



NATIONAL ENERGY POLICY

Views from the Parliament

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THE VISION OF THE INDONESIA ENERGY UTILIZATION

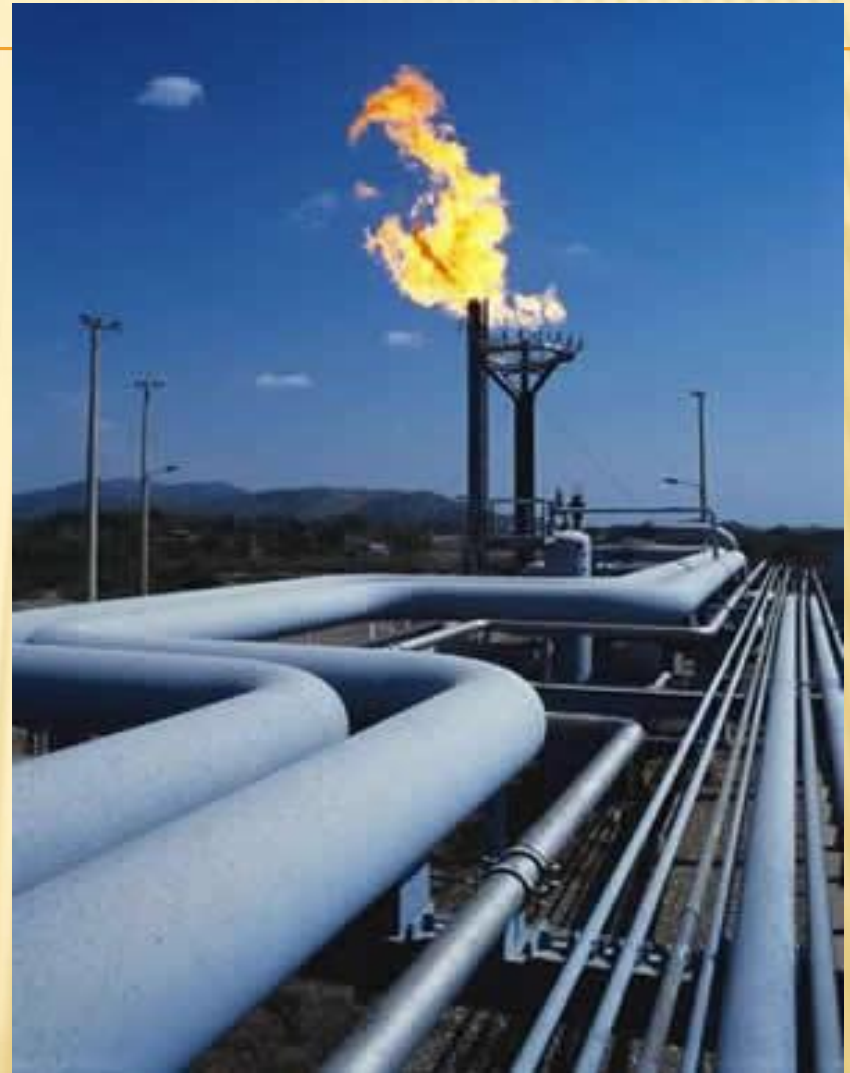


- ✘ **Article 33, UUD 1945** “ Natural resources controlled by the state and used as possible for people's welfare”
- ✘ **Law No. 17/2007** about National Long Term Development Plan 2005-2025 (RPJP); “ The management of natural resources including energy resources is treated as an input for the production process as a fuel or raw materials which can bring added value for the country.



LEGAL BASIS

- × **Law No. 22/2001**, on Petroleum and Natural Gas;
- × **Law No. 30/2007** on Energy;
- × **Law No. 4/2009** on Mineral and Coal Mining
- × **Law No. 27/2003** on Geothermal
- × **Law No. 30/2009** on Electricity
- × **Law No. 32/2009** on Environmental Management and Protection
- × **Law No. 10/1997** on Nuclear Energy





NATIONAL ENERGY INDEPENDENCE

- ✘ Guarantee of supply
- ✘ The availability of infrastructure and adequate distribution network
- ✘ Price affordability
- ✘ Environmentally Friendly Management System



INDONESIA ENERGY SECURITY

Energy Security Indicators

- Diversification of energy supply sources;
- Net energy import dependency;
- Non-carbon based fuel portfolio;
- Net oil import dependency and Middle East oil import dependency.

(source: Asia Pacific Research Centre)

Challenges in Indonesia:

- Fossil Fuel dependency (Oil and Natural Gas)
- ✗ Lack of infrastructure
- ✗ Policy & institutional coordination to enhance energy security in domestic level
- ✗ In proper of Subsidy allocation



OIL & GAS REVENUE IN 2011 STATE BUDGET CALCULATION

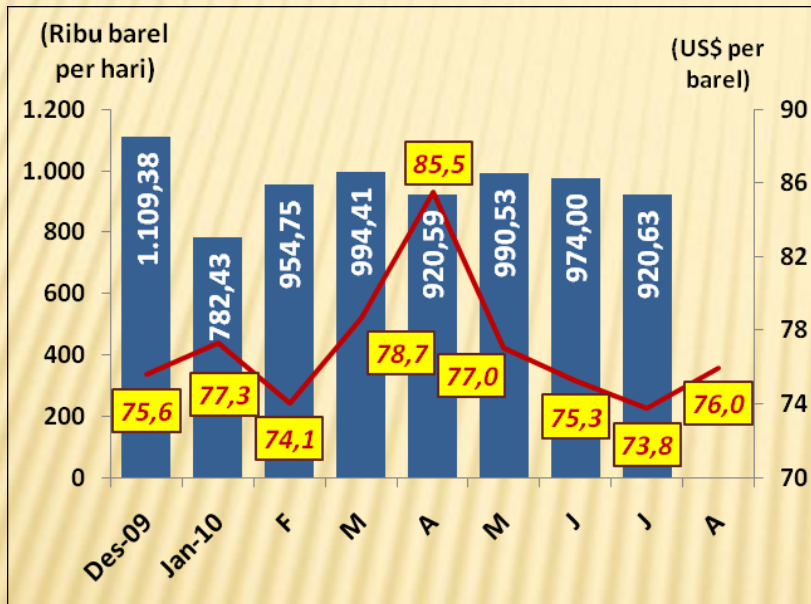
(Rp triliun)

COMPONENT	RAPBN 2011	<i>Exercise</i>
I. Total Oil & Gas Revenue	209,9	208,6
a. PPh (Tax) Oil & Gas	54,2	53,9
b. Oil & Gas	145,3	144,3
<i>i. Oil</i>	104,7	104,1
<i>ii. Gas</i>	40,5	40,2
c. Non Tax Income (DMO)	10,5	10,4
<i>Asumption:</i>		
<i>Lifting (ribu bph)</i>	970	970
<i>ICP (US\$/barel)</i>	80	80
<i>Exchange Rate (Rp/US\$)</i>	9.300	9.250



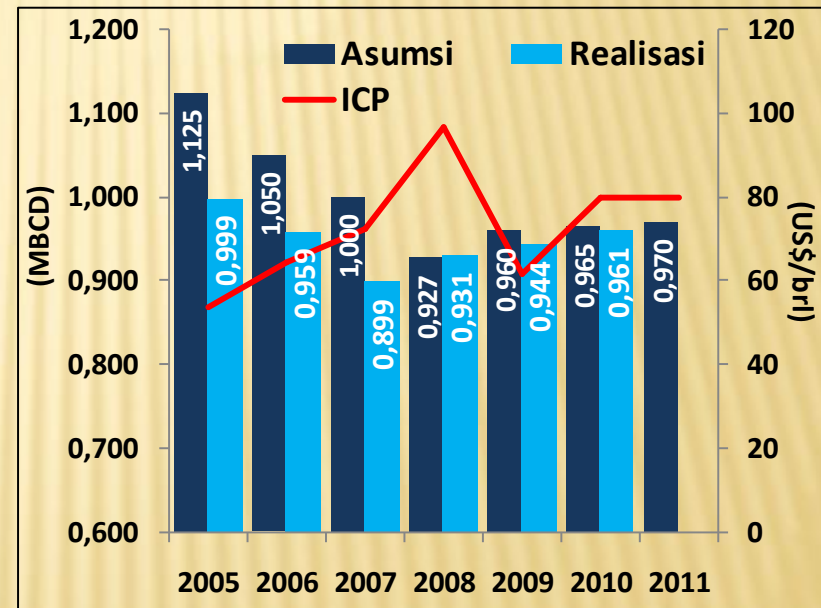
OIL LIFTING PROJECTION V/S ACTUAL

Perkembangan ICP dan Lifting Minyak Bulanan



Sumber: Kementerian Keuangan

Proyeksi ICP dan Lifting Minyak





INDONESIA ENERGY SECURITY DIRECTION

✘ **Energy subsidy based on State Budget Revenue 2011**

- + Fuel subsidy: 38.59 MioKL (2010:36.77 MioKL) = 95,914 Trillion (IDR)
- + Electricity Subsidy = 41,2 Trillion (IDR)

☐ **Shifting Paradigm**

Oil to Gas

Industry follows the Energy Concept

Revenue Based to Economic Growth Based

Promoting Renewable Energy in the energy mix strategy for 2030

☐ **Challenges;**

☐ **Control the Subsidy**

☐ **FUEL Subsidy v/s Gas and Coal**

☐ **Create the pricing scheme which is viable for the Development of Renewable Energy** such as Geothermal, Mikrohydro, nuclear, etc

* Geothermal to be used for electricity

(Law No. 27/2003 and President Declare No. 4/2010 "ceiling price us\$ 9.7 cents per kWh)

* Lesson Learned from Bio Fuel policy



RENEWABLE ENERGY SUPPORT MOVEMENT IN THE PARLIAMENT

- × Nuclear Caucus
- × Renewable Energy Caucus
- × Climate Change Caucus



SOME OF STRATEGIC ISSUES

Upstream Oil & Gas:

- ✘ Government should set more competitive contract and fiscal term and other economic policies to attract the investor in oil & gas sector such as development of deep water basin, CBM, Mature field and frontier areas which involve more complex processes, confronting high risks, frontier technology and more complex project financing.
- ✘ In near term, to improve governance upstream management capability, to review the competency of the management of upstream implementing body (BPMIGAS) more efficient and transparent bureaucracy, standard accounting system, Cost recovery mechanism v/s Gross Revenue split



SOME OF STRATEGIC ISSUES

Downstream Oil & Gas:

- ✘ Government should develop plan to allow investor to develop more capacity petroleum refineries and storages, LNG Receiving terminal, gas filling station, domestic gas pipeline, and develop city gas infrastructures.
- ✘ To meet domestic demand of energy, government policy especially on energy export should be redirected. The new policy is aimed to provide support for national security of energy supply, to create value added to the domestic economy activities, to achieve more efficient energy consumption in more environmentally responsible manner
- ✘ The policy should include fiscal and tax incentives policies to encourage, the use of alternative fuels such as gas, CBM, biofuels, shale gas
- ✘ Rethink – Domestic Gas Price policy