

MINISTRY OF ENERGY AND MINERAL RESOURCES (ESDM)  
THE REPUBLIC OF INDONESIA

DECISION OF DIRECTOR GENERAL OF MINERAL AND COAL  
NUMBER: 953.K/ 32/ DJB/ 2015

CONCERNING

PRODUCTION COST TO DETERMINE BASE PRICE OF COAL

WITH THE BLESSING OF THE GOD ALMIGHTY

INDONESIA'S DIRECTOR GENERAL OF MINERAL AND COAL

In considering: That in determination of the production cost of coal for the sake of calculation of the base price of coal for the supply of coal as fuel for mine-mouth coal-fired power plant (PLTU) based on Article 8 of Ministerial Decree of Energy and Mineral Resources Number 10 Year 2014 on the Procedure of Supply and Determination of Base Price of Coal for Mine-mouth PLTU and Non Mine-mouth PLTU in One Island, it shall be necessary to enact a Decision of Director General of Mineral and Coal on Production Cost for Determination of Base Price of Coal;

As referring to in:

1. Law Number 30 Year 2007 on Energy (State Gazette of the Republic of Indonesia Year 2007 Number 96, Supplement to State Gazette of the Republic of Indonesia Number 4746);
2. Law Number 4 Year 2009 on Mineral and Coal Mining (State Gazette of the Republic of Indonesia Year 2009 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 4959);
3. Law Number 30 Year 2009 on Electricity (State Gazette of the Republic of Indonesia Year 2009 Number 133, Supplement to State Gazette of the Republic of Indonesia Number 5052);
4. Government Regulation (PP) Number 23 Year 2010 on the Implementation of Mineral and Coal Mining Undertakings (State Gazette of the Republic of Indonesia Year 2010 Number 29,

Supplement to State Gazette of the Republic of Indonesia Number 5111) as having been amended by Government Regulation (PP) Number 77 Year 2014 (State Gazette of the Republic of Indonesia Year 2014 Number 263, Supplement to State Gazette of the Republic of Indonesia Number 5597);

5. Government Regulation (PP) Number 14 Year 2012 on the Activity for Electricity Supplies (State Gazette of the Republic of Indonesia Year 2012 Number 28, Supplement to State Gazette of the Republic of Indonesia Number 5281), as having been amended by Government Regulation (PP) Number 23 Year 2014 (State Gazette of the Republic of Indonesia Year 2014 Number 75, Supplement to State Gazette of the Republic of Indonesia Number 5530);
6. Government Regulation (PP) Number 79 Year 2014 dated October 17, 2014 on National Energy Policy (State Gazette of the Republic of Indonesia Year 2014 Number 300, Supplement to State Gazette of the Republic of Indonesia Number 5609);
7. Presidential Decree Number 59/M Year 2015 dated May 6, 2015;
8. Ministerial Decree of Energy and Mineral Resources (ESDM) Number 34 Year 2009 on Priority of Supplies of Mineral and Coal for Domestic Markets (State Gazette of the Republic of Indonesia Year 2009 Number 546);
9. Ministerial Decree of Energy and Mineral Resources (ESDM) Number 17 Year 2010 on Procedure to Determine Reference Selling Price of Mineral and Coal (State Gazette of the Republic of Indonesia Year 2010 Number 163);
10. Ministerial Decree of Energy and Mineral Resources (ESDM) Number 18 Year 2010 on Organization and Work Procedure of Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2010 Number 552) as having been amended and the latest amendment by Ministerial Decree of Energy and Mineral Resources (ESDM) Number 30 Year 2014 on the Second Amendment of Ministerial Decree of Energy and Mineral Resources Number 18 Year 2010 on Organization and Work Procedure of Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2011 Number 1725);
11. Ministerial Decree of Energy and Mineral Resources (ESDM) Number 10 Year 2011 on Procedure of Supplies and Determination of Price of Coal for Mine-mouth coal-fired power plant (State Gazette of the Republic of Indonesia Year 2014 Number 449);

## DECIDES

- To Enact : DECISION OF DIRECTOR GENERAL OF MINERAL AND COAL ON PRODUCTION COST TO DETERMINE BASE PRICE OF COAL.
- FIRST: To determine Reference Cost of Production to determine the base price of coal for mine-mouth coal-fired power plant (PLTU) and non mine-mouth coal-fired power plant (PLTU) in One Island as cited in the Appendix as an inseparable part of this Decision of Director General.
- SECOND: Mining Company with open-pit mining system shall refer to the selling price of coal as determined based on the Reference Cost of Production as cited in the First Dictum.
- THIRD: In regard that the mining system is of the underground mine the mining company shall be allowed to submit a plan on the production cost to Director General for the sake of evaluation and approval.
- FOURTH: With the enactment of this Decision of Director General, the Decision of Director General of Mineral and Coal Number 570.k/32/ DJB/2015 dated April 20, 2015 on Production Cost for Determination of Base Price of Coal shall be declared no longer effective.
- FIFTH: At the time of the effectiveness of this Decision of Director General, the price of coal for mine-mouth PLTU and non mine-mouth PLTU in One Island as decided under the previous Decision of Director General prior to the effectiveness of this Decision, shall be declared remain effective up to the date of its expiration.
- SIXTH: This Decision of Director General shall be effective as of the enactment.

Enacted in Jakarta  
Dated October 2, 2015  
DIRECTOR GENERAL OF MINERAL AND COAL

SIGNED

BAMBANG GATOT ARIYONO

APPENDIX  
 DECISION OF DIRECTOR GENERAL OF MINERAL AND COAL  
 NUMBER 953.K/32/DJB/ 2015  
 CONCERNING  
 PRODUCTION COST TO DETERMINE THE BASE PRICE OF COAL

PRODUCTION COST TO DETERMINE THE BASE PRICE OF COAL FOR MINE-MOUTH COAL-FIRED  
 POWER PLANT (PLTU) AND NON MINE-MOUTH PLTU

No.	Type of cost	Unit	Cost
<b>A. <u>Direct Cost of Production</u></b>			
1.	Stripping of overburden	USD/bcm	2.17 - 2.41
2.	Removal of overburden	USD/ ton/ km	0.87 – 1.74
3.	Coal Exploitation	USD/ ton	1.55 – 1.70
4.	Delivery of coal from mine site to location of processing	USD/ ton/ km	0.20 – 0.28
5.	Delivery of coal from the location of processing to the stockpile of PLTU	USD/ ton	Agreement between mining company and the holder of IUPTL
<b>B. <u>Indirect Cost of Production</u></b>			
6.	Processing of coal	USD/ ton	1.19 – 1.98
7.	Amortization and depreciation	USD/ ton	5.50 – 6.88
<b>C. <u>General and Administration Costs</u></b>			
8.	<ul style="list-style-type: none"> <li>• Monitoring and management of environment, Reclamation, and Post Mine</li> <li>• Work Safety and Health</li> <li>• Development and Empowerment of Community</li> </ul>	USD/ ton	0.50 – 0.55
9.	Overhead	USD/ ton	1.66 – 2.07
10.	Land Rent	USD/ ton	0.10 – 0.11
11.	Assumption of Production Retribution/ Royalty	USD/ ton	20.3%
12.	Gross Margin	USD/ ton	25%

**Note:**

- a. Cost to deliver or remove overburden is the cost of point 2 multiplied by the distance of delivery in kilometers.
- b. Cost of delivery of coal from the mine site to the location of processing is the cost of point 4 multiplied by the distance of delivery in kilometers.
- c. Assumption of Production Retribution/ Royalty is 13.5% of the base price of coal or at 20.3% of the total costs of points 1 through 10

- d. The total cost of production is the sum of points 1 through 10
- e. Gross margin is 25% of the total cost of production
- f. Base price of coal is the total cost of production plus margin

**DIRECTOR GENERAL OF MINERAL AND COAL**  
**The Republic of Indonesia**

**SIGNED**

**BAMBANG GATOT ARIYONO**