

The 6th Asian Ministerial Energy Roundtable

Pointers for Plenary Session 2 Gas and Coal in Asia's Primary Energy Mix: Interactions and Uncertainties

By Sudirman Said

It is a great pleasure for me to be here amongst such a distinguished group of officials and experts, and I would like to thank the organizer for giving me the opportunity to share some insights from Indonesia's point of view.

- When one compares the reserves versus current consumption, Indonesia has sizeable resources for both coal and gas, as the country still has reserves over production ratios of about 61 years for coal and around 39 years for gas
- However, given that energy consumption per capita of Indonesia is still relatively small – e.g., its primary energy consumption is approximately one-third that of China, and one-tenth that of the US – Indonesia actually needs to worry on how it can sustain its energy supply for domestic needs, over the long term period
- With population that is still growing, and the aspiration for relatively high economic growth, Indonesia needs to have a policy in making sure that we look for a more sustainable source of energy supply to meet the ever increasing domestic demand, especially in realizing that we are currently still very much dependent on fossil fuels, especially oil; our current energy primary mix consists of 46% of oil, 21% of gas, 27% of coal and the rest is renewable
- Indonesia is currently a net oil importer, but still a net oil exporter of both coal and gas
- Fortunately, Indonesia is also blessed with a wide variety of renewable resources, especially in geothermal, to complement hydro, solar, and wind, as well as in bio-energy
- To have a more sustainable supply of energy, we have to increase our reliance on renewable energy

resources, even though some of these resources cannot compete with the fossil fuels in the current market environment. Currently, we have an aspiration to increase the share of renewable up to 25% in the primary energy mix by 2025

- This does not mean that we will neglect the fossil fuels. On the contrary, we are taking a bold move in how to boost exploration activities in oil and gas, including, for the non-conventional ones. With this we hope that we can prolong our R/P ratios by adding more reserves to sustain the current production levels
- The key to boosting exploration is of course through investment and we realize that we still need foreign direct investment; we are committed to improve our investment climate by streamlining rules and regulations, as well as by providing more incentives
- As consumption continues to increase, we foresee that by the end of this decade or slightly after, we may have to start importing natural gas, especially to the Western part of Indonesia. This is why our national oil company Pertamina has already secure LNG imports by 2019 with some flexibility as it is done with a flexible destination clause, which means we can actually bring it to other countries, including the ones that we have a long-term LNG contracts. Currently, we producing approximately 8 billion standard cubic feet per day of gas and about 40 percent of which are exported through both pipeline and LNG
- On coal, I have to admit that we have been overproducing for quite sometime, which has resulted in us being the largest coal exporter in the world up to the moment; we produce in excess of 400 million ton a year, while consumption is around 100 million ton per year. In the near future, we plan to maintain the level of production, and as domestic demand increases, mostly for electricity generation, coal exports will gradually decline
- We still foresee Indonesia play significant role in the coal and gas market for the foreseeable future; indeed, similar to the case of oil, Indonesia has been

a net oil importer since 2004, but we are still exporting as much as 300 to 350 thousand barrels per day of crude oil.

- Hopefully this short introductory remark gives you some insights on the Indonesian coal and gas sector

Thank you for your kind attention.