



NEWSLETTER

MARCH 2023



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Logistic Information

1603

BDI

(Per 15st Mar)

Bunker Price

Bunker Price

FO380

MGO

Singapore per 15st Mar

436.00

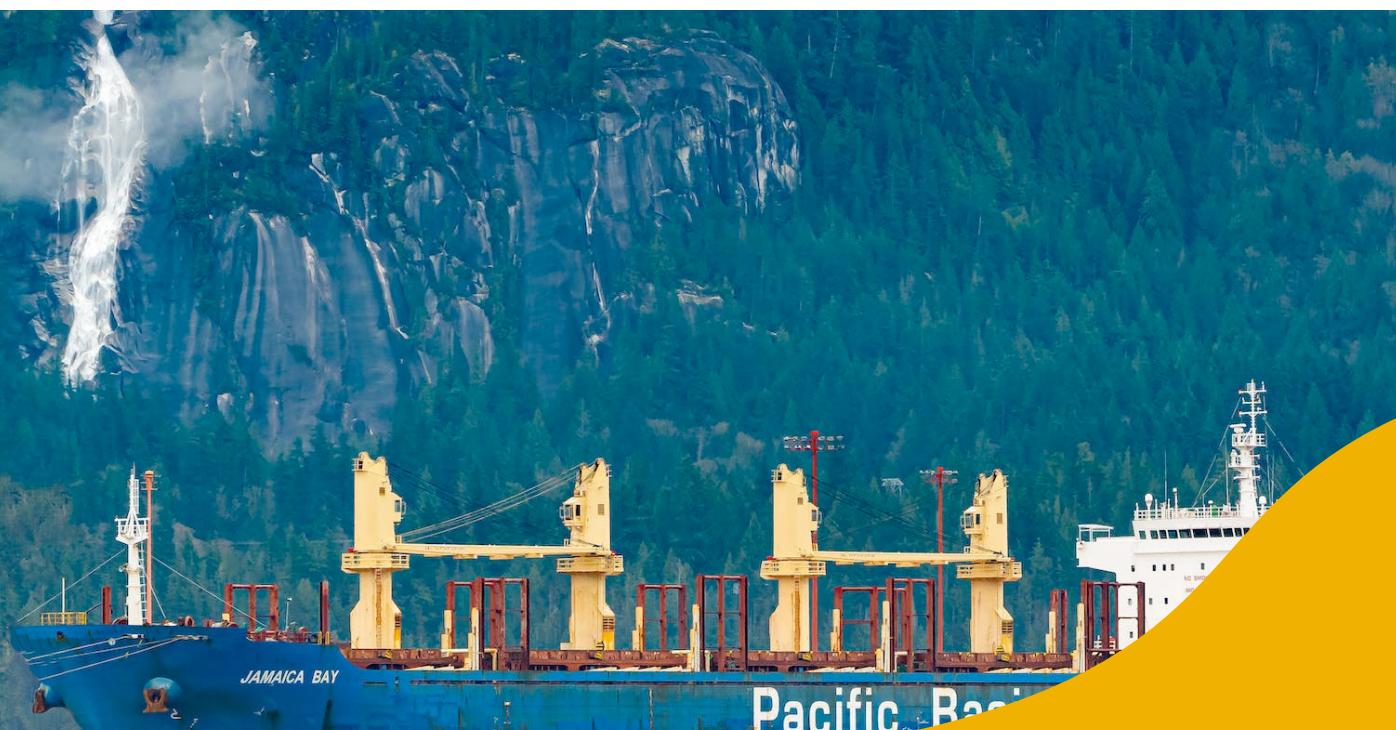
755.50

* Inclusive VAT, Income tax & PBBKB.

Currency exchange Rate (USD)

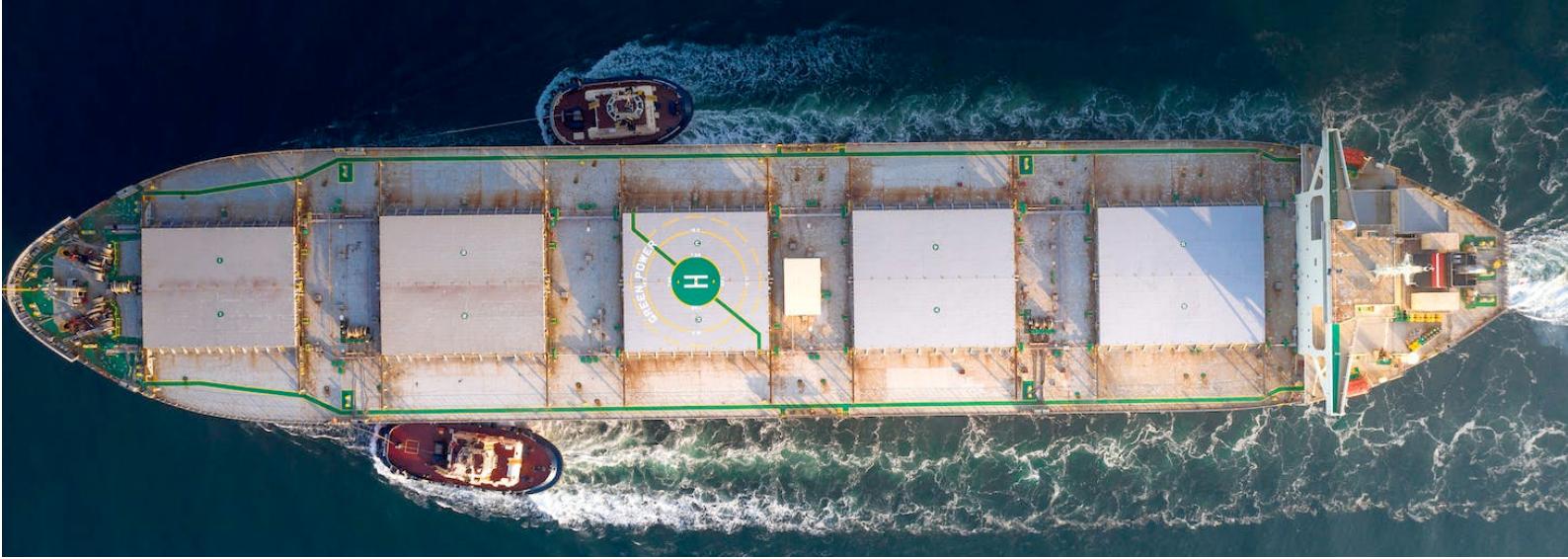
Buy : IDR 15.287

Sell : IDR 15.440



Pacific Basin

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Weather Forecast



Area	Weather	Winds	Swell
Samarinda	Chance of Storm 33°/23°C	13 – 22 km/h	0.3 – 0.6 m
Banjarmasin	Chance of Storm 33°/24°C	13 - 22 km/h	0.3 – 0.6 m
Balikpapan	Chance of Storm 31 /24 C	9 - 18 km/h	0.2 – 0.4 m
Tarakan	Chance of Rain 31°/26°C	7 - 11 km/h	0.1 – 0.2 m
Muara Satui	Chance of Storm 33°/24°C	6 - 13 km/h	0.1 – 0.2 m

Congestion Information (February - March)

PORT	PORT STAY	TOTAL STAY
ADANG BAY	1.25	4.5
BALIKPAPAN	2.91	4.61
BCT	3.15	3.69
BONTANG	2.8	3.6
BUNATI	2	7.41
JAMBI	2	10
KALIORANG	1.43	5.86
MUARA PANTAI	1.23	5.93
M SANGKULIRANG	0.81	3.81
PALEMBANG	4.78	10.0
SAMARINDA	1.63	4.61
TABONEO	1.53	4.39
TARAHAN	1.5	3
TARAKAN	0.39	5.89
TG BARA	3	6.33
TG PEMANCINGAN	0	2
TG PETANG	1	5

Indonesia and Global Coal News

Indonesian Government's Benchmark Thermal Coal Price (HBA)

Month	2018	2019	2020	2021	2022	2023
January	95.54	92.41	65.93	75.84	158.50	305.21
February	95.54	91.80	66.89	87.79	188.38	277.05
March	100.69	90.57	67.08	84.49	203.69	283.08
April	94.75	88.85	65.77	86.68	288.40	
May	89.53	81.86	61.11	89.74	275.64	
June	96.61	81.48	52.98	100.33	323.91	
July	104.65	71.92	52.16	115.35	319.00	
August	107.83	72.67	50.34	130.99	321.59	
September	104.81	65.79	49.42	150.03	319.22	
October	100.89	64.80	51.00	161.63	330.97	
November	97.90	66.27	55.71	215.01	308.20	
December	92.51	66.30	59.65	159.79	281.48	

in USD/ton

Source: Ministry of Energy and Mineral Resources

China coal output up 5.8% in Jan-Feb as new capacity comes online

Source: : Reuters.com

BEIJING, March 15 (Reuters) - China's coal output rose by 5.8% in the first two months of 2023 from the same period a year earlier, government data showed on Wednesday, as new mining capacity came online and Beijing encouraged miners to boost production to improve energy security.

China, the world's biggest coal miner and consumer, produced 734.23 million tonnes of the fuel during the January-February period, up from 686.6 million tonnes in the same period in 2022, according to data from the National Bureau of Statistics (NBS).

That's equivalent to 12.44 million tonnes per day, down from 12.99 million tonnes per day in December, as coal mines lowered operation rates or even shut down during the week-long Lunar New Year holiday, which fell in late January this year.

The statistics bureau combines data for January and February because of the national holiday.

A sharp increase in global coal prices and disruption of energy supply chains following Russia's invasion of Ukraine has prompted Beijing to increasingly prioritise energy security.

Miners ramped up output in anticipation of improving demand following the lifting of COVID-19 restrictions at the end of last year.

The government last year approved 260 million tonnes of new coal mining capacity and reopened a number of previously mothballed mines.

Shanxi and Inner Mongolia, China's top two mining hubs by production, have vowed to lift output by at least 5% and 2% this year, respectively.

Safety-related closures only had a modest impact on output. Governments in several key coal producing regions, such as Inner Mongolia, Shanxi and Shaanxi, ordered snap safety checks and inspections at open pit coal mines after the collapse of an open-pit mine in Inner Mongolia last month.

Most coal mines resumed normal operations in early March, two industry sources said. In the January-February period, China produced 77.63 million tonnes of coke, up 3.2% from a year earlier, the NBS data showed.

China lifts remaining restrictions on Australian coal

Source: [Mining-technology.com](https://www.mining-technology.com/article/china-lifts-remaining-restrictions-on-australian-coal/)

China has removed all remaining curbs on Australian coal imports, putting an end to trade restrictions that have been in place since 2020.

China will allow all domestic companies to import coal from Australia, ending trade restrictions that were first imposed in late 2020, Bloomberg reports.

According to sources familiar with the decision, ports and customs offices have been told to allow overseas cargo into the country, including Australian coal. The de facto ban was partially eased in early January when four major state-backed importers were given permission by state authorities to resume purchases of Australian coal.

Australian leaders have hailed the end of restrictions as a key step in restoring amicable relations between the two nations.

As the world's largest producer and consumer of coal, China's coal imports last year exceeded 290 million tons.

High demand

Quality coal is in high demand from steelmakers and power plants in China. According to China's top coal lobbying group, imports could reach one million tons in the first half of March alone as a result of the lifted restrictions.

However, Beijing's demand for Australian coking coal, used for steelmaking, remains low despite the end to the ban because supplies from local mines, in particular those in Mongolia and Russia, remain cheaper, Reuters reports.

Last year, China's imports of Russian coking coal doubled from 2021, and imports from Mongolia rose 82% year-on-year.

"We won't see Australian coal starting to flow until we see that arbitrage window open again," said Lloyd Hain, managing director of mining research firm AME Group in Sydney. "The only way China prices are going up is if we see a surge in steel production, and that doesn't look like it's going to happen in the next month or so."

Before restrictions were imposed in 2020, China bought over 30 million tons of coking coal from Australia, accounting for around 40% of the country's total imports. However, only one Australian coking coal shipment, bought by the China Baowu Group, has reached China since the partial lifting of restrictions in January, according to traders and ship tracking data.

Coal power stations unlikely to provide emergency energy top-up next winter

Source: news.sky.com

Companies running the UK's three remaining coal-fired power stations have told Sky News that they will not be able to commit to new emergency power contracts next winter, despite a government request to do so.

The Department for Energy Security and Net Zero has asked the National Grid to extend this winter's contingency coal contracts through to the end of next winter. Coal provides a tiny proportion of the UK's electricity - just 2% - but it remains a critical tool for the National Grid Electricity System Operator (ESO), which is responsible for keeping the lights on.

One energy analyst said we are "sleepwalking into a capacity crunch".

At the moment five coal units in three power stations are on standby to help avoid blackouts on very cold, very still days where wind power is limited; Drax, EDF's West Burton A and Uniper's Ratcliffe.

West Burton was fired up earlier this month during a cold snap when the National Grid became concerned that demand would outstrip supply.

But Drax and EDF have told Sky News that the arrangement cannot continue beyond this year.

In a statement, a Drax spokesperson said: "At the request of the UK government, Drax agreed to temporarily delay the planned closure of its two coal-fired units to help bolster the UK's energy security this winter. Our coal units will close in March 2023 when this agreement comes to an end.

"The extension was a complex staffing, logistical and engineering project after a significant reorganisation of the power station was already completed to bring almost 50 years of coal-fired generation to an end.

Advertisement

"With two major maintenance outages planned on our biomass units this summer, and a number of certifications expiring on the coal-fired units, the units would not be able to operate compliantly for winter 2023."

A spokesperson for EDF said: "The two remaining units at West Burton A coal-fired power station in Nottinghamshire will close as planned on 31 March 2023, in line with the agreement signed last year. The station and its workforce have fulfilled the request to have 400MW available through winter '22/23 as an emergency standby option.

"There are a number of workforce and operational reasons that mean extending the life of West Burton A again is very challenging.

"For example, retaining suitably qualified and local personnel to ensure safe operation was a major challenge last year and, looking forward, becomes untenable as many of the workforce have stayed on well beyond planned retirement dates already."

Uniper, which runs the Ratcliffe power station, has said that all four of its units, one of which is currently on standby for emergency purposes, have already entered into commercial contracts for next winter.

In a statement, a spokesperson said: "Uniper's Ratcliffe power station already has capacity market agreements in place for all four units for winter 23/24, so would not be part of a separate winter contingency contract for this period."

A spokesperson for the Department for Energy Security and Net Zero said: "Our energy supplies are safe and secure, but like last year we are exploring options to keep remaining coal-fired power stations available to provide additional back-up electricity if needed this coming winter as a contingency measure."

"Going above and beyond to ensure there are no issues next winter, we've written to ESO to request that they start the negotiations.

"Ultimately, the decision will be a commercial one for the coal generators and ESO will update the market in due course."

Kathryn Porter, an energy analyst from the Watt-Logic energy consultancy, said: "The potential loss of the coal contingency is bad news for next winter.

"We have been sleepwalking into a capacity crunch. The combination of nuclear and coal closures in recent years making us vulnerable to the weather [and] in low wind conditions we are finding it increasingly difficult to meet demand."

As well as using coal to boost supplies in an emergency, National Grid has been experimenting with paying customers to reduce demand during peak hours when margins are tight.

The lack of emergency coal on standby next winter might mean that the grid's demand flexibility service is expanded or more heavily relied upon in order to avoid blackouts.

Analysis: Coal returns to the China-Pakistan Economic Corridor

Source: thethirdpole.net



Progress towards the construction of a China-funded coal power plant in Gwadar raises questions about the climate pledges of both China and Pakistan.

News that the Pakistan government plans to secure financing and start construction on a long-stalled 300-megawatt coal-fired power plant in the port city of Gwadar has triggered a debate on the direction of the country's energy sector. Set to be built and funded by Chinese state-owned entities, recent developments have also raised fresh questions about China's pledge – made at the UN General Assembly in 2021 – not to build any new coal power plants overseas.

The Gwadar coal power plant was first conceived in 2016, with an estimated cost of USD 542.32 million. It is to be constructed by the Chinese company CIHC Pak Power, a subsidiary of the state-owned China Communications and Construction Group. The plant was recently reported to have secured financing from the Industrial and Commercial Bank of China (ICBC), China's largest commercial bank. Once completed, it is intended to supply power, on a priority basis, to the industries being set up at the Gwadar Free Zone (GFZ), a special economic zone at Gwadar port that forms part of the China-Pakistan Economic Corridor (CPEC), the USD 62 billion bilateral infrastructure and connectivity project between China and Pakistan.

The environmental impacts of coal power – from local air and water pollution to carbon emissions – have made the project controversial.

"We are pushing the Chinese company to complete its financial closure by 31 December 2023, and start construction at the earliest so that it can be completed by 2025," Shah Jahan Mirza, managing director of the Pakistan government-owned Private Power and

Infrastructure Board told me. “Electricity shortage is the biggest impediment to developing Gwadar,” he said.

Pakistan’s energy sector is dominated by fossil fuels. According to the country’s Finance Division, as of April 2022, just under 60% of total installed generation capacity used fossil fuels, including gas, oil and coal. Just 3% of generated electricity in the 2022 fiscal year came from non-hydropower renewables. Pakistan’s Nationally Determined Contribution (NDC) – its climate pledge under the Paris Agreement – targets 60% renewable energy generation by 2030, including hydropower. The NDC also states: “From 2020, new coal power plants are subject to a moratorium.”

No new Chinese-backed coal power overseas?

In 2021, China’s president Xi Jinping announced that China would not build any new coal-fired power projects abroad. He also stated that the country would increase support for low-carbon energy in developing countries.

Bao Zhong, political counsellor at the Embassy of the People’s Republic of China in Islamabad, told me that the Chinese government stands by the pledge. “The Gwadar coal-fired plant is not a new project and has been in the CPEC framework since 2016,” she said. “We hope the Gwadar power plant’s construction begins as early as possible to ease the power shortage there.”

Ahsan Iqbal, Pakistan’s federal minister for planning, development and special initiatives, seconded Bao’s comments. “This project was approved in 2017, long before the Chinese president’s proclamation.”

In April 2022, China’s National Development and Reform Commission (NDRC), the country’s top economic planning and management body, released an interpretation of the 2021 pledge, clarifying a moratorium on all “new build” projects. It also stated that projects already under construction should proceed “steadily and cautiously”. Some commentators suggested that the wording also left the door open to renegotiating contracts and pursuing alternatives to coal, such as gas, solar and wind power projects.

Azhar Lashari from the Policy Research Institute for Equitable Development (PRIED) believes that China’s continued support for the Gwadar coal power plant violates the April 2022 NDRC interpretation as “no civil works on the plant had started.”

Speaking with me, Lashari said the support is “not only a violation of [China’s] pledge to not build any overseas coal power plants, but it has undermined the battle against global warming and climate change”.

While construction of the Gwadar plant has not yet commenced, Bao of the Chinese Embassy in Islamabad said: “The preparation for construction of the power plant is almost ready and it would be unfortunate if hurdles come in its way.”

According to Mirza, the delay in starting construction was due to “problems in land acquisition and environmental approvals by the Balochistan government as well as lenders and Chinese state-funded insurance company Sinosure approvals”. Although the tariff (the rate at which the Chinese company will sell electricity) had been determined in 2019, the land acquisition for the plant did not happen until 2020 and the power purchase agreement between the Chinese company and GFZ was signed in early 2021.

The Pakistan government had attempted to persuade Chinese partners to shift the project to Thar, a district of Pakistan’s Sindh Province which is rich in lignite coal reserves, in order to use domestic coal and so save on precious foreign exchange. Block II of the Thar coal mine is a CPEC project.

“Shifting the plant to Thar would mean including this as a new coal project and China has taken a principled stand not to support new coal projects,” Bao told The Third Pole. She added that China was well aware of environmental issues around coal. “We have scrutinised the plant from every angle, including the environmental one, and tried to look at alternatives. Coal is the only feasible fuel. We want to help Pakistan develop Gwadar, and bring in investment; the only way to be able to attract investors is to give it sustainable power,” she said.

Solar versus coal in Gwadar

Questions have also been raised about how the Gwadar coal power plant fits into the Pakistan government’s long-term energy policies. In 2020, Pakistan’s former prime minister Imran Khan announced to the world at the Climate Ambition Summit that Pakistan had “decided that we will not have any more power based on coal”, and that two power projects approved under CPEC that were to use imported coal – at Muzaffargarh and Rahim Yar Khan – had been scrapped. He also said that with regard to indigenous coal, Pakistan would focus on producing energy through coal liquefaction or gasification, “so that we do not have to burn coal to produce energy.”

Last year, it was reported that the Pakistani government was trying to persuade China to replace funding for the coal plant at Gwadar with investment in solar plants of equivalent capacity.

“It was a positive step,” said Haneea Isaad, energy finance analyst at think tank the Institute for Energy Economics and Financial Analysis (IEEFA). “Going back on that announcement was a negation of the pledge made by the previous government in 2020 to not produce any more power from imported coal,” she said.

Given the devastating impacts of climate change-related extreme weather events that Pakistan has experienced in recent years, Lashari of PRIED argued that both the Chinese and Pakistani governments should “reconsider” their decision to pursue construction of the coal power plant in Gwadar, and instead “replace it with an environmentally clean and green renewable energy project”.

Khalid Mansoor, the former special assistant to the prime minister on CPEC affairs, disagrees. He said it may be “fashionable to discuss the use of cleaner fuel sources”, but with the GFZ entering its second phase of expansion, this will require huge amounts of uninterrupted power. Mansoor argued that this can only be provided using gas, oil, or coal. “The 300 MW coal power plant will be a lifeline for Gwadar,” he asserted.

This was supported by minister Iqbal who said: “In our case, a stable baseload is only possible with coal, which is also the cheapest option.”

“Solar power can be used for homes and other smaller ventures and as a complement to the coal plant; it cannot provide undisturbed electricity to big industries,” agreed Mirza. The cost of importing coal

Shah Jahan Mirza of Pakistan’s Private Power and Infrastructure Board confirmed to me that the Gwadar power plant is to use high-quality imported coal, not the lignite coal produced in the Tharparkar coal mines of Pakistan’s Sindh province.

“Had we used Thar coal at the Gwadar power plant, not only would it have reduced the power tariff for customers, it would have reduced our import bill,” said Mansoor. “But without a railway line, it was logically not possible to transport lignite Thar coal, right now.”

“The coal project at Gwadar was conceived several years back when coal was cheap and there were other projects on imported coal being set up in the country,” said Vagar Zakaria, an energy expert with environmental consulting firm Hagler Bailley Pakistan. “The economics don’t work out now with coal prices so much higher,” he added.

Zakaria was perplexed as to why China would want to build a coal-fired power plant to sell power to Pakistan when the latter “cannot pay back with the current shortage of forex and debts accumulated in the power sector.” He said: “If I were China, I would be cautious about blocking capital in Gwadar.”

IEFA’s Isaad worries that expanding coal imports will “exacerbate the economic hardships we’re facing today”, coming at a time when Pakistan is dealing with a severe foreign exchange crisis. Ultimately, she said, “power planning needs to be dissociated from the political whims of the ruling party.”

China relaxes compliance carbon market rules for coal-fired power plants

Source: spglobal.com

China has relaxed some of the rules under its national compliance emissions trading scheme for coal-fired power plants to reduce their financial burden after a year of record fuel prices and global energy disruptions.

The relaxation of some emissions obligations was in line with market interventions by other countries to cushion the impact of high fuel costs and ballooning losses at power utilities in the aftermath of the Russia-Ukraine war. It also signaled a temporary retraction from imposing carbon costs on energy companies.

China's environment ministry proposed the measures in the implementation plan for the second compliance period of the national ETS that covers emissions in calendar years 2021 and 2022, according to a notice issued March 15.

The key policies were -- setting a cap on the penalty for exceeding emissions targets, allowing power plants to borrow emissions allowances from future years to offset current obligations, tighter emissions benchmarks for coal-fired power plants and exemptions for gas-fired power companies.

"Capping the settlement obligations at 20% of verified emissions and allowing them to borrow from the 2023 allowance budget are two key measures introduced to ease the financial burden for coal-fired generators," said Feng Xiaonan, a senior research analyst with S&P Global Commodity Insights.

"In particular, the borrowing will help push some of the obligations into future cycles and give coal generators more time to restore their cash flows that have been heavily hit by the coal price surge," she said.

With coal prices already falling, policymakers are hoping that coal-fired power generators will be in a better financial position to handle their allowance deficits in the next compliance cycle, Feng said.

Coal-fired power plants are allotted a fixed volume of allowances called China Emissions Allowances based on their configuration, size and power outputs. These CEAs are surrendered to meet annual emissions targets and plants that exceed their permitted targets have to buy additional CEAs from the market.

"However, it remains to be seen how much borrowing will actually occur and whether this will lead to a tighter CEA supply in the next cycle," Feng said.

"Since those incurring the biggest deficits are also the ones that will be buying up the CEAs, capping their obligations will inevitably cast downside pressure on market liquidity and prices in the current compliance cycle," she added.

Tighter intensity benchmarks

China's carbon market is based on "intensity benchmarks" that refers to permitted emissions for each megawatt-hour of power generated. Some of these intensity benchmarks were tightened implying tightening emissions obligations.

"Free allowances will be tightened for all four groups of thermal generators compared with the first compliance cycle. However, the seemingly significant tightening mainly serves to eliminate the large allowance surplus in the previous cycle while still leaving the

ETS market largely balanced," Feng said.

"This is because the benchmarks are either set on par, or only slightly lower than what otherwise will be needed to fully cover the thermal fleet's 2021 and 2022 emissions. We assess that the average deficit size will be just 0.7% for both 2021 and 2022 emissions, adding very limited cost at a system level," she added.

"Having said this, the marginal tightening will nonetheless push the least efficient generators into the deficit zone and expose them to much higher cost penalty," Feng said.

Market participants have previously said that China's carbon market has not imposed strict emissions targets or penalties, due to which companies are not compelled to trade CEAs leading to low trading volumes and liquidity in the compliance market.

Even the CEAs borrowed from future compliance periods should only be used to satisfy obligations instead of trading purposes, the government said in the plan.

This long-awaited implementation plan was designed cautiously to maintain continuity of the ETS without putting too much pressure on coal-fired power companies that are yet to resolve their financial problems.

Emissions benchmarks for coal plants in China's compliance carbon market:

(Unit: mtCO₂/MWh)

Type of plants	For 2019-20	For 2021	For 2022
Conventional coal units above 300 MW	0.8770	0.8218	0.8177
Conventional coal units below 300 MW	0.9790	0.8773	0.8729
Unconventional coal units*	1.1460	0.9350	0.9303
Gas-fired units	0.3920	0.3920	0.3901

*Unconventional refers to coal gangue or coal water slurry

Source: Ministry of Ecology and Environment

Markets were looking to the latest implementation plan for clarity on whether

unused CEAs from the previous compliance period can be carried forward to the next compliance period. The environment ministry said this will be announced in a separate document. Carry forwards will increase CEA supply and pressure the carbon price.

Relatively loose benchmarks had resulted in many companies accumulating surplus CEAs. For example, the five largest state-owned power groups or "Big 5" have large surpluses totaling 16.2% for Huadian Group, 10.5% for China Energy Investment Corp, 10.4% for Huaneng Group, 9.5% for Datang Group and 8.4% for State Power Investment Corp, according to data from China's Tianjin University.

The daily average CEA price was Yuan 56/mtCO₂e (\$8.12/mtCO₂e) on March 16, official exchange data showed

ITL Vessel Line Up

DEC	JAN	FEB	Total Vessel
606	600	540	1682

PLEASE NOTE THAT THE ABOVE DATA IS NOT COMPLETED LINE UP OF TBCT, IBT, NPLCT.

COUNTRY WISE

No	Country	Shipments	Percentage
1	China (Incl. HK)	564	35%
2	India	284	11%
3	Indonesia	171	11%
4	Philippines	157	8%
5	Korea	126	8%
6	Malaysia	114	6%
7	Japan	84	6%
8	Taiwan	45	4%
9	Thailand	32	3%
10	Bangladesh	21	2%
11	Singapore	16	2%
12	Vietnam	13	1%
13	Pakistan	8	1%
14	Others	55	3%

*Others: Myanmar, Srilanka, New Zealand, Spain, Rusia, Hawaii.

PORT WISE			
No	Port	Shipments	Percentage
1	Taboneo	245	15%
2	Samarinda	192	12%
3	Bunati	164	10%
4	Palembang	155	9%
5	BCT	135	8%
6	Adang Bay	125	8%
7	Tg. Pemancingan	122	7%
8	Muara Pantai	114	7%
9	Tarakan	112	7%
10	Kaliorang	79	5%
11	Balikpapan	79	5%
12	Muara Sangkulirang	53	3%
13	Tarahan	36	2%
14	Kota Baru	31	2%
15	IBT	16	1%
16	Asam - Asam	12	1%
17	NPLCT	10	1%
18	Muara Satui	6	Below 1%
19	Tg. Sabau	1	Below 1%

PLEASE NOTE THAT THE ABOVE DATA IS NOT COMPLETED
LINE UP OF TBCT, IBT, NPLCT



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