

**MINISTERIAL DECREE OF ENERGY AND MINERAL RESOURCES
OF THE REPUBLIC OF INDONESIA
Number 24 Year 2016**

CONCERNING

**AMENDMENT OF MINISTERIAL DECREE OF ENERGY AND MINERAL RESOURCES
NUMBER 09 YEAR 2016 ON PROCEDURE OF SUPPLY AND PRICING OF COAL FOR
MINE-MOUTH POWER PLANT**

BY THE GRACE OF GOD ALMIGHTY

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

- Considering:
- a. that in order to increase the optimal use of coal and improve the feasibility of development of mine-mouth power plant, it shall be necessary to once more regulate the coal pricing for mine-mouth power plant;
 - b. that based on the consideration as cited in letter a, it shall be necessary to enact a Ministerial Decree of Energy and Mineral Resources concerning the amendment of Ministerial Decree of Energy and Mineral Resources Number 09 Year 2016 on Procedure of Supply and Pricing of Coal for Mine-mouth Power Plant;
- 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 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);
 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. Indonesia's Government Regulation (PP) Number 23 Year 2010 on Implementation of Activity of Mineral and Coal Mining (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 for several times and the latest amendment by Government Regulation Number 77 Year 2014 on Third Amendment of Government Regulation Number 23 Year 2010 on The implementation of activity of mining of mineral and coal (State Gazette of the Republic of Indonesia Year 2014 Number 263, Supplement to State Gazette of the Republic of Indonesia Number 5489);
 5. Indonesia's Government Regulation (PP) Number 14 Year 2012 on Undertakings of Electricity Supply (State Gazette of the Republic of Indonesia Year 2012 Number 28, Supplement to State Gazette of the Republic of Indonesia Number 5281)
 6. Indonesia's Presidential Decree Number 68 Year 2015 on Ministry of Energy and Mineral Resources of the Republic of Indonesia (State Gazette of the Republic of Indonesia Year 2015 Number 132);
 7. Indonesia's Ministerial Decree of Energy and Mineral Resources Number 34 Year 2009 on Priority of Supply of Mineral and Coal in Domestic Market (State Gazette of the Republic of Indonesia Year 2009 Number 546);
 8. Indonesia's Ministerial Decree of Energy and Mineral Resources Number 17 Year 2010 on Procedure of Reference Price of Mineral and Coal (State Gazette of the Republic of Indonesia Year 2010 Number 463);

9. Indonesia's Ministerial Decree of Energy and Mineral Resources Number 35 Year 2013 on Procedure of Permit of Undertakings of Electricity (State Gazette of the Republic of Indonesia Year 2013 Number 1524);
10. Indonesia's Ministerial Decree of Energy and Mineral Resources Number 09 Year 2016 on Procedure of Supply and Pricing of Coal for Mine-mouth Power Plant (State Gazette of the Republic of Indonesia Year 2016 Number 512);
11. 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 AMENDMENT OF MINISTERIAL DECREE OF ENERGY AND MINERAL RESOURCES NUMBER 09 YEAR 2016 ON PROCEDURE OF SUPPLY AND PRICING OF COAL FOR MINE-MOUTH POWER PLANT

Article I

Some provisions of Ministerial Decree of Energy and Mineral Resources Number 09 Year 2016 on Procedure of Supply and Pricing of Coal for Mine-mouth Power Plant (State Gazette of the Republic of Indonesia Year 2016 Number 512) shall be amended as follows:

1. Provision of Article 1 point 2 is amended and shall be reading as follows:

Article 1

In this Ministerial Decree what is meant by:

1. Coal shall be the organic carbonate sediment that was naturally formed from the leftovers of vegetation or plants.
2. Coal price for mine-mouth power plant shall be a special price of coal that is used as fuel for mine-mouth power plant.
3. Reference price of coal shall be the reference price that is determined based on the total production cost of coal plus margin.
4. Mine-mouth power plant shall be the coal-fired power plant and the gas- and coal-fired power plant, of which the availability of coal supply is guaranteed by Mining Company based on an agreement of sales and purchases of coal.
5. Mining Company shall be Company that conducts the undertakings of coal mining.
6. Company of mine-mouth power plant shall be the holder of permit of undertakings of power supply that operates mine-mouth power plant.
7. Permit of mining undertakings of Operation and Production of Coal, hereinafter referring to IUP Operation-Production of Coal shall be a permit of undertakings that is granted to a company after the completion of the implementation of activities under the permit of mining undertakings of Exploration for Coal, in order to carry out the activities in a stage of Operation and Production of Coal.
8. Special permit of mining undertakings of Operation and Production of

Coal, hereinafter referring to IUPK Operation-Production of Coal, shall be a permit of undertakings that is granted after the completion of the activities under the special permit of mining undertakings of Exploration for Coal in order to carry out the activities in a stage of Operation and Production of Coal in an area of a special permit of mining undertakings of coal.

9. Agreement on cooperation of mining undertakings of coal, hereinafter referring to PKP2B, shall be an agreement between the Government of the Republic of Indonesia and a company under Indonesian legal status of entity in order to conduct the undertakings of mining of coal as a mining commodity
10. Permit of undertakings of power supply, hereinafter referring to IUPTL, shall be a permit of undertakings of power supply for the sake of the public.
11. Minister shall be the Minister who is in charge of governmental affairs in the sector of mining of mineral and coal.
12. Director General shall be the Director General who is in charge of the formulation and the implementation of policies and technical standardization in the sector of mineral and coal.

2. Provision of Article 7 is amended and shall be reading as follows

Article 7

Price of coal for mine-mouth power plant shall be calculated based on the reference (base) price of coal plus the contribution from production/ royalty.

3. Provision of Article 8 is amended and shall be reading as follows;

Article 8

(1) The reference (base) price of coal as cited in Article 7 shall be determined based on the agreement between the Mining Company and the Company of mine-mouth power plant.

(2) The reference price as cited in paragraph (1) shall be calculated based on a formula of production cost plus margin by considering the possibility of escalation.

4. Provision of Article 9 is amended and shall be reading as follows:

Article 9

(1) Production cost as cited in Article 8 shall be the components of costs of production comprising:

- a. the stripping cost of overburden;
- b. the cost of extraction of coal;
- c. the cost of delivery of coal from the location of mining to the location of processing;
- d. the cost of delivery of coal from the location of processing to the stockpile of coal-fired power plant (PLTU);
- e. the cost of processing of coal;
- f. the cost of monitoring and management of environment;
- g. the cost of reclamation and post-mine;

- h. the cost of the safety and health of work;
- i. the cost of development and empowerment of community;
- j. the cost to release land right and land compensation;
- k. cost of overhead;
- l. the costs of depreciation and amortization; and
- m. land rent.

(2)The production cost as cited in paragraph (1) shall include tax and other costs for the process of coal production.

(3) The bases of determining the components of production cost as cited in paragraphs (1) and (2) shall be regulated under a different Ministerial Decree.

5. Provision of Article 10 paragraph (3) is removed and Article 10 shall be reading as follows:

Article 10

(1)The rate of margin as cited in Article 8 shall include the margin for Mining Company minimal at 15% (fifteen percent) and maximal at 25% (twenty five percent) of the total production cost as cited in Article 9.

(2)The rate of margin as cited in paragraph (1) shall be determined based on the agreement between Mining Company and Company of mine-mouth power plant.

(3) removed.

6. The title of CHAPTER III Part Four is amended and shall be reading "Reference Price of Coal".

7. Provision of Article 11 is removed.

8. Provision of Article 12 is amended and Article 12 shall be reading as follows:

Article 12

The reference price of coal as cited in Article 8 shall be effective for a period of agreement on sales and purchases of coal or a period of power purchase agreement.

9. Between Article 12 and Article 13 is inserted 1 (one) Article namely Article 12A that is reading as follows:

Article 12A

Mining Company shall be obliged to report the reference price of coal as cited in Article 8 to Minister.

10. Provision of Article 15 is amended and Article 15 shall be reading as follows:

Article 15

At the time of the effectiveness of this Ministerial Decree the Power Purchase Agreement that has been signed, and/ or the price of coal for mine-mouth power plant, of which the selling price of power supply has been approved by Minister, the result of auction and/ or direct assignment as stated under the Power Purchase Agreement, shall be adjusted to this Ministerial Decree with the consents of all parties concerned.

Article II

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

That everybody shall be made aware of, and the enactment of this Law shall be published in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
Dated September 6, 2016
Acting MINISTER OF ENERGY AND
MINERAL RESOURCES
THE REPUBLIC OF INDONESIA,

Signed

LUHUT BINSAR PANDJAITAN

Stipulated in Jakarta
Dated September 13, 2016
DIRECTOR GENERAL OF LAWS AND REGULATIONS
MINISTRY OF LAWS AND HUMAN RIGHTS
THE REPUBLIC OF INDONESIA,

Signed.

WIDODO EKATJAHJANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2016 NUMBER 1367

Copy as of the original version
MINISTRY OF ENERGY AND MINERAL RESOURCES
Bureau Head of Laws

Signed.

Hufron Asrofi