roads, (iii) mineral

processing & refining facilities and tailings dams and (iv) pipelines and storage tanks qualified as “buildings” for the purpose of ICC Articles 1369 and 1609.

Government Regulation (“GR”) No. 22 of 2020 re Implementation of Law No. 2 of 2017 re Construction Services (“GR 22/2020”) was issued in April 2020 and revokes a number of previous regulations including (i) GR No. 28 of 2000 re Business and Role of Construction Services Community as most recently amended by GR No. 92 of 2010, (ii) GR No. 29 of 2000 re Construction Services Implementation as most recently amended by GR No. 54 of 2016 and (iii) GR No. 30 of 2000 re Supervision of Construction Services Implementation.

GR 22/2020 does not, however, revoke ICC Articles 1369 and 1609. Instead, GR 22/2020 creates a parallel and much more certain route for recovery in respect of “failed” buildings/facilities.

Analysis and discussion

1. Overview of GR 22/2020

The apparent intention of GR 22/2020 is to (i) rectify the inherent weaknesses of ICC Articles 1365, 1366, 1367, 1369 and 1609 when it comes to creating a certain basis of potential liability for damage or loss in connection with the design, construction, maintenance and operation of buildings/facilities in Indonesia and (ii) greatly reduce, if not eliminate altogether, the need for court proceedings in order to recover for damage or loss suffered in connection with building/facility failure.

The implementation of GR 22/2020 turns on a number of key concepts including:

- (a) “Buildings”, being the physical form of the result of Construction

Services;

- (b) “Building Failure”, being the collapse or malfunctioning of a building after the final handover of the Construction Service result;
- (c) “Construction Services”, being construction consultancy services and construction work whether performed separately or in combination (i.e., “Integrated Construction Work”);
- (d) “Expert Assessors”, being individuals, groups or institutions given the authority to carry out assessments and make determinations of the cause of Building Failure;
- (e) “Security, Safety Health and Sustainability Standards”, being the required levels or standards of security, safety, health of construction worksites and social security for workers as well as local environmental management and environmental management technical guidelines in the implementation of Construction Services;
- (f) “Service Providers”, being contractors and sub-contractors performing Construction Services; and
- (g) “Service Users”, being owners and other parties (called “work givers”) which “use” Construction Services (Article 1 of GR 22/2020).

2. Key Provisions of GR 22/2020

2.1 Liability of Service Providers:

Service Providers are liable for Building Failures:

- (a) resulting from Service Provider non-fulfilment of relevant Security, Safety, Health and Sustainability Standards; and
- (b) occurring during the first ten years

after final Building handover if the contract specified minimum useful life of the relevant Building is at least ten years or otherwise for the contract specified minimum useful life of the relevant Building if the contract specified minimum useful life of the relevant Building is less than ten years (Articles 85(1), 86(1) and 86(2) of GR 22/2020).

2.2 Liability of Service Users: Service Users are liable for Building Failures:

- (a) resulting from Service User non-fulfilment of relevant Security, Safety, Health and Sustainability Standards; and
- (b) occurring after the end of the contract specified minimum useful life of the relevant Building which, in the case of a Building with a contract specified minimum useful life of not less than 10 years, means during the eleventh and subsequent years after final Building handover (Articles 85(1) and 86(3) of GR 22/2020).

2.3 Determination of Cause of Building Failure: The cause of a Building Failure and the potential liability of a particular Service Provider or Service User for that Building Failure is to be determined by an Expert Assessor whose determination is final and binding on all relevant parties (Article 85(2) and (4) of GR 22/2020).

2.4 Nature of Liability for Building Failure: Where Service Providers and/or Service Users are liable for Building Failure, this liability may be in the form of:

- (a) an obligation to “replace” (i.e., rebuild) or repair the relevant



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- Building by the relevant Service Provider; and/or
- (b) an obligation to pay damages by the relevant Service Provider or the relevant Service User (Article 85(5) of GR 22/2020).

2.5 Determination of Amount of Damages: Following the determination of an Expert Assessor that a particular Service Provider or Service User is liable for a particular Building Failure, the amount of damages payable by the particular Service Provider or Service User is to be determined by so-called “Authorized Parties” including asset appraisers, public accountants, the Audit Board of Indonesia, independent auditors, law enforcement authorities and other “Ministries/Bodies” (Article 85(3) of GR 22/2020).

2.6 Damages for Building Failure: Relevant damages for Building Failure resulting from Service

Provider/Service User non-compliance with relevant Security, Safety, Health and Sustainability Standards are (i) compensation for loss of life, (ii) compensation for personal injury resulting in permanent disability, (iii) compensation for medical treatment in respect of personal injury and (iv) compensation for destruction, damage or loss (Article 90(3) of GR 22/2020).

2.7 Insurance: Service Providers and Service Users may obtain insurance coverage, in the form of professional indemnity insurance and building insurance, for liability for Building Failure, thereby effectively transferring to the relevant insurance company responsibility for the financial consequences of liability for Building Failure (Article 90(5) of GR 22/2020).

The premium for any insurance coverage against Building Failure is:

- (a) to be shared between the Service Provider and the Service User; and
- (b) the Service Provider’s share of the insurance premium is to be a component of the Construction Service fee it is entitled to from the Service User (Article 90(6)(b) of GR 22/2020).

2.8 Sanctions for Non-Compliance with Security, Safety, Health and Sustainability Standards: Service Providers and Service Users which do not comply with relevant Security, Safety, Health and Sustainability Standards face sanctions in the form of:

- (a) written warnings;
- (b) administrative fines of 5% of the value of the work that is not in compliance with the relevant Security, Safety, Health and Sustainability Standards;
- (c) suspension of Construction Service activities;
- (d) inclusion on a “blacklist”;

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- (e) suspension of business license; and
- (f) revocation of business license (Article 63 of GR 22/2020).

3. Assessment of GR 22/2020

- #### 3.1 Elimination of Much Uncertainty:
- GR 22/2020 goes a long way in terms of eliminating much of the uncertainty that surrounds the intended scope of ICC Articles 1369 and 1609.

The definition of “Buildings” is sufficiently broad to make clear that it is not confined to office buildings and/or residential buildings but, rather, includes any physical form that results from Construction Services. This, logically, includes energy, infrastructure, mining and oil & gas facilities such as (i) power plants, (ii) bridges, railways and toll roads, (iii) mineral processing & refining facilities and tailings dams and (iv) pipelines and storage tanks. Energy, infrastructure, mining and oil & gas companies are major users of Construction Services and, as such, are now in a much stronger position than they were previously to recover for Building Failure resulting from Service Provider non-compliance with Security, Safety, Health and Sustainability Standards.

- #### 3.2 Likewise, (i) requiring Service Providers and Service Users to comply with relevant Security, Safety, Health and Sustainability Standards and (ii) making clear that Building Failure, attributable to non-compliance with relevant Security, Safety, Health and Sustainability Standards, will result in liability for the non-compliant Service Providers and Service Users, makes much more certain the

circumstances in which liability for Building Failure arises. Although the Security, Safety, Health and Sustainability Standards are still, themselves something of a “work in progress”, Minister of Public Works & Housing Regulation No. 21 of 2019 re Guidelines for Construction Safety Management Systems sets out in considerable detail what Security, Safety, Health and Sustainability Standards (otherwise known as “SKK”) comprise and how they are to be determined.

Continued Focus on Fault Based “Decennial” Liability: It is important to understand that GR 22/2020 continues to require the establishment of “fault” or “wrongdoing”, in the sense of Service Provider/Service User non-compliance with relevant Security, Safety, Health and Sustainability Standards being the cause of the relevant Building Failure, before any Service Provider/Service User liability for that Building Failure

arises. In other words, GR 22/2020 does not impose a regime of so-called “strict liability” for Building Failure. In this regard, GR 20/2020 does not differ in any material respect from ICC Articles 1369 and 1609 which, however, are much less clear as to what is the relevant fault or wrongdoing that must be established in respect of architects, contractors and building owners before they can be held liable for building “collapse” or “decay”.

GR 22/2020 also continues to use the fairly arbitrary time period of a maximum of 10 years for the liability of Service Providers for Building Failure. So-called “decennial” liability is a feature of ICC Articles 1369 and 1609. At best, 10 years is a very “rough and ready guestimate” of how long it is appropriate to hold a Service Provider liable for, after final handover of the relevant Building to the Service User, and where any Building Failure is the result of the Service Provider’s non-compliance



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with relevant Security, Safety, Health and Sustainability Standards. “Decennial” liability is, however, an approach that is used in various jurisdictions apart from Indonesia.

It is not unreasonable to question why it should matter, in terms of liability, how long after final handover Building Failure occurs if it can be established that the Building Failure is the result of the relevant Service Provider’s non-compliance with applicable Security, Safety, Health and Sustainability Standards. A maximum of 10 years liability, for claims against Service Providers in respect of Building Failure, is also inconsistent with the 30 year ICC limitation period on general claims.

3.3 Reliance on Expert Assessors and Authorized Parties: The role of Expert Assessors and Authorized Parties is of paramount importance in the implementation of GR 22/2020 given (i) Expert Assessors

are charged with responsibility for determining the cause of Building Failure and their determinations are final and binding while (ii) Authorized Parties are charged with responsibility for determining the amount of damages payable in respect of Building Failure resulting from non-compliance with relevant Security, Safety, Health and Sustainability Standards.

The intention appears to be that liability for Building Failure and the damages payable in respect of Building Failure, resulting from non-compliance with relevant Security, Safety, Health and Sustainability Standards, will no longer have to be determined by way of expensive, protracted and uncertain court proceedings as would be the case for anyone wanting to recover for Building Failure in reliance upon ICC Articles 1369 and 1609. This can only be a good thing given the widely recognized lack of transparency and

potential for interference in Indonesian court proceedings as well as the ability of well-resourced defendants in Indonesian court proceedings to pursue multiple levels of appeal if they lose in the first instance and thereby postpone the successful plaintiff’s recovery almost indefinitely. Somewhat curiously, however, the determinations of Authorized Parties are not expressed to be final and binding so litigation may still be possible in the case of damages determinations by Authorized Parties.

It must be readily acknowledged, however, that Expert Assessors and Authorized Parties are also open to being manipulated by unscrupulous and well-resourced parties. Accordingly, taking the process of determining the cause of Building Failure and assessing damages for Building Failure away from the Indonesian courts does not necessarily eliminate altogether the potential problems of lack of transparency and interference in the process.

3.4 Residual Uncertainty as to what is Meant by “Loss”: Despite the many improvements made by GR22/2020, it leaves unclear to whether or not loss of revenue, loss of profit and other forms of so-called “economic loss” can be recovered from Service Providers and Service Users in respect of Building Failure caused by non-compliance with relevant Security, Safety, Health and Sustainability Standards. In this regard, Article 90(3)(d) of GR 22/2020 merely refers to compensation being recoverable for “destruction, damage or loss resulting from Building Failure”.

While individuals and their families will, typically, be primarily concerned about recovery for death and personal injury resulting from Building Failure, companies are much more likely to be concerned about the economic consequences for them of Building Failure.

In the energy, infrastructure, mining and oil & gas industries, Building Failure can have a major negative impact on a company’s financial performance where it is a facility, important to operational continuity, that is the subject of Building Failure. The cost of replacing or repairing physical damage to (i) power plants, (ii) bridges, railways and toll roads, (iii) mineral processing & refining facilities and tailings dams and (iv) pipelines and storage tanks, while significant, can be greatly overshadowed by the resulting loss of revenue and reduction/elimination of profit during the time it takes to affect the physical repair or replacement of the facility.

Having regard to the above, it is

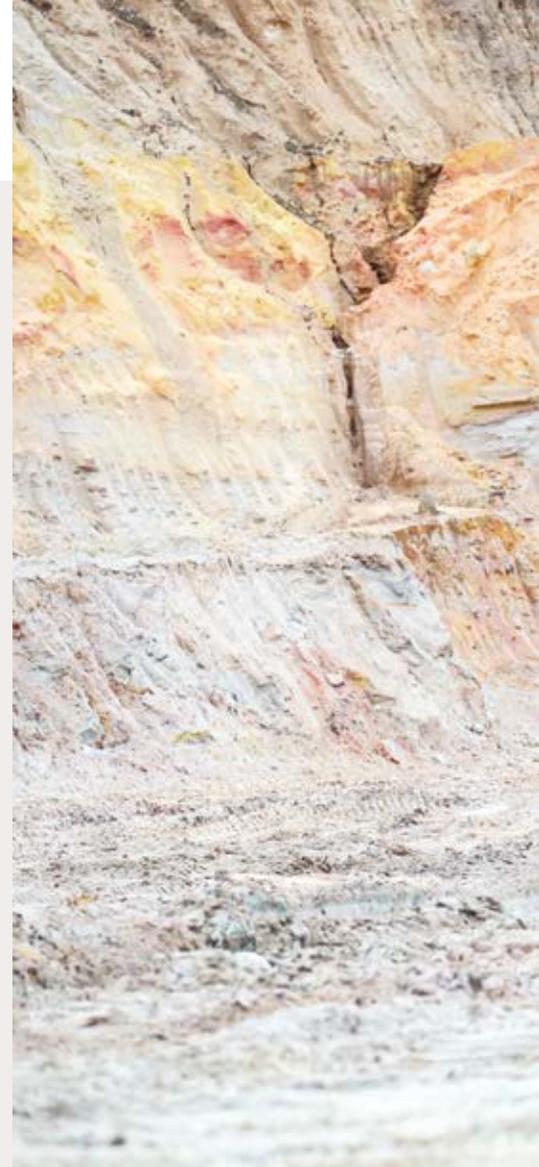
unfortunate that GR 22/2020 does not make clear that the recoverable “loss” for Building Failure, caused by non-compliance with relevant Security, Safety, Health and Sustainability Standards, includes all forms of economic loss as well as physical damage or loss. In the absence of recovery for economic loss being specifically dealt with in GR 22/2020, companies and their legal advisers will have to turn to general principles of Indonesian law in order to determine what types of economic loss, if any, are recoverable in the case of tort-like situations. Unfortunately, the general principles of Indonesian law are not particularly helpful in this regard. While foreseeable loss of profit may be recoverable as a form of “interest” in the case of breach of contract, the position is less clear in the case of tort as this area of the law is substantially undeveloped in Indonesia.

3.5 Opportunities for Insurance

Companies: GR 22/2020 would seem to offer particularly interesting opportunities for insurance companies.

Much of the uncertainty that previously surrounded potential liability for Building Failure, pursuant to ICC Articles 1369 and 1609, has been eliminated by GR 22/2020. Accordingly, Service Providers and Service Users should, rightly, be concerned that the risk of them being held liable for Building Failure has become much more immediate and real with the issuance of GR 22/2020. It would not be surprising, therefore, if Service Providers and Service Users now see a much greater need for proper insurance coverage than was perhaps previously the case.

The writer reads GR 22/2020 as



overtly encouraging Service Providers and Service Owners to obtain professional indemnity insurance and building insurance as an efficient means of effectively protecting themselves against the financial consequences of liability for Building Failure. It is surely very notable that GR 22/2020 expressly provides that (i) the financial consequences of liability for Building Failure may be “assigned” to insurance companies, (ii) Service Providers and Service Users should share the premium for insurance coverage in respect of Building Failure and (iii) the premium share of Service Providers should form part of the Construction Services fee due to them from Service Users. The



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facilities resulting from Construction Services are also not uncommon in the energy, infrastructure, mining and oil & gas industries. Accordingly, companies operating in these industries should be mindful of the improved likelihood of being able to recover for the failure of any physical facilities resulting from Construction Services following the issuance of GR 22/2020.

Insurance companies are also likely to be major beneficiaries of GR 22/2020 given the overt encouragement GR 22/2020 gives Service Providers and Service Users to obtain professional indemnity insurance and building insurance so as to avoid the financial consequences of Building Failure resulting from their non-compliance with relevant Security, Safety, Health and Sustainability Standards.

Service Providers, in particular, will be understandably concerned about their increased risk of liability for Building Failure. 

 CHRISTIAN TEO & PARTNERS

Ministry of Public Works & Housing seems to have done everything, short of making it compulsory for Service Providers and Service Users to insure against Building Failure, to promote the local insurance industry. Looking at this in a more positive light, though, this may be seen as further evidence of an intention, on the part of the Government, to make it considerably easier to recover damages for Building Failure than was previously the case pursuant to ICC Articles 1369 and 1609.

Summary & conclusions

Indonesian law has long recognized that architects, contractors and owners may be liable for certain

types of Building Failure. However, the precise circumstances in which that liability arises and its scope were always very uncertain.

GR 20/2020 has now removed much of the previous uncertainty regarding liability for Building Failure and, in the process, made it far more likely than was previously the case that Service Providers and Service Users will be held liable for Building Failure where it is the result of non-compliance with relevant Security, Safety, Health and Sustainability Standards.

The energy, infrastructure, mining and oil & gas industries are all major users of Construction Services. Problems with the performance and reliability of physical

This article was written by Bill Sullivan, Senior Foreign Counsel with Christian Teo & Partners and Senior Adviser to Stephenson Harwood LLP. Christian Teo & Partners is a Jakarta based, Indonesian law firm and a leader in Indonesian energy, infrastructure and mining law and regulatory practice. Christian Teo & Partners operates in close association with international law firm Stephenson Harwood LLP which has nine offices across Asia, Europe and the Middle East: Dubai, Hong Kong, London, Paris, Piraeus, Seoul, Shanghai, Singapore and Yangon.

Golden Eagle mulls coal gasification at S. Sumatra mine

IDX-listed coal mining firm PT. Golden Eagle Energy Tbk is studying the possibility to undertake coal gasification at its coal mining concession in South Sumatera.

According to the company's public expose results filed with the IDX, the company is considering coal gasification as one of the alternatives to exploit the company's huge coal reserves.

"As the government is pushing coal miners towards the downstream sector, we are open to the possibility (for coal gasification) as the reserves in South Sumatra mine is quite huge," the company said.

The company's subsidiary PT. Triaryani operates a low-rank coal concession in Musi Rawas regency with total JORC-compliant proven and probable reserves of 275 million tonnes.

Bayan secures \$133 loan extension

IDX-listed coal mining firm PT. Bayan Resources Tbk announced that it has secured a US\$133 million loan extension from PT. Bank Permata Tbk.

The company said that the revolving loan carried an interest rate of LIBOR + 2.75 percent and will mature in December 2023. The company said the revolving loan is utilized to support its working capital, bank guarantee and foreign exchange transaction.

ITMG expects lower production, sales this year

IDX-listed coal producer PT Indo Tambangraya Megah Tbk (ITMG) expects coal production and sales this year to be lower than initial target due to high rainfall in the fourth quarter.

ITMG has set production target of 19



million-20.1 million tons, and sales target of 22 million tons this year.

"We have not yet completed the data, but we estimate the production and sales realizations will be slightly lower than targets due to high rainfall in the fourth quarter," Yulius Gozali, Director of Investor Relations at ITMG, said to petromindo.com. Yulius added that the company is preparing budget plan for next year.

ITMG's coal sales this year are

dedicated for China, Japan, Indonesia, Philippine, Thailand and other Southeast Asia markets. "This December, we are negotiating for extension of some contracts with quite large quantity, and we expect there will be agreement in early next year," Yulius said.

ITMG produces coal from a number of coal concessions in Kalimantan, namely PT Indomindo Mandiri, PT Trubaindo Coal Mining, PT Bharinto Ekatama and PT Jorong Barutama Greston.

Golden Eagle's 9-month output dips 36%, plans higher 2021 output

DX-listed coal miner PT Golden Eagle Energy Tbk saw coal production in the nine-month period ending September of this year tumbled by 36 percent year-on-year due to the weakening demand amid the pandemic.

Given the weaker production performance, the company is expected to be only able to realize about 85 percent of this year's coal production target of 1.5 million tons, Golden Eagle President Director Roza Permana Putra said as quoted by news portal kontan.co.id.

The company, however, plans higher production target next year of 2 million tons amid signs of recovery in the coal market. Roza said that coal production in the January-September 2020 reached 870,000

tons, down compared to 1.36 million tons in the corresponding period of last year.

Golden Eagle through subsidiary Triaryani operates three producing coal concessions with combined acreage of 2,143-ha in South Sumatra, and through another subsidiary PT Internasional Prima Coal operates a 3,238-ha concession in East Kalimantan which has also been in production since 2010.

Meanwhile, the company's coal sales volume in the nine-month period of this year tumbled by 38 percent to 869,000 tons from 1.20 million tons in the same period of last year.

The company, however, managed to increase sales in the domestic market. "We participate in supply coal for PLN," Roza said, referring to state-owned

electricity firm PT PLN.

Golden Eagle's coal are mostly exported to India and China. During the nine-month period of this year, the company managed to increase export to other markets in Southeast Asia including Thailand, the Philippines, and Cambodia. "We continued export to China when demand started to recover," Roza said.

Roza said that the company plans to produce about 2 million tons of coal next year. "We'll not make things that (will cause) drastic changes next year. We'll keep focusing on increasing production and maintain business sustainability," Roza said. He added that the company was also looking for opportunity to enter the coal downstream sector to take advantage of incentives prepared by the government. 



Delta Dunia plans higher 2021 capex

IDX-listed coal mining services company PT Delta Dunia Tbk plans higher capital expenditure next year as it anticipates new mining contracts and higher production volume request from existing clients in the wake of recent recovery in the price of the commodity.

Delta Director Eddy Porwanto said the company will allocate about US\$100 million worth of capex next year, which he said is higher than 2020 capex, particularly to be used for purchasing new heavy equipment.

“There are currently a number of equipment which remain idle. However, in line with rising price of coal, we must anticipate the possibility of rising (production volume) demand from customers or from new contracts,” he said at the company’s public expose meeting.

He said that the company is optimistic to be able to grab new contracts next year. “We’re indeed seeking for or discussing a number of new prospects. And we’re confident that in 2021 there will a new prospect. We’ll announce it when we have (obtained) the new contract,” Eddy said.

Delta earlier announced that its operating subsidiary PT Bukit Makmur Mandiri Utama (BUMA) has extended its mining services contracts with coal miner PT Berau Coal in relation to Binungan Block 7 mine operation to March 2025. The Binungan mine is located in Berau Regency, in the Province of East Kalimantan.

The company said that the new contract is valued at approximately Rp 13.5 trillion or equivalent to close to US\$1.0 billion. It added that average annual production is expected to be within the range of 75 - 90 million bcm of overburden removal and 7.0 - 7.5 million tons of coal.

Delta Dunia Investor Relations



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Head Regina Korompis previously said that BUMA was also in the process of extension of its contract with coal firm PT Kideco Jaya Agung, which is expected to be concluded end of this year.

Delta Dunia, through BUMA, works in 11 coal projects namely PT Adaro Indonesia pit Paringin, Kideco, Berau Coal pit Lati, Berau Coal pit Binungan, PT Sungai Danau Jaya, PT Tadjahan Antang Mineral, PT Angsana Jaya Energi, PT Pada Idi, PT Tanah Bumbu Resources, PT Insani Baraperkasa and PT Indonesia Pratama.

ABM Investama unit bags mining service contract from EBL

Mining contracting firm PT Cipta Kridatama, a subsidiary of diversified energy and mining company PT ABM Investama Tbk, has secured a mining service contract from PT Energi Batubara

Lestari (EBL) valued at Rp661 billion.

“The success of the company to get a contract from PT EBL, which is a subsidiary of Hasnur Group, should improve the company’s performance going forward,” President Director of CK Feriwan Sinatra said in Jakarta recently.

EBL’s mining site is located in Block 3 Balimas, Lokpaikat subdistrict; Piani and Bungur in Tapin Regency, South Kalimantan province. Under the contract, CK will handle overburden removal activities and also renting heavy equipment to meet the needs of EBL.

The average production of overburden removal of CK currently stands at around 8 million BCM (Bank Cubic Meter) per year with coal production of around 2 million tons per year.

CK was established on April 8, 1997, and has since grown to become a large-sized mining service provider firm. **C**

Indonesia Regional Minerals Maps 2019



As of August 2019, there are a total of 1,438 registered minerals mining concessions (KKs and IUPs) throughout Indonesia, of which about 1,403 concessions are in production operation production stage, while the remaining 35 concessions are still in exploration stage, according to the Directorate General of Mineral and Coal at the Ministry of Energy and Mineral Resources.

Indonesian Regional and Provincial Minerals Maps are a must-have for company/professional who's involved/interested in minerals related businesses in Indonesia. These maps feature location of coal mining concessions which have been granted 'clean & clear' status; location of existing and proposed smelting plants. The concession areas are appeared in different colors according to deposit type so that you can find the ones easily.

This full-colored map outlined on a 1189 mm x 841 mm (A0) glossy paper (260 gr) and laminated for durability.



Map Features

- Location of 'clean & clear' minerals concessions (KKs and IUPs) and their status of operation.
- Location of existing/proposed Minerals Processing/Smelter Projects.
- Basic features: Name of Rivers, Bays, Capes, Provinces, Cities, Regencies, and Towns with administrative boundaries.

Also available Provincial Minerals Map: Aceh, Riau, Bangka Belitung, West Kalimantan, Central Sulawesi, South Sulawesi, Southeast Sulawesi, North Maluku, etc..

MAP SPECIFICATIONS :	FORMAT	: WALL MAP; LAMINATED	PRICE	: US\$500.00
	SIZE	: 1189 X 841MM (A0)	RELEASE	: DECEMBER 2019
	PRINTING	: FULL COLOR	CODE	: RMM05L
	PACKAGING	: ROLLED + DRAWING TUBE		

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IEEFA: China's ban is less of a threat to Australia's coal industry than international climate ambition

The decision by China's National Development and Reform Commission to formally and indefinitely block Australian coal imports is a key threat to Australia's political and economic wellbeing.

Australia can never expect to win a trade war with its biggest export partner, and it is sheer political and economic suicide to try to do so. But is it devastating for the Australian coal export industry? Not at all.

Increased climate ambition by world leaders is likely to be terminal for our coal exports if we look out a couple of decades

Far more strategically threatening in the long term for Australia and our coal industry is the pledge by China's president Xi Jinping to reach net zero emissions by 2060, which was rapidly followed by net zero emissions by 2050 pledges from Japan's prime minister Yoshihide Suga and South Korea's president Moon Jae-in. This series of sudden and powerful pledges of increased climate ambition by world leaders is likely to be terminal for our coal exports if we look out a couple of decades.

Australia is caught in the geopolitical quandary of having China as our key trade partner and the United States as our key military ally. When US president Donald Trump started a trade war with China, it was never going to turn out well for Australia. And incoming president Joe Biden is unlikely to change tack too materially where China and trade and technology are concerned (whereas on climate, Biden's arrival changes everything). But we in Australia are like a mouse caught in the middle of two sparring elephants.

In business, the best rule is that the customer is always right (even if they

are not). Our coal exporters will however survive this near-term political fight, probably far better than our wine or lobster export industries, by comparison.

Our coal exporters will survive this near-term political fight

There are no coal ships destined for China being loaded in Australia now. For most industries, that would be devastating. For coal, not so much. In fact, a look at the share prices of Whitehaven Coal and New Hope Corporation would suggest quite the opposite. Since the September 2020 trough, and acknowledging the sharp price falls on Tuesday, Whitehaven shares have rallied 70% and New Hope are up almost 20%.

Why? Coal is coal, at least to a finance analyst like me, if not an engineer. Australia sells the vast majority of its coal to Japan, South Korea and Taiwan. And if China buys more Russian, South African and Indonesian coal to replace Australian coal, then we can, by and large, simply swap customers, maybe with a month's disruption. Total demand doesn't change, nor does supply – at least not in the near term. Sure, there are some boiler and blending constraints, but notwithstanding coal luddite claims that Australia's coal is slightly less carbon polluting than someone else's seaborne coal, the minute difference is irrelevant – all coal is almost 100% more carbon intensive than wind, solar, hydro, nuclear or energy efficiency. Or green ammonia, as Japan's JERA is now thinking.

The coal industry is actually benefiting from a near-term relief rally. In September Australian coal exporters were losing money with every tonne of coal they exported. In December, the picture is very different. China's key Shanxi province has just

shut down coal production near term due to a spate of deadly accidents, just as winter heating demand has kicked in. Meanwhile the Chinese industrial economy is powering along. So the Chinese domestic thermal coal price has jumped 35% to 740/t yuan in the last three months. Seaborne thermal coal prices have rallied from a low of US\$46/t to over US\$70/t in the same timeframe. Even as total volume of Australian coal exports have dropped in the December quarter, the value has surged, and more importantly, the profitability much more so (notwithstanding the 10% rally in the Aus\$/US\$, lifted by the unprecedented rally in iron ore prices). Hence the Whitehaven Coal and New Hope increase in share price.

The 25% collapse in the Dalrymple Bay Coal Terminal share price is a clearer perspective of longterm structural headwinds

The coal export sector outlook seems profitable again – in the near term. But the 25% collapse in the Dalrymple Bay Coal Terminal share price since its initial public offering last week is a clearer perspective of the longterm structural headwinds Australia's coal industry is facing. Far better for our Hunter Valley, La Trobe Valley and Bowen Basin communities that we as a nation acknowledge the science of climate change, prepare a national roadmap, ideally with a destination and time of arrival clearly acknowledged.

The investment, employment and export opportunities for Australia are enormous, and exciting. To steal a very good line from Ross Garnaut and Mike Cannon-Brookes – better we focus on building Australia as a renewable energy superpower. 

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Indonesia's Electricity Power Supply Business Plan 2019-2028

DESCRIPTION

The Ministry of Energy and Mineral Resources (ESDM) has recently issued Ministerial Decree No. 39 K/20/MEM/2019 on the Legalization of Business Plan of PT PLN (Persero) on Rencana Usaha Penyediaan Tenaga Listrik or RUPTL for 2019-2028, to guide PLN in developing national power infrastructure.

The RUPTL is based on detailed calculations of electricity demand and the subsequent transmission and distribution requirements during the period. The proposed new RUPTL will adopt economic growth assumption at 6.45% with electricity demand projected by an average of 6.42% per year. During the period the sector is anticipated to build a total of 56.4 GW of power generations; 57,293 km of transmission network with a total of 124,341 MVA of station transformers; 472,795 km of medium-to-low voltage lines; and a total of 33,730 MVA of substation transformers.

This publication is aimed at disseminating information regarding PLN's electricity RUPTL 2019-2028 to international community, who need to know them in English as well as for investors wishing to get involved in Indonesian electricity projects.

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United Tractors sets higher capex for 2021

IDX-listed diversified mining and mining service provider PT United Tractors Tbk (IDX:UNTR) has set capital expenditure (capex) of US\$290 million for 2021, higher than planned capex of US\$230-US\$250 million in 2020.

Corporate Secretary of the company Sara K. Loebis said the realized capex this year is estimated to reach around US\$190 million, lower than the planned capex due to Covid-19 pandemic.

Sara said around 50 percent of next year's planned capex will be allocated to the mining contractor segment, namely to replace aging heavy equipment and around 40 percent or around US\$120 million will be allocated for gold mining activities, in

particular for developing processing plant and operation improvement.

Sara said the company's main revenue contributors next year will come from gold mining through the Martabe gold project, coal mining service through PT Pamapersada Nusantara and the heavy equipment segment. As for next year, the gold production of Martabe is projected to reach 350,000 ounces as its operation is slowly returning to the normal level.

In the first ten months, UNTR gold sales reached 277,600 ounces or 19.76 percent lower than realized sales volume in the same period last year at 346,000 ounces.

Sara said mining contracting service is projected to record negative growth of 5 percent to 0 percent next year as the coal sector is yet to fully recover. The company

and its clients are still assessing coal demand for 2021.

BUMA signs contract extension with Berau Coal

IDX-listed coal mining services firm PT Delta Dunia Makmur Tbk said that its operating subsidiary PT Bukit Makmur Mandiri Utama (BUMA), has extended its mining services contracts with coal miner PT Berau Coal in relation to Binungan Block 7 mine operation to March 2025.

The Binungan mine is located in Berau Regency, in the Province of East Kalimantan. The company said in a statement that the new contract is valued at approximately Rp 13.5 trillion or equivalent to close to US\$1.0 billion.

It added that average annual production is expected to be within the range of 75 - 90 million bcm of overburden removal and 7.0 - 7.5 million tons of coal. "BUMA continues to explore opportunities and pursue discussions with both existing and new potential customers for new contracts," Delta Dunia said.

Delta Dunia Investor Relations Head Regina Korompis previously said that BUMA was also in the process of extension of its contract with coal firm PT Kideco Jaya Agung, which is expected to be concluded end of this year.

BUMA's coal mining services for Berau Coal accounted for up to 57.8 percent of the total OB removal volume this year, while Kideco's accounted for around 11.9 percent.

Delta Dunia, through BUMA, works in 11 coal projects namely PT Adaro Indonesia pit Paringin, Kideco, Berau Coal pit Lati, Berau Coal pit Binungan, PT Sungai Danau Jaya, PT Tadjahan Antang Mineral, PT Angsana Jaya Energi, PT Pada Idi, PT Tanah Bumbu Resources, PT Insani Baraperkasa and PT Indonesia Pratama. 

Transcoal renews transshipment contract with coal miner

DX-listed coal shipping and logistics firm PT Transcoal Pacific Tbk said it has signed extension of transshipment services contract with one of the largest coal mining firms located in East Kalimantan Province. Transcoal said in a statement that the contract period is for 13 months ending December 2021, and worth Rp 138.8 billion.

The company said it has no affiliation with the coal mining customer, but did not disclose the identity of the customer.

Transcoal's biggest clients are South Kalimantan-based coal miner PT Arutmin Indonesia and East Kalimantan-based coal miner PT Kaltim Prima coal (KPC), which accounted for more than 90 percent

of the company's transport volume. The company has provided services for Arutmin since 2007 and for KPC since 2014 under long-term contracts.

Transcoal CEO Dirc Richard Talumewo told Petromindo.com early December that the company was aiming to increase coal transport volume to 53-54 million tons in 2021 as domestic coal demand is expected to pick up. He said that coal transport volume this year was estimated to reach only 42-43 million tons, or down by around 15 percent compared to last year, due to Covid-19 pandemic that had lowered coal demand from domestic power plants.

The company provides barging, transshipment, and vessel transport

services for the clients. Around half of the company's annual volume is from transshipment services and the other half from coal transport, Dirc said, and most of the coal transportation is shipments to power plants.

The company's current fleet includes 100 sets of tugs and barges, 5 mother vessels, 3 floating cranes. Dirc said that the company plans to expand its fleet to anticipate increasing demand. "Currently we own only 40 percent of the vessels that we operate. Over the next five years, we want to increase the number of own vessels to around 70 percent, which will mean to invest around US\$150 million over the next five years," he said. 



Indika to apply for renewal of Kideco's operating permit next year

DX-listed integrated energy company PT Indika Energy Tbk said it will submit a request to the Ministry of Energy and Mineral Resources for a renewal of the operating permit of its coal subsidiary PT Kideco Jaya Agung next year.

Indika Vice President Director and CEO, Azis Armand said that after the request is made, the company will have to hold talks on a number of related issues with the ministry, thus there must be sufficient time for the discussion prior to the expiry of Kideco's current coal contract of work (or PKP2B).

"We have made a plan (to submit the request for renewal of the PKP2B), hopefully before the end of 2021 we have filed the application for an extension (of

the operating permit)," Azis said at a public expose meeting.

Kideco's existing PKP2B is set to expire on 13 March 2023. The company operates a 47,500-ha coal concession in Paser Regency, East Kalimantan.

Kideco is the largest revenue contributor to Indika's consolidated revenues. As per end of September 2020, Kideco accounted for 55 percent of Indika's total revenue.

Kideco, which is the country's third largest coal miner, is expected to produce 33 million tons of coal this year, according to Indika Director Retina Rosabai. As per end of September, realized output was 23.9 million tons. "For 2021, our initial (production) target is 30 million tons," Retina said.

One of the conditions for the renewal of coal miners' PKP2B operating permit into special mining business license (or IUPK) is investment in the downstream industry including coal gasification.

Azis said that the company has conducted pre-feasibility study for a proposed underground coal gasification project in East Kalimantan. The pre-FS is expected to be completed in the second semester of 2021. The company has also signed MOU on coal gasification with state-owned oil and gas firm PT Pertamina.

Azis welcomes a number of planned incentives to be provided by the government for coal miners engaged in coal downstream sector including giving life of mine operating license. 





Petrosea sets lower Capex for 2021

IDX-listed mining service provider PT Petrosea Tbk (IDX:PTRO) has decided to set aside capital expenditure (Capex) of US\$100 million for 2021, lower than planned Capex for 2020 at US\$175 million, taking into account realized Capex in 2020 and programs to be carried out next year, a company official said.

Director of Petrosea Romi Novan Indrawan said a large amount of the Capex will be used to support mining service projects at Kideco Jaya Agung, aiming at maintaining the coal production volume at the mining company.

“The Capex will be used to support the target of adding new clients,” he said during a virtual public presentation on Tuesday (15/12). He said a portion of the Capex will also be used to support the engineering, procurement, and construction (EPC) programs of Petrosea as well as its digitalized program.

Novan said a portion of the Capex would be financed loan facility from banks. As of the end third quarter of 2020, the realized Capex of the company reached only US\$23.6 million, far lower due to the Covid-19 pandemic.

At present, Petrosea holds some EPC contracts including the Awak Mas gold project with a contract value of US\$11.45 million, which is still under the front-end

engineering design (FEED) stage, said Novan. The project contract was signed on March 23, 2020.

At the end of October 2020, Petrosea held ongoing project contracts on-hand worth US\$812 million, higher compared to project contracts at the end of 2019 valued at US\$500 million.

RI to stop LPG import in 2030 as DME plants start production

Indonesia is projected to no longer need to import LPG in 2030 as a number of coal gasification projects, which convert coal into DME, a substitute for LPG, will start production from 2024 through 2030.

Djoko Siswanto, Secretary General of the National Energy Council (or DEN), said at a recent webinar that one of the measures taken by the government to help cut down LPG import is through the coal gasification program.

He said that the country’s LPG consumption this year is estimated at 8 million tons, of which 6 million tons (or 75%) will be fulfilled by import. In 2025, the national LPG consumption is projected at 8.8 million tons, but import will decline to only 2 million tons.

He said that the LPG consumption in 2030 is projected to further increase to 9.7 million tons, but the country is expected to stop import of the fuel as a number of

domestic dimethyl ether (DME) plants have started production.

Djoko said that in a bid to help cut down LPG import, the government has pushed for the development of city gas pipeline networks across the country to allow households to convert into natural gas, and also has pushed for the development of coal gasification projects to produce DME.

Coal miners holding the so-called coal contracts of work (or PKP2B) are required to invest in coal downstream industry including coal gasification as part of conditions for renewal of their operating licenses (PKP2B). There are a number of PKP2B coal miners whose operating licenses are set to expire over the next few years.

State-controlled coal mining firm PT Bukit Asam Tbk has recently signed a final agreement with partners state-owned oil and gas firm PT Pertamina and US-based Air Products and Chemicals Inc for the development of a DME plant in South Sumatra Province. Construction of the project is expected to start in mid-2021 and operation targeted to start in second quarter of 2024. The plant will have production capacity of 1.4 million tons of DME per year, which can reduce about 1 million tons of LPG.

Djoko said aside from PTBA, there are eight other PKP2B coal miners which will be engaged in a number of coal gasification projects to produce DME, with production scheduled to start from 2024 to 2039.

The coal miners are PT Kaltim Prima Coal (DME project to start production in 2024 at a volume 1.2 million tons per annum), PT Arutmin Indonesia (in 2025, 1.9 mtpa), PT Adaro Energy Tbk (2027, 1.4 mtpa), PT Kideco Jaya Agung (2028, 0.5 mtpa), PT Berau Coal (2030, 1.4 mtpa), PT Bahari Cakrawala Sebuk (2033, 1.4 mtpa), PT Mandiri Inti Perkasa (2039, 1.4 mtpa and PT Inti Tirta Prima Sakti (2039, 1.4 mtpa) 



CA | Behm

MEMR proposes progressive coal royalty

The Ministry of Energy and Mineral Resources (MEMR) has proposed a progressive royalty scheme, linked to coal price development specifically the government coal reference price (or HBA), for exported coal.

Ministry's Director General of Coal and Mineral Ridwan Djamaluddin said that the proposed progressive coal royalty scheme was made in relation to the proposed new government regulation on non-tax state revenue (or PNB) currently being drafted at the Ministry of Finance (MOF).

"The MEMR has proposed progressive royalty linked to coal price ... We're still discussing it (with MOF)," he told lawmakers during a hearing session with the House Representatives Commission VII on energy and mining as quoted by news portal bisnis.com.

Director of Coal Business Management at the ministry, Sujatmiko said that the Ministry of Finance's Fiscal Policy Agency (or BFF) has proposed for a flat 24 percent royalty.

But the MEMR proposed the progressive royalty scheme taking into account the business sustainability of the coal miners, while at the same ensuring higher revenue for the government from the coal sector as mandated under the new Mining Law No 3/2020.

He added that the progressive royalty scheme was proposed taking into account the average HBA in the past 10 years and projected HBA over the next 20 years period. Meanwhile, regarding coal allocated for the domestic market, both ministries have agreed on a flat 14 percent royalty, he added.

The Ministry of Energy and Mineral Resources projected the country's coal export volume next year to be in the range of 406.3 million-427 million tons, higher than this year's export target of 395 million tons. Meanwhile, coal production next year may be limited at around 550 million tons, or the same as this year's target.

Government sees higher coal export next year

The government expects higher coal export potential next year on strong demand in key market of China and also in new markets in the region. The Ministry of Energy and Mineral Resources projected the country's coal export volume next year to be in the range of 406.3 million-427 million tons, higher than this year's export target of 395 million tons.

"The export potential remains widely open in 2021. The export potential in 2021 is expected to be between 406.3 million to 427 million tons in 2021," said Muhammad Wafid, Director of Mineral and Coal Development Program at the

ministry in a virtual webinar hosted by the Indonesia Coal Mining Association.

Wafid added that coal export to the China market is estimated to range from 185 million tons to 202.3 million tons in 2021. "The coal quality requirement ranges ranging from 3,000-6,000 kcal/kg (NAR) for power plants, cement plants and steelmakers," he said.

Wafid also sees growing coal demand in markets in South and Southeast Asia such as Bangladesh, Pakistan and Vietnam. The country's coal production in the 11-month ending November of this year totaled 504.62 million tons, or about 91.75 percent of the government's full-year target of 550 million tons, according to the Ministry of Energy and Mineral Resources data seen on Monday

Realized export in the 11-month period reached 278.84 million tons, or 70.59 percent of the full-year target of 395 million tons. Meanwhile, realized domestic market obligation (DMO) as per end October reached 108.45 million tons, or 69.97 percent of the full-year DMO target of 155 million tons.

Wafid said on 20 October that the country's coal output next year is projected to increase to 604 million tons under an optimistic scenario, while under a moderate scenario output is projected at 591 million tons, and 527 million tons under a low production scenario. □

Government plans subsidy for DME

The government plans to provide subsidy for dimethyl ether (DME) product to help ensure its price competitiveness against LPG.

Septian H. Seto, Deputy at the Office of the Coordinating Minister for Maritime Affairs and Investment, was quoted by Kontan as saying that based on the simulation, DME product requires government subsidy to be able to compete with LPG whose price has tumbled to the lowest ever level.

He said that the proposed subsidy is still being discussed with the Ministry of Finance. He added that the subsidy will depend on gas price development.

The subsidy policy will be stipulated in the upcoming implementing government regulation of the new Employment Creation Law which among others mandates coal miners to invest in downstream business including DME production.

The DME product is expected to help the country ends dependency on imported LPG, and ease the current account deficit problem. Indonesia's LPG consumption this year is estimated at about 8 million tons, of which more than 70 percent will be fulfilled via import.

Several coal miners have announced plans to enter coal gasification projects to produce DME. The most advanced plan is a proposed DME project to be developed by state-controlled coal miner PT Bukit Asam Tbk (PTBA), state-owned oil and gas firm PT Pertamina, and US-based Air Products and Chemicals Inc in Tanjung Enim, South Sumatra Province.

Under the plan PTBA will provide the required coal feedstock, Air Products to provide the technology and investment requirement, while Pertamina will be DME off-taker. Construction is expected to start in the first semester of 2021 in the hope it will start operation in the second quarter of 2024. The plant will produce 1.4 million tons per year of DME, that can

substitute about 1 million tons of LPG.

PTBA President Director Arviyan Arifin has said also said that DME project requires government subsidy to help ensure its competitiveness. He suggested there must be regulation that would allow for the reallocation of the LPG subsidy to DME.

Irwandy Arief, Expert Staff to the Minister of Energy and Mineral Resources, said that the ministry has proposed nine types of incentives for coal gasification projects to the Ministry of Finance. Aside from subsidy, other types of incentive include tax holiday, VAT exemptions, royalty exemption for the coal miners, and market guarantee.

Golden Energy plans higher coal production in 2021

IDX-listed coal producer PT Golden Energy Mines Tbk plans coal production volume of 37 million tons next year, up compared to the expected 32 million tons for this year.

"We expect production in 2021 will be better than in 2020 with the allocation of approximately 37 million tons," R. Utoro, Director of Golden Energy, said in a virtual public expose.

The company produced 23.9 million tons of coal as of September 2020 or 16 percent higher than in the same period of last year at 20.7 million tons. Golden Energy produces coal from subsidiaries namely PT Borneo Indobara, PT Kuansing Inti Makmur and PT Barasentosa Lestari.

Bonifasius, President Director of Golden Energy, mentioned that the market has shown positive signal in recent weeks. "Newcastle index is US\$82 per ton today and the demand is quite good for the first quarter 2021," he said.

Bonifasius added that winter season in some coal markets will increase the energy demand while their stock level is quite low. "While Indonesia deals with heavy rainfall due to La Nina," he said. 



CA | Khailisa



Indika seeks to diversify business

IDX-listed mining firm PT. Indika Energy Tbk plans to diversify business to achieve 50 percent of revenue from the non-coal sector in 2025.

According to the company's presentation filed with the IDX, the company's revenue is currently 76 percent contributed by coal-related units. Coal mining unit PT. Kideco Jaya Agung contributes 55 percent of the company's overall revenue, followed by coal mining contractor Petrosea Mining, coal trading

activities, high CV coal mine PT. Multi Tambang Jaya Utama, coal shipping firm PT. Mitrabahtera Segara Sejati. The remaining 24 percent is contributed by its upstream oil, gas engineering and services company PT. Tripatra and from Petrosea Engineering & Construction.

Indika said expansion to non-coal business including expanding Tripatra's EPC capability into petrochemical, downstream oil and gas and power plants, and to expand Petrosea's engineering and construction business.

New business expansion, according

to Indika, includes the operations of the new fuel terminal with capacity of 96,000 kiloliters and East Kalimantan and other planned terminals in other areas, expansion into gold mining business through the acquisition of Awak Mas gold project in South Sulawesi, which is expected to start production in 2022-23 time frame. The company is also eyeing to enter the renewable energy business, it said, adding that it is also embarking on digital technology that can deliver efficiency and optimization to its mining customers.

Indika booked net revenue of US\$ 1.53 billion in the nine month of 2020, down by 26 percent from last year's same period revenue of \$ 2.07 billion.

China formalizes cut of Aussie coal, prioritizes import from RI

China has formalized import restrictions targeting Australia's US\$14 billion coal exports, the Global Times, a Chinese state media reported.

The National Development and Reform Commission met 10 major power companies over the weekend and granted approval for them to import coal without clearance restrictions, except for Australia, according to the report.

The report suggested China will prioritize imports from Mongolia, Indonesia and Russia, and power companies will share inventory to ensure prices do not exceed 640 yuan (\$97.8) per ton. China's import restrictions have left hundreds of millions of tons of Australian coal anchored off the Chinese coast in a deepening trade dispute with Beijing.

Relations between the two countries have been strained by Australia's position on China's territorial pursuits, perceptions Australia has unfairly targeted China with its foreign interference regime and Canberra's call for independent investigation in the origin of the Covid-19 pandemic. 

PLN to shift to lower quality coal

State-owned electricity firm PT PLN will shift to lower quality coal in the future, consuming more coal with calorific value of 4,000-4,400 kcal/kg (GAR) to take advantage of the country's huge low rank coal reserves.

PLN's coal consumption is currently dominated by coal with CV ranging from 4,400-4,800 kcal/kg (GAR). For this year, PLN is estimated to consume as much as 51 million tons of coal with CV of 4,400-4,800 kcal/kg, compared to 29 million tons of coal with CV of 4,000-4,400 kcal/kg.

However, by 2028, the coal requirement is expected to be dominated by the lower quality coal of as much as 69 million tons (with CV of 4,000-4,400 kcal/kg), compared to 49 million tons of coal with CV of 4,400-4,800 kcal/kg.

"There will be a shift in the coal quality requirement in the future. We will consume more lower quality coal, even lower than 4,000 kcal/kg," Kemal Djamil Siregar, President Director of PLN

Batubara, a coal subsidiary of PLN, said in a webinar on Tuesday.

Kemal stated that boilers of the coal fired power plants will adapt to the abundant low rank coal reserves in Indonesia. PLN Batubara owns a number of operating coal mining subsidiaries such as PT Jambi Prima Coal and PT Banyan Coalindo Lestari.

KinerjaPay bags 2MT China coal supply contract

US-listed firm KinerjaPay Corp, a digital payment and e-commerce platform Company with its business operations based in Indonesia, announced that it has signed a new Indonesian bituminous coal contract with a China Construction Investment Group (Ningbo) Trading Co., Ltd. to supply up to 2 million tonnes within the next 12 months.

At present stage, the contract's unit price for Indonesian bituminous coal in bulk based on coal grade NCV 5500 kcal/kg (ARB) is US\$51.50 /MT FOB Trimmed Geared Mother Vessel at East

Kalimantan, for a total shipment quantity of 80,000 tonnes. Total shipment value for the first shipment will be \$4.12 million with planned delivery schedule on a bi-weekly basis for each shipment. The company expects to deliver the contract in full, therefore expecting to bring in total revenue up to \$103 million in 2021, depending on the Coal Price Index throughout the year.

Once the company completes the delivery of the contract in full, it is expected to earn at least US\$9.8 million in Operating Profits on the over \$100 million in total revenue, it said.

Company's CEO & Chairman, Edwin W. Ng, commented: "Our team has departed to East Kalimantan with the buyer this week to conduct the site survey and shipment preparation. We expect to deliver our first shipment by the end of next month. We will also work with local supplier and logistics Companies to ensure a smooth delivery process, as well as PT. China Certification & Inspection Group (CCIG) to monitor the quality of the coal." 



MBSS bags coal barging contract from affiliated company

IDX-listed coal shipping firm PT Mitrabahtera Segara Sejati Tbk (MBSS) reported on Monday it has secured a term barging contract from affiliated company East Kalimantan coal miner PT. Kideco Jaya Agung.

Under the contract that was signed on December 10, 2020, Kideco will utilize MBSS' tug and barge to transport coal to Jawa-7 coal-fired power plant in Banten until November 2021.

According to the company the value of the contract is approximately US\$10 million subject to fuel to be consumed.

The Jawa 7 is a 2x1000 MW power plant owned by PT Shenhua Guohua Pembangkitan Jawa Bali. The company is 70 percent owned by China Shenhua Energy Company Limited and 30 percent by PLN's subsidiary PT PJB Indonesia.

PTBA plans mine-mouth power plant capacity expansion

IDX-listed state coal mining firm PT. Bukit Asam Tbk said that (PTBA) it plans to gradually expand its mine mouth power in South Sumatra by 2,000 MW.

The company's Business Analyst Marzuki said that PTBA has sufficient coal reserves to expand the Sumsel-8 2 x 620 MW mine mouth power plant, which is expected to come onstream in 2022.

He said that the 2x1000 MW expansions will be built using ultra super critical technology which is deemed to be more efficient and emit less pollution.

PTBA is teaming up with China Huadian to develop the Sumsel-8 power plant with an investment of US\$ 1.68 billion. PTBA has 45 percent shares in the power plant with China Huadian holding the balance. The power plant will consume around 5 million tonnes of coal annually.

Bumi plans flat coal output in 2021

IDX-listed coal producer PT Bumi Resources Tbk plans coal production of 82 million to 85 million tons in 2021, or the same as this year's target.

As of September 2020, the realized coal production was 60.7 million tons or 3 percent lower than 62.8 million tons in nine-month period of 2019.

"We will follow the (2021) RKAB approved by the government, which is the same level as in 2020, at the minimum," Ido Hutabarat, Director of Bumi, said in a virtual public expose, referring to the work and budget plan.

Bumi produces coal from its

subsidiaries namely PT Kaltim Prima Coal (KPC) and PT Arutmin Indonesia (AI). As of September 2020, KPC produced 44.4 million tons of coal and AI produced 16.2 million tons.

Most of Bumi's coal output in the nine-month period of this year were dedicated for domestic market (30 percent), China (21 percent) and India (20 percent).

Ido added that Bumi has contracted 90 percent of the coal sales target for 2021 under long term agreement, while 10 percent is allocated for spot market. "We allocate 10 percent for spot market because we want to tap into the price ups and downs in the market," he said. 



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CA | Khalsa

PTBA, partners sign agreement on coal-to-DME project

State-controlled coal miner PT Bukit Asam Tbk (PTBA), state-owned oil and gas firm PT Pertamina, and US-based Air Products and Chemicals Inc finally signed the final agreement on cooperation in the development of coal gasification project in South Sumatra. Minister of Energy and Mineral Resources Arifin Tasrif said in a statement that this agreement is a milestone in the development coal downstream sector in the country.

He said that the coal gasification project aims to process low grade coal into dimethyl ether (DME), which can be used as a substitute of LPG, which in turn would help reduce the country's import of the fuel. Indonesia currently imports about 70 percent of its LPG consumption.

"This is one of the milestones of the national coal downstream development, specifically in developing DME. Going forward, the technology is expected to be efficient and produce DME products that are competitive with LPG," Arifin said.

The statement said that the agreement was signed by PTBA President Director Arviyan Arifin, Pertamina President Director Nicke Widyawati, and Air

Products and Chemicals CEO Seifi Ghasemi, witnessed by the minister.

The principal agreement was initially expected to be signed in November of this year. Under an initial agreement signed in 2018, the three companies agreed to cooperate in the development of an estimated US\$2.1 billion DME plant located at PTBA's mine site in Tanjung Enim, South Sumatra Province.

Under the plan, PTBA will provide the required coal feedstock, land for the DME plant, and supporting infrastructure, while Air Products will act as the investor and provide the technology, and Pertamina as the off-taker of the DME output.

Arviyan said recently that once the final agreement has been signed, construction is expected to start in the middle of 2021, and the project is targeted to start operations in the second quarter of 2024. "In 2025, we have an option to acquire up to 40 percent interest (in the project). And after 20 years, the (DME) plant will be owned by the joint venture of PTBA and Pertamina," he told lawmakers.

Govt sets flat coal output target

The government has set coal production target of 550 million tons for next year, or the same as this year's target.

"The government plans 550 million tons (coal) production, the same level as this year," Sujatmiko, Director of Coal Development at the Ministry of Energy and Mineral Resources, said in a virtual webinar. He said that the flat output target has taken into account coal miners production capacity and efforts to limit the country's coal output, in a bid to help revive the price of the commodity.

He said that all coal miners in the country must adjust their 2021 production plans to the government's output target.

Meanwhile, Kontan, citing data from the government, said that about 351.44 million tons, or 64 percent of the 2021 production volume target, are allocated for coal miners holding licenses issued by the central government, and the rest allocated for miners holding licenses issued by local governments.

Of the 351.44 million tons volume, coal miners holding the PKP2B coal contracts of work will be allocated with 294.66 million production quota; state miners holding the IUP OP license assigned a quota of 24.20 million tons; foreign investment scheme (PMA) miners 32.48 million tons quota; and the remaining 0.1 million tons quota for other IUP OP license miners. 



PLN to start power supply next year for Banten steel maker

State-owned electricity firm PT PLN said it will start next year supplying electricity to PT Gunung Mulia Steel's plant in Banten.

PLN will make the electricity supply via the 150 kV Ciruas power substation. "Electricity will begin to be distributed next year, gradually until 2023, totaling 120 MVA," said PLN Regional Business Director for Java, Madura and Bali, Haryanto WS recently.

He added that the power sale and purchase agreement between PLN and Gunung Mulia had been signed in April of 2019.

Haryanto said that PLN has also signed similar power supply deals with large industries in Banten such as the Tanjung Lesung special economic zone of 100 MVA and PT Multimas Nabati Asahan of 30 MVA, with power distribution expected to start next year.

Fitch forecasts strong nickel production in 2021

In its latest industry report, Fitch Solutions forecasts nickel mine production to grow by 8.3% y-o-y in 2021, above the average growth of 5.9% y-o-y experienced over 2010-2019 but not fully replacing

the 23.3% expected contraction in 2020's nickel output.

Growth in the near term will be driven by a recovery in output in the Philippines and Indonesia, says Fitch, a unit of Fitch Group. In the Philippines, lockdowns and supply chain constraints over the first half of 2020 had reduced output by 27.7%.

Fitch expects this low base effect to thus support growth. In Indonesia, the maintaining of nickel ore export ban had significantly hampered domestic opportunities for miners to sell their product, leading to a decline in production. Fitch expects mineral production to pick up in Indonesia as the country ramps up its nickel smelting and refining capacity. Fitch notes upside risk to its nickel mining growth forecasts depending on how quickly Indonesia will be able to ramp up its downstream capacity.

In the longer term, Fitch forecasts global nickel mine production to grow by an annual average rate of 3.7% y-o-y over 2021-2029, a significant slowdown from the 5.9% y-o-y average achieved over 2010-2019, which was boosted by higher nickel prices at the time and strong Indonesian output before another export ban in 2014.

By 2029, Fitch expects global annual nickel production to reach 2.7mnt, up from 2.0mnt in 2020. Indonesia

surpassed the Philippines as the largest global producer in 2017 following the introduction of stringent environmental regulations in the latter.

But Fitch believes the tables will turn in 2020 onwards as the Philippines is set to regain its spot as the largest global producer due to a restriction on nickel ore exports in Indonesia leading to a halt to mining operations. The other best-performing major producer will be Australia, which maintains a stable regulatory environment and solid project pipeline. Finally, Russian nickel production will grow at the slowest rate of the top five major producing countries in the coming years as few new projects come online.

Australian nickel production growth will also remain positive over the coming years, due to a healthy project pipeline. Its nickel sector will increasingly gain investor attention as the rising battery trend prompts miners to develop projects in stable operating environments. A more positive price outlook for nickel, underpinned by solid demand growth, will support this view.

In the long run, Fitch forecasts, rising nickel prices will support project development as the economics of nickel mine projects becomes increasingly attractive. 

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BRMS gears up gold projects

By **Tri Subhki R.**



Amid the increasing gold price trend, IDX-listed gold producer PT Bumi Resources Minerals Tbk (BRMS) is gearing up to develop its gold projects in Sulawesi, operated by two subsidiaries, PT Cita Palu Minerals and PT Gorontalo Minerals.

BRMS allocated US\$118 million to build two gold processing plants at Poboya gold mine, Central Sulawesi Province. Each gold ore processing facility has 4,000 tons per day capacity.

Currently, BRMS operates 500 tons per day gold ore processing plant and it plans to ramp up capacity up to 8,500 tons per day by 2024.

“For the second processing plant, the planned capital expenditure is US\$65-70 million and the third facility is US\$48 million,” Herwin W Hidayat, Director of BRMS said in a virtual public expose on Thursday recently.

Herwin added that the higher capital expenditure for second processing plant is due to the construction of the plant and other supporting infrastructures such as waste management facility and power

plant. “The capital expenditure for third processing plant is lower as the supporting infrastructures are available,” he said.

BRMS plans to complete the construction of second gold processing plant in fourth quarter 2021, and the third processing plant is expected to complete in the fourth quarter 2023.

In addition, BRMS will focus on the development of Motomboto gold project rather than Sungai Mak copper project in PT Gorontalo Minerals concession in Bone Bolango Regency, Gorontalo Province.

Gorontalo Minerals is KK holder with 24,995 hectares of concession which has mineral ores consist of copper, gold and silver. The company plans to focus on Motomboto gold project due to stable increase of gold price and more straight forward processing than copper mine.

“Gold mine is more straight forward compared to copper mine in term of processing. The stable increase of gold price offers better return of investment,” Suseno Kramadibrata, President Director of BRMS, said in a virtual public expose on Thursday recently.

Suseno added that the physical

development of copper processing plant will require longer time than gold processing plant. “The increase of copper price is expected to be a bit halted by 2025,” Suseno said.

BRMS plans drilling activities in Motomboto starting from March 2021 and is expected to publish the discovery of 5 million tons of gold ore reserve and resource on March 2022.

Increase reserves

BRMS plans a number of drilling activities on its gold projects in Sulawesi, namely PT Cita Palu Minerals and PT Gorontalo Minerals. These drillings are expected to add 25 million tons of gold ore reserves and resources by 2022.

Cita Palu Minerals in Central Sulawesi operates Poboya gold mine, while Gorontalo Minerals operates gold and copper mine in Bone Bolango Regency, Gorontalo Province. Currently, Cita Palu owns 3.9 million tons of gold ore reserves and 7.9 million tons of gold ore resources.

BRMS allocates a total US\$28.25 million tons of capital expenditure for drilling activities (\$23 million for Cita Palu, and 5.25 million for Gorontalo Minerals) which will utilize the right issues fund.

“It is estimated additional 20 million tons of gold ore reserves and resources from four prospects in Poboya. From Motomboto, Gorontalo is expected additional 5 million tons gold ore reserves and resources,” Herwin W Hidayat, Director of BRMS, said in a virtual public expose on Thursday recently.

Herwin emphasized that these discoveries of gold ore reserves and resources are subject to successful drilling and a third-party consultant estimate, either JORC or KCMI. 

EGA signs agreements with INALUM

Emirates Global Aluminium (EGA), the largest industrial company in the United Arab Emirates (UAE) outside oil and gas, has signed a series of agreements with aluminum maker PT Indonesia Asahan Aluminium (INALUM) to provide technological know-how to upgrade the Indonesian company's aluminum smelter in North Sumatra.

The signing was part of Indonesia UAE Week, organized by the two countries' Embassies to further deepen economic ties between the UAE and Indonesia.

EGA said in a statement it will provide expertise to upgrade the performance of the INALUM smelter by retrofitting improvements to its existing technology, which was first installed in 1982.

The project, which is expected to take some 18 months to complete, aims to increase production at the North Sumatran smelter by 20,000 tons of aluminum per year. EGA has extensive experience in upgrading aluminum smelting technology. The company has completed a series of similar upgrades across its sites in Jebel Ali and Al Taweelah over the past decade.

EGA and INALUM also signed an extension to a Memorandum of Understanding on broader cooperation, which envisages potential cooperation on the construction of a new aluminum smelter in Indonesia using EGA's proprietary technology.

EGA has developed its own aluminum smelting technology for more than 25 years, and has used UAE-developed technology in all its smelter expansions since then.

In 2016, EGA became the first UAE industrial company to license its core industrial process technology

internationally, in a major milestone in the development of a knowledge economy in the UAE. Aluminum Bahrain's Potline 6, built with EGA's DX+ Ultra technology, began production in 2019.

Last month EGA signed an agreement with NEO Aluminio Colombia which could lead to the export of EGA technology for the development of the South American country's first aluminum production facility.

Pefindo: J Resources Nusantara's maturing MTN rated "idA"

PEFINDO has affirmed its "idA" rating for PT J Resources Nusantara (JRES)'s MTN IV Year 2018 of IDR300 billion maturing on February 15, 2021. JRES plans to repay its maturing MTN using the proceed from Shelf Registered Bond I Phase VII Year 2020 of IDR384 billion which will be issued by its parent company, PT J Resources Asia Pasifik Tbk.

Debt security rated idA indicates that

the issuer's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian issuers, is strong. However, the issuer's capacity is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated issuers.

PT J Resources Nusantara was established in 2003 under the name PT Bara Kutai Energi. Its operations cover the exploration, mining, and processing of gold. It has a geographically diverse portfolio of assets across Indonesia and Malaysia, specifically in Penjom, Malaysia; Seruyung, North Kalimantan; and Bakan, Lanut, Pani, Doup, Bolangitang, and Bulagidun in North Sulawesi. As of September 30, 2020, it had three producing mines, two mines in the development stage, and two in the exploration stage. The Company's shares were 99.9% owned by PT J Resources Asia Pasifik Tbk., the largest Indonesian listed gold producing company. 



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Trinitan signs MOU with Japanese firm

IDX-listed PT Trinitan Metals and Minerals Tbk, which is engaged in metal and mineral processing, said on Monday it has signed an MOU with Japan's Meiwa Corporation to conduct feasibility (FS) study for its proposed nickel smelter project in Central Sulawesi.

Trinitan said in a statement that the FS is already in progress, and is targeted to be completed in March 2021. Trinitan Director Widodo Suctipto said that following the completion of the FS, the company will carry out the detailed engineering design (DED) with the Japanese firm.

Trinitan on October 28 held a groundbreaking ceremony for its nickel smelter project located at the Special Economic Zone in Palu, Central Sulawesi. Widodo said at the time that construction of the nickel smelter project is expected to be completed in a year, in the hope that it would start operation later next year.

The company is teaming up with PT Bangun Palu Sulawesi Tengah in the smelter project that will use its hydrometallurgy step temperature acid

leach (STAL) technology, which is claimed by the company as a solution for the processing of low-grade nickel laterite in Indonesia, with efficient investment, but able to produce 99.96 percent nickel (LME grade), as well as nickel sulfate (NiSO₄) and cobalt sulfate (CoSO₄) battery grade.

WIN in talks with potential underwriters for planned IDX IPO

Indonesia-based firm PT. Wasesa Indo Nusa (WIN) is currently in talks with several "highly regarded" Indonesian financial institutions to underwrite the IPO on the Indonesian Stock Exchange (IDX), which is planned by the end of first quarter of 2021, UK-listed copper-gold junior mining firm Asiamet Resources Limited reported.

As part of IPO strategy, WIN has in October 2020 signed a conditional share purchase agreement (CSPA) to acquire Asiamet's subsidiary Indokal Limited, the 100% owner of the Kalimantan Surya Kencana Contract of Work (KSK CoW), including the BKM Copper Project, located in Central Kalimantan. As part of the Transaction, WIN has entered into an

agreement to acquire Aeternum Energy International Limited's commodities trading business.

Aeternum Energy (AE) is currently the holder of 19.9 percent shares of Asiamet. AE will also become the ultimate controller of WIN through acquisition of WIN's shares.

Following the planned IPO, WIN expects to have sufficient financial resources to enable the pathway for development of the BKM Copper Project, Asiamet said.

Under the deal with WIN, Indokal will be acquired for a total staged consideration of US\$163.4 million, which will comprise of \$10 million paid in cash on the execution of a binding SPA, \$40 million paid in cash upon the successful IPO on the IDX and a 22.5% shareholding in IDX listed WIN.

Asiamet will continue to manage the KSK CoW project for a period of up to 12 months (extendable by mutual agreement) following the IPO of PT WIN through a management services contract.

Aeternum's independent valuers estimate WIN to have an equity value of circa \$500 million on a 100% basis on IPO, asiamet said.

"Following completion of the transaction Asiamet will have circa \$50 million cash and no debt on its balance sheet and retain a sizeable 22.5% interest in the KSK CoW through its shareholding in WIN along with an 80% interest in the significantly larger Beutong copper gold porphyry project located in Aceh. The Company plans to continue working with PT WIN on the development of the BKM copper project, to progress various options for further exploration and development of the Beutong project and assess additional growth opportunities that can create long term value for shareholders," Asiamet said. 



CA | Khalsa

Trinitan seeks BPPT's approval for STAL technology

IDX-listed PT Trinitan Metals and Minerals Tbk, which is engaged in metal and mineral processing, and its subsidiary PT Hydrotech Metal Indonesia (HMI) had on 16 December signed an MOU and cooperation agreement with the Agency for Technology Assessment and Application (BPPT) for technology audit of STAL pilot plant owned by HMI.

Trinitan said in a statement Friday that the hydrometallurgy step temperature acid leach (STAL) technology has been proven to have succeeded in converting nickel ores from low grade nickel laterite into pregnant leach solution (PLS) within four hours, which will be processed into downstream products such as mixed hydroxide precipitate (MHP)/mixed sulphide precipitate (MSP), or pure

nickel or nickel sulfate (NiSO_4), and cobalt sulfate (CoSO_4).

The company said that it wanted to gain approval from BPPT for the STAL technology, which it claims to be the solution in processing the country's huge low grade nickel reserves.

Trinitan is developing a nickel smelter using the STAL technology at the Special Economic Zone in Palu, Central Sulawesi, which the company said is expected to start operation later next year.

Trinitan is teaming up with PT Bangun Palu Sulawesi Tengah in the smelter project.

Awak Mas to produce up to 130,000 oz of gold per year

The Awak Mas gold project in South Sulawesi Province is expected to start production in 2022 or 2023 at initial production rate of 100,000-130,000

ounces per year, according to IDX-listed integrated energy firm PT Indika Energy Tbk. "Based on the feasibility study, the initial production volume is about 100,000–130,000 ounces," said Azis Armand, Vice President Director & CEO of Indika Energy.

Indika Energy currently owns 45.8 percent shares in the Awak Mas gold project, operated by PT Masmindo Dwi Area, while the remainder is held by ASX-listed Nusantara Resources. Indika has an option to increase the ownership in Awak Mas to 53.9 percent. Read also:

The Awak Mas gold project is held under a 7th generation Contract of Work (CoW) signed with the Government of Indonesia (GoI) in 1998. The CoW covers an area of 14,390 hectares, and has gold reserves and resources estimated at 1.5 million ounces and 2.3 million ounces respectively. 

LG Energy Solution signs MOU for RI investment

LG Energy Solution, the battery spinoff from LG Chem, signed a memorandum of understanding (MOU) with the Indonesian government investment authority Friday for investments into the Southeast Asian country.

According to the industry ministry and LG Energy Solution, the electric vehicle (EV) battery maker held a closed-door signing ceremony for the MOU at the Lotte Hotel in Seoul. The ceremony was attended by LG Energy Solution President Kim Jong-hyun, Indonesian Investment Coordinating Board Chairman Bahlil Lahadalia and Minister of Trade, Industry and Energy Sung Yun-mo, news portal koreatimes.co.kr reported.

The news portal quoted sources as saying the MOU was signed after Indonesian ministers' expressed strong hopes of signing a deal with the company

during their visit to Seoul to sign the Comprehensive Economic Partnership Agreement between the two countries.

LG Energy Solution confirmed the signing of the MOU, but refused to disclose any details, saying it was "a non-binding MOU regarding local investment" and specifics had yet to be confirmed.

According to officials familiar with the matter, however, the MOU is about launching a package of battery-related businesses in Indonesia, ranging from mining raw materials to manufacturing battery cells. LG Energy Solution will lead a consortium comprised of both Korean and Indonesian companies to do this. The alleged total value of the projects will likely reach the trillion-won level, the report said.

Companies including LG International and POSCO were mentioned as stakeholders in the projects,

but the companies refused to comment on the matter.

"LG Energy Solution has been exploring investment opportunities in Indonesia for a while, with a plan to engage in multiple processes of battery making through joint ventures in the country," a source said. "The MOU is showing that the company and the country have reached common ground from a broad perspective, but are still narrowing their differences over the details."

Indonesia has been frequently mentioned as an investment destination for battery and electric vehicle firms due to the country's abundant resources for battery materials. The country, which has the largest nickel reserves in the world, banned all nickel exports in January to have more processed in the country. Nickel is one of the most important materials in manufacturing batteries.

Due to the country's importance, not only LG Chem but also a number of global giants have tapped into the country. Overseas news outlets reported that Tesla will send a delegation to Indonesia next month to discuss a potential investment in the country, and CATL, the biggest rival of LG Energy Solution, plans to invest \$5 billion in a lithium battery plant there.

Though not included in Friday's MOU, sources said a joint venture between LG Energy Solution and Hyundai Motor is under way, with an outcome expected next month.

Currently, Hyundai Motor is building a vehicle plant capable of manufacturing up to 250,000 vehicles — including EVs — annually in Indonesia, with a plan to launch commercial operations at the end of next year. For a stable battery supply to the plant, the two sides reportedly agreed on setting up a joint venture and are now fine tuning details of the project. 



Sihayo reports additional encouraging assay results from drilling at Hutabargot Julu

A SX-listed gold mining firm Sihayo Gold Limited updates drilling activities at the Hutabargot Julu exploration prospect located approximately 6 km southeast of the Sihayo Starter Project in the northern block of the PT Sorikmas Mining Contract of Work, North Sumatra.

Drilling at Hutabargot Julu commenced in early October using two man-portable drilling rigs owned and operated by PT Indodrill Indonesia. A third man-portable drilling rig recently arrived at site and will help accelerate the progress of the drilling program. A total of 9 holes (1,818 m) has been completed of the 22-hole (5,500 m) diamond drilling program to date.

The planned drill holes are located across the northern part of a 3.5 km x 3.0

km gold-soil geochemical anomaly that has been largely untested by drilling to date. Previous drilling done by Sihayo at Hutabargot Julu during 2010-2013 was focussed mainly on the southern edge of this anomaly.

The aim of the current reconnaissance program is to test the potential for a large gold resource similar to the Martabe gold-silver deposit, located about 80 km northwest of the CoW. Martabe and the CoW, which includes the Hutabargot Julu gold-silver target, all lie within the same highly prospective mineral belt of North Sumatra.

Gold assay results from the first hole in the reconnaissance drilling program, HUTDD057, were reported last month and showed very encouraging intercepts, the company said.

Further gold assay results have now

been received for a further three holes, showing gold mineralisation in all three holes, it added.

The Company has engaged Intrepid Geophysics N/L to do a 3D inversion analysis of high resolution airborne magnetics data previously acquired over Hutabargot Julu and the entire CoW area in 2012. This will greatly assist with interpreting the potential depth and extent of the mineralised system at Hutabargot Julu and, combined with new geological, structural and geochemical data generated from the current drilling program, may assist in highlighting the major controlling structures for targeting higher grade mineralisation in the current and follow-up drilling programs.

Additional assay results from other holes completed in the program to-date are expected to be received in the coming weeks. Drilling continues with three rigs and this initial program is expected to be completed in early Q1 2021.

A more targeted follow up program to test for and define identified zones of mineralisation is envisaged once full results from the reconnaissance program have been analysed and interpreted.

Sihayo's Executive Chairman, Colin Moorhead commented: "The results from the reconnaissance drilling program at Hutabargot Julu continue to confirm our exploration model for the prospect. We firmly believe there is potential for bulk-tonnage disseminated gold plus discrete higher grade structurally controlled gold vein targets within this large prospect area.

We look forward to receiving further assay results over the coming months and will continue to update the market accordingly." 



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Baru Gold appoints Sangihe Mine Manager

Canada-listed junior gold mining firm Baru Gold Corporation announced the appointment of Fatchil Amal as Mine Manager (Kepala Teknik Tambang/KTT) for its Sangihe gold project in North Sulawesi.

For more than 28 years Amal has had senior technical and management roles in coal, gold and copper mining, and mine infrastructure construction operations throughout Indonesia. He was involved in projects including Indo Muro Kencana, Batutua Tembaga Raya, Nusa Halmahera Mineral, and Nuansa Cipta Coal Investment. His role as KTT at the Wetar copper leaching project whose island location and remoteness is very similar to the Sangihe Project, the company said.

Amal's appointment as KTT has also been approved by the Ministry of Energy

and Mineral Resources (MEMR). This is a statutory position required by all mine operations whether in the exploration or production stage. The duties of the KTT are to ensure compliance with all legislation related to safety, health, environmental impact, and conservation of mineral resources. The KTT is also responsible for regular reporting of activities and operations to the MEMR. Amal has previously been KTT on a number of other mining projects.

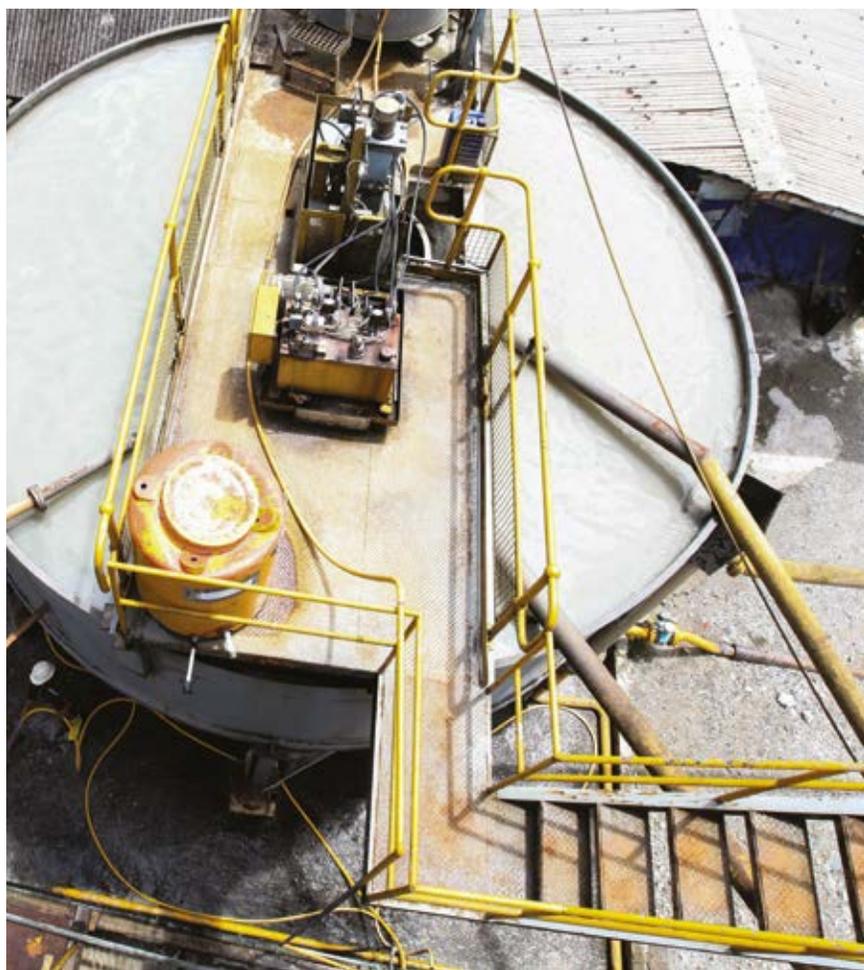
Baru Gold CEO, Terry Filbert, commented, "We welcome Amal to our team and congratulate him on being approved as our KTT for the Sangihe project. His experience in both mining and infrastructure construction in remote locations will ensure our project is delivered as efficiently and safely as possible. This is another step the Company has taken to position itself to be able to

immediately start construction once the production licence upgrade is received."

Baru is planning to move ahead toward commencement of production and cash flow from gold production on the Sangihe project in the first half of 2021.

The construction of heap leach will start with gold pour within six months from breaking ground with stage one production of 12 months at 1,000oz gold per month when the production plant is fully operational, it said earlier.

The Sangihe gold-copper project is located on the island of Sangihe off the northern coast of Sulawesi and has an existing National Instrument 43-101 inferred mineral resource of 114,700 indicated and 105,000 inferred ounces of gold. The Company's 70-percent interest in the Sangihe-mineral-tenement contract of work is held through PT. Tambang Mas Sangihe. 



Most smelters have applied HPM in nickel transaction: Official

Most nickel smelter operators have applied the government-sanctioned HPM reference price in the purchase of nickel ores from miners, according to a senior government official.

Director of Mineral Development and Management at the Ministry of Energy and Mineral Resources, Yunus Saefulhak said that 65 of the total 73 companies holding the IUP OP/IUP OPK mining business licenses have utilized the HPM in their nickel ore transactions.

He urged the remaining firms to follow suit, or risk their licenses revoked by the government. “So, the HPM

has started to be implemented (by the smelter operators),” he said, adding that the government will warn recalcitrant companies three times before finally revoking their licenses.

Minister of Energy and Mineral Resources Arifin Tasrif issued in April of this year new Ministerial Regulation No 11/2020, which among others requires nickel ore transaction to use HPM as price benchmark. The policy is seen to support nickel miners, who have complained that they could not sell their ores to smelter operators at profit after the government banned nickel ore export early this year.

Yunus, however, said that the HPM policy is meant to provide healthy

margins both for miners and smelter operators so as to help create conducive investment climate in the domestic smelter industry.

Secretary General of the Indonesia Nickel Miners Association (APNI) Mediy Katrin Lengkey acknowledged that the HPM has started to be implemented in domestic nickel ore transaction. Nickel smelter operators have previously appealed to the government to allow them for gradual implementation of the HPM policy to help prevent soaring cost as their products are also facing anti-dumping duties in a number of export markets.

Harum ups stake at Nickel Mines

IDX-listed mining firm PT. Harum Energy Tbk announced on Wednesday that it has on December 15, 2020, acquired 39 million shares of ASX-listed nickel firm Nickel Mines Limited with the purchase price of A\$36.74 million.

“As of December 15, 2020 the Company owned 4.88% of total issued capital in Nickel Mines Limited,” the company said.

Prior to the acquisition, Harum had 3.22 percent shares at Nickel Mines.

Nickel Mines holds 60 percent economic interests in the Hengjaya Nickel and Ranger Nickel projects, both of which operate 2 line Rotary Kiln Electric Furnace (RKEF) plants producing NPI within the Indonesia Morowali Industrial Park (IMIP), Central Sulawesi Province. Nickel Mines is seeking to increase its stake in the two nickel projects to 80 percent.

Nickel Mines also holds an 80 percent economic interest in the Hengjaya Mineralindo Nickel Mine (Hengjaya Mine), a large tonnage, high-grade saprolite deposit located in the Morowali Regency of Central Sulawesi. 

BASF, Eramet team up to develop nickel, cobalt refining complex in N. Maluku

Global chemical firm BASF and French global mining and metallurgical group Eramet have signed an agreement to jointly assess the development of a state-of-the-art nickel and cobalt hydrometallurgical refining complex.

Such a development would include a High-Pressure Acid Leaching (HPAL) plant and a Base Metal Refinery (BMR).

The HPAL would be located in Weda Bay, North Maluku, while the location of the BMR will be determined during the feasibility study, the companies' joint

statement released on Tuesday said.

The HPAL plant will process locally secured mining ore from the Weda Bay deposit to produce a nickel and cobalt intermediate. Since the acquisition of Weda Bay in 2006, Eramet carried out extensive geological work and confirmed the potential of this world-class deposit whose mining operations started at the end of 2019.

The BMR will supply nickel and cobalt to produce precursor cathode active materials (PCAM) and then cathode active materials (CAM) for lithium-ion batteries in electric vehicles.

“Securing access to raw materials, especially nickel, is a critical component to support the strong growth in the global electric vehicle value chain. The share of high nickel CAM is rising to meet the demand for higher energy density batteries and reduce overall battery costs, and Weda Bay’s resources rank among the most competitive globally for addressing this demand. The planned development will provide BASF access to an additional secure source of 42,000 metric tons of nickel and 5,000 metric tons of cobalt annually from mines operating according to internationally recognized sustainability standards,” the release said.

The project targets a start-up of the HPAL and BMR facilities in the mid-2020s and will commence in the first phase feasibility study with limited funding.

“With Eramet, we have a responsible and experienced partner to supply raw materials for our battery materials production,” said Dr. Peter Schuhmacher, President, Catalysts division at BASF.

“As a global supplier, BASF offers a full solution from metals to innovative CAM products in support of our battery materials customers around the world.”

Christel Bories, Chairman and CEO of Eramet commented: “With high potential deposits and strong metallurgy know-how, Eramet is well positioned to supply critical metals for energy transition. A key pillar of our strategy is to grow in this area. Partnering with BASF is a unique opportunity in line with our ambition to provide a solid and sustainable supply for the batteries industry.” 



CA | Khalea

Nickel miners developing HPAL smelters to pay lower royalty

The government will ease the royalty obligation of integrated nickel miners developing smelters utilizing the high pressure acid leach (HPAL) technology that absorbs nickel ores with grade lower than 1.8 percent.

Yunus Saefulhak, Director of Mineral Development at Directorate General of Mineral and Coal, said that the lower royalty tariff is part of government planned incentives to help accelerate the development of HPAL smelters in the country and absorb lower grade nickel ores.

“Incentives will be provided for (nickel mining) companies that develop HPAL smelters and absorb low grade nickel ore,

such as a lower royalty (obligation) for the ores, compared to the royalty set in PP 81,” Yunus said in a webinar.

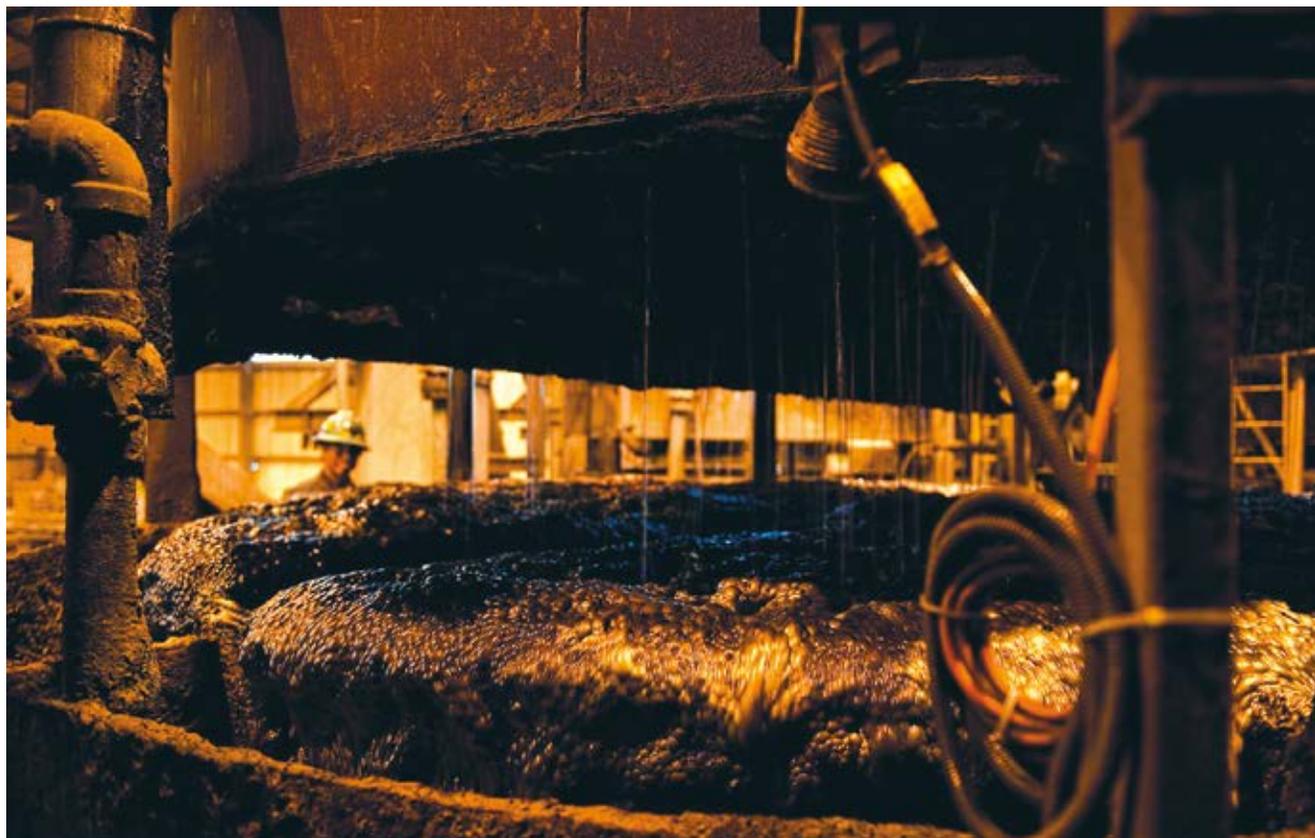
Under Government Regulation (PP) No 81/2019, nickel ore is subject to 10 percent royalty. However, Yunus did not disclose the lower royalty tariff.

The government said there are currently five HPAL smelter projects under construction. IDX-listed integrated nickel mining firm PT Vale Indonesia Tbk said previously it plans to start construction next year of an HPAL smelter in Pomalaa, Southeast Sulawesi Province, which will produce mixed sulphide precipitate (MSP), an intermediate product that can be

further processed into raw material for production of electric vehicle battery.

Yunus also mentioned that HPAL smelter developers with integrated operation will be granted life of mine mining permit. HPAL smelter developers will also be provided with other fiscal incentives from the Ministry of Finance, such as tax holiday and lower import duties for capital goods.

In addition, Yunus stated that the government is discussing about the economical and technical viability of existing nickel smelters in absorbing low grade nickel ores. “It may be a regulation that obliges existing smelters to absorb 1.5-1.7 percent nickel ores,” he said. **C**





in Indonesia. “I recently met them in Yunan, they’re committed to also bring the EV plants (to Indonesia). The target is in 2024 they will invest around US\$5 billion,” he said.

Indonesia, which holds the world’s largest nickel reserves, is seeking to invite global EV supply chain industry leaders to invest in the country. The Investment Coordinating Board said in June that LG Chem was considering a \$9.8 billion investment in an electric vehicle battery factory integrated with a smelter.

Last week, the Indonesian government said U.S. automaker Tesla will send a delegation to Indonesia next month to discuss potential investment in a supply chain for its electric vehicles.

Timah inaugurates floating solar power plant at ex-mine-site

IDX-listed tin giant PT Timah Tbk inaugurated on Friday a floating solar power plant at its ex-mine site in Selinsing Village, Belitung Timur Regency, Bangka Belitung Islands Province.

“We appreciate the commitment of PT Timah Tbk in maximizing (the use of) the former mine site to increase energy supply and the welfare of the local people,” said Director General of Mineral and Coal, Ridwan Djamiluddin at the inauguration ceremony as quoted in a statement issued by the directorate. No further details were provided about the new floating solar power plant.

Ridwan also inaugurated a fishing villa at the 17-ha ex-mine site which has been turned into an agro-tourism area.

The local government welcomes Timah’s efforts to develop the ex-mine site into a tourism destination as it would help improve the economic life of the local people. 

RI’s lithium battery plant to start production in 2024

A lithium battery plant in Indonesia to be developed by China’s Contemporary Amperex Technology Ltd (CATL) in partnership with Indonesia’s state-controlled miner PT Aneka Tambang Tbk (Antam) is targeted to start production in 2024.

This was revealed by Septian H. Seto, a Deputy at the Office of the Coordinating Minister for Maritime Affairs and Investment, at a webinar recently

He added that the Indonesian side has required CATL to process at least

60 percent of the nickel supplied by Antam into EV battery in Indonesia. “60 percent of the nickel they obtained must be processed into battery in Indonesia. This is our demand. So, we don’t want them to get nickel from us but processed it overseas,” he said.

Antam and CATL signed on 9 November a principal agreement for joint development of a lithium battery plant in Indonesia as the country is seeking to become a global hub of the EV supply chain.

Elsewhere, Septian said that his office had also met with Chinese car makers to develop an EV manufacturing plant

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OPINION

By *Hendra Sinadia*

REVIEW 2020 AND OUTLOOK 2021

Mining industry is highly vulnerable to the external risks particularly volatility of the commodity prices and policy risks. In the early 2020, virus SARS Cov-2 (Covid-19) almost shut down the world economy after the World Health Organization (WHO) declared the outbreak as the Global Pandemic. Most of the world economy have entered into the recession which worse than the 2008 financial crisis. That is why *TIME* magazine labels the 2020 is the worst year ever in the cover of its weekly publication. Some of the mineral commodities, except gold, have seen their prices hits its lowest level in years. Despite all the negativity, there are some positive news in regards to regulatory aspect as the government and the parliament enacted the New Mining Law and the Job Creation Law amidst the pandemic. This gives optimism for the industry to face the 2021 where most of the world economy is in the recovery mood. However there are still huge challenges and uncertainties in the new year ahead.

Review 2020

Pandemic is perhaps the most single important factor that impacted the mining industry severely in 2020. During the pandemic, most of mining activities are in relatively normal condition despite companies enforcing strict physical distancing measures to prevent the outbreak. In doing so, companies are burdened with more

additional operational costs while struggling to cope with the weakening demand impacted as result of the trade war. The pandemic hits the industry on the demand side which triggers commodity prices downturn.

Big miners both mineral and coal producers perform relatively well in terms of keeping the production plan intact amidst the pandemic. Despite the weakening demand which force most miners especially coal producers in the survival mode, the tax and non-tax contribution of the mineral and coal sector is crucial to the nation. Miners have been doing their utmost to maintain the workforce in order to support the national and regional economic recovery. Coal producers have been working around the clock to ensure the domestic supply not disturbed.

The pandemic does not only impacting the demand but affecting miners's investment plan. According to the data compiled by the Ministry of Energy and Mineral Resources, investment realization as of October 2020 fell to more than 60% compared to the 2019 figure. Miners are forced to scale back their investment plan which hampered by the logistical supply problems. PT Freeport Indonesia and PT Amman Mineral Nusa Tenggara have notified the government that their copper smelter projects were affected so that it is difficult for each project to meet the deadline as initially planned.

Inspite all the negativity, there were some positive news particularly on the regulatory aspect. The enactment of the

Law No. 3 of 2020 on the Amendment of the Law No. 4 of 2009 on Mineral and Coal Mining provides long-term certainty not only for holder of Coal Contract of Work (CcoW) but also for Contract of Work (CoW) and Mining Business Permit holders (IUP). In addition, the issuance of the Law No. 11 of 2020 on Job Creation (Omnibus Law) also exemplifies the commitment of the Joko Widodo – Ma'ruf Amin's administration to boost the investment climate.

Perhaps one of the best achievements in 2020 by the mining industry is the selection of four coal companies as the recipient of the gold rating (the highest rating) in the Proper LH (Environmental Rating conducted by the Ministry of Environmental and Forestry). Of the 36 recipients of the gold ratings, 30 are from energy and mining industries including geothermal, power generation, coal, and oil and gas. Only 6 companies from industries outside of energy and mining industry. This exemplifies the commitment of energy and mining companies in implementing their highest environmental management standard even in the perhaps the most difficult year that the industry has experienced. Unfortunately this encouraging news have received only small media coverage.

Outlook 2021

In the demand side, the recovery of the world economy provides positive outlook for miners in anticipating the year ahead. China economy is having the fastest growth among the G-20 countries. The world second biggest

economy is performing well with its purchase manager index records the highest level in years. On the other hand, the US and European countries are still struggling to cope with the spread of the corona virus including the possibility of the new strain as emerged in the United Kingdom. The uncertainty over the Brexit deal with the European Union is still looming. Meanwhile the upcoming new leader of the United States although is highly welcomed but it projected not too give significant breakthrough in 2021.

Coal demand is expected to grow again in 2021 thanks to the recovery of the Chinese economy. Indonesian coal miners expect to cultivate to the recently signed memorandum of understanding (MoU) signed by APBI-ICMA and its counterpart China Coal Transportation & Distribution Association (CCTDA) witnessed by representatives from the two countries. In the MoU which valid for three years, the two parties agreed to enhance their cooperation to boost coal export from Indonesia which is targeted to reach 200 million tonne.

As the World's biggest coal importer, China's role remains significant in affecting the commodity price. The country represents more than quarter of the total global seaborne thermal coal market. The recent coal import restriction imposed by China on Australian coal raises concern over uncertainty in global coal demand. Such issue could provide an opportunity for some of Indonesian coal exporters to feed the growing demand in China ahead of the Chinese new year. The increase of the coal price is partly due to the rising of demand from China as its domestic coal prices continue to rise.

In the policy side, the mining industry has been awaiting for the finalization of implementing regulations of the Law No. 3 of 2020. The government is to issue 3 government regulation (PP) on the business activity of mineral and coal industry, reclamation and post-mining and mining area. Although the Law mandates the implementing regulations should be completed at the latest 1 year after the enactment of the Law, which is June 2021 but the government confirms the regulations should be ready within 6 months. So far the industry has limited access to study the draft regulations as the government has invited industry and professional associations for once meeting only, and yet it without a complete draft.

For coal miners, especially CcoW holders, the concern over the possibility of the royalty tariff hikes is still lingering as the government not yet finalizing the draft of government regulation on the tax treatment for coal companies. Technically the regulation should have been issued at the latest on December the 1st 2020 as the legal basis for the tax obligation of the holder of Special Mining Business Permit (IUPK) Production Operation (ex-CcoW holder). There was a proposal from the Ministry of Finance to impose the new royalty tariff of 24% to be applicable to the IUPK OP holder, which is extremely higher compared to the existing 13.5% tariff. Our existing tax scheme is seen as not attractive and not competitive compared to many other mining producing countries.

The 1st generation of the CcoW holders also are facing tough business challenges in investing in the coal downstream project. The government

requires the coal miners to invest in coal development or coal utilization project as part of the evaluation of their contract extension proposals. Under the Law No. 3 of 2020, coal development consisting of coal gasification and coal liquefaction among others. Meanwhile, coal utilization is related to the building of mine-mouth power plant. Details on the coal downstream obligation should be regulated in the incoming GR on the Law No. 3 of 2020.

For nickel producers, the potential demand electric vehicles provides positive development on the investment on the nickel processing facilities. The proactive measures taken by the Government to impose raw material export ban and regulate the nickel price should be appreciated. However the government should also consider to provide non-fiscal incentives and utmost support to make development of copper smelter economically viable. Keeping mineral producers to sustain their investment to support the recovery of national and regional economy is very important.

In terms of external economic factor, miners expect to enter into recovery mode in the 2021. Given the recovery of the world economy in particular with the arrival of vaccines, such optimism is highly understandable. However uncertainty factor remains including geopolitical tension. In the national level, investment friendly policy and regulation would be the most decisive factors that could shape the future of the national mineral and coal industry. So long 2020, the year that perhaps no one won't miss. And let us welcome 2021 with huge optimism for our better future. 



OPINION

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Battery electric vehicle (BEV) development to welcome electricity-based vehicle era in Indonesia

Background

Battery-powered Electric Vehicles (BEV) have become one of the priorities of President Joko Widodo's leadership. Several strategic reasons make BEV plays an important role in the nation's future such as low or zero emissions, decreasing pollution level, reducing Indonesia's dependence on imported fuel while reducing subsidies, and finally, Indonesia's long term goal to become the top producer and exporter of BEV.¹ Moreover, according to the Ministry of Energy and Mineral Resources (MEMR), Indonesia has the largest nickel reserves in the world in 2019, and it is a crucial component in making lithium batteries.² The Geological Agency of Indonesia in July 2020 also reports that Indonesia's estimated nickel resources are 11,887 million tonnes and reserves are more than 4,346 million tonnes.³

Since 2017, the Government of Indonesia (GoI) has been keen on developing BEV and related infrastructures. This is reflected in the General Plans of National Energy (Rencana Umum Energi Nasional/RUEN)⁴ that sets out the target of Electric Vehicles (EV) in Indonesia

by 2025. It comprises several vital commitments. They are to (i) develop EV or hybrid electric vehicles (HEV) in 2025 consisting of 2.200 units 4-wheeled vehicles and 2.1 million units 2-wheeled vehicles, (ii) gradually develop infrastructure of General Electric Charging Stations (Stasiun Pengisian Listrik Umum/SPLU)⁵ for up to 1.000 units by 2025, and (iii) formulate regulations to accelerate the use of EV.⁶

There have been significant movements in Indonesia's BEV market. Recently, big motor companies have made inroads in developing BEV in Indonesia. As a Japanese automotive giant, Toyota has invested \$2 billion to develop ten types of EVs in Indonesia to achieve a critical global hub for EV exports in Southeast Asia.⁷ Another major player, Hyundai Motor from South Korea, has also committed \$1.55 billion in investment to manufacture EVs that soon start manufacturing in Indonesia.⁸ US-based Tesla has agreed to explore potential investment in EV and space launch station next month in Indonesia, as confirmed by the GoI.⁹

The GoI has also taken a multitude

of approaches to respond to the stretching in the market, among others, to establish an acceleration team of EV battery development by State-Owned Enterprises (SOE). The SOE Ministry ordered SOEs to establish a holding company, namely Indonesian Battery Holding (IBH)¹⁰. They will form a consortium with LG Energy Solution from South Korea to develop a battery factory with an estimated cost of approximately Rp130 trillion (approx. US\$9,21 bn).¹¹ In the infrastructure sector, per October 2020, Indonesia already had 62 electric stations consisting of General Electric Vehicle Charging Station (Stasiun Pengisian Kendaraan Listrik Umum/SPKLU) and Public Electric Vehicle Battery Replacement Station (Stasiun Penukaran Baterai Kendaraan Listrik Umum/SPBKLU) owned by PT PLN (Persero) (PLN), Agency for the Assessment and Application of Technology (Badan Pengkajian dan Penerapan Teknologi/BPPT), PT Pertamina (Persero), and other business entities.¹² The GoI plans to have an estimation of 2.465 electric stations in 2025.¹³

In the transportation sector, the GoI also actively pushes motor producers

1 <https://bumn.go.id/media/news/damri-lakukan-retrofit-bus-listrik-untuk-transportasi-umum#:~:text=Terdapat%20beberapa%20alasan%20strategis%20yang,mengurangi%20subsidi%20dan%20yang%20terakhir.>

2 <https://www.esdm.go.id/id/media-center/arsip-berita/hilirisasi-nikel-ciptakan-nilai-tambah-dan-daya-tahan-ekonomi.>

3 Ibid.

4 Presidential Regulation No. 22 of 2017 on General Plans of National Energy (Rencana Umum Energi Nasional/RUEN) (PR 22/2017).

5 Different term under RUEN and PR 55/2019.

6 Attachment 2 of PR 22/2017.

7 <https://jakartaglobe.id/business/elon-musk-to-look-into-potential-tesla-spacex-investments-in-indonesia.>

8 Ibid.



and operators to convert fuel-based vehicles to EVs. They invited Astra Prospect Motor to modify their official workshops to have electric-conversion support so their customers can convert their existing motorcycles to electric motorcycles.¹⁴ SOE's Djawatan Angkoetan Motor Repoeblk Indonesia (DAMRI), as one of the major bus operators in Indonesia, also introduced a retrofit program to electrify their existing buses. They target 20% of their buses will be electrified by 2025.¹⁵ Several regional governments, including Bali, Jakarta, West Nusa Tenggara have envisioned the adoption of BEV by issuing regulations concerning BEV. From the private sector, it was also reported that Grab is ready to operate more than 5,000 EV in Indonesia.¹⁶

Key provisions on BEV development in Indonesia

In response to the aggressive market, President Joko Widodo issued Presidential Regulation No. 55 of 2019 regarding Acceleration of the Battery-Powered Electric Motor Vehicles for Road Transportation Program on 12 August 2019 (PR 55/2019). PR 55/2019 jumpstarted BEV development in Indonesia. Since then, a variety of minister regulations have been promulgated to support this acceleration program.

Most of the regulations can generally be divided into two topics: the BEV itself and BEV infrastructures. Regulations regarding BEV ranging from types of BEV industries, local content requirement, importation,

domestic manufacturing requirements to testing, conversion of fuel-powered motorcycles to BEV, and environmental protection from the battery wastes. Meanwhile, BEV infrastructures are primarily regulated in PR 55/2019 and Minister of Energy and Mineral Resources Regulation No. 13 of 2020 (MEMR 13/2020).

The manufacture of BEVs

PR 55/2019 acknowledges two industries of BEV, which are industries for BEV itself and for BEV components. Both industries must be established based on Indonesian law and operate within Indonesia. They also must secure an industrial business license to assemble or produce BEV or BEV's main and supporting components.

9 Ibid.

10 The four SOEs, namely Mining Industry Indonesia, PT. Aneka Tambang Tbk, PT. Pertamina and PT. Perusahaan Listrik Negara (PLN). See: <https://ekonomi.bisnis.com/read/20201209/44/1328773/ini-bocoran-pembagian-saham-4-bumn-di-indonesia-battery-holding>.

11 <http://www.businesskorea.co.kr/news/articleView.html?idxno=56587>.

12 <https://www.cnbcindonesia.com/news/20201005083624-4-191830/wah-ternyata-ri-punya-62-stasiun-charging-kendaraan-listrik>.

13 Ibid.

14 <https://www.cnnindonesia.com/teknologi/20200210140607-384-473259/pemerintah-ajak-apm-soal-konversi-motor-bensin-ke-listrik>.

15 <https://bumn.go.id/media/news/damri-lakukan-retrofit-bus-listrik-untuk-transportasi-umum>.

16 <https://voi.id/en/teknologi/18733/5000-grab-electric-vehicle-fleets-ready-to-operate-in-indonesia>

According to Ministry of Industry Regulation No. 28 of 2020 (MoI 28/2020), BEV industries must carry out domestic manufacturing and to prioritize domestic production. Importation is only allowed when domestic production is not capable of producing BEV and BEV's components. Industries need to obtain an approval letter from Ministry of Industry (MoI) to import. There are also local content requirements for two and/or three-wheeled BEVs and four or more wheeled BEVs, which progressively increase over the course of at least 11 years (2019-2030 and onwards).¹⁷ BEVs also have to meet technical requirements and roadworthiness.¹⁸

Further, the GoI provides an opportunity for fuel-powered motorcycles to convert to battery-powered motorcycles. Conversion can only be done in a conversion certified workshop and said motorcycles must also meet technical requirements and roadworthiness after converting.¹⁹ Since battery waste from BEV has adverse effects on the environment, institutions, BEV industries, and/or BEV component industries must have BEV battery waste management permits if they want to recycle and/or manage BEV batteries.²⁰

Infrastructures for charging the BEVs

The growth of the BEV demand cannot be left alone. It, indeed, must be supported with a good infrastructure. One of the most important infrastructures is the electricity charging infrastructure for BEVs. The GoI issued

MEMR 13/2020 as a response to that urgency. Under MEMR13/2020, the electricity charging infrastructure for BEV comprises two, i.e., (a) recharging facility and (b) battery replacement facility. The recharging facility is the electrical energy charging facility for BEV, while the battery replacement facility is the place for replacing the battery of BEV.

The recharging activity can be carried out in (a) a private electrical installation and (b) SPKLU, while the battery replacing activity can be carried out in an SPBKLKLU.

IUPTL as the license to sell electricity for public

Charging facilities in the form of SPKLU are provided by SPKLU business entities (SPKLU Business Entity) for owners of BEVs. SPKLU Business Entity must be either (a) a holder of integrated Electric Power Supply Business License/Izin Usaha Penyediaan Tenaga Listrik terintegrasi (integrated IUPTL) or (b) a holder of Electric Power Supply Business License for sales/Izin Usaha Penyediaan Tenaga Listrik penjualan (IUPTL for sales), that owns a Business Area (Wilayah Usaha) to carry out electricity sales in SPKLU. A private electrical installation used for electricity charging does not require an IUPTL.

Basically, the whole Indonesian area is the Business Area of PLN, unless otherwise decided by the GoI. MEMR 13/2020 expressly states that only those that have Business Area can carry out SPKLU business activities. It implies

that at this moment only PLN can carry the business, or at least, a cooperation with PLN will be needed.

Private involvement in charging business through some business schemes

MEMR 13/2020 also provides other business options for private entities to participate by not being an IUPTL holder. The business scheme used in running the charging business for BEV can be in the form where (a) SPKLU Business Entity is the holder of integrated IUPTL (in this case, PLN) and where (b) SPKLU Business Entity is the holder of IUPTL for sales (in this case, PLN). We set out below the table showing each of the schemes. The blue highlighted column indicates the opportunity for private entities to participate.

Battery replacement business

Unlike charging facilities, the battery replacement facility is provided by the SPBKLKLU business entity (SPBKLKLU Business Entity) for BEV owners through battery leasing. SPBKLKLU Business Entity does not require IUPTL but must possess a business license in accordance with the provisions of laws and regulations. The business scheme used in carrying out a battery lease for BEV can be as follows.

For the first time, the provision of electricity charging infrastructure for BEVs is carried out through the assignment of PT PLN. In carrying out the assignment, PT PLN as SPKLU Business Entity and SPBKLKLU Business

17 See: Article 8 PR 55/2019 and Article 16-28 MoI 27/2020.

18 Article 29 PR 55/2019. For more detailed information regarding the technical requirements and road worthiness tests, see: MoT 44/2020.

19 Article 2, 4, and 8 Ministry of Transportation Regulation No. 65 of 2020 regarding Conversion of Fuel-Powered Motorcycles to Battery-Powered Motorcycles.

20 Article 32 PR 55/2019.

21 <http://ilmate.kemenerin.go.id/berita-industri/informasi-industri/image/percepatan-program-battery-electric-vehicle-1>.

22 Article 17 PR 55/2019.

23 Article 19 paragraph 1 PR 55/2019.

24 Article 20 paragraph 1 PR 55/2019.



Entity must compile a roadmap for the provision of SPKLU and SPBKLK infrastructures by 7 February 2021.

Acceleration program for BEV development

Roadmaps, facilitations, and incentives are provided in order to accelerate BEV development. MoI has created a roadmap for the development of the national motor vehicle industries through MoI 27/2020, which lays out a timeframe for BEV and charging stations development. MEMR 13/2020 also mandates PLN to develop a roadmap for SPKLU and SPBKLK, which is still in progress. The roadmap expects an investment of 4,2 billion IDR for SPKLU and 885 billion IDR for SPBKLK by 2025.²¹

Under MEMR 13/2020, private

electrical installation owners, holders of IUPTL for sales, and an SPBKLK Business Entity applying for a new connection or change in electric power to the holders of integrated IUPTL will be granted with facilitation. The facilitation will be in the form of (a) connection fee and/or (b) electricity subscription guarantee. The holders of integrated IUPTL must exempt the minimum account payment obligation for the first 2 (two) years to (a) the owner of a private electricity installation used for the electricity charging of public transportation, (b) SPKLU Business Entity, or (c) SPBKLK Business Entity.

Further, PR 55/2019 authorizes central and local government to provide fiscal and non-fiscal incentives to industries, universities, research

institutions, public transportation companies, and individuals who help advance BEV development in Indonesia²² A variety of fiscal incentives may be given, such as incentives on import duties, luxury sales tax, SPKLU equipment manufacturing, financing support for SPKLU development, and many more.²³ There are also several non-fiscal incentives such as exemption from restrictions of certain road usage.²⁴

Particularly for BEV infrastructures, two teams were formed for the BEV acceleration program. A coordination team for the BEV acceleration program for road transportations was formed under PR 55/2019 and headed by Coordinating Ministry for Maritime and Investment Affairs.²⁵ Its tasks are to coordinate, create action plans, mitigate challenges, and supervise

²⁵ Article 34 paragraph 1 PR 55/2019.

²⁶ Article 34 paragraph 2 PR 55/2019.

²⁷ State-Owned Enterprise Minister Decree No. SK-28/MBU/01/2020 regarding Establishment of Team for Acceleration of State-Owned Enterprises' EV Battery Development.

²⁸ Johannes Lauer and Ingo Liefner, *State-Led Innovation at the City Level: Policy Measures to Promote New Energy Vehicles in Shenzhen, China*, *Geographical Review* 109(3) (July 2019), p. 446-449.

²⁹ Article 12 paragraph 1 letter b MEMR 13/2020 requires SPKLU to have a special parking space.

³⁰ PLN, *Roadmap for the Development of Electric Vehicle Infrastructures 2020-2024*, September 2020, https://gatrik.esdm.go.id/assets/uploads/download_index/files/ab04d-road-map-pengembangan-infrastruktur-kendaraan-listrik-pln-.pdf.

the BEV acceleration program.²⁶ A team for Acceleration of State-Owned Enterprises' EV Battery Development aiming to optimize the integration of state-owned enterprises' resources and increase coordination between state-owned enterprises with members such as PLN, Pertamina, and ANTAM was also formed.²⁷

Closing

The GoI is on the right track to welcome BEVs demand in Indonesia. Some legal challenges may arise, which require rigorous scrutiny from the GoI to ensure smooth BEV development, among other things:

- seamless coordination within the government is crucial. The BEV acceleration program involves a variety of ministries and local government who has distinct yet intertwined roles. Clear and constant communication among these ministries is necessary to avoid contradicting policies and overlapping responsibilities.
- land availability to install charging and battery exchange facilities. Charging facilities are the key to promote BEV. Delayed charging facility construction due to limited land available was a central issue in electric car implementation in China.²⁸ Governments, especially the local government, need to provide sufficient space in commercial and residential areas for charging facilities. Battery exchange facilities may require smaller space as it is only needed to swap and charge the battery, but

charging facilities require a relatively large space for parking space.²⁹ Not only do facilities need sufficient land, but they also need to be placed in strategic locations in a large number to beat the growing number of BEV that needs charging. This might be hard for populated cities such as Jakarta, which is one of the main targets for BEV development.³⁰

- feasibility of business entities to participate in developing SPKLU. MEMR 13/2020 stipulates that only business entities who hold integrated IUPTL or IUPTL for sales and own a Business Area can carry out electricity sales in an SPKLU.³¹ In practice, it is tough for a business entity to obtain a Business Area³² due to the strict and specific reasons to obtain such Business Area.³³ As of 2019, PLN still owns 90% of Business Areas in Indonesia.³⁴ Both PR 55/2019 and MEMR 13/2020 indicate that this is possible by allowing both business entities and state-owned enterprises to develop BEV infrastructures, although the implementation of this is still unknown.³⁵ Therefore, clarity for the intended messages of PR 55/2019 and MEMR 13/2020 is needed.

To note as well, there is also a recent issuance of Omnibus Law. Omnibus Law streamlines all the main licensing into one Business License depending on the business activity's risk level and rating scale. Hence procedures to obtain a license for BEV industries and infrastructures have to follow the Omnibus Law. However, because

implementing regulations of Omnibus Law have not been promulgated, how many changes the licensing procedures would require are still up in the air.

Although some challenges still remain regarding the implementation of the regulations, especially licensing, that the GoI needs to address to ensure a smooth acceleration of BEV development properly, the Indonesian market, regulations, and various stakeholders have shown a positive response toward BEV development in Indonesia. This hopefully will provide a good stimulus for future development of the industry in Indonesia. **C**

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³¹ Article 9 MEMR 13/2020.

³² This statement is supported by IESR report that states that one of the reasons small-scale off grid renewable energy is not utilized optimally is because PLN often hampers transfer process of its Business Area to IPP, see: Institute for Essential Services Reform, *Indonesia Clean Energy Outlook 2020*, <http://iesr.or.id/wp-content/uploads/2019/11/IESR-ICEO-Presentation.pdf>.

³³ See Article 3 of MEMR Regulation No. 28 of 2012 as lastly amended by MEMR Regulation No 07 of 2016.

³⁴ Institute for Essential Services Reform, *Access to Sustainable Energy for Rural Communities: Status, Challenges, and Opportunities*, p. 12, <http://iesr.or.id/wp-content/uploads/2019/05/Proceeding-PE-11.pdf>.

³⁵ Article 23 PR 55/2019.

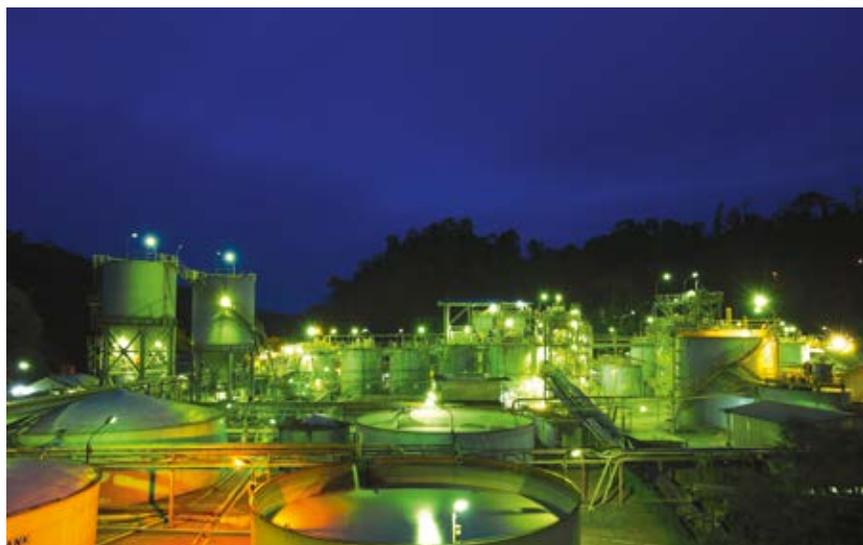
IEA: A rebound in global coal demand in 2021 is set to be short-lived, but no immediate decline in sight

A global economic recovery in 2021 is expected to drive a short-lived rebound in coal demand following the major drop this year triggered by the Covid-19 crisis, according to a new report from the International Energy Agency.

However, there is little sign that the world's coal consumption is set to decline substantially in the coming years, with rising demand in some Asian economies offsetting declines elsewhere. As coal is by far the single largest source of global energy-related carbon emissions, the trends outlined in the report pose a major challenge to efforts to put those emissions on a path compatible with reaching climate and sustainable energy goals.

The past two years have seen historic falls in global coal demand, led by unprecedented drops in the United States and Europe, says Coal 2020, the latest edition of the IEA's annual market report on the sector. A 1.8% decline in coal demand in 2019 resulted mainly from weak growth in electricity demand and low natural gas prices. Latest estimates from the IEA suggest coal demand will have plunged by a further 5% in 2020 on the economic fallout from Covid-19.

"The Covid-19 crisis has completely reshaped global coal markets. Before the pandemic, we expected a small rebound in coal demand in 2020, but we have since witnessed the largest drop in coal consumption since the Second World War," said Keisuke Sadamori, the IEA's Director of Energy Markets and Security. "The decline would have been even steeper without the strong economic rebound in China – the world's largest coal consumer – in the



second half of the year."

Based on the assumption of a recovery in the world economy, the IEA report forecasts a 2.6% rise in global coal demand in 2021, driven by higher electricity demand and industrial output. China, India and Southeast Asian economies account for most of the growth, although the United States and Europe may also both see their first increases in coal consumption in nearly a decade. However, global coal demand in 2021 is still forecast to remain below 2019 levels and could be even lower if the report's assumptions for the economic recovery, electricity demand or natural gas prices are not met.

The rebound in coal demand in 2021 is set to be short-lived, with coal use forecast to flatten out by 2025 at around 7.4 billion tonnes. This would make 2013, when global coal demand reached 8 billion tonnes, coal's all-time peak. But while coal's share in both the electricity mix and the overall energy mix are in steady decline, coal use in absolute

terms is not set for a rapid decline in the immediate future.

"Renewables are on track to surpass coal as the largest source of electricity in the world by 2025. And by that time, natural gas will likely have taken over coal as the second largest source of primary energy after oil," said Mr Sadamori. "But with coal demand still expected to remain steady or to grow in key Asian economies, there is no sign that coal is going to fade away quickly."

The future of coal will largely be decided in Asia. Today, China and India account for 65% of global coal demand. With Japan, Korea, Taiwan and Southeast Asia included, that share rises to 75%. China, which currently accounts for half of the world's coal consumption, will be especially influential. By 2025, the European Union and United States will account for less than 10% of global coal demand, down from 37% in 2000. This will make the impacts of any further changes in demand in these markets very limited. ☐



TRIPUTRA ENERGI MEGATARA: YOUR RELIABLE PARTNER

Founded in 2018, Triputra Energi Megatara (TEM) aims to lead the supply of energy and services segment across Indonesia. Focusing on Kalimantan and the East part of the Nation, the company is looking for opportunities to spread the wing wider.

As the subsidiaries of Triputra Group, TEM is backed up with a supportive internal ecosystem that help to sustain the business. Only in a span of two years TEM has proven its ability to compete in the energy industry. Triputra Energi Megatara is committed to developing long-term and mutually beneficial relationship with customers and business partners across the nation, following with the company's vision of growing energy business in Indonesia.

The quality of the biodiesel

produced that come as the main highlight of the business is both promising and aligned with the global focus of having a cleaner and efficient source of energy.

The government of Indonesia's ambition has changed the course of energy business by requiring the blending of biodiesel in diesel fuel since issuing its first set of blending targets in 2008 for the 2008-2025-

time frame. During this transition method and ways of blending is found to support the vision. TEM, align with the requirement chooses the more accurate of blending process is choosing the in-line blending as the method of creating. This type of blending occurs at a fuel rack, where dedicated blending equipment delivers a metered amount of fuel, creating the clean,



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Triputra Energi Megatara is ExxonMobil's fuel Authorized Branded Reseller, focus on providing integrated fuel solution for Kalimantan and East Indonesia Region, we aim to be a leading supplier of energy and services to all business segments

- Oky Heryanto - GM Commercial

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less condiment biodiesel that is safe for the environment and delivers the maximum performance.

TEM is now competing with compelling product quality and value-added service (VAS), enabled by good key account management. Subsequent with the HSE Golden Rule, TEM is committed in adopting

the HSE performance checkpoint of complying with the law, intervene in unsafe or non-compliant situation, and respect the neighbourhood, bringing not only a high-quality product but also with highest ethical. To ensure the product is delivered in highest standard, TEM along with affiliates business

and partner is collaborating and synergize to provide multi-mode and multi range of services and solution, starting from vessels to trucks utilizations.

By finishing the 2020 in the right rhythm and focus, the team is now looking at 2021 with eagerness and confidence. **C**



IEEFA: Coking coal's decline likely to follow the path of thermal coal's progressive demise

There has been a growing tsunami of climate commitment announcements combined with fossil fuel exclusion policies by globally significant financial institutions during December 2020, building on the pledges two months earlier by the leaders of China, Japan and South Korea committing to net zero emissions targets.

On top of that, three leading corporate announcements show the building momentum towards a decarbonisation-driven technology disruption. Nippon Steel and POSCO – respectively the largest steel manufacturers in Japan and South Korea – both committed to net zero emissions by 2050 targets over the last ten days. And Australia's Lendlease has released a roadmap detailing how it will deliver on its commitment to “Absolute Zero Carbon by 2040”.

Lendlease is committing to zero emissions including indirect scope 3 emissions.

To IEEFA, Lendlease's announcement could be a signal of profound global significance. Firstly, like a growing number of global corporate majors, Lendlease is committing to zero emissions, including indirect (scope 3) emissions sourced from activities across its value chain. Secondly, Lendlease has acknowledged that ‘net zero emissions by 2050’ is not sufficient to hold global temperature rises to 1.5°C, suggesting action needs to be much faster, particularly in the developed world. Thirdly, Lendlease will not hide behind the carbon offsets ‘figleaf’. Lendlease mandates that all of its supply chain contracts will include a requirement for

Absolute Zero by 2040, including its steel – leveraging the growing power of the now global Responsible Steel standard development and certification body.

We exit 2020 with a growing list of the world's largest steel manufacturers having now committed to net zero emission by 2050 targets. Nippon Steel and POSCO add global significance to the earlier leadership shown by ArcelorMittal (world #1), Germany's ThyssenKrupp, Austria's Voestalpine and Sweden's SSAB/LKAB/Vattenfall consortium pursuing HYBRIT.

There's a growing list of the world's largest steel manufacturers committing to net zero by 2050

All of these steel manufacturers reference two technological paths to the one goal of zero emissions, that being:

1. the avoidance of CO₂ through the use of green hydrogen, and
2. the storage or use of CO₂ produced in steelmaking (carbon capture, usage & storage, or CCUS).

Both are being piloted, and neither have been implemented at scale and commercially proven as yet. 2020 has seen a global tsunami of announcements for the development of green hydrogen pilot projects. One of the largest and boldest recent announcements came from Fortescue Metals Group, one of the world's largest iron ore mining firms, which announced a 235 gigawatt of renewables plus green hydrogen ambition in November 2020.

IEEFA has long documented our scepticism that CCUS will prove viable, particularly as a saving angel for ageing coal-fired power plants, but the H2H Saltend trials in the North Sea could prove

the long elusive breakthrough at scale. We note the growing strength of the European Union's emission trading scheme provides a critical pre-requisite to CCUS, namely a price on carbon (EU emission allowances are currently trading above €30/t).

Last week Nippon Steel set a goal to reach net-zero emissions by 2050.

Last week Nippon Steel President Eiji Hashimoto set a goal to reach net-zero emissions by 2050 as a core pillar of its strategy, aligning with Prime Minister Yoshihide Suga's pledge to achieve carbon neutrality across the country. Japan's largest steel manufacturer said it will work with its rival JFE Steel to replace coking coal with hydrogen as a reducing agent. It will start using an electric arc furnace (EAF) in a steel mill in Hyogo Prefecture in 2022/23 as a first step to wider use. Nippon Steel also said it will also look into CCUS technologies to ensure it meets its environmental target.

This past week also saw POSCO pledge to achieve carbon neutrality by 2050. POSCO is South Korea's largest steel manufacturing firm leveraging innovative technologies such as CCUS and hydrogen-based steelmaking. Like an ever lengthening list of financial institutions across banking (Shinhan Financial, KB Financial, Woori Bank, Korea Development Bank), insurance (Samsung Life Insurance, Samsung Fire & Marine Insurance) and asset management, POSCO's ambition to support the Korean government's policy of achieving “2050 carbon neutrality” demonstrates its determination to play a leading role in implementing Korea's “Green New Deal”.

POSCO signed up to the TCFD (Task Force on Climate-related Financial



Disclosures) in March 2020 and committed to reduce CO₂ emissions by 20% by 2030 and 50% by 2040, and has now added the new target to attain net zero emissions by 2050. POSCO's CEO Jeong-Woo Choi stressed that industry partnership is a key tool. Additionally, POSCO committed to no new investments that utilise coal.

There is a global trend building

ArcelorMittal announced a group-wide commitment to being carbon neutral by 2050

September 2020 saw the world's largest steel maker ArcelorMittal announce a group-wide commitment to being carbon neutral by 2050. ArcelorMittal noted that one project key to this strategy is already being piloted in Hamburg, where by 2023 it will operate Europe's only direct reduced iron (DRI) EAF facility, testing the ability of green hydrogen to reduce the iron-ore and form DRI, then using that carbon-free DRI in the EAF in the actual steel-making process.

At the start of 2019 Germany's ThyssenKrupp announced plans to invest €10 billion to make its steel production carbon-neutral by 2050, with an interim target to reduce emissions

by 30% by 2030 (relative to a 2018 base). ThyssenKrupp plans to run the entire Duisburg-Hamborn steel mill using hydrogen to replace pulverized coal, thereby reducing steel emissions by 20% by 2022 as its key first step. In August 2020 ThyssenKrupp announced it will build a 400,000 tonne per annum green hydrogen-based steel plant for commissioning in 2025 as the second step.

Further, Austria's Voestalpine is working with Siemens, Austrian hydro utility Verbund, the Austrian Power Grid and other partners to build the world's biggest research plant for producing green hydrogen, located in Linz in a project called H2Future.

And back in 2016, SSAB (Sweden's leading steel maker), LKAB (Europe's largest iron ore producer) and Vattenfall (Sweden's largest utility) joined forces to create HYBRIT – an initiative to replace coking coal, traditionally needed for ore-based steel making, with green hydrogen at Lulea, Sweden. The result will be the world's first fossil-free steel-making technology. In December 2020 LKAB announced plans to invest up to 400 billion kronor (US\$46bn) over the next two decades to expand into an emissions-free iron process.

The demand for coking coal could well enter terminal decline over the coming three decades

According to the government's Office of the Chief Economist, Australia supplies 55% of the world's seaborne coking coal. Yet should the world's steel industry deliver on its net zero emission targets, the demand for coking coal could well enter terminal decline over the coming three decades. The International Energy Agency's World Energy Outlook 2020 models a halving of coking coal use globally by 2040 under its Sustainable Development Scenario (a 3.5% annual decline each and every year). A review of the performance of the predominantly coking coal producing Coronado Global Resources share pricing since listing in October 2018 shows a near perfect correlation with Whitehaven Coal (a predominantly thermal coal miner), with both destroying over 70% of shareholder wealth relative to a 10% rally in the Australian stock market overall.

It is time for Australia to start preparing a transition plan for the growing inevitability of a global energy system transition. The momentum is accelerating and the opportunities, and risks, for Australia are enormous. 



Moody's upgrades Geo Energy to Caa1; outlook stable

Moody's Investors Service has upgraded the corporate family rating (CFR) of Geo Energy Resources Limited to Caa1 from Caa3.

In addition, Moody's has upgraded to Caa1 from Caa3 the senior unsecured guaranteed notes issued by Geo Coal International Pte. Ltd., a wholly-owned subsidiary of Geo Energy.

The outlook on these ratings remains stable. "The ratings upgrade reflects the elimination of near-term refinancing risk for Geo Energy, as the company announced that it has met the conditions required to prevent triggering a put option on its US dollar notes in April 2021," says Maisam Hasnain, a Moody's Assistant Vice President and Analyst.

Ratings rationale

On 2 December, Geo Energy announced that its updated coal reserve report showed its combined reserves at its two operating mines, PT Sungai Danau Jaya (SDJ) and PT Tanah Bumbu Resources (TBR) were 86 million tons

(MT) as of 30 October 2020 [1]. This follows the company's announcement in August that it had secured mine license extensions at the two mines to 2027 and 2028, respectively, from their previous 2022 expiry dates.

These two factors mean the company has satisfied the minimum reserve conditions needed to prevent the triggering of a put option on its outstanding US dollar notes in the next four months. These minimum reserve conditions included (1) extension of existing mining licenses at SDJ and TBR to beyond 4 October 2025 and (2) having more than 80 MT of coal reserves, with the reserves measured no earlier than six months before 4 April 2021.

As a result, the US dollar notes will mature as originally scheduled in October 2022, affording the company time to increase cash generation prior to the maturity. Over the past 12 months Geo Energy has cumulatively repurchased around \$241 million of the notes' original \$300 million principal amount, at a considerable discount to the original

par value, crystalizing a significant loss of value for creditors relative to the original obligation. The remaining notes outstanding total only \$59 million.

"Despite significantly lower leverage and lower interest costs, Geo Energy's credit profile remains constrained by its small scale and limited financial flexibility, including a low cash buffer which hinders its ability to make acquisitions in order to grow and replenish its declining coal reserves," adds Hasnain, who is also Moody's Lead Analyst for Geo Energy.

Moody's estimates Geo Energy will generate sufficient internal cash to repay the outstanding notes at maturity while maintaining a minimum cash balance, similar to its \$25 million balance as of 30 September 2020. However, this limited buffer could erode in the event of persistently low coal prices or cuts in production volumes over the next 12-18 months.

Moody's expects the company may seek to raise money via prepayment facilities under its existing coal offtake



agreements to help bridge any small funding gap when its notes come due in October 2022.

However, Moody's expects Geo Energy's ability to raise large amounts of capital to invest in growth will be challenging because the company's credit profile will weaken as its existing coal reserves continue to decline. With total proved and probable reserves of 86 MT as of 31 October, Geo Energy has a relatively short reserve life of about seven years at its target production level of 12 MT per annum.

In addition, Geo Energy has not yet established a track record of executing on its growth plans. While a majority of proceeds from its \$300 million notes issued in September 2017 were earmarked for coal mine acquisitions, the company has been unable to complete an acquisition in the last three years. At the same time, its cash available to make acquisitions has eroded primarily due to continued discounted buybacks of its US dollar notes.

ESG considerations

Geo Energy faces elevated environmental risks associated with the

coal mining industry, including carbon transition risks as countries seek to reduce their reliance on coal power.

Geo Energy's two operating mines are adjacently located in South Kalimantan and vulnerable to adverse weather. For example, operations at one of its mines were temporarily halted for around a week in June 2019 due to prolonged flooding.

Geo Energy is exposed to social risks associated with the coal mining industry, including health and safety, responsible production and societal trends. The company has implemented an Environmental and Social Management System, which seeks to address issues such as workplace health and safety procedures, and local community development.

With respect to governance, Geo Energy's ownership is concentrated in its promoter shareholders, who own around 39% of the company. Other governance risks entail the company's financial policies, including its willingness to use cash for discounted notes repurchases, resulting in a loss of value for creditors relative to the original obligation.

Outlook

The outlook is stable, reflecting Moody's expectation that Geo Energy will maintain profitable and cash-generative operations, and sufficient cash sources to meet its cash needs over the next 12-18 months. The stable outlook also assumes Geo Energy does not make further discounted notes buybacks.

Factors that could lead to an upgrade or downgrade of the ratings An upgrade is unlikely over the next 12-18 months given Geo Energy's small scale, short reserve life and limited financial flexibility to grow its business while repaying its outstanding notes in full at maturity.

Nevertheless, prospects for an upgrade could arise over time if Geo Energy improves its business profile by growing its coal reserves, while adhering to conservative financial policies and maintaining a prudent approach toward investments and shareholder distributions.

On the other hand, Moody's could downgrade the ratings if Geo Energy's cash generation declines, such that its cash sources are insufficient to meet its needs over the next 12-18 months. 



CA | Khalsa

Indonesia's Omnibus Law puts focus on direct use of geothermal resources

The Indonesian Government enacted Law No. 11 of 2020 regarding Jobs Creation (the “Omnibus Law”) on November 2, 2020. The stated aim of the Omnibus Law is to bolster investment and create jobs by streamlining regulations and simplifying the licensing process to improve the ease of doing business in Indonesia.

The Omnibus Law amends various provisions in laws across numerous sectors, including amending 29 provisions and removing six provisions in Law No. 21 of 2014 regarding Geothermal (the “Geothermal Law”).

Many of the changes to the Geothermal Law concern the direct use of geothermal resources. We look at some of the key changes.

Centralizing the direct use of geothermal resources

The authorities of the central government and local governments (provincial, regency and municipal) to oversee and regulate business activities related to the direct use of geothermal resources remain the same as under the Geothermal Law.

However, the Omnibus Law now gives the central government the authority to

stipulate norms, standards, procedures and criteria for the direct use geothermal resources. Local governments must then follow these norms, standards, procedures and criteria when exercising their authorities, including when issuing a Business License for the Direct Utilization of geothermal resources, known as a Perizinan Berusaha Terkait Pemanfaatan Langsung or “PBPL”. This direct use license was known as an *Izin Pemanfaatan*

Langsung under the Geothermal Law.

Details regarding the norms, standards, procedures and criteria shall be further regulated under a government regulation, but it is hoped that they will simplify licensing matters, particularly the licensing authority given to local governments.

Determining the price for direct use of geothermal energy

The Omnibus Law removes the provision in the Geothermal Law on the authority of the central government to determine the price of geothermal energy from direct use business activities. Instead, the Omnibus Law stipulates that the price of direct use geothermal energy will be stipulated in a government regulation that is to be issued.

We assume that the central government will still have the authority to determine the price of direct use geothermal energy price, but we will have to wait for the implementing government to be certain.

Removing the production fee for the direct use of geothermal resources

The Omnibus Law removes the requirement for holders of a PBPL to pay production fees (*iuran produksi*) for direct use geothermal energy. Now PBPL holders are only required to pay local taxes and retributions/levies.

It is hoped that removing the production fee will encourage greater investment in Indonesia's geothermal sector, particularly in business activities related to the direct use of geothermal resources.

No separate license for indirect geothermal use in water

conservation areas

In keeping with its stated aim of easing the process of doing business in Indonesia, the Omnibus Law removes the provision of the Geothermal Law requiring a separate license from the Minister of Maritime Affairs and Fisheries for business activities related to the indirect utilization of geothermal resources in water conservation areas. It is hoped that removing this additional licensing requirement under the Geothermal Law will spur investment in the sector.

Criminal provisions under the omnibus law

The Omnibus Law has added qualifications for certain criminal offenses under the Geothermal Law, meaning that criminal sanctions for these offenses will be imposed only if the offenses have resulted in casualties or have damaged health, safety and/or environment. The affected offenses are as follows:

- a. conducting direct geothermal activities (i) without a PBPL, (ii) not in the location stipulated in the Business License, and (iii) not in accordance with its purposes;.
- b. conducting indirect geothermal activities without a Business License for Indirect Utilization (*Perizinan Berusaha untuk Pemanfaatan Tidak Langsung* or "PBPTL").

The Omnibus Law also removes the threat of imprisonment as contained in provisions in the Geothermal Law for the following violations:

- a. intentionally conducting exploration, exploitation and/or utilization activities not in the designated work area;

- b. carrying out indirect geothermal utilization business activity without a PBPTL; and
- c. intentionally using a PBPTL not in accordance with its purposes.

Conclusion

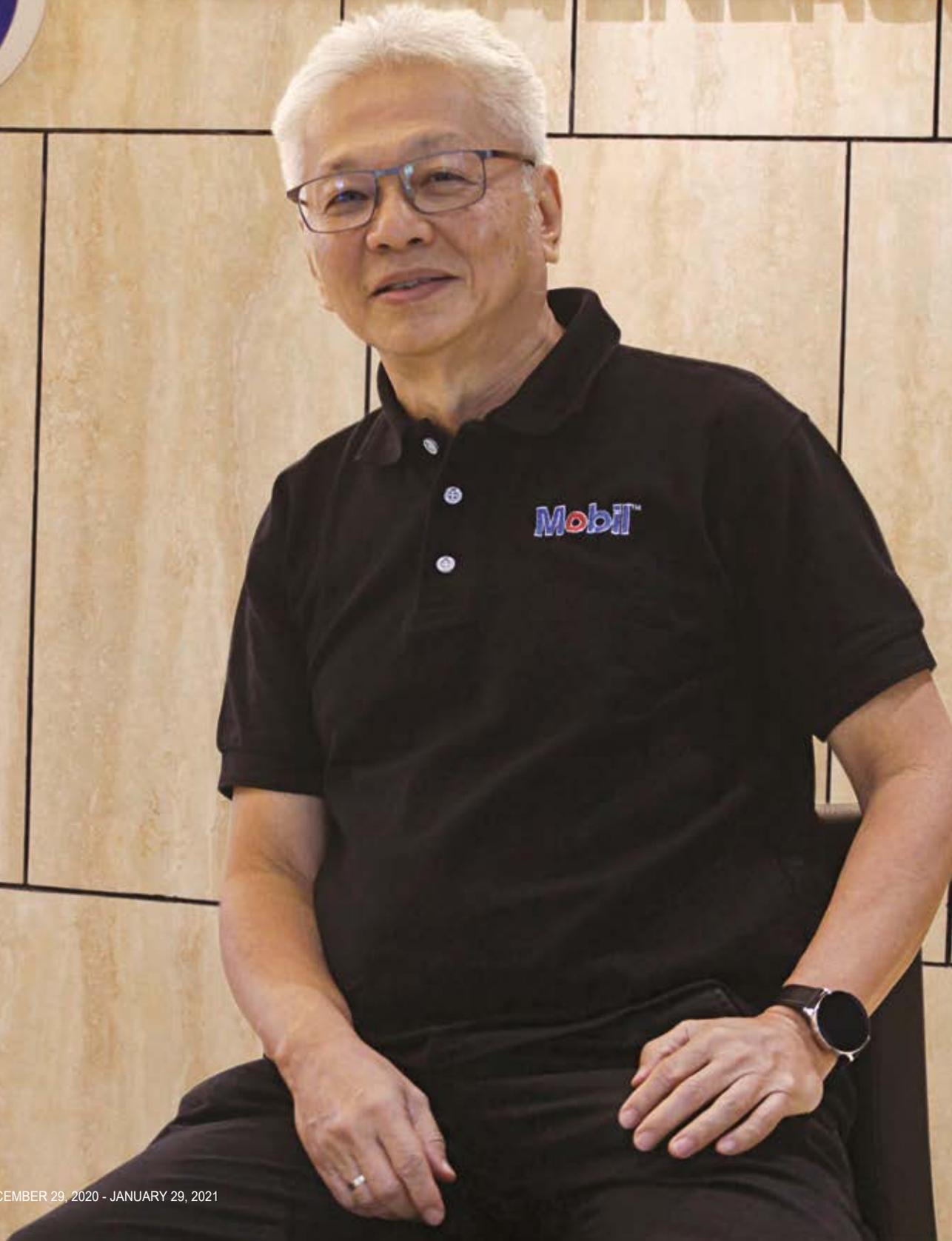
The Omnibus Law focuses on business activities related to the direct use of geothermal resources. It gives the central government the power to control the authorities given to local governments. The Omnibus Law also seeks to encourage investment in the direct use geothermal sector by scrapping the production fee for the direct use of geothermal resources. For indirect geothermal activities, the Omnibus Law eliminates the dual licensing regime in water conservation areas. But it will be important to closely monitor further implementing regulations to be issued for Omnibus Law. 



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TRIPUTRA ENERGI



Triputra Energi Megatara: Emerging Energy Solution

By **Tri Subhki R.**

Addressing the Covid-19 pandemic that hit businesses around the globe, industries have been searching measures to operate optimally amidst the unprecedented time. In mining operations, where fuel corresponds the large share of operational costs, miners ultimately require reliable services with competitive pricing fuels.

PT Triputra Energi Megatara (TEM), an emerging energy solution provider, offers energy supply solutions with quality, reliable and competitive prices for customers in the industry, including mining.

“Emerge from a strong, high quality product background from ExxonMobil biodiesel, we are also equipped with excellent service procedures,” Gunardi Hadi Atmodjo, CEO Triputra Energi Megatara, said recently.

TEM personnel are intact with the excellence culture of 5R (rapi/ tidy, resik/maintained, rajin/diligent, rawat/caring, ringkas/efficient). TEM believes that the team is ready to be held accountable in their movement, and always try to deliver the best.

“We offer flexibility that may not be owned by others on-par/comparable scale fuel business,” Gunardi said.

Not only with the product quality, TEM is also equipped with Vendor Held Stock (VHS) system, where TEM makes sure the goods are not only well delivered but also well maintained. The current system cannot guarantee

Sulphur			
Details	Benefits	TEM Product	Govt. Standart
<ul style="list-style-type: none"> Naturally occurring compounds in crude oil Sulphur in diesel is removed by the de sulphurization plant in the refinery Use of flower sulphur fuel is in line with Indonesian government's commitment to reduce emissions 	<p>Diesel fuel with high sulphur content :</p> <ul style="list-style-type: none"> Can cause wear in diesel engines as a result of the corrosive nature Contributes to negative environmental and health concern with sulphur emissions Acts as a temporary catalyst poison, reducing system efficiency <p>Diesel fuel with low Sulphur content directly reduces sulfate particulate emissions</p>	<500ppm	2500ppm

Cetane Number			
Details	Benefits	TEM Product	Govt. Standart
<ul style="list-style-type: none"> Cetane number provides a measure of the ignition characteristics of diesel in compression ignition engines As Cetane number reduces, diesel engine performance progressively deteriorates 	<p>High cetane fuels provide</p> <ul style="list-style-type: none"> Good cold starting and reduce smoke Lower combustion noise Reduced exhaust emissions 	50 - 56	48

the availability of fuel. Losses during storage and distribution often happened and not rarely it exceeded the allowable tolerance limits.

The above matter can lead to high operating costs, therefore, one of the alternative designed concepts is managing fuel by using a Vendor Held Stock system, where there is manpower and facility management personnel invested to maintain the safe delivery and stock.

In addition, TEM really understands about quality of biodiesel blend fuels, like B-30, which is determined by three things namely quality of diesel oil, blending method, and storage specs and handling.

TEM’s Mobil Diesel Fuel has two key qualities that define our excellence: sulfur content and cetane number.

There are several blending techniques, such as splash blending, in-tank blending, and in-line blending. ExxonMobil’s biodiesel-30 product that

[FOCUS]

TEM sold uses in-line blending technique to ensure the quality of our blended diesel fuel. This results in a clear and bright diesel fuel appearance.

TEM owns permanent fuel storage infrastructures in Samarinda, Banjarmasin, and Balikpapan with up to 115.000 KL capacity. “Our facilities and operational excellence can guarantee supply continuity and security,” Gunardi said.

TEM also focuses to develop their logistic capabilities by having more than 500 delivery points across east and south Kalimantan, this vision is solidified by empowering the 3PL with local ‘players’ with more than 150 vehicles utilized.

Multi-mode delivery to build flexible options for customers that enhance customer needs by customizing delivery (vessels, trucks, etc.) (last-mile delivery)) and most important during the pandemic.

Surviving mode

During the pandemic there is the phenomenon of decreasing demand and also the fall in world oil prices

which causes minimum absorption and excessive supply in all refinery. This year, biodiesel has also experienced a significant decline across the year 2020.

“Our strategy in 2020 basically is to survive – first and foremost was making sure everyone safety including our partner and customer. We revamp the business process to adapt with new normal and still making sure the operational excellence in place,” Gunardi said.

TEM is rolling out the #Ber1MelawanCOVID - a part of Triputra Peduli for Indonesia – where TEM distributes around 200,000 kl across our business networks.

These front-liners at TEM’s networks are so-called “the unseen heroes”, and TEM applauds them for their continued commitment in powering our nation even in the current challenging condition.

“We believe that this too shall pass, and we will be #strongertogether. Until then, let’s continue to support each other, care for one another,” Gunardi said.

2021 outlook

TEM delivers circa 400,000 KL of B30 in the year of 2020 and the company

executes it with discipline in prioritizing quality and ensure agile logistic capacity to keeps up with customer demand and local flexibility. Having more than 20 years long of contract with ExxonMobil, TEM is driving the company to delivers even more.

In 2021, Indonesia’s government has the ambition of having biodiesel for B40 / B50, along with this goal, preparation of IVO (industrial vegetable oil) Standards as an alternative for Green Fuel raw materials is being prepared. This lengthy measure is conducted so that Green Fuel Cost of Production can compete with other fuels.

Maximization for capacity expansion and completion is also necessary as a part of improving supply

ASTM Colour Chart



- If diesel colour initially is > 2.0, this is likely due to contamination

Fail Blending Method



Mobil Diesel Oil B30



TRIPUTRA ENERGI Mobil TRIPUTRA GROUP

#Ber1 Melawan COVID-19

“Saatnya Kita BerSATU melakukan Aksi NYATA untuk INDONESIA”

Kami berkomitmen untuk Mendonasikan **Rp. 1/L** dari setiap Liter minyak yang kami distribusi.

Donasi bulan ini akan diberikan untuk pembelian APD para tenaga Medis, bantuan lain kepada pihak yang membutuhkan dalam melawan wabah COVID-19.

“Indonesia bersatu lawan Corona”

#InsanTriputraPeduli #TEM #SpreadtheEnergy



capacity. This is done by utilizing several new factory developments. However, this has been delayed due to the Covid-19 pandemic. Several BUBBN (Badan Usaha Bahan Bakar Nabati) that have already expanded have not yet entered the 2021 procurement due to delays in administration submissions.

Knowing this outlook, first and foremost, TEM will definitely comply with the government's goal and direction. "We are more than ready to face the changes with the strong partner we are equipped with. We understood the challenges in raising the fuel standard, where it almost solely depends on the blending method," Gunardi said.

TEM shows proven capability to be able to deliver the best quality of

fuel through the Balikpapan Terminal utilization. TEM fully knows how to blend and deliver the goods well to the customers.

Long-term customers

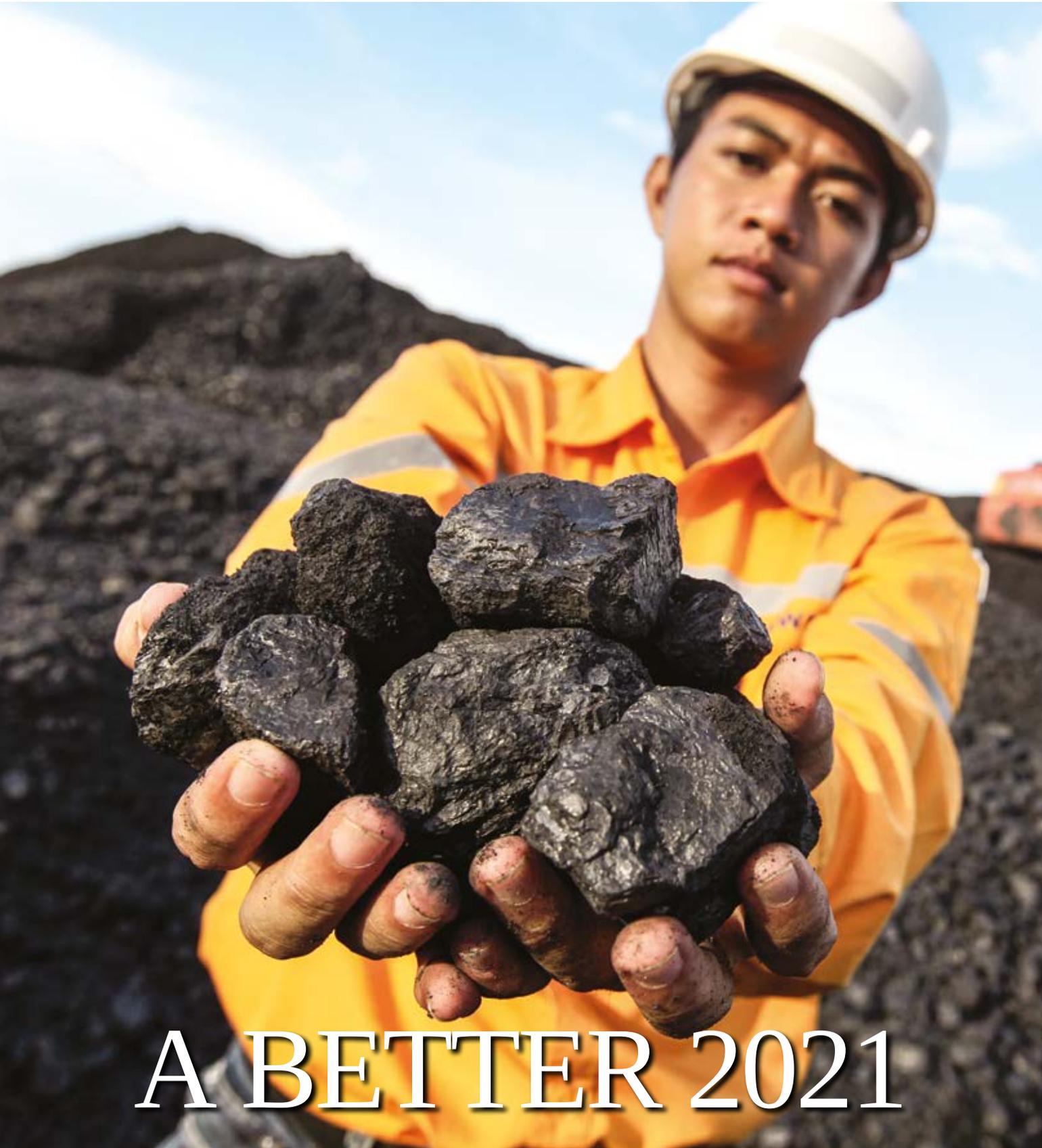
From the commercial perspective, TEM with ExxonMobil is expecting to reach more long-term customers by providing a full manpower and additional services as mentioned earlier. TEM is eagerly searching for committed and loyal customers that want to aggressively accelerate the business.

TEM is now equipped with Balikpapan Terminal where the company holds up to 115,000 KL capacity. This infrastructure can guarantee more efficient delivery points in eastern part of Indonesia, and make

sure TEM can build the supply chain system much more efficiently.

From the operations perspective, TEM is focusing on the ISO certification process, where 70 percent of the whole process is already completed. "We aim to optimize our quality management system and standardize our process to ensure that they meet customer and other stakeholder needs," Gunardi said.

TEM is also adopting systems to corporate processes through digitalization hoping to create app-based and data-driven interconnection. Also, as all the other cores are being improved, TEM's ambition of having a physical dedicated unit to strengthen the company's logistic infrastructure is also on the timeline. **C**



A BETTER 2021

After unprecedented market disruption due to Covid-19 pandemic during the year, industry players expect better condition in 2021 supported by improving coal prices in recent weeks. However, many industry players believe that coal market may not recover to the 2019 level anytime soon.

By **Tri Subhki R.**

International Energy Agency (IEA) stated that global economic recovery in 2021 is expected to drive a short-lived rebound in coal demand following the major drop this year triggered by the Covid-19 crisis. However, there is little sign that the world's coal consumption is set to decline substantially in the coming years, although the rising demand in some Asian economies will offset the decline elsewhere.

Based on the assumption of a recovery in the world economy, the IEA report forecasts a 2.6 percent rise in global coal demand in 2021, driven by higher electricity demand and industrial output. China, India and Southeast Asian economies account for most of the growth, although the United States and Europe may also both see their first increases in coal consumption in nearly a decade.

However, global coal demand in 2021 is still forecast to remain below 2019 levels and could be even lower if the report's assumptions for the economic recovery, electricity demand or natural gas prices are not met.

The rebound in coal demand in 2021 is set to be short-lived, with coal use forecast to flatten out by 2025 at around 7.4 billion tonnes. This would make 2013 as coal's all-time peak, as global coal demand reached 8 billion tonnes in the year. But while coal's share in

both the electricity mix and the overall energy mix are in steady decline, coal use in absolute terms is not set for a rapid decline in the immediate future.

IEA stated that the future of coal will largely be decided in Asia. Today, China and India account for 65 percent of global coal demand. With Japan, Korea, Taiwan and Southeast Asia included, that share rises to 75 percent. China, which currently accounts for half of the world's coal consumption, will be especially influential.

By 2025, the European Union and United States will account for less than 10 percent of global coal demand, down from 37 percent in 2000. This will make the impacts of any further changes in demand in these markets very limited.

Available Covid-19 vaccines offer better expectation of global economic growth next year, which will in turn improve the energy demand. Coal prices showed positive trend in recent weeks supported by increasing demand in some countries. Coal Price Benchmark (HBA) for December is US\$59.65 per ton or 7.07 percent higher than HBA in November at \$55.71 per ton.

Although the coal prices showed improving trend, the government of Indonesia has set flat coal production target at 550 million tons in 2021. "The government plans 550 million tons production, same level as this year," Sujatmiko, Director of Coal Development

at Ministry of Energy and Mineral Resources (MEMR), said recently.

Traditional markets

Government estimated Indonesian coal export this year may be at least 392.4 million tons with the assumption of 32.7 million tons export per month. It means that coal export in 2020 is estimated 14 percent lower than coal export realization in 2019 at 454.5 million tons due to impact of Covid-19 pandemic.

"The export potentials remain widely open in 2021. The export potential in 2021 is expected to be between 406.3 million to 427 million tons in 2021," Muhammad Wafid, Director of Mineral and Coal Program Development in Directorate General of Mineral and Coal, said recently.

More than 50 percent of Indonesia's total coal production are dedicated for China and India markets with the export volume in 2019 reaching 144 million tons (32 percent) and 117 million tons (26 percent) to China and India respectively.

Wafid added that the potential coal export to China is estimated to range between 185 million tons and 202.3 million tons in 2021. "The coal quality requirements are range from 3,000 to 6,000 kcal/kg (NAR) for power plants, cement plants and steelmakers," he said.

To secure coal export volume in

Seaborne thermal coal market demand

NO	COUNTRY	2019	2020	2021	MAIN PRODUCT	MAIN BUYER
1	China	206.4	173.6	176.9	3000NAR - 6000NAR	Power Plants, Cement, Steel Maker, Stock & Sale Trader
2	India	178.2	147.3	163.0	3400GAR - 6300GAR	Power plants, Cement, Smelter, Steel Maker, Stock & Sale Trader
3	Japan	123.8	121.0	128.0	4700NAR - 6200NAR	Power Plants, Paper Mill, Steel Maker, Chemical Industry
4	Suth Korea	102.0	85.4	86.9	3800NAR - 5500NAR	Power Plants, Chemical Industry, General Industry
5	Taiwan	55.4	52.6	55.1	4800GAR - 6200GAR	Power Plants, Chemical Industry, Stock & Sale Trader
6	Europe	69.5	36.1	35.7	4200GAR - 6000GAR	Power plants
7	Malaysia	31.8	34.8	36.0	4200GAR - 6300GAR	Power Plants, Cernent
8	Vietnam	31.0	33.1	38.6	4200GAR- 5500GAR	Power Plants, Steam Business, Stock & Sale Trader
9	Philippines	27.5	25.5	29.8	4200GAR - 6300GAR	Power Plants, Cernent
10	Thailand	22.9	22.5	23.3	3800GAR - 6200GAR	Power plants, Cement, Chemical, Stock & sale Trader
11	Pakistan	15.5	16.7	22.8	5300GAR - 5500GAR	Power Plants, Bricks Industry
12	Hong Kong	10.0	5.7	5.5	4700GAR - 6300GAR	Power Plants, Cernent

Source: MEMR

the coming years, the government and Indonesia Coal Mining Association (ICMA) in November signed coal contract agreement with China Coal Transportation and Distribution Association (CCTDA) worth US\$1.46 billion for three years.

“This agreement is expected to provide benefits for coal industry players in the certainty of coal exports to Indonesia and to China so that it will be a positive sentiment in supporting Indonesia’s national economic recovery,” Pandu Sjahrir, Chairman of ICMA, said.

Meanwhile, India keeps pushing domestic coal production up to 700 million tons per year to supply domestic coal-fired power plants. However, Deepak Kannan, Managing Editor, Asia Thermal Coal S&P Global Platts, said that India will remain facing logistic issues in transporting coal to coastal regions.

“India’s existing domestic infrastructure and transport facilities also prove challenging to bring coal

from north-eastern India to power utilities across the country,” Kannan said recently.

Kannan added that India’s reliance on seaborne thermal coal imports is not expected to fade away in the near term, as they require the lower sulfur and lower ash coal from Indonesia for fuel and blending. “Coastal power plant’s boilers are designed to consume imported coal,” he said.

Non-traditional markets

Since traditional export markets, namely China and India, are expected to increasingly rely on domestic coal supplies, Indonesia coal producers are seeking new non-traditional markets, particularly countries in South and Southeast Asia.

“Southeast Asia and South Asia are the regions that will see the highest growth of demand for coal import in 2021,” Nyoman Oka, Chairman of Marketing Committee at ICMA, said recently. Nyoman added that the coal import demand from India and Philippine show encouraging trend following the

end of lockdown periods. “Coal import demand from Vietnam reached the highest level this year,” he said.

In 2019, coal-fired power plants generated almost 40 percent of total power output in Vietnam and about a quarter of the coal was imported. By country origin, Australia is the largest coal supplier for Vietnam, and followed by Indonesia.

There are 31 operating coal-fired power plants in Vietnam and 9 new additional coal-fired power plants are under construction. In addition, there are 29 new coal-fired power plants are under permitting processes.

S&P Global Platts stated that Southeast Asia is seeing rapid growth of thermal coal demand, and imports are expected to reach around 130 million tons this year.

As the cheapest form of fossil fuel which is easily and widely available in the market, developing nations which require energy fuel at the lowest cost will rely on thermal coal for power generation.

Domestic markets

After experiencing heavy blow during the year due to Covid-19, domestic coal consumption is expected to recover next year supported by improving energy demand. In addition, domestic mineral smelter industry will also sustain the increasing demand of coal.

The Covid-19 pandemic causes lower domestic coal consumption by state-owned utility company PT PLN (Persero), as the largest domestic coal user, and cement industry. However, ICMA estimated that the domestic coal consumption will recover in coming years.

PLN estimated that the coal

consumption will not recover to 2019 level at least until 2023 after experiencing a sharp correction in 2020 due to Covid-19. In other hand, PLN also expected the coal quality requirement for domestic coal-fired power plants will shift to lower rank coal in a bid to tap abundant local coal reserves.

PT PLN Batubara, a subsidiary of PT PLN (Persero), expects the coal-fired power plants which are going to be online by 2028 will consume lower quality coal ranging from 4,000 to 4,400 kcal/kg (GAR). Operating coal-fired power plants are mainly consuming coal ranging from 4,400 to 4,800 kcal/kg (GAR).

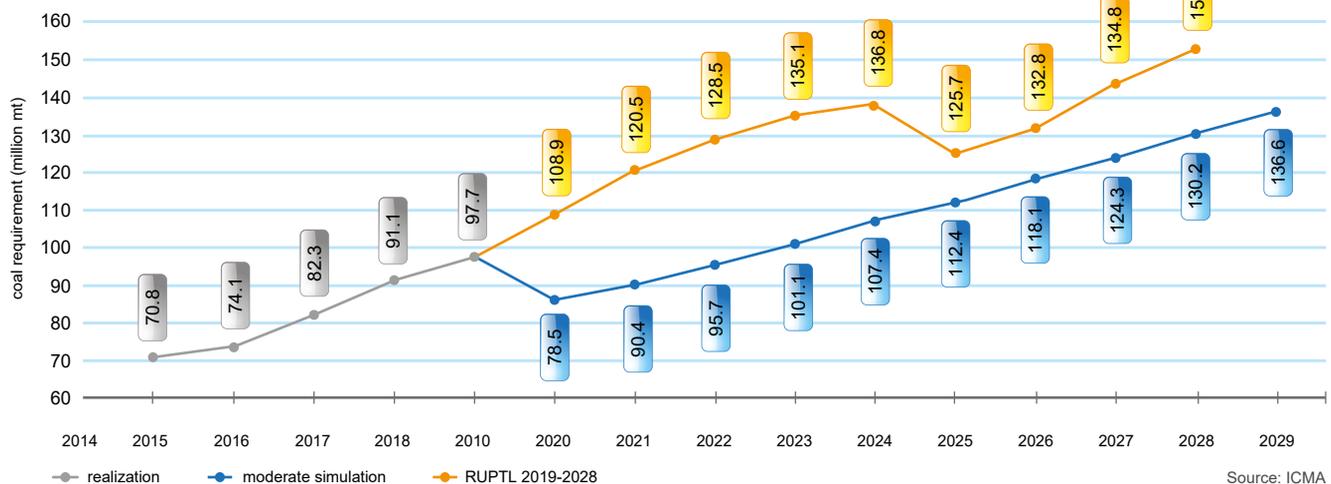
In 2020, PLN Batubara stated that the coal quality requirement is mostly contributed by 4,400-4,800 kcal/kg as much as 51 million tons compared to 29 million tons of 4,000-4,400 kcal/kg. However, by 2028, the coal requirement is expected to be dominated by lower quality coal as much as 69 million tons (4,000-4,400 kcal/kg) compared to 49 million tons (4,400-4,800 kcal/kg).

“There will be shifting coal quality requirement in the future. We will consume more lower quality coal, even lower than 4,000 kcal/kg,” Kemal Djamil Siregar, President Director of PLN Batubara, said recently. 

Estimated Domestic Market Obligation (DMO) 2020-2024

User	2020E Pre-Covid-19	2020E Revised Pandemic Covid-19	2021E	2022E	2023E	2024E	Quality (kcal/kg)
Coal-fired power plant	108.92	95.6	96.66	129	135	137	4000 - 6300
Metallurgy	16.52	23.98	35.37	16.63	16.66	16.73	>3400
Fertilizer							Fertilizer (3379-5305)
Cement	29.45	28.06	35.38	32.5	32.5	33.65	Cement (4200-4500)
Textile							Textile (4200-4500)
Pulp & paper							Pulp & paper (4200-4500)
Briquette, Ceramics, petrochemical,							
Alchemy Chlore	N/A	1.16	1.78	N/A	N/A	N/A	
Total (million ton)	155.00	148.80	171.19	184.08	184.08	187.38	

PLN & IPP Coal Demand Projection in Post-Pandemic Covid-19



Source: ICMA

ANALYSIS

By **Ian Wollff**

The author is an expatriate principal geologist of about 30 years' experience in the Indonesian exploration and mining industry. The authors' web site is www.ianwollff.com



It's raining men – Gender in the Indonesian mining sector

Introduction

Indonesia is a nation of highly diverse cultures that is held together under the motto “Unity in Diversity” [Bhinneka Tunggal Ika] to promote tolerance, and sums up our global common humanity. Women have always worked within the Indonesian mining industry, though traditionally with gender identified specific roles. A generation ago women may have comprised about 1% of the workforce, but this has increased with the opening up of high schools and universities to welcome women in science, engineering, business and similar studies. The larger international exploration and mining companies played a pioneering role in developing today's modern mining industry, including the encouragement of women to enter all parts of the mining industry. Women in Mining is a mainstream issue, with many government bodies and NGO's operating in this space.

This article takes a quick look at today's Indonesia's Women in Mining in the formal mining sector.

Terminology

It seems every discussion group,

industry sector, government agency appears to use common terms, but with different meaning or application. A suitable definition may be found in the UNDP Indonesia Gender Equality Strategy and Action Plan (2017-2020) as outlined in the booklet “Change Makers”. The section on terminology is summarized here:

Gender: “Refers to the social attributes, opportunities and interactions associated with being male and female. Gender determines what is expected, allowed and valued in for females and males. Gender is part of the broader socio-cultural context. Other important criteria for socio-cultural analysis include class, race, poverty level, ethnic group and age.”

- Gender Equality: “Refers to the equal rights, responsibilities and opportunities of female and male. Equality does not mean that women and men will become the same but that their rights, responsibilities and opportunities will not depend on whether they are born male or female. Gender equality is not a ‘women's issue’.
- Gender Mainstreaming: Mainstreaming a gender perspective

is the process of assessing the implication for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. The ultimate goal is to achieve gender equality.” A different reference refers to gender mainstreaming at the mine site as “add women and stir”.

- Gender -based Violence: Gender-based violence is a form of discrimination that seriously inhibits women's or men's ability to enjoy rights and freedoms on a basis of gender equality”.
- Gender Parity: “Refers to equal numbers of men and women at all levels of the organization.
- Women's Rights: “The human rights are to be applied to all people. The full and equal participation of women in all matters, and eradication of discrimination based on sex that may reduce their human rights.

Woman's Empowerment: The core of empowerment lies in the ability of a woman to control her own destiny. This may include equal opportunities in development, wealth, politics, and choices.



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Gender data

UNDP tools and platforms reinforce evidence-based programming for improving parity, participation and representation of women and men. Sex-disaggregated data and gender statistics are critical for evidence-informed decisions and results-based programs that promote gender equality and women’s empowerment. There is a lack of reliable factual data on the impact of women in the mining industry – much of the data is based on “opinions”.

The “Report on Mining Sector Diagnostic” for the World Bank (Nov 2018) found that gender segregation of data is not required for the legally required documents of 1) Environmental Impact Assessment, and ensuing reports & permits, 2) Social Impact Assessments (SIA) and 3) Social Management and Monitoring Plans (SMMP). A WIME Coaltrans presentation (2019) reported that in 2016 the mining sector comprised 6.7% female and 93.7% male employees. A

World Bank survey of the Indonesian mining industry, based on the 2019 national labour survey, found that women comprise less than 10% of the sector’s total workforce. The Director General of Mineral and Coal 2019 work report does not appear to contain any breakdown of male and female employees at the directorate, nor in the mining sector.

A survey was undertaken by this author to get an appreciation of the numbers of women engaged by

ANALYSIS

responsible mining companies in Indonesia. This survey was based on a review of the 2017 - 2018 annual reports of companies listed on the mining board of the Indonesia Stock Exchange (IDX) and was published in Coal Asia Vol 102 [May-June 2019]. This review found that the overall ratio of commissioners is 188 males to 7 female commissioners (3.7%), and in no company are there more female commissioners to male commissioners. The overall ratio of directors is 187 males to 18 female directors (9.6%), and in one company there are more female directors than male directors. Some 19 of the 47 companies provided details of gender of employees, wherein the total men were 50,844 and women 3,568 making the female percentage of 6.5% of the work force.

A similar review by this author of the 2019 annual reports on the Singapore [SGX], Philippines [PSE] mining stock exchanges was published in the Asian Miner magazine around April- May 2020. The SGX review of 20 mining companies found there were 112 directors with a ratio of 90% male and 10% female, plus 59 executives being 86% male and 14% female. The PSE review of 7 mining companies had 65 directors, of which 77% were male, and 23% female, plus 47 executives of which 66% were male and 34% female.

Evolving regulations on gender

The Government of Indonesia ratified the UN Covenant on Civil and Political Rights and committed to the Beijing Platform of Action, both of which provide guidance on removing barriers preventing women from fully participating in public life. Indonesia also signed the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil

and Political Rights (ICCPR) in 2006.

The National Gender Mainstreaming Policy (Presidential Decree No 9 of 2000 on Gender Mainstreaming in National Development Planning and Programming) guides the National Long-term Development Plan (RPJPN) 2020 - 2024 which confirms the Indonesian government's commitment to gender equality, with specific laws in place and aligning the National Development Agenda with 17 Sustainable Development Goal (SDG) #5 being Gender Equality

An ongoing World Bank and Canadian government study on gender mainstreaming in the Indonesian mining industry shows that only a few companies still implement gender blind policies. Gender-sensitive facilities and personal protective equipment are now available in many formal companies.

The global "He-for-She" campaign is one of the UN Women's programs to implement the Sustainable Development Goals (SDGs) development agenda, with the fifth indicator about gender equality. President Ir. H. Joko Widodo stated that women represent half of the actors and beneficiaries of development. Related to this, issues of gender mainstreaming are a main focus in government. A press release (2016) from the Ministry of Empowerment, Women and Child Protection states that "He-For-She is a form of government commitment that positions men to be more concerned about gender equality. In a 2017 UNDP booklet mentioned that the Government of Indonesia commenced redrafting the Law on Gender Equality. [Apparently this redrafting is ongoing].

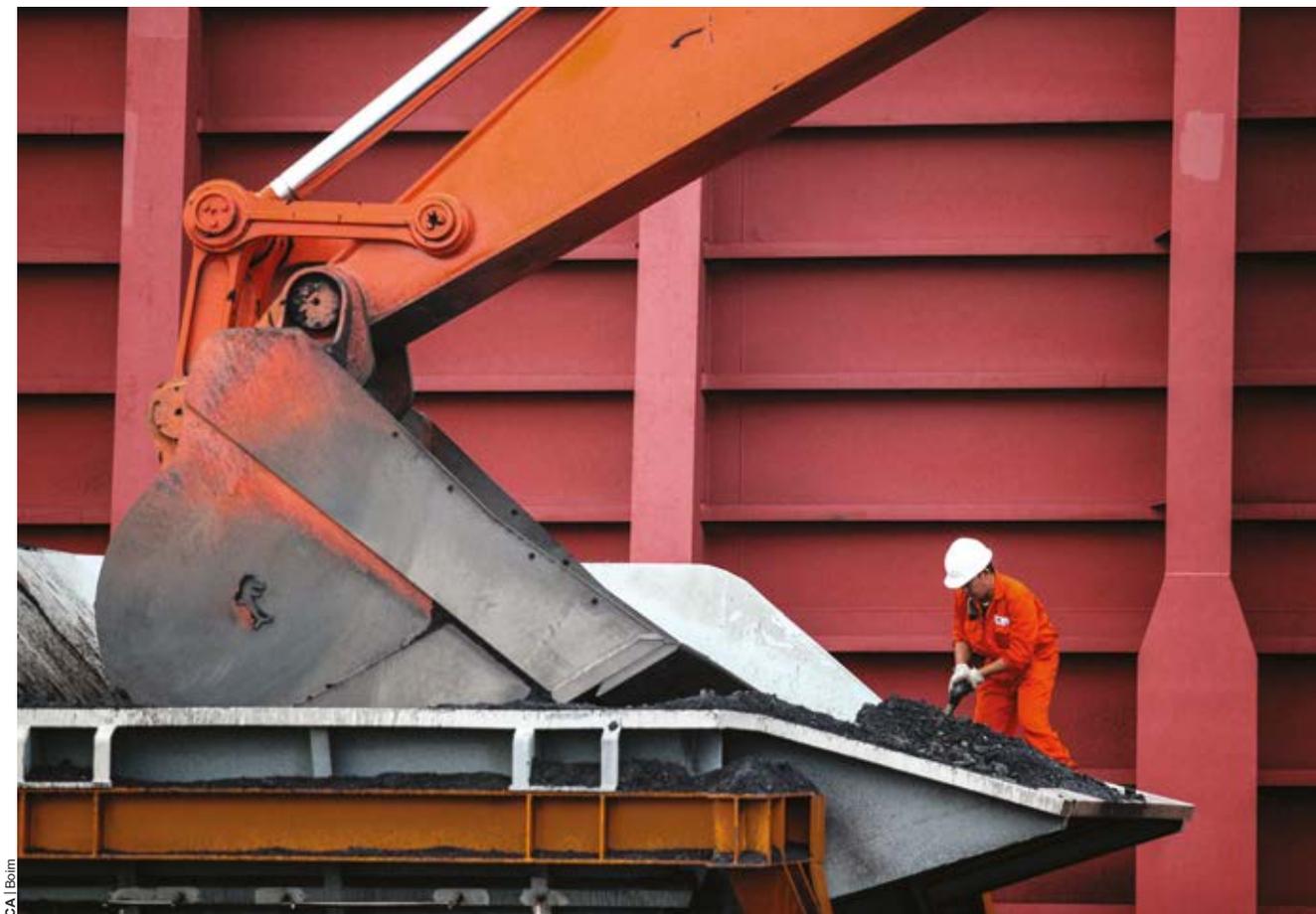
The IDX requires "Sustainability Reporting" [51/POJK.03/2017] for financial matters, but gender is not specifically mentioned as part of sustainable reporting. Many IDX mining

companies annual reports include some statistics on gender breakdown. There is little mention of gender in the Indonesian Corporate Governance Manual (1st edition 2014) published in association with the Indonesian Financial Services Authority [OJK] and International Finance Corporation [IFC]. We only find a reference to gender on page 533, under Best Practice, in reference to SOE's stakeholders concerns that there should be no employee discrimination based on race, religion, class or gender.

Gender within IDX 2019 miners' annual reports

IDX mining companies 2019 annual reports are typically 200 to 500 pages long, and follow variable formats. Some 30 IDX mining companies 2019 annual reports were reviewed using the "search" function. The term "Gender Policy" did not appear in any of the 30 companies. The term "Gender Equality", or just "Gender" appeared in 22 companies, leaving 8 companies without mentioning "Gender", thought the terms male / female were not searched for.

The term Gender Equality was quite popular, and typically referred to the objective of employing more women, particularly at the corporate and executive level. The following example of Gender Equality is almost standard text for most companies; "The company provides equal opportunities to all employees to develop their careers and competencies without discrimination of gender, age, ethnicity, religion or race". A few companies tack on a short statement recognizing human rights, equal pay and such. A few companies mention the basic lines about gender equality, but ore open in stating the company does not have certain policies governing gender



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equality and employment opportunities”. On another occasion the companies tack-on the recognition of some gender differences;” However, the majority of the Company’s employees are male, bearing in mind that the type of business the Company engages in is in the mining sector and are located in remote areas.”.

Gender Diversity is often assimilated under Gender Equality. However, it seems that some reports limit the recognition of gender diversity to the board and commissioners. For example: “Diversity in the composition of the board of Commissioners and Directors has diversity in terms of education, gender, work experience and age”.

Fortunately, there are just a few Indonesian companies that seem to take reporting on Gender issues in a more comprehensive manner. For example: PT. Agincourt Resources is proud of their commitment to Gender Diversity.

This includes a strong commitment to increasing women participation at all levels and at all fields in the workplace. The Gender Diversity policy was established to address the change in the working environment and the culture of the workforce to ensure the workplace is free of discrimination and enhanced by respect and dignity, and recognition of the benefits gender diversity brings. Training will allow both genders to have equal opportunities for advancement. The aim is to establish a pervasive culture across the organisation where diversity is embraced as the norm.

Some international mining companies operating in Indonesia’ recent annual reports contained somewhat limited outlook on gender. None of them outlined a clear corporate gender policy, but shifted to the new popular management term of gender equality and diversity.

Freeport-McMoRan global stated a somewhat nebulous statement “In 2019, we launched a global initiative to further strengthen our focus on diversity and inclusion in the workplace. Our initial focus areas include executive training and various human resource processes, including identifying more diverse applicant pools and measuring trends.”. this was backed up with a few words on employing women and outlining some of their work tasks.

VALE “Since 2011, the mining company has a Gender Equality program, which aims to increase women’s staff in the company and in mining”. The initiative mentions various actions. The gender program is a result of the signing of statement of support to the Principles of Women’s Empowerment, prepared by UN Women and the United Nations Global Compact. These principles offer guidance on how



to empower women in the workplace and in local communities.

Men to adjust to gender equality

“The role of gender in the extractives industries” by Catherine Macdonald (March 2017) published under wider.unu.edu. This paper reviews literature to better understand how gender is understood in the extractives sector, and its changes over time. The paper is not based on primary research, but on interview, references to scholarly papers and such. This section draws heavily from this reference.

In consideration that women’s participation and gender equity is a precondition for achieving the best development outcomes, some extractives industries companies have committed to integrating gender equality, inclusion, and women’s economic empowerment

into aspects of their operations, but others have not. One common theme of the paper refers back to Laplonge 2014, and others, wherein the critical issue is that mining is traditionally a man dominated industry, wherein it is critical for men to adjust to women entering the workforce. Laplonge says that “gender” is not about what men and women are, but needs to be seen as what men and women do. This then enables a discussion of behaviour rather than nature, which can lead to options for cultural change.

The highly male-dominated workplaces, is often designed to favour those who behave in ‘hyper-masculine’ ways. For that reason, research has shown that women in mining ‘often consciously make an effort to not act like girls when on site’ and women managers in mining

do not like to associate their success with feminism or women’s rights for fear of alienating their mostly male colleagues. Women geoscientists may have a preference for having more women and greater opportunities for women in their industry, though most of them are opposed to any form of preferential policies for women, in case it undermines the positions that they themselves had achieved.

There is talk about the belief that women will ‘civilize’ the workplace, but that there is no proof either that this works in practice nor that women want this responsibility. We need to start realising that women are not the problem in the mining industry; and ‘woman’ is not the solution. If we really want to see changes in a gender culture of a workplace where most of the employees are men, we need to do some work with these men and with



the concept of masculinity.

Women in mining groups

There are some 70- 100 WIM organizations in 50 countries, each with different priorities, capabilities and culture settings. These groups mostly provide a “sharing” platform, from which a gender sensitive movement to grow the industry can arise. These discussion groups take an interest in formal and informal mining, and the social impact on local communities.

On the 15th October 2020, a webinar was hosted by the UNECS/SED for “Women in Mining”. The United Nations Economic Commission for Europe / Sustainable Energy Division webinar was undertaken in support of a joint program with the World Bank on “coordination to accelerate positive impact for women in mining”.

A key observation from this webinar is that some countries (South Africa) are focussed on more basic issues of violence and health in the formal mining sector. Other countries (Australia) have moved to a more mature mining industry working environment, and focus on encouraging greater participation of women to all parts of the mining industry work force. Indonesia was not speaking at this webinar, but clearly would appear to identify more towards a mature mining sector.

A 2019 Indonesian Women In Mining and Energy (WIME) discussion event in Jakarta found that the forefront of gender awareness and action in Indonesia was coming from the major / global mining companies. Various government bodies (National / Local) are barely playing a catch-up role for women in mining.

Conclusion

Indonesia’s formal mining sector would appear to be well aware of the growing participation of women in mining. The digitizing trend in mining is opening up more spaces that allow for equal opportunities for men and women. Traditional male dominance continues in specific sites, and overall low participation by women in the mining industry is both a national and global situation. There is a need for ongoing activity of regulatory bodies and NGO’s to promote gender diversity and inclusion.

The new mining law 3/2020 places responsibility for formal and small-scale mining under the supervision of the central Mines Department. Improving gender awareness and the “He for She” programs in the small scale and the informal mining sector will be an ongoing challenge. 



Indonesian Coal Report

Provided by IKI - COALASIA

Highlight Illegal Coal, Illegally Legal

**Coal Price | Price Forecast 2021
Coal Production | Arutmin IUPK
Indonesia Coal Export | Covid-19 and the Coal Diplomacy
Domestic Coal Demand | Manufacture and Business indexes
Infrastructure | No Jhonlin Export**

◆ Mine Accident

PT Index Komoditas Indonesia (IKI) noted that in October 2020 there was an accident at a mine in Talang Lalan Village, Muara Enim Regency, South Sumatra Province, where a landslide buried a traditional mine and killed 11 workers who were developing a hauling road for the mine. The local police said based on its investigation, the mining activity was illegal as it has no mining license, and the police have determined three suspects in the incident, all of whom are the surviving mine workers. The head of Talang Lalan village said illegal mining activities in the village have occurred since the past seven years with majority of the workers come from other provinces mostly Lampung province, and they work in land belonging to local people. The village head also said that the miners are using very simple equipment and with one worker able to produce 40.0 Kg of coal per day, valued at around IDR 60,000 – 80,000 by the collectors. He also claimed that he has tried several times to close the illegal mining activities but without success as the local people also need income.

**ILLEGAL COAL,
ILLEGALLY LEGAL**

Picture 1 The mine



Picture 2. The victims



Muara Enim police department



ILLEGAL COAL, ILLEGALLY LEGAL

Governor of South Sumatra, Herman Deru in his response about the accident said that the accident happened inside the concession of state-owned coal miner PTBA, which is under the supervision of the central government's Ministry of Energy and Mineral Resources (ESDM). He said he will discuss the illegal mining issue with the central government, as the governor opposed illegal coal mining activities in the province, claiming that such activities do not contribute to the local government's coffers. He added that since last year the South Sumatra government has set up a task force to crack down the illegal coal mining activities, but so far has yet to be successful as the illegal mining activities are done secretly. Meanwhile, the local ESDM office in South Sumatra said in 2019 it estimated that there were 33 locations in Muara Enim regency where suspected illegal mining activities were being carried out, and the number has increased to 55 locations in 2020, and the local ESDM office also said that since 2019 the province has formed a taskforce to eradicate these activities but has yet to be successful. It added that in April 2020 Minister of ESDM has sent a letter to the National Police chief to close illegal mining activities in the province but until today there have been no actions from the police.

Meanwhile, the former governor of South Sumatra who is now a member of the House of Representatives (DPR), Alex Nordin said the illegal mining activities in South Sumatra have occurred for years, and it's being done openly and known by all government departments in the province, and he believes that the recent rise in illegal mining activities happened due to negligence from the regency and provincial governments. If the illegal mining activities are not put to an end it will cause more casualties to the local people in the future. Alex Nordin also explained that the illegal mining activities have an integrated supply

chain system from upstream to downstream, and the majority of the illegal coal output are transported to ports in Lampung province, and from there the coal will be loaded onto barges and shipped to domestic buyers in West Java.

Herman Deru opined that the illegal miners could be also fostered by the government to become partner for PTBA in the future, and he requested that the matter related to illegal mining activities could be also mentioned in government regulation currently being drafted by the central government. Director General of Coal and Mineral at ESDM, Ridwan Djamluddin in responding to the aforementioned accident said the ESDM is currently preparing a concept that would allow the illegal miners to get license for their mining activities under the supervision of local government-owned company and or local communities in a bid provide more jobs to local people. However, he also demanded these miners to operate with safety standard as determined and regulated by the government as the government is responsible not only for providing jobs but also to protect the environment from mining activities that are not in accordance with the regulations.

◆ Report from other provinces

IKI also noticed that during the same month, a number of coal-producing provinces also reported about illegal mining activities such as in South Kalimantan where the provincial government has reported to the local police about illegal mining activities occurring within the concession owned by Antang Gunung Meratus (AGM). The local government said that its report was based on its finding that there were some trails of mine excavation inside the AGM concession, but yet to be exploited by AGM. AGM also said that from

February – May 2020 there were 16 cases of illegal mining activities happening in its concession and all of the cases have been reported to the police. IKI found news reports which mentioned that Illegal mining activities also occurred in Sebulu Modern village of East Kalimantan, and the news reports also said that the national police have arrested a person as suspect responsible for the illegal activities. Meanwhile, a village head said that the illegal mining activities has occurred for long time in several locations within the village's forest areas.

◆ **About illegal mining activities**

Indonesia is blessed with various types of mining commodities including energy, minerals, stones, and sands with huge reserves compared to other countries, but the resources have not been properly managed by the government for the welfare of the people as mandated by the Indonesian Constitution. Based on IKI's experiences, we found many local people feel that they have not been involved in the mining activities in their respective areas. This is one of the reasons which has caused rapid growth in illegal mining activities in every province in Indonesia. In this report, IKI will limit the discussion to illegal mining in the coal sector.

The government has defined illegal mining as mining business which is carried out by an individual, a group of people, or a company whose operational activities do not have a permit from the government in accordance with the prevailing law and regulation. In IKI's experiences we found that there are two common types of illegal mining activities in Indonesia:

1. Mining activities carried out illegally inside a mine concession legally owned by a company, such as



ILLEGAL COAL, ILLEGALLY LEGAL

49.0 Ha. Meanwhile, as per ESDM data only 25.0 Ha of PTBA's concession area were used by illegal miners. The South Kalimantan ESDM office said that in 2019 there were 50 illegal mining locations within mining concession areas in South Kalimantan, of which the majority are located in Tanah Laut, Tanah Bumbu, and Hulu Sungai Selatan regencies. The office said it had reported the findings to the police.

PTBA said that in 2019 there were 55 illegal mining locations within in its concession and the illegal mining activities were mostly done through open pit and or underground by using shovels and sacks. PTBA said that the coal output of the illegal miners was transported to collectors by using motorcycles which was then transported via trucks to the customers. PTBA also said the company has done several actions to stop the illegal mining activities such as by implementing joint surveys with the police to the suspected areas, monitoring its concession areas by using drones, make signs about its mine concession areas and sanctions for any illegal activities, closing hauling road to the illegal mine location, and also reporting to ESDM regarding illegal mining activities in its concession.

The Ministry of Environment and Forestry said based on its findings there are more than 8,600 illegal mining locations in Indonesia with areas of 500,000 hectares, and with 5% of the total concession or around 25,000 hectares doing illegal coal mining activities or 125 times bigger than ESDM claims. The Ministry of Environment estimated the total government losses because of illegal mining activities at around IDR 40.0 trillion per year excluding losses due to environmental damage as the illegal miners are not carrying out reclamation of the ex-mines. In response to this report, ESDM said that illegal mining activities outside

mining concession (WP) areas are difficult to be handled solely by ESDM due to its limited budget and personnel. Therefore, ESDM requests this matter to be handled together with other ministries.

The Ombudsman said there are three major reasons which have driven the rampant illegal mining activities, namely the government's mistake in determining the people's mining areas (WPR/IPR), government disobedience in implementation of obligation for the people mining licenses (IPR), and weak government supervision on illegal mining activities. The Ombudsman said the increase in illegal mining activities happened because the WPR/IPR mining areas which are determined by the government do not have adequate coal reserves to be mined which then prompted the people do mining activities outside their WPR/IPR concession areas, and these illegal mining activities have grown significantly as there has been no control from the government especially local government. The Ombudsman also said based on its investigation, it suspects that government institutions are also involved in illegal mining activities.

ILLEGAL COAL, ILLEGALLY LEGAL

Moeldoko, former commander of the Indonesian Army and now serves as the Head of Presidential Staff, agrees with the Ombudsman statement, suggesting for the Corruption Eradication Commission (KPK) to be involved again in the supervision of illegal mining activities. Moeldoko also made a very interesting statement as IKI quoted below,

“

I (Moeldoko) think we (the government) know about the situation (illegal mining), we know the locations (of illegal mines), we know the companies, we know the persons, but we pretend not knowing and this is our major problem.

”

◆ How It's Working

The mining advocacy network (Jatam) said that the illegal miners do not have the required licenses and not pay financial obligation to the government, but it has a neatly structured operating system starting from the determination of mine location, coal transportation up to selling the coal to export and domestic markets, and these activities involve many parties. Jatam pointed out as an example that in East Kalimantan province, the determination of the illegal mine locations will involve people who knows or have experience about the coal deposits; they could be ex-employees, ex-exploration officials, etc. Jatam also suspects that the illegal coal output is usually transported to a special port to be mixed

with the legal ones. Another way of transporting the illegal coal to buyers is by using containers for disguise, which leads Jatam to conclude that port management, surveyor companies and also the buyers are involved in the illegal mining operations.

◆ IKI Comments

IKI found that there are some perceptions which generalize that IPR and illegal mines are the same, such as seen from the Ombudsman statement above which may not be correct. IKI also found there are some perceptions that the illegal miners have always used traditional equipment in carrying out their activities such as seen in the PTBA statement above which may not be wrong, but could cause misleading picture about how big they actually are. Hanan Nugroho from Bappenas (National Planning and Development Agency) in his research said that illegal mine in Indonesia has been known since long time ago and has increased rapidly after 1998 when the central government introduced autonomy power to the local governments including autonomy in the mining sector, which led to the rampant issuance of new mining licenses by the local governments. IKI remembered that in 2012, the ESDM said there were around 10,000 licenses in coal and minerals sectors which had been issued by the local governments, of which around half were categorized as licenses with problems. IKI remembered there was also a statement from central government which said the mining licenses which had been issued by local governments in a Kalimantan province covered combined mining

**ILLEGAL COAL,
ILLEGALLY LEGAL**

ILLEGAL COAL, ILLEGALLY LEGAL

concession areas that are larger than the total land area of the province itself. This statement can be used as confirmation of Ombudsman's and Jatam's statements that the illegal mining activities involved various parties including businessman, societies, and the government itself.

Pict 2 Illegal longwall in Arutmin concession



Source: IKI

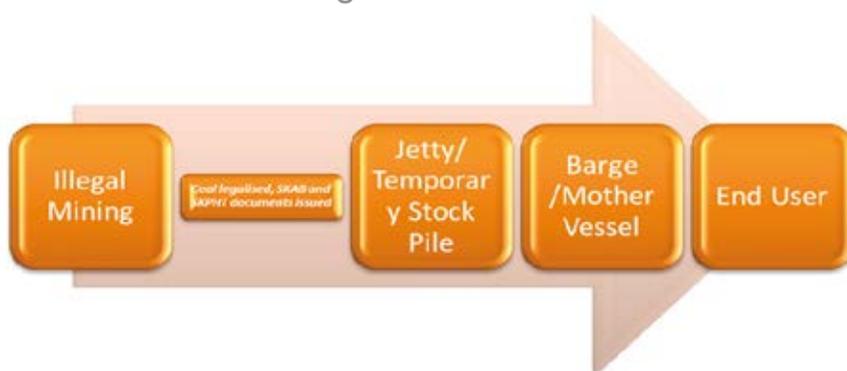
IKI remembers there are plenty of actions and policies that have been issued by ESDM in order to stop/reduce the illegal mining activities such as carrying out investigation on some mining activities, moratorium of mining licenses, obligation on "Clean and Clear" IUPs, controlling diesel fuel sales, tight restriction on special port activities, and many more. In IKI's opinion these policies have been successful to limit the growth of illegal mining activities in the past. However, based on the Ombudsman statement above, IKI concludes that the illegal mining activities are rising again in 2020, and based on the statement of one ministry in Indonesia,

IKI then calculated that **there are around 20.0 Mt of illegal coal produced** in Indonesia per year. IKI's calculation about this illegal coal volume seems not far from the actual figure as IKI remembers that last year one of the government institutions in a discussion with IKI said that there was huge gap on coal sales figure between IKI's calculation and their calculation and IKI have explained to them the reasons for the difference. IKI also thinks that the huge illegal coal sales volume can also indicate that the illegal coal miners are not using traditional equipment in their operations, **which then triggers another question how can they sell such huge amount of coal so easily?**

◆ Illegaly “Legal”

IKI believes that although the government has introduced the clean and clear IUP requirement, but IKI found that there are plenty of registered IUPs which are not as “clean and clear” as what the government has wanted as IKI believes that ESDM doesn't have any record of these mines. IKI thinks that these mines later “act” as the issuers of documents which are needed to make the illegal coal to become legal and these changes occurred before the coal gets to the ports as ESDM has made tight restriction of coal movement in the ports as shown on the chart 2 below.

Chart 2 flows of the illegal coal



Source: IKI analysis

IKI's statement about the process of coal legalization is also confirmed by the fact that there were no news reports ever mentioning about illegal coal seized at the ports, or news reports mentioning about coal shipment seized by the customs because of its legalities. IKI's conclusion above also answers the question why the South Sumatra provincial government has failed to reduce illegal mining activities in the province although they have made coordination with the port authority in neighboring Lampung province as IKI quoted above.

IKI found an interesting statement from Moeldoko who said that the government knows about the flows of the illegal activities as well as the “actors.” Then why the government has not made any action?

IKI has learned that every time ESDM and the National Police plan to launch investigation into illegal mining activities in an area in Kalimantan, all coal players in the area would always get the information several days before the d-date, and they would do needful action to cover their works like stopping the mine activities and blockading road access to the mine with stones, woods, and other materials in order to create impression that there were no mining activities occurring beyond the blockaded roads. The same blockade was also made at a road on illegal longwall of one of the CCOW holders in Indonesia as shown on the picture 2 above. However, since the government needs to expose its success in dealing with illegal mining activities to the media then “a small chicken” must be sacrificed by the coal players in the areas. IKI think this system has been copied by the coal players in Sumatra also, and IKI also noticed the same action was made by the local police in South Sumatra in apprehending the mine workers as quoted and bolded above. IKI found an interesting statement from the government including Moeldoko which mentioned that these illegal miners are not paying any financial obligation to the government

such royalties, which then leaves a question how then these illegal coal can be changed to legal if the miners are not paying royalties to the government? And how come that these illegal coals have never been seized by the customs in Indonesian and also customs in the destination countries if they don't have complete and legal documents about its "legalities"? IKI believes all the question marks in this paragraph can be used to answer IKI's question about Moeldoko's statement as underlined and bolded above.

◆ IKI Conclusion

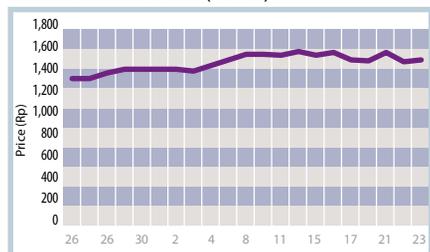
Illegal mine will always become a problem for the government not only Indonesia government but also government in other countries. And IKI believes ESDM has done lots of great policies in order to reduce and limit illegal mining activities but has yet to be successful due to less commitment from the government itself, and this happens as coal and minerals are not only considered as vital commodities by the government but are also used as political bargaining tool by the government to maintain its popularities as had happened in the past, and which has been happened recently with the issuance of the new mining law, and will also happen again in the future. IKI is still waiting what will be the government policy in curbing the illegal mining activities as local government role in the mineral and coal sectors has been removed, and what will be the government policy in controlling mining activities after the removal of local government authority as IKI knows **the government had failed in the past and will also fail in the future** as it plans to ease issuance of business licenses for industries including mining licenses as stated in the new Omnibus law.

SHARESPERFORMANCE

IDX-Listed coal miners shares performance

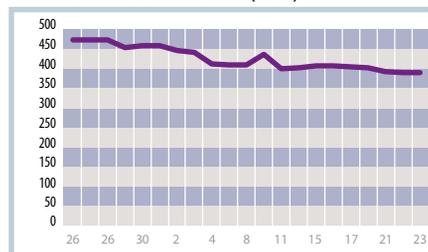
No	Company	NOVEMBER 2020			DECEMBER 2020							
		24	26	30	2	4	8	11	15	17	21	23
1	ADARO ENERGY Tbk (ADRO)	1,300	1,360	1,390	1,390	1,435	1,545	1,535	1,530	1,490	1,555	1,490
2	ATLAS RESOURCES Tbk (ARII)	476	476	462	448	414	412	402	408	406	392	390
3	BAYAN RESOURCES Tbk (BYAN)	14,500	14,400	15,500	15,500	15,750	15,800	15,850	14,800	14,900	14,525	15,500
4	BORNEO LUMBUNG ENERGI & METAL Tbk (BORN)											
5	BUMI RESOURCES Tbk (BUMI)	57	76	67	59	68	73	69	70	83	78	72
6	GOLEN ENERGY MINES Tbk (GEMS)	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
7	HARUM ENERGY Tbk (HRUM)	2,300	2,290	2,780	2,960	2,800	2,980	2,940	2,950	3,230	3,200	3,100
8	INDIKA ENERGY Tbk (INDY)	1,380	1,485	1,710	1,745	1,755	1,930	1,850	1,970	1,920	1,990	1,835
9	INDO TAMBANGRAYA MEGAH Tbk (ITMG)	10,950	11,500	13,100	14,875	14,950	14,825	14,675	15,225	14,725	15,075	14,250
10	RESOURCES ALAM INDONESIA Tbk (KGGI)											
11	TAMBANG BATUBARA BUKIT ASAM (Persero) Tbk (PTBA)	2,280	2,360	2,360	2,450	2,480	2,820	2,810	3,070	3,040	3,040	2,820
12	ALFA ENERGI INVESTAMA TBK (FIRE)	372	374	448	700	1,025	1,280	1,115	970	1,130	1,320	1,320

ADARO ENERGY Tbk (ADRO)



Date (Nov - Dec 20) ADARO ENERGY Tbk (ADRO)

ATLAS RESOURCES Tbk (ARII)



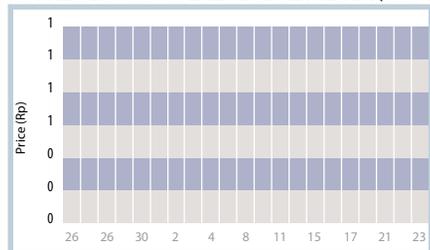
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BAYAN RESOURCES Tbk (BYAN)



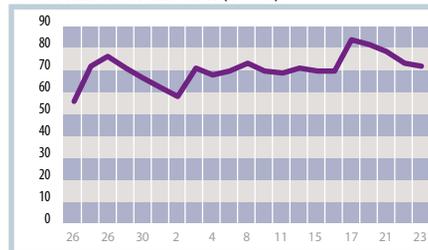
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BORNEO LUMBUNG ENERGI & METAL Tbk (BORN)



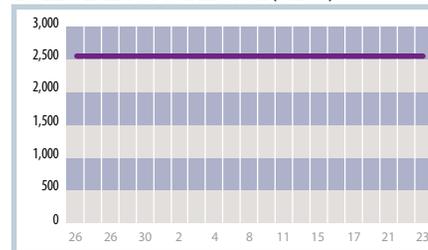
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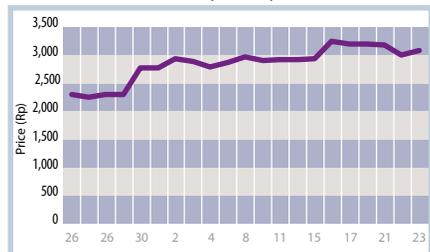
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GOLEN ENERGY MINES Tbk (GEMS)



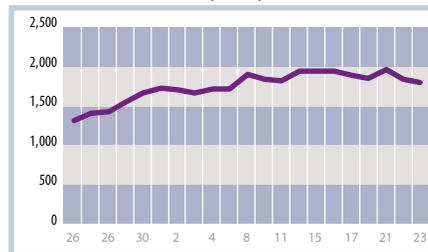
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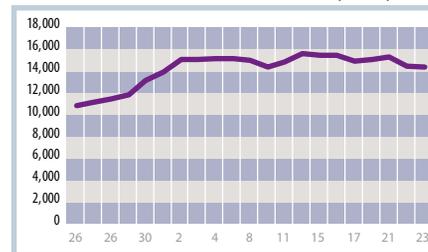
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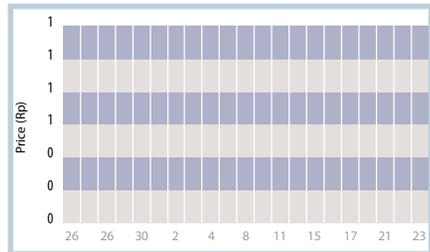
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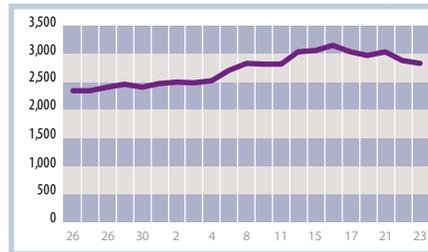
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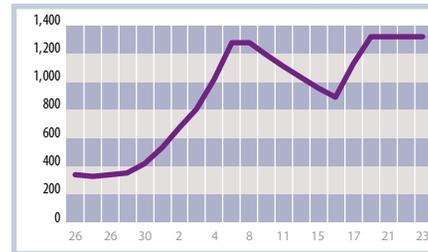
Date (Nov - Dec 20) RESOURCES ALAM INDONESIA Tbk

TAMBANG BATUBARA BUKIT ASAM Tbk (PTBA)



Date (Nov - Dec 20) TAMBANG BATUBARA BUKIT ASAM Tbk

ALFA ENERGI INVESTAMA TBK (FIRE)



Date (Nov - Dec 20) ALFA ENERGI INVESTAMA TBK (FIRE)

INDONESIAN GEOTHERMAL MAP 2019

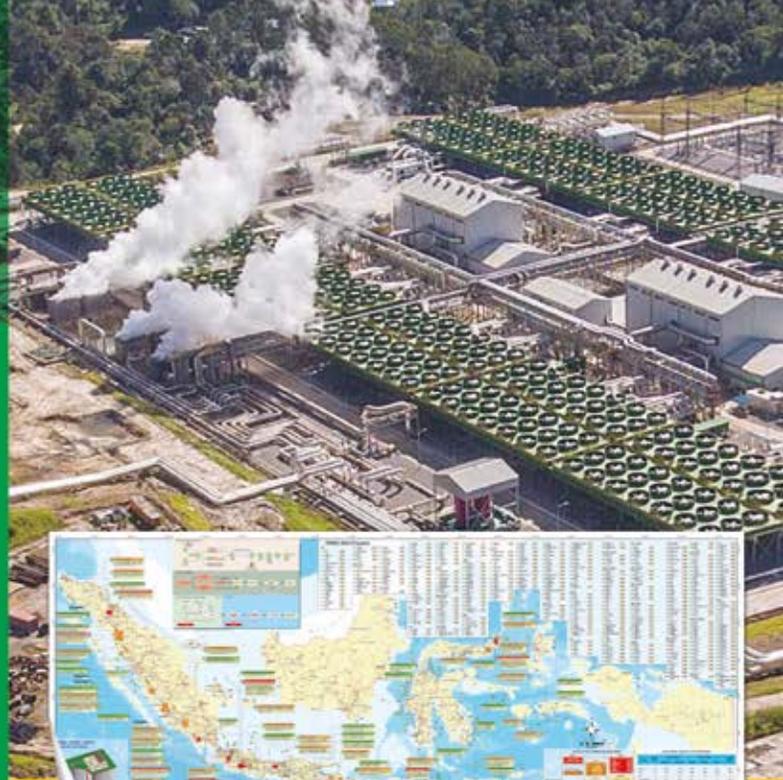
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This full-colored map is outlined at a large-scale on a heavy paper stock and laminated for durability.



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- Keputusan Badan Koordinasi Penanaman Modal (BKPM) tentang Surat Izin Usaha Jasa Survey (SIUJS) No. 63/1/1U/PMDN/2014
- Keputusan Menteri Perdagangan Republik Indonesia tentang Surat Ijin Usaha Jasa Survey (SIUJS) No. 11/S04-SIUJS.0519
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- Surat Keterangan Terdaftar (SKT) dari Kementerian ESDM, Direktorat Jenderal Mineral dan Batubara No. 684/30/DJB/2015
- Surat Keputusan Pelaksana Verifikasi Analisa Kualitas dan Kuantitas Penjualan Batubara (LHV) dari Kementerian Energi dan Sumber Daya Mineral No. 212.K/30/DJB/2018
- Penetapan PT. Asiatrust Technovima Qualiti Sebagai Surveyor Pelaksana Verifikasi dan Penelusuran Teknis Terhadap Ekspor Batubara dan Produk Batubara dari Kementerian Perdagangan No.390 Tahun 2020

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