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## U.S. TRADE AND DEVELOPMENT AGENCY

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### **USTDA GRANTS SUPPORT INCREASED USE OF ALTERNATIVE ENERGY RESOURCES IN INDONESIA**



USTDA Regional Director for Asia Henry Steingass (left) and PGN President Director Sutikno (right) shake hands following the award of the UTSDA grant that will fund a study on the development of Indonesia's coal bed methane resources.

JAKARTA, INDONESIA – (September 11, 2007) Promoting clean energy production through the use of alternative resources is the objective of two USTDA grants, totaling more than \$1 million, awarded this week to leading Indonesian energy developers, PT Perusahaan Gas Negara (PGN) and PT Perkebunan Nusantara III (PTPN III). The grants respond to rising energy demands in Indonesia and declining domestic oil production levels that have led the Indonesian government to promote the use of alternative energy resources, such as biofuels and coalbed methane (CBM), as a means to reduce the country's reliance on imported petroleum.

Today, USTDA awarded a \$476,276 grant to PGN, a state-owned gas distributor, to partially fund technical assistance and project pre-feasibility analysis to accelerate the development of Indonesia's CBM resources. As one of the world's largest coal producers, Indonesia possesses large CBM potential with recoverable reserves estimated at over 45 trillion cubic feet.

"This cooperation agreement will help Indonesia's leading gas provider tap an important new resource for the country's energy security," said USTDA Regional Director for Asia Henry Steingass in remarks at the signing ceremony held at PGN headquarters in Jakarta. "Coalbed methane offers huge gas potential that can extend the life of gas infrastructure serving Indonesia's domestic market and guarantee long-term supplies," added PGN President Director Sutikno. Regional Director Steingass and President Director Sutikno signed today's grant agreement on behalf of the U.S. government and PGN, respectively.

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The USTDA grant will be used to provide funding for project preparation analysis at several priority sites on the islands of Sumatra and Kalimantan. The assistance will also include an analysis of existing regulations and provide recommendations, based on best practices in CBM development in other countries, to meet government requirements in a manner that will attract investment. The USTDA-funded analysis will also include recommendations on environmental standards for the CBM sector. PGN has selected Pendawa U.S.A. to perform this technical assistance. In addition to the USTDA grant, PGN and Pendawa will contribute additional resources toward the completion of the study.

Yesterday, USTDA awarded a \$540,000 grant to PTPN III, a state-owned palm oil producer, to fund early investment analysis on a proposed integrated biodiesel processing and energy production plant. The proposed facility will utilize palm oil as a feedstock and will be constructed on an existing plantation in North Sumatra Province. Waste products from the production cycle will be used to generate sufficient energy to power the plant and contribute to the local grid. The project will provide a demonstration of environmentally sustainable methods for biodiesel production that could be replicated elsewhere.

“The United States is committed to furthering the development and use of alternative energy resources, both at home and abroad, as a means to reduce dependence on fossil fuels and help improve the environment,” said U.S. Under Secretary of State for Economic, Energy and Agricultural Affairs Reuben Jeffery III at the grant signing ceremony, held on September 10 at the U.S. Commercial Service in Jakarta. “We are pleased to partner with Indonesia in its efforts to do the same.”

“We believe this project will help demonstrate a sustainable approach to the production of biofuels from palm oil,” said PTPN III President Director Amri Siregar in remarks at the signing ceremony. Under Secretary Jeffery and President Director Siregar signed the grant agreement on behalf of the U.S. government and PTPN III, respectively. Regional Director Steingass and PTPN III Director of Planning and Development Chairul Muluk signed as witnesses to the grant agreement.

The opportunity to conduct the USTDA-funded investment analysis for PTPN III will be competed on the Federal Business Opportunities website at [www.fbo.gov](http://www.fbo.gov). Interested U.S. firms should submit proposals following the instructions in the Federal Business Opportunities announcement. PTPN III will select the U.S. firm that will provide the assistance associated with the USTDA grant.

The U.S. Trade and Development Agency advances economic development and U.S. commercial interests in developing and middle-income countries. The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. USTDA’s strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.