

## **CHAPTER III**

### **PROFILE OF PT BHIMASENA POWER INDONESIA**

#### **A. HISTORY OF PT BHIMASENA POWER INDONESIA**

The power plant is one of the infrastructure developments that are prioritized by the Indonesian government. This is because electricity is one of the basic needs of the community to support various activities. Besides, the demand for electricity in Indonesia is increasing from year to year. Based on the Ministry of Energy and Mineral Resources (MEMR), nowadays Indonesia faces an electricity crisis in some areas of Indonesia. The data show that electricity capacity improvement in Indonesia is only 3.5-4 percent per year, while the increase in electricity demand reaches 7.5-9 percent per year (Jarman, 2012)

Picture 3.1 President Joko Widodo officially opened the construction of PT BPI



Source: <https://bidikdata.com/mangkrak-4-tahun-di-era-sby-akhirnya-jokowi-bangun-pltu-batang.htm>

Knowing this, finally, President Joko Widodo realized the construction of the Central Java Steam Power Plant (PLTU) located in Batang, Central Java. President Joko Widodo said that the project from PT Bhimasena Power Indonesia is a national project to support Indonesia's electricity needs that always increase every year. (Khamdi, 2015) Previously, the development of the largest PLTU project in Asia was stalled for four years under the administration of President Susilo Bambang Yudhoyono due to the difficulty of land acquisition. Seeing this, President Joko Widodo tried to fight for the development and immediately went to the field to solve the problem. President Jokowi stated that the project is a national project that significant to support Indonesia's electricity needs. Finally, on June 6, 2016, PT Bhimasena Power Indonesia achieved Financial Close. (BPI, 2019)

In implement the project, the government of Indonesia was made a new Public-Private Partnership (PPP) because PLN could not independently finance the development. Where, on June 17, 2011, the State Electric Company appointed PT Bhimasena Power Indonesia as the winner of the tender to develop the Central Java Coal-Fired Power Plant (CJPP) with a capacity of 2x1000 MW. Where the total investment of this project reaches US \$ 4.2 billion with total funding received from creditors valued at US \$ 3.4 billion coming from the Japan Bank for International Cooperation (JBIC) and a syndicated bank consisting of eleven commercial banks comprising SMBC, BTMU, Mizuho, DBS, OCBC, Sumitomo Trust, Mitsubishi Trust, Shinsei, Norinchukin, The Iyo Bank and The Shizuoka Bank. (BPI, 2019)

Picture 3.2 PT Bhimasena Power Indonesia in Batang Regency



*Source: <https://ekon.go.id/berita/view/pembangunan-proyek-pltu.633.html>*

PT Bhimasena Power Indonesia (BPI) is the first collaborative infrastructure project between the government and the private sector in Indonesia. It is also part of the master plan for the acceleration and expansion of Indonesia's economic development (MP3EI), which will become a locomotive for commercial corridor growth in Java. (BPI, 2019) The PLTU will be the largest in Southeast Asia.

The name of “Bhimasena,” which is the Sanskrit language, means the protagonist warrior in Mahabharata mythology. Originating from the holy Pandawa clan and regarded as a heroic figure, a figure who is reliable and brave but has a soft heart, as told in Prasthanikaparwa. Bhimasena is known for its loyalty, integrity, and name related to the data of ancient warlords. The characteristics of Bhimasena inspire the spirit and philosophy of the Company, so that it was chosen as the name of the Company, namely PT Bhimasena Power Indonesia. (Bhimasena Power, 2016)

Graph 3.1. The Project Structure of Central Java Coal-Fired Power Plant 2x1000 MW



Source: Social Responsibility Program Report 2019 Central Java PLTU 2x100 MW

After the land acquisition process is completed and PLN has received the investment, PT Bhimasena Power Indonesia was built, and it started in June 2015, located in Ujung Negro Village, Tulis Subdistrict, Batang Regency, Central Java, Indonesia. It is a form of significant scale cooperation between Indonesia and Japan, which works on the energy of the conservation industry. Based on that project structure, PT Bhimasena Power Indonesia is a joint venture company founded by three consortium companies consisting of Electric Power Development Co., Ltd (J-Power) and Itochu Corporation (Itochu), two corporations based in Japan, and PT Adaro Power which is a wholly-owned subsidiary of Adaro Energy and based in Indonesia.

In this construction, J-Power Corporation invests 34 percent to the company, and another 34 percent of the investment given by Adaro Power. While the rest of 32 percent of the investment owned by Itochu Corporation. PT Bhimasena Power Indonesia will operate a 2 x 1,000 MW Steam Power Plant, which will supply electricity to PLN

(Persero). (BPI, 2019) This Power Plan touted as the largest Steam Power Ed Electric Generator in Southeast Asia.

Since the beginning of the development of PT Bhimasena Power Indonesia (BPI) in 2011 in Ujung Negoro Village, Tulis Subdistrict, Batang Regency, PT Bhimasena Power Indonesia experienced various obstacles such as opposition from the community, Non-Governmental Organizations, and land acquisition issues. (Greenpeace, 2015) The rejection was because the community considered that the construction of the power plant could have various negative impacts on their lives. Some of the effects that the community is concerned about are environmental damage and loss of community work around the construction of the power plant, where the majority of the population works as farmers and fishers.

To manage these problems, PT Bhimasena Power Indonesia plans and implements a Corporate Social Responsibility program to build a sustainable development in the surrounding area of PT Bhimasena Power Indonesia. This aimed to solve the problems that emerge after the development of PT Bhimasena Power Indonesia.

## **B. VISION AND MISION**

Bhimasena Power Indonesia has a vision and mission to support the company's growth as a large-scale company that will support Indonesian economic development through the energy of the conservation industry. Their vision and mission are:

### **1. Vision**

PT Bhimasena Power Indonesia will meet the energy needs of the community and support national development and community development in Indonesia.

## **2. Mision**

- a. PT Bhimasena Power Indonesia has a clear concept, of the future that will be realized, and through that concept will achieve a better future for others.
- b. PT Bhimasena Power Indonesia will try to create harmony with the environment, and gain the trust of the communities where PT Bhimasena Power Indonesia lives and works.
- c. PT Bhimasena Power Indonesia develops knowledge and technology on an ongoing basis to help the development of the Indonesian state.
- d. PT Bhimasena Power Indonesia views profit as a source of growth for PT Bhimasena Power Indonesia and will share this with the community.
- e. PT Bhimasena Power Indonesia will continue to train its human resources, unite diverse personalities and passions in one unit, and be determined to create a better tomorrow.

## **C. THE CONSORTIUM**

PT Bhimasena Power Indonesia is one of the significant scale cooperation between Indonesia and Japan in the development of the energy of the conservation industry. Three consortium companies join in the development of PT Bhimasena Power Indonesia. These three consortia are Electric Power Development Co., Ltd (J-Power) based in Japan, Itochu Corporation (Itochu) based in Japan, and PT Adaro Power, based in Indonesia. (BPI, 2019)

## **1. Adaro Energy**

Adaro Energy is a company based in Indonesia that works in coal mining. Adaro Energy has subsidiaries that are engaged in mining, port services, ship loading, barging, dredging, marketing, and power generation. The company has a mining location in South Kalimantan that produces coal. The coal has sub-bituminous characteristics, with average heat value, and has low pollution. The Adaro Energy Company is ready to participate in building coal-fired power plants and supports the development plan of power plants in Indonesia. (ADARO, 2019)

## **2. J-Power (The Electric Power Development Co., Ltd)**

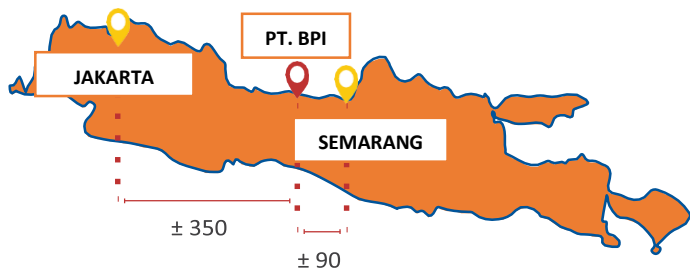
The Electric Power Development Co., Ltd. is a company based in Japan. The Electric Power Development Co., Ltd was founded in 1952 as a government company under the Japan Electric Power Development Promotion Act. The company that is commonly known as J-Power since April 1, 2002, has been supplying cheap electricity for more than 60 years. At the end of March 2016, J-Power Group operates power plants in 95 locations in Japan with a total capacity of 18,000 MW. Besides, J-Power is actively involved and participating in the development of the power generation business in some countries. J-Power Corporation has a mission to meet people's energy needs without fail, and support the sustainable development of Japan and the world. (J-Power, 2016)

### 3. ITOCHU Corporation

ITOCHU Corporation is a company based in Japan founded in 1858 by Chubei Itoh. The company has been developing and growing for more than 150 years. ITOCHU Corporation has 120 branches in 63 countries. Besides, ITOCHU Corporation is active in domestic trade, import and export activities, and foreign trade. Some of the commodities they offer are textiles, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communication technology, and business investment in Japan and abroad. ITOCHU Corporation upholds a commitment to global goodness and respects the existence of every individual, society, and future in its commitment to global good. (ITOCHU, 2016)

#### D. OPERATION AREA OF PT BHIMASENA POWER INDONESIA

Picture 3.3 The location of PT Bhimasena Power Indonesia



Source: Social Responsibility Program Report 2019 Central Java PLTU 2x100 MW



The location was chosen for the development of PT. Bhimasena Power Indonesia is Ujung Negoro Village, Tulis Subdistrict, Batang Regency, Central Java. The primary area of PT Bhimasena Power Indonesia is 90 kilometers away from Semarang city, the central government of Central Java Province, and it is 350 kilometers away from Jakarta, the center of the Indonesian government. (Bhimasena Power, 2016)

Batang is one of a district in Central Java. It was established since the 14th of June 1965, with an area of 78,864.16 Ha. The total area consists of 22,397.14 hectares (28.40 percent) of paddy fields and 56,467.02 hectares (71.60 percent) of non-paddy fields. The administrative area is divided into 15 sub-districts and 248 villages. (KOMINFO, 2019)

Batang Regency has excellent potential for the development of natural tourism, cultural tourism, and religious tourism. Some beach tourism has the potential to be developed, such as Celong Beach, in Subah District, Jodo Beach in Gringsing District, and Panjang Beach in Kandeman District. In addition, industries and various leading commodities are currently also the priority scale of the Batang District Government.

Furthermore, the main commodity of the Regency of Batang is agriculture, plantation, animal husbandry, and the service sector. The primary products of the agriculture sector are corn, soybean, potato, pineapple, banana, sweet potato, and cassava. The plantation sub-sector has superior commodities in the form of rubber, sugar cane, cashew, coffee, coconut, cocoa, sugar palm, kapok, pepper, patchouli, tea, tobacco, and cloves. The main commodity of livestock sub-sector is cow, goat, buffalo, and sheep. Commodity services sub-sector favor natural tourism and cultural tourism. (KOMINFO, 2019)

PT Bhimasena Power Indonesia was precisely built in the Ujungnegoro village, Tulis Subdistrict. As a village located in the coastal area with a large area of rice fields, the majority of the population in Ujungnegoro village works as farmers and fishermen. In addition, Ujungnegoro village also has good tourism potential, namely Ujungnegoro Beach. The local people manage their tourism place as well as selling some traditional foods in that tourism place.

As one of the youngest districts in Central Java, Batang needs development in many sectors. Under the leadership of a regent named Wihaji, Batang development will focus on raising the number of investments, tourism, and increasing Human Development Index, not only comes from the government program but also the role of the private sector, such as the company, is also needed in developing Batang Regency. That is why the existence of this corporation is expected to increase the growth of the Batang regency in various sectors, especially in the economic field.