

Type: REGULATION (PER)

By: THE HEAD OF REGULATING BOARD FOR OIL AND NATURAL GAS  
DOWNSTREAM BUSINESS OF THE REPUBLIC OF INDONESIA

Number: 1 YEAR 2023

Date: 4 MARCH 2023 (JAKARTA)

Title: PROCEDURES FOR CALCULATION AND STIPULATION OF TARIFF  
FOR THE TRANSPORTATION OF NATURAL GAS THROUGH  
PIPELINES

BY THE GRACE OF THE ALMIGHTY GOD

THE HEAD OF REGULATING BOARD FOR OIL AND NATURAL GAS DOWNSTREAM  
BUSINESS OF THE REPUBLIC OF INDONESIA,

Considering:

- a. whereas the business activity of transporting natural gas through pipelines has an important role in the context of supporting the Government policy for the utilization of natural gas and increasing an added value to the national economic growth;
- b. whereas Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 34 Year 2019 regarding Procedures for Calculation and Stipulation of Tariff for the Transportation of Natural Gas through Pipelines as amended by Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 16 Year 2021 regarding the Amendment to Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 34 Year 2019 regarding Procedures for Calculation and Stipulation of Tariff for the Transportation of Natural Gas through Pipelines is no longer in accordance with legal requirements, thus it needs to be replaced;
- c. whereas based on the considerations as referred to in letter a and letter b and to implement the provision of Article 7 of Government Regulation Number 36 Year 2004 regarding Downstream Oil and Natural Gas Business Activities as amended by Government Regulation Number 30 Year 2009 regarding the Amendment to Government Regulation Number 36 Year 2004 regarding Downstream Oil and Natural Gas Business Activities, it is necessary to stipulate a Regulation of the Regulating Board for Oil and Natural Gas Downstream Business regarding Procedures for Calculation and Stipulation of Tariff for the Transportation of Natural Gas through Pipelines;

In view of:

1. Law Number 22 Year 2001 regarding Oil and Natural Gas (State Gazette of the Republic of Indonesia Year 2001 Number 136, Supplement to State Gazette of the Republic of Indonesia Number 4152);
2. Government Regulation Number 67 Year 2002 regarding Regulatory Agency for the Supply and Distribution of Oil Fuel and Natural Gas Transportation Business Activities through Pipelines (State Gazette of the Republic of Indonesia Year 2002 Number 141, Supplement to State Gazette of the Republic of Indonesia Number 4253) as amended by Government Regulation Number 49 Year 2012 regarding the Amendment to Government Regulation Number 67 Year 2002 regarding Regulatory Agency for the Supply and Distribution of Oil Fuel and Natural Gas Transportation Business Activities through Pipelines (State Gazette of the Republic of Indonesia Year 2012 Number 95, Supplement to State Gazette of the Republic of Indonesia Number 5308);
3. Government Regulation Number 36 Year 2004 regarding Downstream Oil and Natural Gas Business Activities (State Gazette of the Republic of Indonesia Year 2004 Number 124, Supplement to State Gazette of the Republic of Indonesia Number 4436) as amended by Government Regulation Number 30 Year 2009 regarding the Amendment to Government Regulation Number 36 Year 2004 regarding Downstream Oil and Natural Gas Business Activities (State Gazette of the Republic of Indonesia Year 2009 Number 59, Supplement to State Gazette of the Republic of Indonesia Number 4996);
4. Presidential Decree Number 86 Year 2002 regarding Establishment of Regulatory Agency for the Supply and Distribution of Fuel Oil and Natural Gas Transportation Business Activities through Pipelines as amended by Presidential Regulation Number 45 Year 2012 regarding the Amendment to Presidential Decree Number 86 Year 2002 regarding Establishment of Regulatory Agency for the Supply and Distribution of Fuel Oil and Natural Gas Transportation Business Activities through Pipelines (State Gazette of the Republic of Indonesia Year 2012 Number 103);
5. Presidential Regulation Number 40 Year 2016 regarding Determination of Natural Gas Prices (State Gazette of the Republic of Indonesia Year 2016 Number 89) as amended by Presidential Regulation Number 121 Year 2020 regarding the Amendment to Presidential Regulation Number 40 Year 2016 regarding Determination of Natural Gas Prices (State Gazette of the Republic of Indonesia Year 2020 Number 300);
6. Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 21/P/BPH Migas/III/2011 regarding Regulatory Accounts for Natural Gas Transportation Business Activities through Transmission Pipelines;
7. Regulation of the Minister of Energy and Mineral Resources Number 45 Year 2017 regarding Utilization of Natural Gas for Power Plants (Official Gazette of the Republic of Indonesia Year 2017 Number 1031) as amended by Regulation of the Minister of Energy and Mineral Resources Number 10 Year 2020 regarding the Amendment to Regulation of the Minister of Energy and Mineral Resources Number 45 Year 2017 regarding Utilization of Natural Gas for Power Plants (Official Gazette of the Republic of Indonesia Year 2020 Number 339);
8. Regulation of the Minister of Energy and Mineral Resources Number 58 Year 2017 regarding Sales Price of Natural Gas through Pipelines in the Downstream Oil and Natural Gas Business Activities (Official Gazette of the Republic of

Indonesia Year 2017 Number 1943) as amended by Regulation of the Minister of Energy and Mineral Resources Number 14 Year 2019 regarding the Amendment to Regulation of the Minister of Energy and Mineral Resources Number 58 Year 2017 regarding Sales Price of Natural Gas through Pipelines in the Downstream Oil and Natural Gas Business Activities (Official Gazette of the Republic of Indonesia Year 2019 Number 1086);

9. Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 15 Year 2019 regarding Investment Supervision in the Development of Natural Gas Transportation Pipelines (Official Gazette of the Republic of Indonesia Year 2019 Number 788);
10. Regulation of the Minister of Energy and Mineral Resources Number 15 Year 2022 regarding Procedures for Determination of Certain Natural Gas Users and Prices in the Industrial Sector (Official Gazette of the Republic of Indonesia Year 2022 Number 1317);

HAS DECIDED:

To stipulate: REGULATION OF THE REGULATING BOARD FOR OIL AND NATURAL GAS DOWNSTREAM BUSINESS REGARDING PROCEDURES FOR CALCULATION AND STIPULATION OF TARIFF FOR THE TRANSPORTATION OF NATURAL GAS THROUGH PIPELINES.

## CHAPTER I GENERAL PROVISIONS

### Article 1

Referred to herein as:

1. Natural Gas shall be the result of a natural process in the form of hydrocarbons which, under the atmospheric pressure and temperature condition, are in the form of a gas phase obtained from the mining process of Oil and Natural Gas.
2. Certain Natural Gas Price shall be a Natural Gas price that is determined by the minister who administers government affairs in the field of oil and natural gas to Natural Gas users engaged in certain industrial sectors and in the field of electricity supply for public purposes.
3. Transportation of Natural Gas through Pipelines shall be an activity of distributing Natural Gas through pipelines including transmission, and/or transmission and distribution activities through pipelines and equipment that is operated and/or managed as an integrated system.
4. Transmission Pipeline shall be a pipeline for transporting Natural Gas from the Natural Gas supply sources or Natural Gas fields to transmission sections, Distribution Network Areas, certain commercial areas, and/or Natural Gas consumers.
5. Transmission Section shall be a certain segment of the Natural Gas transmission network that is part of the Master Plan for the National Natural Gas Transmission and Distribution Network.

6. Transmission Pipeline Network shall be a combination of several Transmission Pipelines that are interconnected, managed or operated by one and/or several transporters.
7. Distribution Pipeline shall be a pipeline that transports Natural Gas from a Transmission Pipeline and/or Distribution Pipeline in a Distribution Network Area to Natural Gas consumers and/or other Distribution Network Areas in the form of a network.
8. Distribution Network Area shall be a certain area of the Natural Gas distribution network that is part of the Master Plan for the National Natural Gas Transmission and Distribution Network.
9. Facilities shall be Transmission Pipeline and/or Distribution Pipeline networks and the supporting facilities used in the business activities of Transportation of Natural Gas through Pipelines.
10. Special Right shall be the right granted by the Regulatory Agency to a business entity to operate the pipelines on certain Transmission Sections and/or Distribution Network Areas in the context of business activities of Transportation of Natural Gas through Pipelines with the aim of obtaining profits and/or gains based on a tender mechanism by the Regulatory Agency or assignment from the minister who administers government affairs in the oil and natural gas sector.
11. Tariff for Transportation of Natural Gas through Pipelines, hereinafter referred to as a Tariff, shall be the fee collected by the transporter from the shipper for the transportation of Natural Gas through Pipelines in the unit of USD (United States Dollar) per one MSCF of Natural Gas transported by the transporter.
12. Initial Tariff shall be a temporary Tariff that is determined by the Regulatory Agency for new pipelines outside the tender for a Special Right or has not yet received a tariff determination.
13. Contract shall be an Agreement on Transportation of Natural Gas through Pipelines or gas transportation agreement (GTA) between a transporter and a shipper.
14. Cost of Service shall be the amount of revenue constituting the right of a transporter that is obtained from the Tariff paid by the shipper so that the revenue can cover all costs incurred by the transporter in carrying out the activities of Transportation of Natural Gas through Pipelines, as well as reasonable profits from the Facilities Investment that has been incurred.
15. Receipt Point shall be the delivery point of Natural Gas at the Facility from the Shipper to the Transporter.
16. Delivery Point shall be the delivery point of Natural Gas at the Facility from the transporter to the shipper and/or offtaker.
17. Transporter shall be a business entity that has a Business Permit for the Transportation of Natural Gas through Pipelines and/or has a Special Right.
18. Shipper shall be a business entity that utilizes the Transporter Facility to transport its Natural Gas.

19. Business Entity shall be an incorporated company that runs a type of permanent, continuous business and is established in accordance with the applicable laws and regulations as well as working and domiciled within the territory of the Unitary State of the Republic of Indonesia.
20. Oil and Gas Downstream Regulatory Agency, hereinafter referred to as the Regulatory Agency, shall be an entity established to regulate and supervise the supply and distribution of Fuel Oil and Natural Gas as well as Transportation of Natural Gas through Pipelines in Downstream Business Activities.

#### Article 2

- (1) The Regulatory Agency shall determine the Tariff for business activities of Transportation of Natural Gas through Pipelines.
- (2) The determination of Tariff as referred to in paragraph (1) shall be carried out in an accountable, transparent, fair and reasonable manner.
- (3) The determination of Tariff as referred to in paragraph (2) shall be carried out by considering the balance of interests between the Transporter and the Shipper.

#### Article 3

This Agency Regulation shall be aimed to:

- a. increase the domestic utilization of Natural Gas;
- b. optimize the utilization of Natural Gas Transmission Pipeline Network and Distribution Pipeline infrastructure; and
- c. increase investment in infrastructure for the Transportation of Natural Gas through Pipelines and the distribution of Natural Gas through Pipelines.

### CHAPTER II PROCEDURES FOR PROPOSAL AND DETERMINATION OF TARIFF FOR THE TRANSPORTATION OF NATURAL GAS THROUGH PIPELINES

#### Article 4

- (1) The determination of Tariff shall be given based on the application for proposal of Tariff by the Transporter to the Regulatory Agency.
- (2) The application for proposal of Tariff as referred to in paragraph (1) can be submitted:
  - a. manually; or
  - b. electronically through the information technology system.
- (3) The application for proposal of tariff as referred to in paragraph (1) shall be accompanied by enclosing or uploading complete data and documents including:
  - a. copy of Special Right;
  - b. details of the base value of assets;

- c. copy of the Contract, at least, containing business to business Tariff, volume and term of the Contract, the Receipt Point and Delivery Point as well as the provisions on ship or pay;
  - d. copy of Natural Gas sale and purchase agreement documents for a Business Entity that distributes its own gas in the transportation pipelines;
  - e. details of operation and maintenance costs;
  - f. statement of data correctness signed by the top management of Transporter on stamp duty;
  - g. financial statements that have been audited by a registered public accountant in accordance with the provisions of laws and regulations; and
  - h. details of Tariff calculation.
- (4) The Transporter must present the proposal of Tariff to the Regulatory Agency based on the data and documents as referred to in paragraph (3).
- (5) The proposal of Tariff as referred to in paragraph (1) must be submitted no later than 3 (three) months since the Transporter obtains the Special Right.

#### Article 5

The Regulatory Agency shall examine and verify the application, data and documents of the proposal of Tariff as referred to in Article 4.

#### Article 6

- (1) In the event that the data and documents as referred to in Article 4 paragraph (3) letter b, letter e and letter g are not yet available, the Regulatory Agency may determine an Initial Tariff for new pipelines outside the tender for Special Right or pipelines that have not yet received a determination of Tariff.
- (2) The top management of Transporter must draw up a duly stamped statement stating that the data and documents are not yet available as referred to in paragraph (1) accompanied by reasons.
- (3) The Transporter must complete the deficiency of data and documents as referred to in paragraph (1) no later than 2 (two) years as of the determination of Initial Tariff.
- (4) The Initial Tariff as referred to in paragraph (1) shall be valid for a maximum of 2 (two) years since it is stipulated by the Regulatory Agency.

#### Article 7

The Regulatory Agency shall have the right to use the data and documents that have been submitted by the Transporter as referred to in Article 4.

#### Article 8

- (1) The Regulatory Agency shall hold a hearing with the:
  - a. Transporter;
  - b. Shipper; and
  - c. related stakeholders,in the context of determination of Tariff.
- (2) The results of the hearing as referred to in paragraph (1) shall be used as a material for the consideration of the Regulatory Agency in determining the Tariff.
- (3) The determination of Tariff as referred to in paragraph (2) shall be stipulated through a committee meeting.
- (4) The determination of Tariff based on the results of the committee meeting as referred to in paragraph (3) shall be stipulated by a Decision of the Head of the Regulatory Agency.

#### Article 9

The Transporter shall be obligated to apply the Tariff that has been determined by the Head of the Regulatory Agency since it is stipulated, for all Shippers.

#### Article 10

- (1) The tariff shall be determined using the United States Dollar per one MSCF of Natural Gas transported by the Transporter.
- (2) The payment of Tariff as referred to in paragraph (1) shall use the rupiah currency in accordance with the provisions of laws and regulations.

### CHAPTER III TYPES AND PROCEDURES FOR THE CALCULATION OF TARIFF

#### Article 11

Types of Tariff shall consist of:

- a. type of Tariff based on the system; and
- b. type of Tariff based on the Tariff calculation.

#### Article 12

For the type of Tariff based on the system as referred to in Article 11 letter a, the Tariff calculation shall be carried out using the following approaches:

- a. postage stamp system;
- b. distance system;
- c. entry-exit system; or

- d. certain Tariff system.

#### Article 13

The use of postage stamp system as referred to in Article 12 letter a, shall be the application of the same Tariff from each Receipt Point to the Delivery Point on one segment and/or Transmission Pipeline Network.

#### Article 14

The use of distance system as referred to in Article 12 letter b shall be the application of different Tariff depending on the distance between the Receipt Point and the Delivery Point.

#### Article 15

The use of entry-exit system as referred to in Article 12 letter c, shall be the Tariff applied to the Transmission Section network or the Natural Gas Distribution Network Area consisting of multi-entry and/or multi-exit.

#### Article 16

The certain Tariff System as referred to in Article 12 letter d, shall be the application of Tariff used in the event that there is:

- a. a Certain Natural Gas Price; or
- b. a combination of Certain Natural Gas Prices and beyond a Certain Natural Gas Price.

#### Article 17

- (1) Types of Tariff based on the Tariff calculation as referred to in Article 11 letter b, shall include:
  - a. Tariff calculation for Facilities which are new or have not yet obtained the determination of Tariff;
  - b. Tariff calculation for the tender Facility of Transmission Section and/or Natural Gas Distribution Network Area;
  - c. Tariff calculation for periodical reviews;
  - d. Tariff calculation for Facilities the useful life of which has ended; and
  - e. Tariff calculation for Facilities built using the State Revenue and Expenditure Budget.
- (2) In the event that there are conditions that are not included in the type of Tariff based on Tariff calculation as referred to in paragraph (1), the Regulatory Agency may determine the Tariff using a technical and economical approach in accordance with the provisions of laws and regulations.

#### Article 18



- (1) The Regulatory Agency may make an adjustment to the applicable Tariff by considering the occurrence of change of cost in the Cost of Service and/or change of transportation volume of Natural Gas and/or for Facilities the useful life of which has ended.
- (2) The Tariff adjustment as referred to in paragraph (1) may come from:
  - a. proposal of Transporter;
  - b. proposal of Shipper; or
  - c. consideration of the Regulatory Agency.
- (3) The Tariff adjustment originating from the proposal of Transporter or Shipper as referred to in paragraph (2) letter a and letter b, shall be submitted in writing to the Regulatory Agency by enclosing:
  - a. details of calculation;
  - b. supporting data; and
  - c. duly stamped statement on data correctness signed by the top management.
- (4) The Regulatory Agency shall make a Tariff adjustment based on evaluation.

#### Article 19

- (1) The Regulatory Agency shall determine the Tariff of pipelines for the Distribution Network Area.
- (2) Provisions regarding procedures for Tariff calculation as referred to in Article 11 to Article 18 shall apply *mutatis mutandis* to the tariff calculation of pipelines for the Distribution Network Area.

#### Article 20

The Head of Regulatory Agency shall stipulate the technical guidelines for the calculation and determination of Tariff.

### CHAPTER IV REPORTING AND MONITORING

#### Article 21

- (1) The Transporter shall be obligated to submit a report on regulatory accounts of Business Entity to the Regulatory Agency as regulated in a Regulation of the Regulatory Agency regarding report on regulatory accounts.
- (2) The Transporter shall be obligated to submit a report on investment plan in the work and budget plan of the company no later than 6 (six) months prior to the current year for:
  - a. the existing Transmission Section and/or Distribution Network Area owned;

- b. the development of Transmission Section and/or Distribution Network Area; and/or
  - c. the development of new Transmission Section and/or Distribution Network Area.
- (3) The investment reporting of the Transporter as referred to in paragraph (2) shall be implemented in accordance with the provisions of the Regulation of the Regulatory Agency regarding investment supervision in the development of Natural Gas Transportation pipelines.

#### Article 22

The Regulatory Agency shall carry out:

- a. supervision of the application of Tariff that is implemented by the Transporter; and
- b. evaluation of the report on regulatory accounts as submitted by the Transporter.

### CHAPTER V ADMINISTRATIVE SANCTIONS

#### Article 23

- (1) The Transporter that commits violations as referred to in Article 4 paragraph (5), Article 9 and Article 21 shall be subject to administrative sanctions.
- (2) The administrative sanctions as referred to in paragraph (1) shall be in the form of:
- a. written warning;
  - b. revocation of Special Right; and/or
  - c. proposal for the revocation of business permit.

#### Article 24

- (1) The written warning as referred to in Article 23 paragraph (2) letter a, shall be given a maximum of 3 (three) times with a maximum period of 1 (one) month respectively.
- (2) In the event that the Transporter does not perform the obligations set out in the written warning, the Regulatory Agency shall impose administrative sanctions in the form of revocation of Special Right and/or proposal for the revocation of business permit to the minister who administers government affairs in the oil and natural gas sector.

### CHAPTER VI MISCELLANEOUS PROVISIONS

#### Article 25

Tariffs shall not be imposed for the supply and distribution of Natural Gas to:

- a. Natural Gas transmission and/or distribution network for households and small customers; or
- b. natural gas for road transportation.

#### Article 26

In the event that there is a policy related to the determination of the price of Natural Gas as stipulated by the Government, the Regulatory Agency shall determine the Tariff in accordance with the Government policy.

### CHAPTER VII TRANSITIONAL PROVISIONS

#### Article 27

At the time this Agency Regulation comes into effect:

- a. a Tariff that has been determined prior to the promulgation of this Agency Regulation shall be declared to remain valid until the determination of a new tariff based on the provisions of this Agency Regulation.
- b. a Contract that has been signed after 1 July 2015, the payment of Tariff shall use the rupiah currency in accordance with the provisions of laws and regulations.
- c. a Tariff set out in the bidding document of Transporter as the tender winner prior to this Agency Regulation come into effect, the calculation of Tariff shall be adjusted for this Agency Regulation.

### CHAPTER VIII CLOSING PROVISIONS

#### Article 28

At the time this Agency Regulation comes into effect:

- a. Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 34 Year 2019 regarding Procedures for Calculation and Stipulation of Tariff for the Transportation of Natural Gas through Pipelines (Official Gazette of the Republic of Indonesia Year 2019 Number 1731); and
- b. Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 16 Year 2021 regarding the Amendment to Regulation of the Regulating Board for Oil and Natural Gas Downstream Business Number 34 Year 2019 regarding Procedures for Calculation and Stipulation of Tariff for the Transportation of Natural Gas through Pipelines (Official Gazette of the Republic of Indonesia Year 2021 Number 626);

shall be revoked and declared null and void.

#### Article 29

This Agency Regulation shall come into effect as of the date of its promulgation.

For public cognizance, it is hereby ordered that this Agency Regulation be promulgated in the Official Gazette of the Republic of Indonesia.

Stipulated in Jakarta  
on 4 March 2023  
HEAD OF REGULATING BOARD FOR OIL AND  
NATURAL GAS DOWNSTREAM BUSINESS  
REPUBLIC OF INDONESIA,  
signed  
ERIKA RETNOWATI

Promulgated in Jakarta  
on 28 March 2023  
DIRECTOR GENERAL OF  
LAWS AND REGULATIONS  
MINISTRY OF LAW AND HUMAN RIGHTS OF THE  
REPUBLIC OF INDONESIA,  
signed  
ASEP N. MULYANA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2023 NUMBER 277

Issued as a true copy  
Secretary of BPH Migas,  
signed and stamped  
Patuan Alfon S.

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NOTE

Source: LOOSE LEAF OF REGULATIONS OF THE HEAD OF REGULATING  
BOARD FOR OIL AND NATURAL GAS DOWNSTREAM BUSINESS  
YEAR 2023