

# Indonesia Scraps Plans to Raise DMO for Coal

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The Indonesian government has scrapped plans to raise coal sales in the domestic market until at least 2014, as state utility company Perusahaan Listrik Negara (PLN), its main customer, has more than enough stock, a senior official at the Energy and Mineral Resources Ministry said.

Since 2010, the ministry has imposed a regulation requiring coal miners to prioritize domestic demand first before they can sell overseas, under the domestic market obligation policy.

“There used to be a plan to increase the DMO so that PLN could get more [coal], but now PLN has more than enough,” Rudi Rubiandini, deputy minister for energy and mineral resources, said on Friday.

Rudi said the regulation had caused an issue with PLN, asking: “What will happen if PLN has more coal than it needs to consume?”

Rudi’s statement echoed those of Helmi Najamudin, the head of the coal division at PLN, who said supply had surpassed consumption for the next two years. Helmi said coal consumption would exceed supply in 2015, where it will reach 88.8 million tons.

“For [all] coal-fired power plants, including those controlled by IPP [independent power producers], coal consumption is expected to reach 57.3 million tons next year,” Helmi said.

Indonesia is the world’s largest coal exporter and produced 217 million tons of coal as of July this year, in which 78.8 percent, or 171 million tons, was shipped overseas.

Indonesia aims to use more coal domestically, as the government intends to build more coal-fired power plants in order to increase the electrification rate as well as reduce the consumption of expensive diesel for power plants.

PLN plans to open several coal-fired power plants with a combined capacity of 3,000 megawatts this year. The Jakarta-based company has been tasked with providing an additional 55,500 MW of power nationwide by 2019 and increasing the electrification rate to 90 percent by 2020.

Source : <http://www.thejakartaglobe.com/business/indonesia-scraps-plans-to-raise-dmo-for-coal/547123>