

UNEDITED VERSION

Type: REGULATION (PER)

By: REGULATING BOARD OF THE DOWNSTREAM BUSINESS OF
NATURAL OIL AND GAS (BPH MIGAS)

Number: 14 YEAR 2016

Date: JUNE 8, 2016 (JAKARTA)

Title: AMENDMENT TO REGULATION OF THE OIL AND NATURAL GAS
DOWNSTREAM BUSINESS REGULATORY BOARD NUMBER 8 YEAR
2013 REGARDING STIPULATION OF TARIFF ON TRANSMISSION OF
NATURAL GAS THROUGH PIPELINES

BY THE GRACE OF THE ALMIGHTY GOD

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

Considering:

- a. whereas in order to implement the provisions of Bank Indonesia Regulation Number 17/3/PBI/2015 regarding the Obligation to Use Rupiah in the Territory of the Unitary State of the Republic of Indonesia, it is necessary to amend provisions regarding the stipulation of tariff on transmission of natural gas through pipelines;
- b. whereas the Committee on Downstream Oil and Gas Regulatory Body Committee has convened on Wednesday, 8 June 2016, as stated in the Minutes of Meeting Number 08/BA-SID/BPH MIGAS/KOM/2016 dated 8 June 2016;
- c. whereas based on the considerations as referred to in letter a and letter b, it is necessary to stipulate the Regulation of the Oil and Natural Gas Downstream Business Regulatory Board regarding Amendment to Regulation of the Oil and Natural Gas Downstream Business Regulatory Board Number 8 Year 2013 Regarding Stipulation Of Tariff On Transmission Of Natural Gas Through Pipelines;

In View of:

1. Law Number 22 Year 2001 regarding Natural Oil and Gas (State Gazette of the Republic of Indonesia Year 2001 Number 136, Supplement of State Gazette of the Republic of Indonesia Number 4152);
2. Government Regulation Number 67 Year 2002 regarding Regulating Board of Supply and Distribution of Fuel Oil and Transmission Business of Natural Gas through Pipelines (State Gazette of the Republic of Indonesia Year 2002 Number 141, Supplement of State Gazette of the Republic of Indonesia Number 4253) as amended by Government Regulation Number 49 Year 2012 regarding Amendment to Government Regulation Number 67 Year 2002 regarding

Regulating Board of Supply and Distribution of Fuel Oil and Transmission Business of Natural Gas through Pipelines (State Gazette of the Republic of Indonesia Year 2012 Number 95, Supplement of State Gazette of the Republic of Indonesia Number 5308);

3. Regulation of the Government Number 36 Year 2004 regarding Natural Oil and Gas Downstream Business (State Gazette of the Republic of Indonesia Year 2004 Number 124, Supplement of State Gazette of the Republic of Indonesia Number 4436) as amended by Regulation of the Government Number 30 Year 2009 regarding Amendment to Government Regulation Number 36 Year 2004 regarding Natural Oil and Gas Downstream Business (State Gazette of the Republic of Indonesia Year 2009 Number 59, Supplement of State Gazette of the Republic of Indonesia Number 4996);
4. Presidential Decree of the Republic of Indonesia Number 86 Year 2002 regarding Establishment of the Regulating Board of Supply and Distribution of Fuel Oil and Transmission Business of Natural Gas through Pipelines as amended by Presidential Regulation Number 45 Year 2012 regarding Amendment to Presidential Decree Number 86 Year 2002 regarding Establishment of the Regulating Board of Supply and Distribution of Fuel Oil and Transmission Business of Natural Gas through Pipelines (State Gazette of the Republic of Indonesia Year 2012 Number 103);
5. Regulation of the Minister of Energy and Mineral Resources Number 19 Year 2009 regarding Natural Gas Business Activities through Pipelines (Official Gazette of the Republic of Indonesia Year 2009 Number 274);
6. Regulation of the Minister of Energy and Mineral Resources Number 19 Year 2009 regarding Natural Gas Business Activities through Pipes (Official Gazette of the Republic of Indonesia Year 2009 Number 274);
7. Bank Indonesia Regulation Number 17/3/PBI/2015 regarding Obligation to Use Rupiah in the Territory of the Republic of Indonesia (State Gazette of the Republic of Indonesia Year 2015 Number 70, Supplement to the State Gazette of the Republic of Indonesia Number 5683);

HAS DECIDED:

To stipulate: REGULATION OF REGULATING BOARD OF THE DOWNSTREAM BUSINESS OF NATURAL OIL AND GAS REGARDING AMENDMENT TO REGULATION OF THE OIL AND NATURAL GAS DOWNSTREAM BUSINESS REGULATORY BOARD NUMBER 8 YEAR 2013 REGARDING STIPULATION OF TARIFF ON TRANSMISSION OF NATURAL GAS THROUGH PIPELINES

Article I

Several provisions in the Regulation of the Oil and Natural Gas Downstream Business Regulatory Board Number 8 Year 2013 regarding Stipulation of Tariff on Transmission of Natural Gas Through Pipelines (Official Gazette of the Republic of Indonesia Year 2013 Number 1037), are amended as follows:

1. Provisions in Article 1 Number 11 are amended so that Article 1 reads as follows:

Article 1

In this Regulatory Agency Regulations referred to as:

1. Natural gas shall be the result of a natural process in the form of hydrocarbons which under atmospheric pressure and temperature in the form of gas phase obtained from the oil and gas mining process.
2. Transportation of natural gas through pipelines shall be the activity of distributing natural gas through pipelines, including transmission, and/or transmission and distribution activities through distribution pipes and equipment operated and/or attempted as an integrated unit system.
3. Transmission Pipes shall be pipes for transporting natural gas from sources of supply of natural gas or natural gas fields to one or more distribution centers and/or to one or more consumers of natural gas or connecting natural gas supply sources.
4. Transmission Section shall be a certain segment of the Natural Gas transmission network which is part of the Master Plan of the National Natural Gas Transmission and Distribution Network.
5. Transmission Pipe Network shall be a combination of several Transmission Pipes which are interconnected, operated or operated by one and/or several Transporters.
6. Distribution Pipe shall be a pipe that transports natural gas from a transmission pipe or from a distribution pipe to consumers of natural gas or other distribution pipes in the form of networks.
7. Distribution Network Area shall be a certain area of the Natural Gas distribution network which is part of the Master Plan of the National Natural Gas Transmission and Distribution Network.
8. Facilities shall be Transmission Pipes and/or Distribution Pipe Networks along with supporting facilities used in the business of Transportation of Natural Gas through Pipes.
9. Business License for the Transport of Natural Gas through Pipes shall be a permit granted to a Business Entity to carry out business activities in the Transportation of Natural Gas through Pipes with the aim of obtaining profits and/or profits.
10. Special Rights shall be rights granted by the Regulatory Agency to Business Entities to operate the Transport of Natural Gas through Pipes in the Transmission Section and/or in the Natural Gas Distribution Network Area on an auction basis.
11. Tariff for Transporting Natural Gas through Pipes, hereinafter referred to as Tariff, shall be the fee collected by Transporter from Shipper for the service of Transporting Natural Gas through Pipes.
12. The contract shall be a Gas Transportation Agreement (GTA) or Agreement on Transporting Natural Gas through Pipes between Transporters and Shippers.

13. Internal Rate of Return (IRR) shall be the discount rate at which the present value of the net (negative cash flow) investment equals the net present value of (positive cash flow) of the investment profit.
 14. Weighted Average Cost of Capital (WACC) shall be a weighted average cost of equity (equity) and loan capital (debt) invested in a business activity.
 15. Cost of Service shall be the amount of income which is a transporter's right obtained from the tariff paid by Shipper so that the income can return all costs incurred by the transporter in carrying out the activities of transporting natural gas through pipelines, as well as reasonable profits from investment facilities that have been issued .
 16. Salvage Value shall be an estimate of the residual value of a Facility's asset at the end of its useful life.
 17. Receiving Point shall be the point of delivery of Natural Gas to the Facility of the Shipper to the Transporter.
 18. Delivery point shall be the point of delivery of natural gas at the facility from the transporter to the shipper and/or off taker.
 19. A transporter shall be a business entity that has a business license to transport natural gas through pipes and has special rights.
 20. Shipper shall be a Business Entity that utilizes Facilities.
 21. Transporters to transport natural gas they have.
 22. Business Entity shall be a company in the form of a legal entity that carries out a type of business that is permanent, continuous and established in accordance with the prevailing laws and regulations as well as working and domiciled in the territory of the Unitary State of the Republic of Indonesia.
 23. Downstream Oil and Gas Regulatory Agency, hereinafter referred to as the Regulatory Agency, shall be an Agency formed to regulate and supervise the supply and distribution of Oil and Gas Fuels and the Transport of Natural Gas through Pipes in Downstream Business Activities.
 24. Consumers of natural gas (end users) shall be users of natural gas through pipes that use natural gas for their own purposes and not for trading.
2. Between Article 7 and Article 8 are inserted 1 (one) Article, namely Article 7A which reads as follows:

Article 7A

- (1) Tariffs are determined using US Dollar per MSCF (thousand standard cubic feet) of Natural Gas transported by Transporters.

- (2) For contracts and/or contract amendments signed after July 1, 2015, the Payment of the Tariff for Transporting Natural Gas through Pipes as referred to in paragraph (1) shall be carried out by using the Rupiah currency at the Jakarta Interbank Spot Dollar Rate (JISDOR) reference rate on when Payment.

Article II

This Regulatory Agency Regulation comes into force on the date of promulgation.

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

Stipulated in Jakarta
on 8 June 2016
THE HEAD OF REGULATING BOARD OF
DOWNSTREAM BUSINESS OF NATURAL OIL AND GAS,
signed
ANDY NOORSAMAN SOMMENG

Promulgated in Jakarta
on 15 July 2016
DIRECTOR GENERAL OF
LAWS AND REGULATIONS
MINISTRY OF LAW AND HUMAN RIGHTS OF THE
REPUBLIC OF INDONESIA,
signed
WIDODO EKATJAHJANA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 15 JULI 2016
NUMBER 1032

Issued as a true copy
HEAD OF LAW AND PUBLIC RELATIONS
signed and stamped
SRI PURNOMO
Civil Registration Number (NIP). 196005121992031008

NOTE

Source: LOOSE LEAF OF REGULATION OF THE HEAD OF REGULATING
BOARD OF DOWNSTREAM BUSINESS OF NATURAL OIL AND GAS
YEAR 2016