A Brief Review on Indonesia’s National Energy Policy
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Introduction

Energy is an important sector to guarantee the prosperity of people in a country. Management of energy is essential as the energy sector highly contributes to the core of economic and social activity. In an industrialized country, access to energy is important to ensure productivity while energy access to the community is important to provide basic need such as lighting, communication, as well as transportation. From economic perspectives, energy can be regarded as a source of income or expenditure. In an oil producing country, it will be treated as a source of income, while in a net importer country, it will regard it as a source of expenditure. Considering how crucial and strategic the energy sector is for a country, it is important for a country to manage this sector properly.

The 1945 Constitution of the Republic of Indonesia Article 33 Section (3) stated that “The land, the waters and the natural resources within shall be under the powers of the State and shall be used to the greatest benefit of the people”. As previously discussed, energy resources is a crucial and strategic sector that needs to be managed properly. Then, according to the 1945 Constitution of the Republic of Indonesia Article 33 Section (3), it is clear that the energy sector should be under the responsibility of the state.

In this article, a brief review of Indonesia's national energy policy will be presented. The review will start from the creation of National Energy Coordination Agency (Badan Koordinasi Energi Nasional, BAKOREN), National Energy Council (Dewan Energi Nasional, DEN), through the stipulation of the latest National General Energy Plan (Rencana Umum Energi Nasional, RUEN). An overview of the national energy policy timeline can be seen in Figure 1.

Figure 1. History of National Energy Policy in Indonesia

BAKOREN

In 1980, President Soeharto released Presidential Decree No. 46/1980 about the foundation of the BAKOREN. The agency was founded to plan and formulate energy-related policy as well as to coordinate cross-sectoral program execution. In 1984, BAKOREN finalized the General Policy in the Energy Sector (Kebijakan Umum Bidang Energi, KUBE) as the guideline of national energy policy in Indonesia. KUBE went through several revisions with the latest revision was done in 1997 to accommodate with the current development plan. There are five main policies and nine supporting policies in the 1997's KUBE. The main policies are:
1. Energy Diversification Policy;
2. Intensification of Energy Resources Exploration Policy;
3. Energy Conservation Policy;
4. Energy Pricing Policy;
5. Environmental Policy.

KUBE became the foundation in creating the National Energy Management Blueprint (Blueprint Pengelolaan Energi Nasional) which legal bases were given through Presidential Regulation No. 5/2006. This blueprint provided targets which are more quantitative compared to KUBE and targeted to (1) Reduce the use of oil to below 20 percent; (2) Increase the use of coal (> 33 percent), liquefied coal (>2 percent), natural gas (>30 percent), geothermal (> 5 percent), biofuel (> 5 percent), and other renewable energy (> 5 percent); (3) Reduce energy elasticity to below 1; and (4) Improve energy infrastructure.

DEN

While several national energy policies had been produced before, a specific legal basis for national energy management did not exist. In 2007, the government established the national energy management basis by adopting Energy Law No. 30/2007. This law pointed out energy security as a critical national issue and stressed out the importance of sustainable development, environmental preservation, and energy resilience. Through Law No. 30/2007 on Energy, Indonesia's government initiated the foundation of the DEN. The council is directly headed by the President of the Republic of Indonesia and is chaired by the Minister of Energy and Mineral Resources. According to Law No. 30/2007 on Energy, DEN has four main tasks:

1. To plan and formulate national energy policy to be stipulated by the government and to be approved by the House of Representatives (Dewan Perwakilan Rakyat, DPR);
2. To establish the RUEN;
3. To establish measures energy crisis and energy emergencies;
4. To supervise the implementation of cross-sectoral policies in the energy sector.

DEN was then founded through Presidential Regulation No. 26/2008 on the Foundation of the National Energy Council. With Presidential Regulation No. 26/2008, the Presidential Decree No. 46/1980 was repealed, and BAKOREN was dismissed. Presidential Regulation No. 26/2008 also regulate the members and structure of DEN. As a council, DEN stands directly under the President of the Republic of Indonesia and is chaired by the minister of Energy and Mineral Resources. DEN's membership consists of the government bodies as well as other stakeholders in the energy sector. From the government bodies, the members are Minister of Finances, Minister of National Development Planning, Minister of Transportation, Minister of Industry, Minister of Agriculture, Minister of Research and Higher Education, Minister of Environment. Then, from the stakeholders, the members come as representatives from the industry, academicians, technologists, consumer, as well as environmentalists. Member from stakeholders are appointed through a selection process and are inaugurated by the President.

As mandated by Law No. 30/2007 DEN's first task is to formulate the national energy policy to be stipulated by the government and to be approved by DPR. In 2014, DEN produced Government Regulation (Peraturan Pemerintah, PP) No. 79/2014 on the National Energy Policy (Kebijakan Energi Nasional, KEN). KEN is an energy management policy based on the principle of justice, sustainable, and environmentally-friendly in order to create energy independence and national energy security. From the selected members, a Secretary-General will be appointed to report to the minister who is responsible for the energy sector. From Government Regulation No. 79/2014 Article 29, it is stated that the National Energy Plan, after considerations, can be reviewed every five years. This article shows that the National Energy Plan can be adjusted should the condition of the energy sector changes over the five years’ time. Government Regulation No. 79/2014 also states that the General Plan of National Energy (Rencana Umum Energi Nasional, RUEN) and the General Plan of National Electricity (Rencana Umum Ketenagalistrikan Nasional, RUKN) should be written based on the National Energy Plan (Figure 2).
Based on the principles stated in KEN, the government created the RUEN through Presidential Regulation No. 22/2017. RUEN provides a policy on the national energy management plan and acts as an elaboration and implementation plan of KEN. As an elaboration and implementation plan of national energy management, RUEN provides a national energy mix which targets 23 percent of renewable energy contributions in the energy mix by 2025 (Figure 3). The energy mix from RUEN also plans that in 2025 Indonesia will still rely on fossil fuel with coal dominating the mix at 30 percent, natural gas at 22 percent, and crude oil at 25 percent. While RUEN is a national goal, Presidential Regulation No. 22/2017 also regulates that every province should have their own energy plan. In Article 3 section (2) of the Presidential Regulation No. 22/2007, it is said that RUEN should act as the reference for the provincial government in composing the General Plan of Regional Energy – Province (Rencana Umum Energi Daerah – Provinsi, RUED-P). This indicates a top-down approach in the planning of the provincial energy planning as the RUED-P has to be in line with the RUEN. Based on the same Presidential Regulation, DEN is also tasked to help the regional government in creating the RUED-P to be in line with RUEN. Similar to KEN, a section in Presidential Regulation No. 22/2007 also mentioned the possibility to review RUEN. It suggests a periodic update to RUEN every five years or at any time should there be (1) a fundamental in KEN and (2) a change in the strategic aspect such as the national, regional, or international planning indicator. In creating RUED-P, DEN will act as the supervising council who will help the regional government in composing their respective RUED-P draft.
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While RUEN provides a target on the national energy mix, RUKN gives us an outline of the national electricity target. RUKN is a general plan for developing the electricity supply system, prepared by the government which includes the power generation, transmission, and distribution required to meet the national electricity demand (DJK Presentation). RUKN was prepared by the MEMR based on KEN and then stipulated by MEMR after consultation with the parliament. While review and revisions of KEN and RUEN suggested to be in a time frame of five years, RUKN is reviewed every year. Also similar to RUEN, RUKD is also constructed into General Plan of Regional Electricity – Province (Rencana Umum Ketenagalistrikan Daerah – Provinsi, RUKD). As a national electricity plan, RUKD aims to provide 23 percent of the electricity mix from renewable energy and only 1 percent from oil by 2025 (Figure 3). In this document, most of the electricity generation will still be dominated by coal (50 percent) and gas power plant (26 percent) both national and regional by 2025 as General Plan of Electricity. RUKN and RUKD act as the guidance for the National Electricity Company (PT PLN) to create their Business Plan for Electricity Provision (Rencana Umum Penyediaan Tenaga Listrik, RUPTL). The so-called RUPTL is a guidance for PT PLN to propose the implementation of electricity supply business for the public, business, and industrial sector.

Each of Their Importance

In summary, the policies explained above played important parts in creating the current national energy policies. The initiation of BAKOREN started an integrated stakeholders coordination which was important for the energy sector. Furthermore, BAKOREN also created KUBE as the first national energy management document. Additionally, KUBE also managed to point out the critical aspects of the national energy planning issue by its own standard as well as identify and provide policy alternatives to overcome issues. Then again, as previously mentioned, KUBE was not a legal product, and it was not able to become a binding document to the related ministry. It was not until Energy Law No. 30/2007 that the national energy policy finally has legal bases. Energy Law No. 30/2007 was able to provide a legal umbrella to the coming energy policies and guarantee their bindings to all related stakeholders. The initiation of DEN through Energy Law No. 30/2007 also provided the important coordinating bodies that take over from BAKOREN. Through DEN's studies and recommendation, KEN was created as the guideline for national energy policy, and from this guideline, RUEN was created as the policy that set quantitative targets for the national energy policy. It is now the utmost importance that the government keeps monitoring how energy sector achievements grow. Should any signs of stagnation come up, the government has to take the right decision to update and revise the current targets. The year 2025 will be an important milestone in which Indonesia set a target on. With less than 7 years to achieve the target, an intensive amount of work will still need to be done both on the policy levels as well as on the technical levels to help Indonesia achieving their target.
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Bibliography


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