

**MINISTERIAL DECREE OF ENERGY AND MINERAL RESOURCES  
OF THE REPUBLIC OF INDONESIA  
Number 7424 K/30/MEM/2016**

**CONCERNING**

**RATE OF COMPONENT OF PRODUCTION COST FOR THE CALCULATION OF COAL  
REFERENCE PRICE FOR MINE-MOUTH POWER PLANT**

**BY THE GRACE OF GOD ALMIGHTY**

**MINISTER OF ENERGY AND MINERAL RESOURCES OF THE REPUBLIC OF INDONESIA,**

Considering: that in order to implement the stipulations of Article 9 paragraph (3) of Indonesian Ministerial Decree of Energy and Mineral Resources Number 09 Year 2016 on Procedure of Supply and Determination of Coal Price for Mine-mouth Power plant as having been amended by Indonesian Ministerial Decree of Energy and Mineral Resources Number 24 Year 2016, it is necessary to enact Ministerial Decree of Energy and Mineral Resources on the Rate of Component of Production Cost for the Calculation of Reference Price of Coal for Mine-mouth Power Plant;

Referring to in

1. Law Number 4 Year 2009 on Mining of Mineral and Coal (State Gazette of the Republic of Indonesia Year 2009 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 4959);
- 2..Indonesia's Presidential Decree Number 68 Year 2015 on Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2015 Number 132);
3. Indonesia's Ministerial Decree of Energy and Mineral Resources Number 09 Year 2016 on Procedure of Supply and Determination of Coal Price for Mine-mouth Power plant (State Gazette of the Republic of Indonesia Year 2016 Number 512) as having been amended by Ministerial Decree of Energy and Mineral Resources Number 24 Year 2016 (State Gazette of the Republic of Indonesia Year 2016 Number 1367);
4. Indonesia's Ministerial Decree of Energy and Mineral Resources Number 13 Year 2016 on Organization and Work Procedure of Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2016 Number 782);

**DECIDES:**

To Enact **MINISTERIAL DECREE OF ENERGY AND MINERAL RESOURCES OF THE REPUBLIC OF INDONESIA CONCERNING THE RATE OF COMPONENT OF PRODUCTION COST FOR THE CALCULATION OF REFERENCE PRICE OF COAL FOR MINE-MOUTH POWER PLANT**

FIRST To determine the rate of component of production cost for mine-mouth power plant with the calculation as cited in Appendix that is inseparable part of this Ministerial Decree.

SECOND This Ministerial Decree shall be effective as of the date of enactment.

Enacted in Jakarta  
Dated October 14, 2016  
Acting MINISTER OF ENERGY AND  
MINERAL RESOURCES  
THE REPUBLIC OF INDONESIA,

Signed

LUHUT BINSAR PANDJAITAN

Carbon copies:

1. Indonesian Secretary General of Ministry of Energy and Mineral Resources
2. Indonesian Inspector General of Ministry of Energy and Mineral Resources
3. Indonesian Director General of Mineral and Coal

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INDONESIA'S MINISTRY OF ENERGY AND MINERAL RESOURCES  
Bureau Head of Laws

Signed.

Hufron Asrofi

**ATTACHMENT**

**MINISTERIAL DECREE OF ENERGY AND MINERAL RESOURCES OF THE REPUBLIC OF INDONESIA NUMBER : 7424 K/30/ MEM/ 2016 CONCERNING RATE OF COMPONENT OF PRODUCTION COST FOR THE CALCULATION OF REFERENCE PRICE OF COAL FOR MINE-MOUTH POWER PLANT**

**RATE OF COMPONENT OF PRODUCTION COST FOR THE CALCULATION OF REFERENCE PRICE OF COAL FOR MINE-MOUTH POWER PLANT**

<b>No.</b>	<b>Type of cost</b>	<b>Unit</b>	<b>Cost</b>
A.	Direct Cost of Production		
1.	Stripping of overburden	USD/ bcm	1.61 - 3.2
2.	Extraction of coal	USD/ bcm	0.9 – 1.7
3.	Delivery of coal from the location of mine to the location of processing.	USD/ ton/bcm	0.2 – 0.28
4.	Delivery of coal from the location of processing to the stockpile of PLTU.	USD/ ton/bcm	0.1 – 0.2
B.	Indirect cost of production		
5.	Processing of coal	USD/ ton	1.19 – 1.98
6.	Depreciation and amortization as well as the release/ compensation of land title	USD/ ton	1 – 6.88
C.	General and administrative costs		
7.	Monitoring and management of environment, reclamation and post-mine, health and work safety, and community development and empowerment.	USD/ ton	0.50– 1.87
8.	Overhead	USD/ ton	1.66 – 2.07
9.	Dead Rent	USD/ ton	A
10.	Total production cost	USD/ ton	B
11.	Margin	USD/ ton	C
12.	Production contribution/ royalty	USD/ ton	D

**Explanation:**

1. Dead Rent per ton (A) derives from the rate (tariff) based on the prevailing laws and regulations multiplied by the size of area of the permit of undertakings of operation and production and then divided by the total of mining as planned per year.
2. Total of production cost (B) shall be the total from points 1 through 9.
3. Coal reference price shall be the total of cost production plus margin.
4. The margin as cited in letter C shall be 15%-25% of the total production cost of B
5. Production contribution/ royalty per ton (D) shall be the total of B and C multiplied by the rate (tariff) based on the prevailing laws and regulations.
6. Coal price shall be the total of B,C and D

Acting MINISTER OF ENERGY AND  
MINERAL RESOURCES  
THE REPUBLIC OF INDONESIA,

Signed

LUHUT BINSAR PANDJAITAN

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Signed.

Hufron Asrofi