

Third Party Evaluator's Opinion on Banjarmasin Coal Fired Steam Power Plant Project

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Relevance

The objectives of the project were highly relevant when it was first conceived in the mid 1990s as a source of non-fuel electricity generation to lessen the dependence on oil. The project is consistent with the need to increase supply due to increased demand for energy in South East Kalimantan that had been provided mostly from diesel generation. South Kalimantan is an area abundant with coal reserves, and diversification of energy supply away from oil towards more use of coal for electricity generation is highly appropriate strategy. Demand for electricity in South Kalimantan has been accelerating at a rapid pace due to increased economic activities in the region. It had been forecasted to increase by an average of 14% per year during the 1994-1998 periods. The construction of the Banjarmasin Coal Fired Steam Power Plant Project was meant to provide most of the electricity needs of South Kalimantan Province.

At present and in the future, the project will still be highly relevant to meet South Kalimantan's steady growth in its demand for electricity consumption averaging at 9.3% per year since 2003. As such the project is contributing in a significant manner towards the diversification of the region's and hence Indonesia's dependence on electricity generation from oil resources. The development of the Banjarmasin coal fired steam power plant project has contributed to electricity supply for other grid systems in the region other than the Barito grid system which the project belongs. The project's relevance has been enhanced further in supplying more electricity from steam fired power generation and a reduction in the role of oil electricity generation. At the present time, the project is still highly relevant in supporting government's program in reducing its dependence on oil resources.

Impact

The project has achieved its intended impact on reducing the regions heavy dependence on oil electricity generating capacity. When the project was started in 1994, South Kalimantan and Central Kalimantan's reliance on oil in its electricity generation was as high as 79%, but when the project was finished in 2002 the proportion of electricity generated through coal fired steam power plant had become 60.2%. All of the electricity from coal fired steam generation plant is generated by the Banjarmasin coal fired steam power plant, which confirms its important and strategic role it has played in the region's electricity generating capacity.

The plant has direct economic benefits to the region as it provides stable and reliable electricity supply to industries. The project has taken care of the environment in terms of air and water pollution emitted is far below the allowable threshold. The project, however has to pay attention to the ash produced from the plant which is still left sitting outside without proper discharging mechanism so as not to cause pollution to the area.