

RECENT DEVELOPMENTS

Permits for new small, medium enterprises free

Solo, Central Java (ANTARA News) -- The government is providing free services to those who wish to procure permits for new small and medium enterprises. "The permit letter is required to be written on a piece of paper only. It will be processed by state-owned Bank Rakyat Indonesia," Minister of Cooperatives and Small and Medium Enterprises (SMEs) Anak Agung Gede Ngurah Puspayoga said during a meeting with SMEs in Solo on Saturday.

The minister observed that many SMEs in Indonesia still find it difficult to obtain business permits, which are important requirements to get loans from a bank. Earlier, the World Bank had pointed out that the Indonesian government needs to strengthen the countrys SMEs ahead of the commencement of the ASEAN Economic Community (AEC). AEC, to be marked with free regional trade toward the forming of a single economic community in this region, is set to begin by the end of 2015. "Immediate strengthening, especially in the small and medium enterprises sector, is needed. Efforts towards this end could be started by giving them access to markets, in addition to capital assistance," World Bank economist Ahya Ihsan suggested.

Ihsan further noted that currently, the biggest challenges that Indonesia will face ahead of the implementation of the AEC are domestic problems, including the preparedness of business players, gaps in infrastructure and skills, and the need for regulatory reforms to reduce corporate costs. The government could take on a proactive role by helping companies prepare themselves, as practiced by Singapore and Malaysia, he stated.

The governments of the two countries help their SMEs promote their products in international markets. "SMEs involvement and presence in international markets should have started by now," Ihsan added. By being part of the AEC in 2015, Indonesia will have an advantage of greater market access, and will have higher quality goods and services to increase its economic productivity, the economist remarked. "Trade costs would also be much cheaper," he affirmed. According to the result of a study by the Asian Development Bank, the implementation of the AEC would result in a net increase of 14 million jobs till 2025 in the ASEAN region, including in Indonesia, he said.

Geothermal Updates

Two new Geothermal work areas to be tendered

The Directorate General of Renewable Energy (DG EBTKE) will auction off two geothermal working areas (*WKP geothermal*) in 2014. The WKPs are WKP Lawu, East Java, and WKP Lake Ranau in the border province of Lampung-South Sumatra Province. "The potential of geothermal energy in Lawu is 55 megawatts and it is 110 megawatts at Lake Ranau. Both regions are ready for tenders this year," Director of Geothermal Energy, DG EBTKE KESDM, Trisnaldi, told reporters in Jakarta (13/6).

Trisnaldi said that geothermal potential in Indonesia is as high as 28,600 megawatts, though only about 4 percent of it is utilized. With regard to electricity generation, only 5 percent of geothermal potential is being utilized. The second planned WKP tender would increase the use of geothermal energy for electricity generation. Both of these WKP can help the government to solve the problems of its shortfall in installed electric capacity. The government's own target for the utilization of geothermal energy could reach as high as 13 percent of the National Energy Mix.

<http://www.geoenergi.co/read/geothermal/2130/ebtke-lelang-dua-wkp-geothermal/>

Iceland Drilling and Indonesia Power sign MoU

PT Indonesia Power (IP) has signed an MoU with PT Iceland Drilling Indonesia (IDI) to help develop the Tangkuban Perahu geothermal project in West Java. The MOU was signed Wednesday, 28th of February by IP's acting President Director Antonius RT Artono and IDI's President Director Rod Williams. The MOU will launch a collaboration that will be of benefit to both parties. IP has said that the company intends to tap into the experience of IDI to help develop the Tangkuban Perahu geothermal project. The Tangkuban Perahu geothermal concession is held by PT Tangkuban Perahu Geothermal, which is 95 percent owned by IP and 5 percent by Cirq Energy Inc. The MOU aims to build cooperation among stakeholders for the development of green energy geothermal projects in the geothermal concession area Takuban with the mutual agreement of the parties.

The MOU is valid for up to one year starting from the signing and may be extended by the parties by written consent.

Source: <http://thinkgeoenergy.com/archives/21346>

Alstom to build power plant with PGE

Alstom will build a geothermal power plant in Indonesia under a 61 million euro (US\$69 million) deal with a subsidiary of Pertamina, the French industrial giant said. The turnkey plant is to generate 30 megawatts and will be set up in Karaha, western Java. Alstom will provide engineering, materials and construction in the project to be completed by the end of next year for Pertamina Geothermal Energy, Alstom said in a statement. Indonesia, made up of thousands of islands stretching from the Indian to Pacific Oceans, is home to some 130 volcanoes and is estimated to hold around 40 percent of the world's geothermal potential. However, it produces only a tiny fraction of its energy by converting underground heat into electricity, lagging far behind others such as the United States and neighboring Philippines.

“We are delighted to play a key role in helping Indonesia achieve its energy goals,” said Steven Moss, Alstom’s vice president in charge of renewable steam plants. “This installation reinforces Alstom’s continued commitment to the geothermal markets and the importance of this renewable fuel source,” he said.

Source: <http://thejakartaglobe.beritasatu.com/business/alstom-build-61m-euro-geothermal-plant-indonesia/>

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