



**INFORMATION**

**Update on the Formula of the Reference Coal Price (HBA) Based on the Minister of Energy and Mineral Resources Decree No. 41.K/MB.01/MEM.B/2023**

The Ministry of Energy and Mineral Resources officially has changed the formulas of Reference Coal Price (Harga Batubara Acuan (HBA). This decision is to accommodate the requests from business actors due to the coal price anomalies on the world market, as well as increase the effectiveness of using benchmark prices in coal sales. The provision of the new reference HBA formula is stipulated in a Minister of Energy and Mineral Resources Decree No. 41.K/MB.01/MEM.B/2023 concerning Guidelines for Setting Benchmark Prices for the Sale of Coal Commodities.

Previously, the HBA was obtained from the average of the Indonesia Coal Index (ICI), the Newcastle Export Index (NEX), the Global Coal Newcastle Index (GCNC), and Platt's 5900 in the previous month. Initially, the four indices used the assumption that the average quality of coal was equivalent to calories of 6.322 kcal/kg GAR, Total Moisture of 8%, Total Sulfur of 0.8%, and Ash of 15%. NEX and GCNC themselves are actually indices used to calculate the price of coal from Australia which is relatively more expensive with high calories. While the majority of Indonesian exporters use ICI and Platt's to sell their commodities at lower prices and calories.

Thus, in the current regulation, the latest HBA formula will use the average selling price of coal with related calories from the previous two months. Each index contributes to a 25% count of the HBA formula. The new index also will use the price of the previous two months with a different percentage. Particularly, the full and detailed formula for the HBA can be seen in Appendix 1 and 2 of the Minister of Energy and Mineral Resources Decree No. 41.K/MB.01/MEM.B/2023 on pages 3 to 5.

Later, the selling price of the previous 2 (two) months would be collected from the realization of the Non-Tax State Revenue electronic system or e-PNBP every month. The collection of e-PNBP is done to calculate the percentage of the real selling price of coal received by the company. This step is done so that the selling price and royalties charged to each upstream coal mining company can be in accordance with the real conditions in the field.

Reference:

- Minister of Energy and Mineral Resources Decree Number 41.K/MB.01/MEM.B/2023 concerning Guidelines for Setting Benchmark Prices for the Sale of Coal Commodities

If you require a copy of the reference document above, please do not hesitate to contact [research@ibai.or.id](mailto:research@ibai.or.id). Thank you for your attention and hope this information would be valuable for you.

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