



REPUBLIC OF INDONESIA
MINISTRY OF NATIONAL DEVELOPMENT PLANNING/
NATIONAL DEVELOPMENT PLANNING AGENCY

PUBLIC PRIVATE PARTNERSHIP

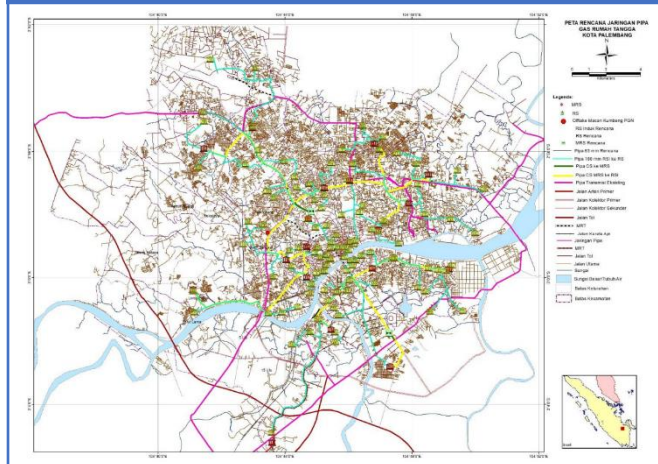
INFRASTRUCTURE PROJECTS PLAN IN INDONESIA

2022

Natural Gas Distribution Network for Palembang City Households

Location : Palembang, South Sumatera Province

Sector : Oil, Gas and Renewable Energy



Government Contracting Agency:
Minister of Energy and Mineral Resources

Type of PPP:
Solicited

Return of Investment:
Under Review

Sub-Sector : Natural Gas

Description:
Construction and operation network distribution of household gases from the tie-in to stove connection for 354,441 home connections in Palembang City. There are 2 (two) business activities related to piped gas, as a transporter and as a gas distributor through pipelines.

Estimated Project Cost: USD 223.00 Million

Financial Feasibility:
IRR : Under Calculation
NPV : Under Calculation

Estimated Concession Period: 30 years

Indicative Project Schedule



Project Status : Preliminary Study

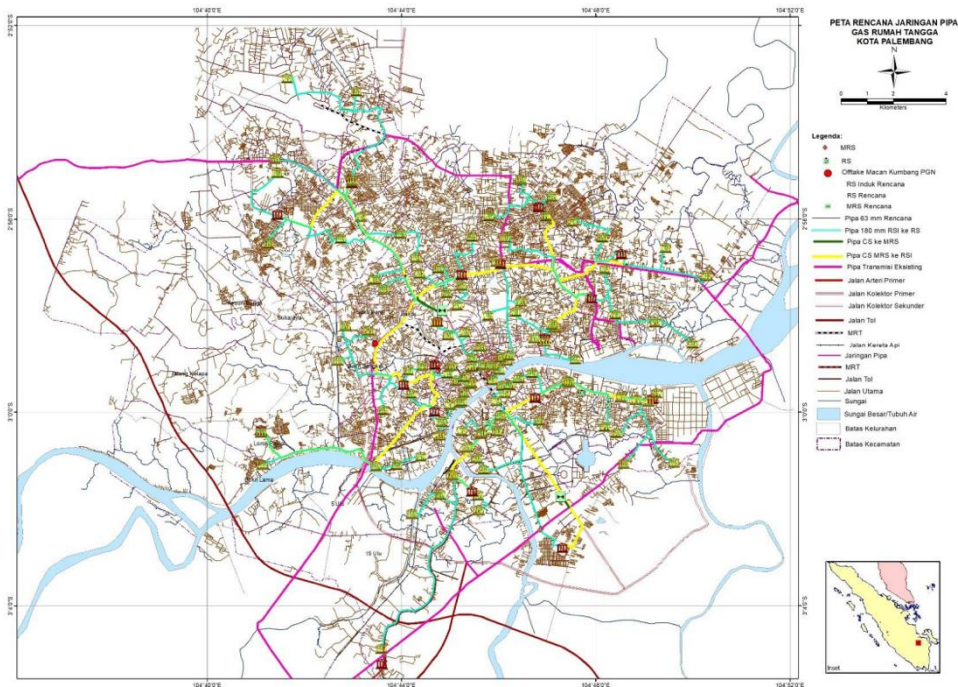
Indicative Project Structure

Will be determined in OBC/FBC

Project Digest

Project Title	Construction of Natural Gas Distribution Network for Palembang City Households
Government Contracting Agency	Minister of Energy and Mineral Resources
Implementing Agency	Under Review
Preparation Agency	Directorate General of Oil and Gas & LEMIGAS (MoF's PDF)
Project Cost	USD 223 Million
Estimated Concession Period	30 years
Location	Palembang, South Sumatera Province

1. Project Picture (Map and/or Illustration of Project)



Picture 1 – Layout of Natural Gas Network for Palembang City Household

2. The Opportunity

2.1. Project Background

To support the government program in reducing the LPG imports, the provision of natural gas distribution network for households in Palembang City needs to be carried out. The city location is near the existing gas transmission and distribution network, availability of natural gas allocation, population density, regional government support, as well as great potential to develop a gas distribution network for commercial and industrial sectors. For that reason, Palembang City was selected as one of the regions where the gas distribution network is to be carried out through PPP.

Palembang City has 388,330 households with an area of 400.61 km². In 2009, a total of 3,311 households has been connected with the gas distribution network. The number was added with 4,315 household connections in 2018, 6,034 household connections in 2019, and 10,161 household connections in 2020. All of which was built through State Budget (APBN).

On the other hand, a State-Owned Enterprise, PT PGN (Persero), has built the gas distribution network for 6,106 household connections through its program called Program Sayang Ibu. In addition, a Regional-Owned Enterprise, PT Sarana Pembangunan Palembang Jaya, has built for 4,569 household connections. The GCA plans to build for 354,441 household connections under PPP scheme. That is 100% if the potential household connections.

2.2. Project Description

Construction and operation of the gas distribution network from the tie-in to household stove connection for 354,441 household connections in Palembang City.

2.3. Project Objectives

The objectives of Natural Gas Network for Palembang City Household are as follows:

- Meeting the target of the National Mid-Term Development Plan (RPJMN) 2020-2024;
- Increasing the access to household fuel services, especially the gas pipeline to the public;
- Improving the government's performance in delivering the household fuel services;
- Supporting the energy diversification program in reducing the consumption of subsidized LPG;
- Supporting the government's program in providing the cleaner and more secure energy.

3. Business Entity's Scope of Work

The Project will implement the Design - Build - Finance - Operate - Maintenance - Transfer (DBFOMT) scheme. The business entity is responsible for:

- building assets;
- operating within a certain period;
- providing services at an agreed level to the community;
- transferring ownership to the government after the cooperation period ends;
- securing minimum income guarantees and / or additional income if service performance exceeds the agreement.

4. Technical Specification

Project technical specification will be further studied during the finalization of the FBC report.

5. Environmental Impact Assessment (EIA/AMDAL) Findings

Any environmental document requirement will be identified in the OBC/FBC.

6. Land Acquisition and Resettlement Action Plan

The land will be procured by the GCA and the detailed plan will be provided the OBC/FBC stage (before the procurement of business entity).

7. Project Cost Structure

Estimated Project Cost	USD 223 Million
Indicative Debt to Equity Ratio	
- Debt Level	70%
- Equity Level	30%
IRR	Under Calculation
NPV	Under Calculation

8. Government Support and Guarantee

The Preliminary Study of the project indicates the need for government supports which will be further analyzed in the OBC/FBC stage.

9. Contact Information

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