

NEW COAL PRICE CAP FOR POWER GENERATION

Recently, the Minister of Energy and Mineral Resources (“MEMR”) issued 2 (two) decrees on the price of coal, MEMR Decree No. 1395 K/30/MEM/2018 dated 9 March 2018 on The Coal Price for Power Generation for the Public Interest (“MEMR 1395/2018”) later amended by MEMR Decree No. 1410 K/30/MEM/2018 dated 12 March 2018 (“MEMR 1410/2018”) as an implementation of Government Regulation No. 8 of 2018 (“GR 8/2018”) and MEMR Regulation No. 19 of 2018 (“MEMR 19/2018”) which provides a legal basis for setting the maximum price for coal used for the generation of electric power for the public interest. In short, MEMR 1395/2018 and MEMR 1410/2018 are intended to address the risk of coal price fluctuations due to the recent increase in the market price for coal for the electric power industry for the public interest by determining the sale price of coal for generating electric power for the public interest as part of the domestic market obligation (“DMO”).

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