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Oil & Gas Regulation

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The Jakarta Post (p.4),
Investor Daily (p.2), 14
October 2021

World's clean energy transition 'too slow': IEA

The global transition to clean energy is still far too slow to meet climate pledges and risks fueling even greater price volatility, the International Energy Agency (IEA) warned on Wednesday. "We are not investing enough to meet future energy needs, and the uncertainties are setting the stage for a volatile period ahead," said IEA chief Fatih Birol. "The social and economic benefits of accelerating clean energy transitions are huge, and the costs of inaction are immense." In its annual World Energy Outlook report — published just weeks before the COP26 summit in Glasgow — the IEA calculated that investment in clean energy projects and infrastructure would need to be more than trebled over the next decade if those pledges are to be met. At the summit, countries will come under pressure to commit to decisive action to limit global warming to 1.5 degrees Celsius above pre-industrial levels, as pledged in the landmark 2015 Paris climate agreement.

14 October 2021
The Jakarta Post p.4

European Union to target high energy prices

The European Union on Wednesday will present a "toolbox" of measures to mitigate an energy crunch that threatens to send Europeans' power bills soaring. The European Commission has been under pressure to act on the looming crisis, even though individual EU governments are more directly responsible for their energy sources and taxation. Energy prices have taken off this year as economies bounce back from the effects of the COVID-19 pandemic. Wholesale natural gas prices, the leading indicator for overall consumer and industrial energy prices, have more than tripled this year in Europe, with storage tanks perilously low ahead of winter. Oil and coal prices have also jumped.

The Jakarta Post (p.5), 14
October 2021

Repsol to start operating CCS facility in RI by 2027

Spanish oil and gas company Repsol plans to launch its inaugural carbon capture and storage (CCS) project in Indonesia in 2027, touting it as the first operational CCS project in the country and among the biggest in the world. Repsol director of regional exploration for the Eastern Hemisphere Mikel Erquiaga said that starting in 2027, the company planned to begin injecting roughly 2 million tons of captured carbon dioxide (CO₂) per year into the

	<p>depleted Dayung and Gelam fields in the Sakakemang Block in South Sumatra. This would be three years before other CCS projects in Indonesia, which were still in their pilot phase, he added. "This is an important milestone for Repsol," Erquiaga said during a virtual discussion to mark Repsol Low Carbon Day on Oct. 5.</p>
<p>Petromindo.com, 14 October 2021</p>	<p>Elnusa teams up with Korean firm to tap offshore decommissioning opportunity</p> <p>IDX-listed oil, gas services company PT Elnusa Tbk on Wednesday signed a Memorandum of Understanding (MoU) with South Korean firm Samin MTS to collaborate on a joint study of the Underwater Cutting System Development Project and the Development of Decommissioning Technology. The signing was carried out at the 2021 Korea-Indonesia Offshore Congress (KIOC) and witnessed directly by the coordinating minister for Maritime Affairs of the Republic of Indonesia Luhut Binsar Pandjaitan and South Korean Maritime Affairs and Fisheries Minister Moon Seong Hyeok. Both parties agreed to follow up on joint research by participating in decommissioning projects held in Indonesia by applying the results of joint research that had been carried out. One of the decommissioning projects in question is the Abandonment and Site Restoration (ASR) Project and it may also be applied to other decommissioning projects. Later the results of the Cutting Tool System research will be carried out by Elnusa's subsidiary, Elnusa Construction Fabrication.</p>
<p>Petromindo.com, Kontan (p.12), 14 October 2021</p>	<p>SKK Migas sells uncommitted LNG cargoes at high price</p> <p>Upstream oil and gas authority SKK Migas completed last month the sale of four uncommitted LNG cargoes from the Bontang plant on the spot market at a quite high average price of more than US\$27 per MMBTU amid global shortage of the commodity. "With average price of more than US\$27 per MMTBU, and estimated revenue of about US\$250 million," said SKK Migas Deputy for Finance and Monetization, Arief S. Handoko to Kontan.co.id on Tuesday. LNG price in the global market has soared amid rising demand for energy commodities in the wake of global economy recovery, while supply is limited.</p>
<p>Petromindo.com, 14 October 2021</p>	<p>Bass reports lower September production from Tangai-Sukananti</p> <p>ASX-listed junior oil, gas company Bass Oil Limited reported on We that Tangai-Sukananti field production for September averaged 327 bopd JV share down 7% from August levels. Total field production for the month was 9,817 barrels of oil JV Share or 5,400 barrels of oil Bass share and September oil sales totalled 9,526 barrels of oil JV Share or 5,240 barrels Bass share. The average monthly realised oil price for September was US\$71.33 per barrel, up 7% when compared with a monthly average oil price of US\$66.95 per barrel recorded in August.</p>
<p>Investor Daily (p.10), 14 October 2021</p>	<p>Oil Prices Rise, Oil and Gas Revenue Projected to Reach Rp150 Trillion</p> <p>The Upstream Oil and Gas Regulatory Special Task Force (SKK Migas)</p>

	<p>estimated the state's revenue from the oil and gas sector could reach Rp150 trillion due to rising crude oil prices. Oil and gas investments are also expected to increase along with these relatively high oil prices. SKK Migas Head Dwi Soetjipto said production sharing contract (PSC) holders will be more aggressive in conducting oil and gas activities as oil prices continue to rise. This would lead to higher output and maximized profits.</p>
Kompas (p.11), 14 October 2021	<p>South Sumatra Police Chief Calls On District Police Chiefs and Other Officers</p> <p>South Sumatra Police Chief Inspector General Toni Harmanto called on everyone in the police force to remind them not to be involved in illegal businesses like illegal oil mining. Aside from harming the environment and the state, this illegal business could also lead to fires that are difficult to put out and claim lives. There will be a severe punishment for officers who are found to be involved in illegal mining activities. "Police chiefs and officers should not even try to play around with this," Toni said on Wednesday (13/10/2021).</p>
Kompas (p.7), 14 October 2021	<p>Oil Prices, Pandemic and Oil & Gas Law</p> <p>Oil prices have been soaring to over US\$80 a barrel as the global economy recovers from the Covid-19 pandemic. Reuters reported Brent oil reached \$83.65 a barrel at the end of Monday's (11/10/2021) trading day. Based on the aspect of supply and demand, this rise in oil prices is natural, according to Kurtubi, member of the House of Representatives (DPR) 2014 – 2019 and alumni from the Colorado School of Mines, Institut Francaise du Petrole. Unfortunately, oil prices are peaking at time where Indonesia's output is extremely low at below 700,000 barrels a day. The draft of the 2022 state budget only set an oil lifting target of 702,000 barrels a day. Indonesia's low output is not due to depleting resources, but due to the country's mistake in managing these resources. Statistics show investments and exploration activities in the oil and gas sector have been declining ever since Oil and Gas Law No. 22/ 2001 was issued to replace Oil and Gas Law No. 8/ 1971. However, this ineffective law continues to remain in effect as the House of Representatives (DPR) has been failing to come up with an amendment to this law for two decades.</p>
Bisnis Indonesia (p.4), 14 October 2021	<p>Power Supply Could Attract Investors</p> <p>PLN believes the nation's oversupply of power could serve as a breath of fresh air and attract potential investors to Indonesia. PLN Director of Commerce and Management Bob Saril said PLN is purposely maintaining this oversupply of power so new investors would have no doubt about Indonesia's ability to provide electricity. He said the government has seriously prepared a number of infrastructures that eases access for investors starting their business in Indonesia. Therefore, PLN will support these investors from the power sector.</p>
Kompas (p.10), 14 October 2021	<p>Adoption to Start with Two-Wheeled Vehicles</p>

	<p>The acceleration of Indonesia's adoption of electric vehicles (EV) should be directed towards mass vehicles and two or three wheeled vehicles. Aside from fewer obstacles, these types of vehicles are also beneficial for the public. Lecturer on Electricity Engineering at the Bandung Institute of Technology's School for Electro Engineering and Informatics, Agus Purwadi announced his views on this topic during a webinar called the "Post Covid-19 Pandemic Strategy for Preparing Human Resources and Mineral Resources in the Transition to Clean Energy" held in Jakarta, Wednesday (13/10/2021). "Motorcycles dominate more than 120 million of vehicles in Indonesia. The price of four-wheeled electric vehicles is around Rp600 million while people's buying power for cars is around less than Rp300 million," Agus said.</p>
Kompas (p.9), 14 October 2021	<p>Taxes Affect Electricity Price</p> <p>The imposition of carbon taxes on power plants is expected to raise the cost to provide electricity. However, it is still unclear whether the cost hike will raise the electricity base price or not. On 1 April 2022, the government will impose a carbon tax of Rp30 per kilogram of carbon dioxide equivalent (CO₂e). "Currently, PLN is striving to operate more efficiently and be more environmentally friendly. The aim is to reduce the carbon emission from power plants," PLN commercial and customer management director Bob Saril said. Bob added that PLN would support the government's policies, including the imposition of the carbon tax in 2022.</p>
Investor Daily (p.3), 14 October 2021	<p>Oil Price Expected to Reach US\$100</p> <p>President of Russia, Vladimir Putin on Wednesday (13/10) said world crude oil prices are very likely to reach the level of US \$ 100 per barrel due to the continued increase in demand for all energy commodities. World energy prices continue to soar as economic activity resumes from the impact of the Covid-19 pandemic. The surge was also due to tight supply. "Russia and its partners in OPEC+ will do everything to ensure the stability of the oil market. We are trying to prevent any shocks from arising if prices continue to rise," Putin said.</p>
Kompas (p.C), 14 October 2021	<p>Ambition to Reduce Fossil Energy in Flores</p> <p>Flores Regency has abundant geothermal resources which generate electricity based on renewable energy. According to the plan, in the operating area of the Ulumbu steam power plant, an additional 2x20 megawatt capacity generator will be built. The electricity capacity of the Ulumbu power plant contributes 12% to the Flores interconnection system. In that system, the available power reaches 119 megawatts. The total subscribers connected to the network reached 408,397 subscribers. In addition to Ulumbu, PLN is also building the Sokoria steam power plant located in Ende Regency with a capacity of 30 megawatts. In PLN's plan, the composition of power plants from fossil fuels, which is currently 84%, will slowly be replaced. The aim is that Flores will no longer have any additional fossil energy-based power plants.</p>
Investor Daily (p.10), 14	<p>Pertamina-PTPN Operate Sei Mangkei 2 MW Solar Power Plant</p>

October 2021	PT Pertamina Power Indonesia (PPI) together with PT Perkebunan Nusantara (PTPN) III have successfully completed the construction of the Sei Mangkei solar power plant with a capacity of 2 megawatt (MW). The operation of this plant is estimated to cut carbon emissions by 1,300 tons per year. The power plant is expected to produce up to 1.6 gigawatts (GW) of electricity a year to supply the Sei Mangkei Special Economic Zone, South Sumatra.
Kontan (p.4), 14 October 2021	<p>Fear of rising inflation could hold back oil prices</p> <p>World oil prices continue to strengthen. The energy crisis in several parts of the world has caused oil prices in the last three days to stay above US\$ 80 per barrel. However, Global Kapital Investama analyst, Alwi Assegaf said that the potential strengthening of the US dollar after the tapering could halt the increase in oil prices. The reason is, the increase in the US dollar will lead to profit taking, especially since the price has gone up too sharply. Alwi expects world oil prices can potentially reach US\$83 per barrel by the end of 2021.</p>
Kontan (p.5), 14 October 2021	<p>PGAS' Financial Performance Supported by Distribution Margins</p> <p>The financial performance of PT Perusahaan Gas Negara Tbk (PGAS) has improved. Analysts predict the increase in distribution margins will continue to support the company's financial performance. Until semester I/2021, PGAS has recorded a good performance. Net profit rose 2.823% to US\$196.50 million over the same period last year. There are 3 factors that supported PGAS's profit increase. First, the gas distribution margin is improving. Second, the income from the joint venture has been good. Third, reversal of allowance for tax disputes. However, PGAS' revenue edged down slightly by 0.31% annually to US\$1.46 billion.</p>
Media Indonesia (p.9), 14 October 2021	<p>Nuclear Power Plant Becomes a Choice Towards Environmentally Friendly</p> <p>Utilization of nuclear energy until now still has its pros and cons. However, when compared to other renewable energy options, nuclear is scientifically proven to have the supporting elements for the realization of better environmentally friendly energy. According to the Chief Operating Officer of PT Thorcon Power, Bob S Effendi said nuclear power plants do not produce CO2 and methane emissions, which are major contributors to greenhouse gases. In addition, the use of nuclear energy does not damage the environment, does not harm the ecosystem, safer waste management, raw material and fuel efficiency, and economic sustainability.</p>

Finance & Economy

The Jakarta Post (p.1), 14 October 2021

Doubt clouds Bali's global reopening

After more than a year of setbacks and false starts, Bali's international airport was poised on Wednesday to reopen to the foreign tourists on whom the island's economy depends, but on the eve of the policy shift, technical details remained unresolved, last-minute regulatory changes loomed and skepticism abounded. The government announced late on Wednesday that

	<p>Bali would accept direct flights from 19 countries, including China, India, Japan, South Korea and Saudi Arabia, because of their low COVID-19 caseloads. Tourists on such flights would be required to quarantine for five days, show evidence of having received at least two vaccine doses and have health insurance that covered COVID-19 treatment abroad, among other requirements.</p>
<p>The Jakarta Post (p.2), 14 October 2021</p>	<p>Jakarta plans to ban groundwater use to stop land subsidence</p> <p>The Jakarta administration is considering a plan to restrict groundwater use to prevent the capital city from sinking further, but experts say the administration needs to provide equitable water access to the population before enacting such a policy. The plan has highlighted a major challenge that policymakers face in a city where households and businesses have been extracting groundwater independently of the municipal water system for years, causing land to subside as the city struggles to expand its tap water services. Jakarta Water Resources Agency head Yusmada Faisal said the provincial administration was preparing a regulation to restrict groundwater extraction in parts of the city that were already covered by tap water services. “We are formulating [a regulation] to prohibit groundwater extraction for areas that are already covered by tap water service,” Yusmada said on Oct. 5, as quoted by antaranews.com.</p>
<p>Kompas (p.10), 14 October 2021</p>	<p>Business Activities to Remain Stable in Fourth Quarter of 2021</p> <p>Respondents project business activities would remain relatively stable with a weighted net balance of 7.46% during the fourth quarter of 2021, according to the Business Activities Survey conducted by Bank Indonesia (BI). The government’s ease of public activity restrictions is expected to improve the performance of some main sectors, mainly the manufacturing, trade, hotel and restaurant, and transport and communication sectors, said BI Communication Department Group Head Muhammad Nur, Wednesday (13/10/2021).</p>
<p>Kontan (p.2), 14 October 2021</p>	<p>Reaping Investments through Tax Amnesty</p> <p>The government will be launching Voluntary Tax Amnesty (PPS) program effective starting 1 January 2022 – 30 June 2022. The government claims it would be able to increase investments in Indonesia through this program. Director of Training, Services and Public Relations at the Finance Ministry’s Directorate General of Taxation, Neilmaldrin Noor, said one of the goals of this PPS program is to increase investments. This program also gives taxpayers a chance to repatriate their assets and/ or funds overseas and reinvest them in domestic instruments provided by the government.</p>
<p>Kontan (p.2), 14 October 2021</p>	<p>Consumer Demand Supports Manufacturing Sector</p> <p>The performance of the manufacturing sector showed indications of declining during the third quarter of 2021. Bank Indonesia’s Prompt Manufacturing Index (PMI-BI) declined from 51.4% in the second quarter to 48.75% in the third quarter of 2021. BI Communication Department Group</p>

	<p>Head Muhammad Nur said the sector’s performance declined due to activities declining as well. “Because of the public activity restrictions enforced during the third quarter of 2021,” he said in a report published Wednesday (13/10/2021).</p>
<p>Bisnis Indonesia (p.3), 14 October 2021</p>	<p>Impacts of Carbon Tax on State Revenue Insignificant</p> <p>The low carbon tax at Rp30 per carbon dioxide equivalence (CO2e) has an insignificant impact on state revenue. Fajry Akbar, a tax observer with the Center Indonesia Taxation Analysis (CITA), said that the imposition of the carbon tax would be the most attractive option for the government to reduce carbon emission and boost the state revenue. However, the tariff set in the Law on Taxation Regulations Harmonization (UU HPP) is less than half of the tariff proposed by the government. “It certainly reduces the effectiveness of the carbon tax instrument to reduce the carbon emission and generate state revenue,” Fajry said on Wednesday (13/10/2021).</p>
<p>Kontan (p.2), 14 October 2021</p>	<p>IMF Slashes Indonesia’s Economic Growth Projection</p> <p>The International Monetary Fund (IMF) been added to the list of institutions that slashed Indonesia’s economic growth projection for this year. After World Bank, IMF slashed Indonesia’s economic projection for this year by 0.7% from its July projection of 3.9% yoy to 3.2% yoy. The IMF also lowered its global economic growth projection from 6.0% yoy to 5.9% yoy. In its October 2021 edition of the World Economic Outlook, the IMF said it cut its economic growth projection due to the spread of the new delta variant of the Covid-19 across the world, including Indonesia.</p>

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