

EITI Commodity Trading Indonesia Pilot

Presentation to Indonesia MSG

October 2017

EITI 2016 Standard on trading

4.2 Sale of the state's share of production or other revenues collected in-kind.

Where the sale of the state's share of production or other revenues collected in-kind is material, the government, including state-owned enterprises, are required to disclose the volumes sold and revenues received. The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams (4.7). Reporting could also break down disclosures by the type of product, price, market and sale volume. Where practically feasible, the multistakeholder group is encouraged to task the Independent Administrator with reconciling the volumes sold and revenues received by including the buying companies in the reporting process.

Indonesian Context: “Restore Faith”

- 1985: Tommy Suharto gets 65% stake in Perta Oil Marketing, a subsidiary of Pertamina. Commission 30 cents per barrel; \$1 million per month
- 2013: SKK Migas Chairman Rudi Rubiandini charged and imprisoned over oil import quotas to Singaporean trading company
- 2015 Petral: assets of \$2 billion dissolved in 2015 because of trading scandals; ongoing litigation in Singapore
- Consulting brief (approved by the MSG):
*“Stakeholders in Indonesia agreed on the following objectives for their participation in the commodity trading pilot:... (5) **To address negative allegations against Pertamina and provide an opportunity to rebuild their reputation as an SOE**”*

Indonesian implementation

- 1) Scope: extend to include domestic sales and imports
- 2) Materiality –shipments of liquids; monthly sales by customer for pipeline
- 3) Buyer and Seller entities: full legal name and incorporation number as minimum

Anatomy of state hydrocarbon trades

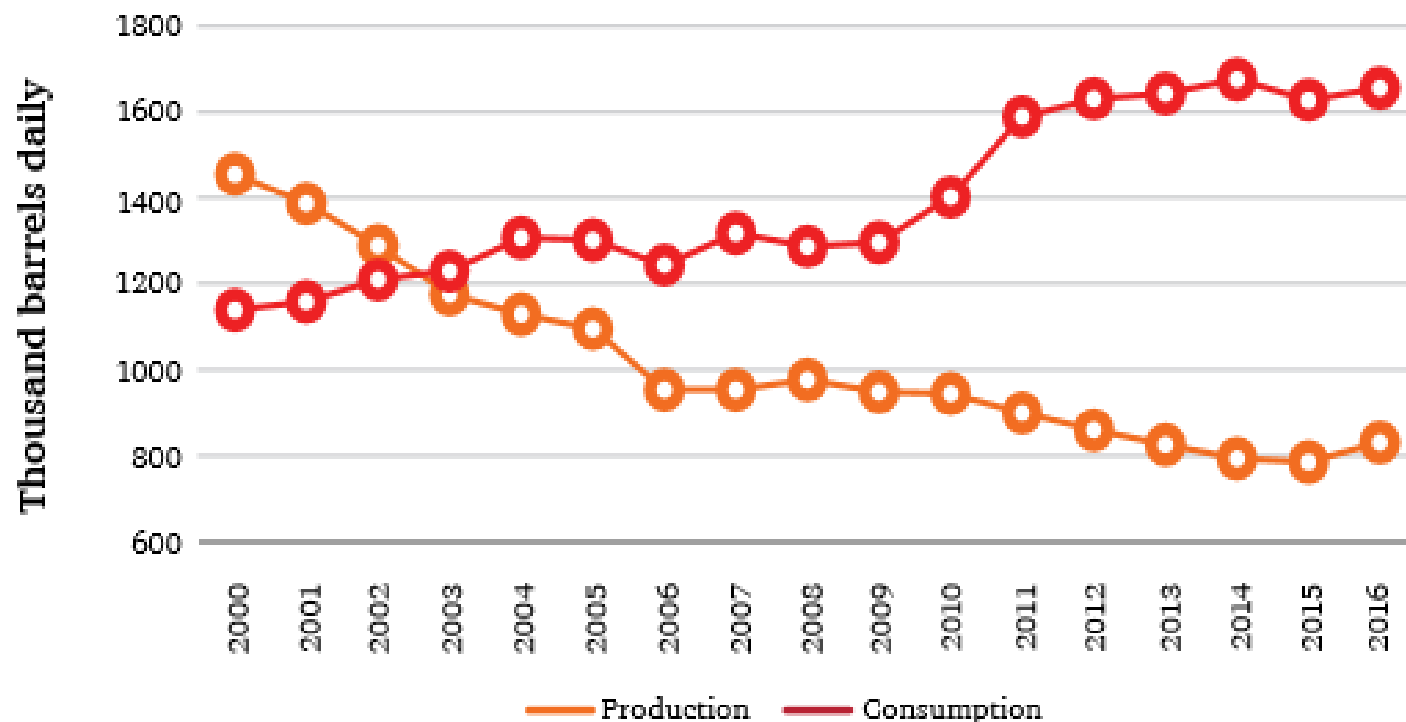
	Export	Domestic	Import
Crude Oil	OPEC days	Cilacap	Cilacap
Gas & LNG	Tangguh	PLN	N/A
Pet. Products	Residue	Gas stations (5,200 onsellers)	Gas stations (one buyer)

First Trades EITI Mandated

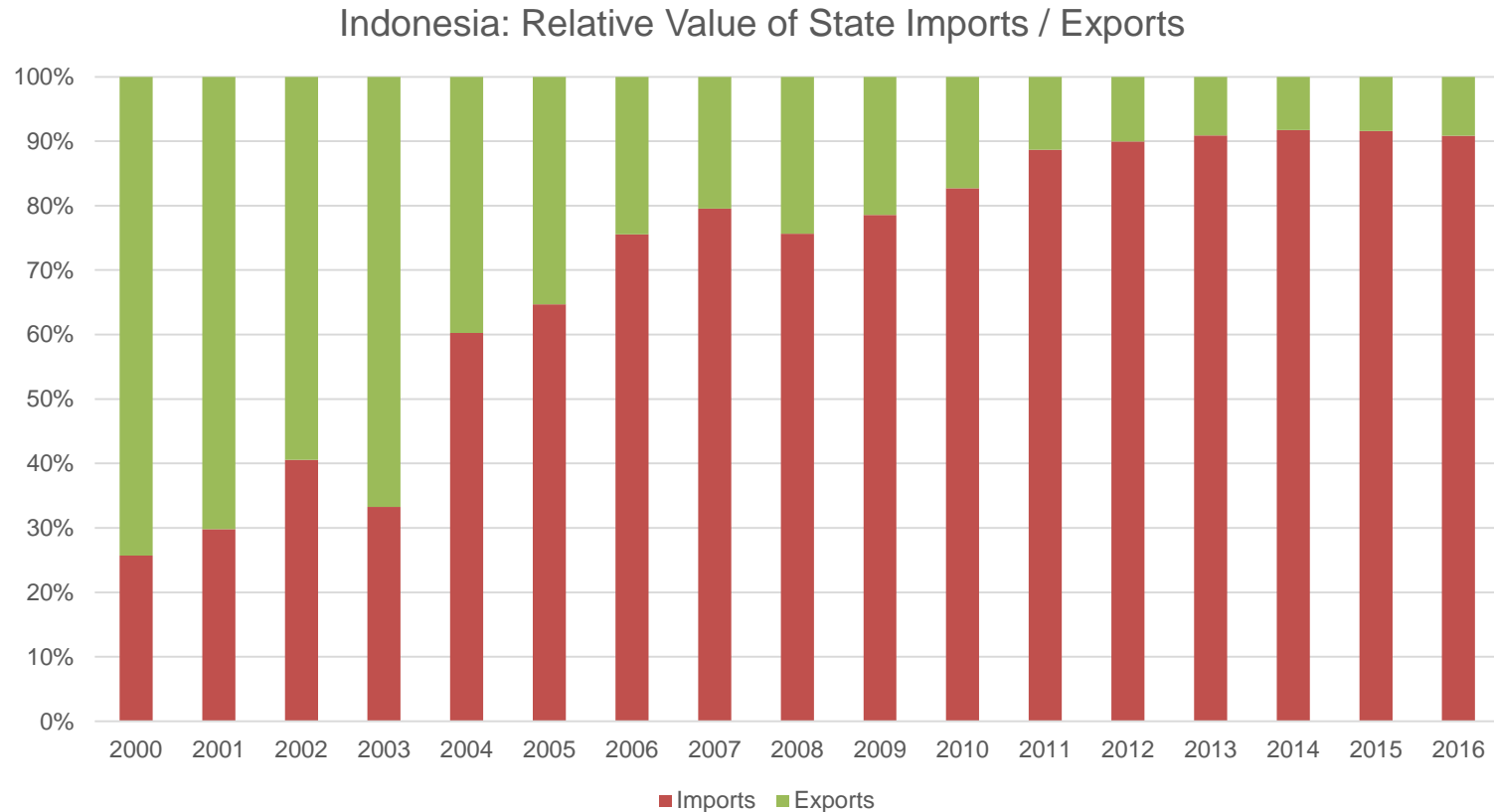
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Indonesia: Export Land Model

Indonesia Oil Production and Consumption



Anatomy of state First Trades



State First Trades by materiality

	Export	Domestic	Import
Crude Oil	OPEC days <1%	Cilacap 28%	Cilacap 34%
Gas & LNG	Tangguh <1%	PLN 7%	N/A
Pet. Products	Residue 2%	Gas stations	Gas stations 28%

Why it matters to ordinary people

- Subsidies
 - Gradually removed on consumer consumption – but vulnerable to price hike
 - Electricity bills
 - Transport
 - Industry still dependent - energy is 30% of costs
 - Jobs
- Issue will grow in importance
 - Exploration targets met at 23% in 2017
 - Demand is rising; production is falling
 - Reserves replacement since 2013: 60%
 - Imports will grow

“Exports + ICP” scope: 30% of total?

	Export	Domestic	Import
Crude Oil	OPEC days <1%	Cilacap 28%	Cilacap 34%
Gas & LNG	Tangguh <1%	PLN 7%	N/A
Pet. Products	Residue 2%	Gas stations	Gas stations 28%

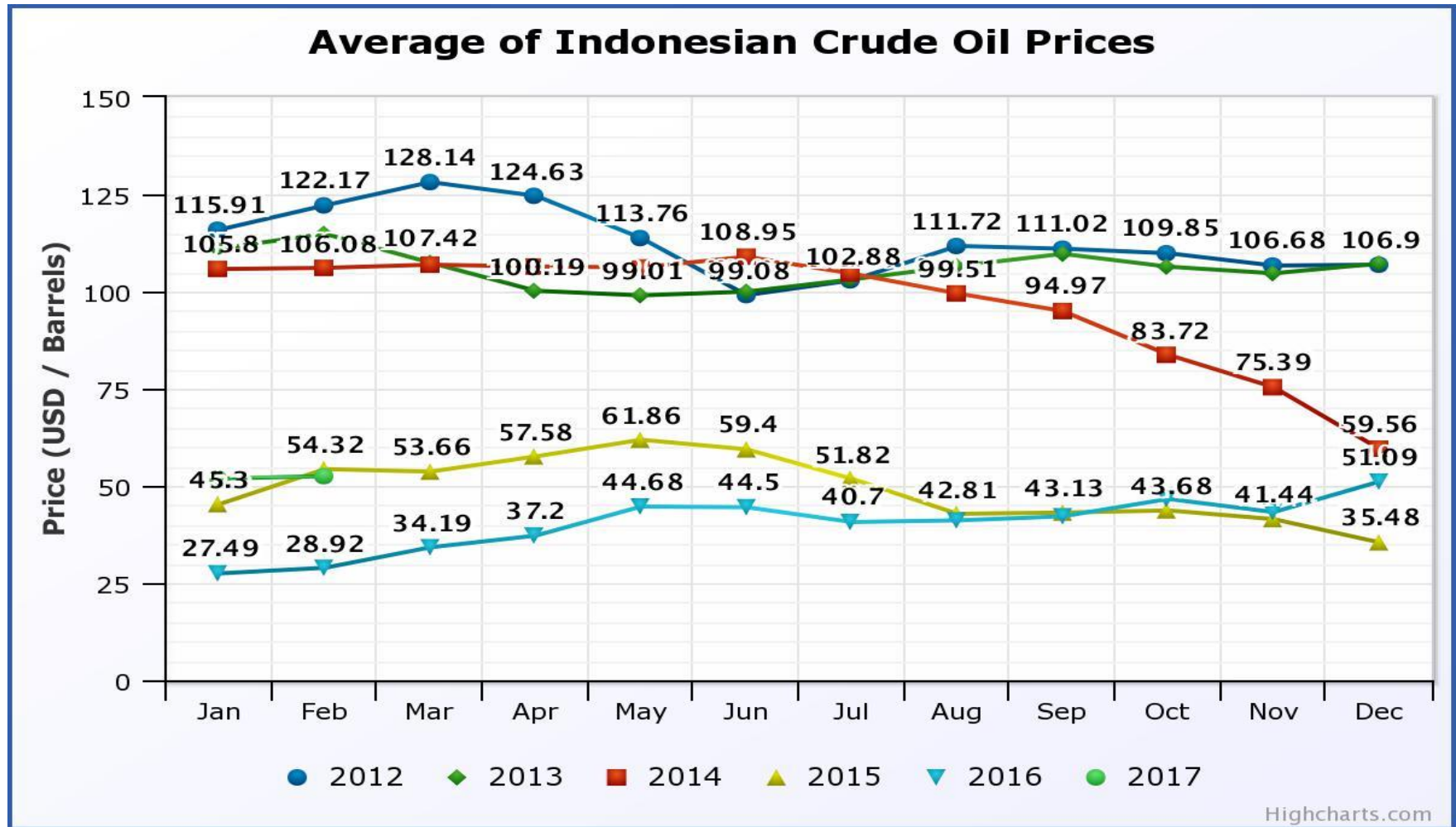
Trading mechanisms: gaming risk

	Export	Domestic	Import
Crude Oil	Lower	Lower	Higher
Gas & LNG	Higher	Higher	Higher
Pet. Products	Higher	Higher	Higher

“Exports + ICP” scope

30% state trades
<5% “at risk” trades

ICP: controlled price



LNG sales: uncontrolled price

		BP MUTURI					700,012.35
		BP WIRIAGAR					235,149.65
1508.LNG3.002	2015.LFJ.26		1508.FR13.LFJ26	20-Aug-15	1-Sep-15	6.01	3,261,700.00
		BP BERAU LTD					2,326,759.11
		BP MUTURI					700,078.89
		BP WIRIAGAR					235,172.00
1508.LNG3.003	2015.LFJ.27		1508.FL14.LFJ27	31-Aug-15	14-Sep-15	6.01	3,262,010.00
TOTAL FUJIAN							9,777,500.00
		BP BERAU LTD					2,181,804.32
		BP MUTURI					656,464.66
		BP WIRIAGAR					220,521.02
1508.LNG3.004	2015.LPC.07		1508.TB07.LPC07	31-Aug-15	9-Sep-15	3.92	3,058,790.00
TOTAL POSCO							3,058,790.00
		BP BERAU LTD					2,264,875.08
		BP MUTURI					681,459.12
		BP WIRIAGAR					228,917.21
1508.LNG3.005	2015.LSP.37		1508.TP05.LSP37	24-Aug-15	14-Sep-15	2.08	3,175,251.41
TOTAL SEMPRA MEXICO							3,175,251.41
		BP BERAU LTD					2,348,407.46
		BP MUTURI					706,592.48
		BP WIRIAGAR					237,360.06
1508.LNG3.006	2015.LSK.07		1508.TJ07.LSK07	12-Aug-15	24-Aug-15	4.10	3,292,360.00
TOTAL SK E&S Co., Ltd (KOREA)							3,292,360.00

One plant (Tangguh) one month

Buyer	Date	Price (\$ MMbtU)
Fujian	31-Aug-2015	\$6.01
Posco	31-Aug-2015	\$3.92
Sempra	24-Aug-2015	\$2.08
SK E&S Co Ltd	12-Aug-2015	\$4.10

Individual cargo: Materiality

- “The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams”
- Indonesia 2014 Reconciliation Report: PT Aneka Tambang (Persero) Transportation fee: \$76,000; PT Vale Indonesia Land Rent \$324,000
- 2017 shipment values
 - 170 randomly sampled oil shipments: smallest is \$140,000 value
 - Jan-Aug 2017 SKK Migas liftings: **average** shipment in 1,300 transactions = 77,000 barrels = \$4-5 million
- Current data: SKK Migas foreign and domestic sales: by shipment for liquids; monthly by customer for pipeline gas; ISC: by shipment in all cases

Pricing information published

- Indonesian LNG 2014: prices revised up from \$3.30 to \$8 per million BTU to China
- SKK Migas August 2016:
 - East Java \$8.01 to \$8.05 per mmbtu
 - West Java \$9.14 to \$9.18 per mmbtu
 - Sumatra 13.90 to \$13.94 per mmbtu
- May 2017 Reuters: Tangguh price for LNG to PLN in Java
 - 11.2% of ICP plus 0.4%
 - 16 cargoes a year, 2019 to 2026
- Malampaya, Philippines

Trading scoop mechanisms

- The Tommy Suharto case: “Pertamina could have exported directly. There was no need for these companies” Dr Subroto, former Energy Minister
- Energy Minister Sudirman Said said Petral scandal happened by rigging tenders, leaking Petral’s price calculations, and using its equipment
- Pertamina official 2017: most fuel product imports come from three refineries in Singapore: but there are over 20 active trading companies.
- Potential scale: a “day before” strategy:
 - Brent varied \$0.56 cents a day August 2017
 - In 10% of “at risk trades” = \$20 million losses a year

Identity of the actors & processes

- Standard Operating Procedures
 - SKK Migas: SOPs and list of all buyer companies
 - Pertamina: SOPs and list of all seller companies
- Fulfillment of standard: Full legal name of company, incorporation number
- Encouraged: Best efforts on beneficial ownership

Pertamina: oil purchase tender

09 Sep 2017 20:46

Pertamina issued a term tender to buy crude oil or condensate for November - December 2017

Pertamina issued a term tender to buy crude oil or condensate for November - December 2017 delivery. Closing Tuesday, 12 September 2017.



No of Views : 104

Pertamina: ship charter tender

01 May 2017 00:00

Invitation to bid LR-CO 96000 M³ Laycan 25-30 Mei 2017

PT. PERTAMINA (PERSERO), Marketing & Trading Directorate – Shipping, hereby invites Shipowners/Brokers to bid for a trading vessel, with the following specification, term, and condition:

File download :

No	File to download
1	Invitation to bid
2	Prebid (Minutes of Prebid Meeting)
3	User Manual E-Chartering

This procurement will be processed through E-chartering, Please [CLICK HERE](#) to participate



No of Views : 503

Pertamina: engineering supplies

11 Sep 2017 00:00

PELEPASAN HARTA KEKAYAAN PERUSAHAAN TABUNG LPG BAJA AFKIR, VALVE LPG AFKIR, FOOTRING AFKIR DAN HANDGUARD AFKIR

PENGUMUMAN

PELEPASAN HARTA KEKAYAAN PERUSAHAAN
TABUNG LPG BAJA AFKIR, VALVE LPG AFKIR, FOOTRING AFKIR DAN HANDGUARD AFKIR
DI WILAYAH SIDOARJO, KEDIRI, JEMBER, BALI DAN NUSA TENGGARA BARAT
DOMESTIC GAS REGION V - MARKETING OPERATION REGION V
No. /K23250/2017-S0

PT PERTAMINA (PERSERO) Marketing Operation Region V akan melaksanakan Pelelangan Limbah Resale Commodities afkir dan Accessories sebagai berikut :

A. Lokasi dan Jenis Barang :

No	Jenis Barang
1	Sidoarjo
	Valve Kuningan 3 kg (Afkir)
	Valve Kuningan 12 kg (Afkir)
	Valve Kuningan 50 kg (Afkir)
	Foot Ring Tabung LPG 12 kg (Afkir)
	Foot Ring Tabung LPG 50 kg (Afkir)
2	Kediri
	Tabung Baja 3 Kg (Afkir)
	Tabung Baja 12 Kg (Afkir)
	Tabung Baja 50 Kg (Afkir)

Pertamina: Refinery Upgrade

Proses Prakualifikasi patuh dan tunduk pada Surat Keputusan Direktur Utama PT PERTAMINA (Persero) No.Kpts-43/C00000/2015-S0 tanggal 8 Oktober 2015 tentang Sistem & Tata Kerja Pengadaan Barang/Jasa beserta perubahannya.

I. INFORMASI PROYEK

Nama Proyek	: Proyek Pembangunan Workshop dan Wareouse RDMP RU V Balikpapan
Lokasi	: Balikpapan - Kalimantan Timur

Lingkup Proyek :

1. Pekerjaan Site Development seluas 53.714 m2 meliputi pekerjaan drainase, tanah, aspal, dll;
2. Pembangunan Workshop seluas 11.304 m2;
3. Pembangunan Warehouse seluas 24.372 m2;
4. Pekerjaan Mechanical dan Electrical:
 1. Mechanical termasuk overhead crane dan Electrical;
 2. Electronic (Hardware);
 3. Integrated Building Management System (IBMS).
5. Pekerjaan Pengadaan Sarana dan Fasilitas:
 1. Pengadaan Material Storage Management System (MSMS);
 2. Pengadaan Equipment dan Perlengkapan Gudang.

II. PERSYARATAN PRAKUALIFIKASI

A. Persyaratan Administrasi

1. Memiliki Sertifikat Badan Usaha (SBU) Jasa Pelaksana Konstruksi:
 1. Klasifikasi : Bangunan Gedung;
 2. Sub Klasifikasi : Jasa Pelaksana Untuk Konstruksi Bangunan Gudang dan Industri

State First Trades: reporting flow

	Export	Domestic	Import
Crude Oil	SKK Migas	SKK Migas	ISC / Other
Gas & LNG	SKK Migas	SKK Migas	N/A
Pet. Products	ISC / Other	(Pertamina)	ISC / Other

Reporting Schedule

- This meeting:
 - Approve Reporting Form
 - 2016 Calendar Year (matching guidance)
 - October 31 reporting deadline
- November: Review of reporting from SKK Migas, Pertamina
- December: Publication

Thank you for your time!

johnny.west@openoil.net