

# **AMENDMENT TO REGULATION OF THE CHIEF OF DOWNSTREAM OIL AND GAS REGULATORY BOARD NO. 8/2013 CONCERNING THE TARIFFS OF PIPELINE GAS TRANSPORTATION**

**(Regulation of the Downstream Oil and Gas Regulatory  
Board of the Republic of Indonesia No. 14/2016  
dated June 8, 2016)**

BY THE GRACE OF ALMIGHTY GOD,

THE CHIEF OF THE DOWNSTREAM OIL AND GAS REGULATORY BOARD,

Considering :

- a. that to implement provisions in Bank Indonesia Regulation No. 17/3/PBI/2015 concerning the Obligation to Use Rupiah in the Territory of the Unitary State of the Republic of Indonesia, it is necessary to amend provisions on the tariffs of pipeline gas transportation;
- b. that the Committee for the Downstream Oil and Gas Regulatory Board held a meeting on Wednesday (June 8, 2016) as contained in the Official Report of Meeting No. 08/BA-SID/BPH MIGAS/KOM/2016 dated June 8, 2016;
- c. that based on the considerations as referred to in letters a and b, it is necessary to stipulate a regulation of the Downstream Oil and Gas Regulatory Board concerning Amendment to Regulation of the Downstream Oil and Gas Regulatory Board No. 8/2013 concerning the Tariffs of Pipeline Gas Transportation;

In view of :

1. Law No. 22/2001 concerning Natural Oil and Gas (Statute Book of the Republic of Indonesia of 2001 No. 136, Supplement to Statute Book of the Republic of Indonesia No. 4152);
2. Government Regulation No. 67/2002 concerning the Fuel Oil Supply and Distribution and Pipeline Gas Transportation Business Regulatory Board (Statute Book of the Republic of Indonesia of 2002 No. 141, Supplement to Statute Book of the Republic of Indonesia No. 4253) as already amended by Government Regulation No. 49/2012 concerning Amendment to Government Regulation No. 67/2002 concerning the Fuel Oil Supply and Distribution and Pipeline Gas Transportation Business Regulatory Board (Statute Book

- of the Republic of Indonesia of 2012 No. 95, Supplement to Statute Book of the Republic of Indonesia No. 5308);
3. Government Regulation No. 36/2004 concerning Downstream Oil and Gas Businesses (Statute Book of the Republic of Indonesia of 2004 No. 124, Supplement to Statute Book of the Republic of Indonesia No. 4436), as already amended by Government Regulation No. 30/2009 concerning Amendment to Government Regulation No. 36/2004 concerning Downstream Oil and Gas Businesses (Statute Book of the Republic of Indonesia of 2009 No. 59, Supplement to Statute Book of the Republic of Indonesia No. 4996);
  4. Presidential Decree No. 86/2002 concerning the Establishment of Fuel Oil Supply and Distribution and Pipeline Gas Transportation Business Regulatory Board as already amended by Presidential Decree No. 45/2012 concerning Amendment to Presidential Decree No. 86/2002 concerning the Establishment of Fuel Oil Supply and Distribution and Pipeline Gas Transportation Business Regulatory Board (Statute Book of the Republic of Indonesia of 2012 No. 103)
  5. Presidential Decree No. 145/P/2015 concerning the Extension of Term of Office of Chief and Members of Fuel Oil Supply and Distribution and Pipeline Gas Transportation Business Regulatory Board for the period of 2011-2015;
  6. Regulation of the Energy and Mineral Resources Minister No. 19/ 2009 concerning Pipeline Gas Businesses (State Gazette of the Republic of Indonesia of 2009 No. 274)
  7. Bank Indonesia Regulation No. 17/3/PBI/2015 concerning the Obligation to Use Rupiah in the Territory of the Unitary State of the Republic of Indonesia (Statute Book of the Republic of Indonesia of 2015 No. 70, Supplement to Statute Book of the Republic of Indonesia No. 5683);

#### DECIDES :

To stipulate :

REGULATION OF THE DOWNSTREAM OIL AND GAS BUSINESS REGULATORY BOARD CONCERNING AMENDMENT TO REGULATION OF THE DOWNSTREAM OIL AND GAS BUSINESSES REGULATORY BOARD NO. 8/2013 CONCERNING THE TARIFFS OF PIPELINE GAS TRANSPORTATION.

#### Article I

Several provisions in Regulation of the Downstream Oil and Gas Regulatory Board No. 8/2013 concerning the Tariffs of Pipeline Gas Transportation (State Gazette of the Republic of Indonesia of 2013 No. 1037),

shall be amended as follows:

1. Provisions in Article 1 point 11 are amended so that the article reads as follows:

#### Article 1

Referred to in this Regulation of the Regulatory Board as :

1. Natural gas is the result of natural process in the form of hydrocarbon under atmosphere pressure and temperature in the form of gas phase obtained from natural oil and gas mining process.
2. Pipeline gas transportation is the act of distributing gas through pipeline covering transmission, and/or transmission and distribution through distributing pipeline and equipment operated and/or managed as a unit of integrated system.
3. Transmission pipe is the pipe used to transport gas from gas supply source or gas field to one or more distribution centers and/or to one or more gas consumers or the pipe connecting one gas supply source to another.
4. Transmission segment is a certain segment of gas transmission network which constitutes part of the master plan for the National Gas Transmission and Distribution Network
5. Transmission pipe network is a combination of several transmission pipes connected one to another, managed or operated by one and/or several transporters.
6. Distribution pipe is the pipe used to transport gas from a transmission pipe or a distribution pipe to gas consumers or to other distribution pipes that form network.
7. Distribution network area is a certain area of gas distribution network which constitutes part of the master plan for National Gas Transmission and Distribution Network.
8. Facility is a transmission pipe and/or distribution pipe network along with supporting facilities used in pipeline gas transportation business.
9. Pipeline gas transportation business permit is a permit issued to a corporate body to carry out pipeline gas transportation business activities with the aim of receiving gain and/or making profit.
10. Special right is the right given by the Regulatory Board to a corporate body to operate pipeline gas transportation in the transmission segment and/or in a gas distribution network based on an auction.
11. Pipeline gas transportation tariff, hereinafter called tariff, is fee collected by transporter from shipper due to pipeline gas transportation service.
12. Contract is a pipeline gas transportation agreement (GTA) between transporter and shipper.

13. Internal Rate of Return (IRR) is discount rate in which the current net value from cost (negative cash flow) is equal to the current net value (of positive cash flow) for investment benefit.
14. Weighted Average Cost of Capital (WACC) is the weighted average cost of equity and debt invested in a business activity.
15. Cost of Service is the amount of income constituting the right of transporter obtained from the tariff paid by shipper in order that the income can return all expenses incurred by the transporter in running pipeline gas transportation business, as well as fair gain from the investment of facilities incurred.
16. Salvage Value is an estimate of residual value of facility asset at the end of its usage period.
17. Receiving point is the point of delivering gas in the facility from shipper to transporter.
18. Delivering point is the point of delivering gas in the facility from transporter to shipper and/or offtaker.
19. Transporter is a corporate body that holds a pipeline gas transportation business permit and has a special right.
20. Shipper is a corporate body that benefits facility.
21. Transporter is a corporate body that holds a permit to transport its gas.
22. Corporate body is a company in the form of legal entity that carries out regular and continuous business activities and is set up in accordance with the existing law and regulation, works and is domiciled in the Territory of the Unitary State of the Republic of Indonesia.
23. Downstream Oil and Gas Regulatory Board, hereinafter called Regulatory Board, is the board set up to control and supervise the supply and distribution of fuel oil and gas as well as the transportation of gas through pipeline at a level of downstream business.
24. Gas end user is pipeline gas user that uses gas for its own interests and not for trading.

2. In-between Article 7 and Article 8, 1 (one) article shall be inserted, namely Article 7A that reads as follows:

#### Article 7A

- (1) Tariff is set using United State dollar currency per one MSCF (thousand standard cubic feet) of gas transported by transporter.
- (2) If a contract and/or amendment to a contract is signed after July 1, 2015, payment for the tariff of pipeline gas transportation as referred to in paragraph (1) is made using rupiah currency based on the Jakarta Interbank Spot Dollar Rate (JISDOR) at the time of payment.

## Article II

This Regulation shall come into force as from the date of promulgation.

For public cognizance, this Regulation of the Regulatory Board shall be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On June 8, 2016

THE CHIEF OF THE DOWNSTREAM OIL AND GAS REGULATORY BOARD,

sgd.

ANDY NOORSAMAN SOMMENG

Promulgated in Jakarta

On July 15, 2016

THE DIRECTOR GENERAL OF

LAW AND REGULATION OF THE LAW AND HUMAN RIGHTS MINISTRY

THE REPUBLIC OF INDONESIA,

sgd.

WIDODO EKATJAHJANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

OF 2016 NO. 1012

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