

## Indika Looks to Develop 1,000 MW Power Plant

Anggi M. Lubis

JAKARTA – Publicly listed energy company Indika Energy is looking to develop a mega power plant project with at least US\$1.2 billion in investment, to benefit from the government's plan to boost the country's power capacity. Indika president director Wishnu Wardhana said Tuesday his company was considering joining a consortium to develop a power plant in Java, the capacity of which will reach at least 1,000 megawatts (MW). The power plant, he said, would use renewable energy, possibly a mix of geothermal and other sources.

"The investment needed for a 1,000 MW power plant is around \$1.2 billion. We are looking to get around a 30 percent stake in the consortium," Wishnu told reporters. "We are currently in talks with foreign partners; We are looking to establish a partnership with a Japanese company." Wishnu did not specifically mention when Indika would commence the project as the company was still looking for funding. He said the power plant project would be the company's contribution to the government's plan to develop power plants with total capacity of 35,000 MW in the next five years.

As previously reported, out of the total capacity to be added during the period, about 15,000 MW would be supplied by power plants belonging to state-run electricity company PT PLN while the remaining 20,000 MW would be provided by independent power producers (IPPs). Indika is looking to take part in it. "We are interested in expanding to energy infrastructure because we believe we have the capacity and expertise to do it," he said. The power plant will not be Indika's first venture in the business, as the company has operated since 2013 a 660 MW power in Cirebon, West Java, through Cirebon Electric Power (CEP), in which it holds a 20 percent stake.

CEP, which is one of the IPPs in Indonesia, is a joint venture of four companies, with Japan based Marubeni Corporation owning the biggest stake (32.5 percent), followed by Korea Midland Power Co. with 27.5 percent. According to the company's latest financial results, CEP contributes around 41 percent to Indika's investment income of around \$9.26 million. Indika — whose business ranges from energy services and coal mining to energy infrastructure — saw its revenue increase 23.81 percent year on year to \$785.3 million during the first nine months of 2014, on the back of higher coal output.

The company's coal production increased from 37 million tons in 2013 to around 40 million tons last year. The company recorded net loss of around \$9.37 million, an improvement from the \$11.38 million it registered during the first nine months of 2013 on a bearish market. The company booked net loss of around \$8.6 million in 2013, compared to a \$4.9 million net profit in 2012, on account of an unfavorable market as well as currency volatility. Indika vice president Arsjad Rasjid said his company planned to disburse less capital expenditure (capex) this year compared to last year to help maintain its cash flow amid business pressures. The company allocated \$113 million in its capex last year.

Source: The Jakarta Post