

FUEL POLICY

in Indonesia

There are some policies related to retail fuel distribution. Those policies aim for better subsidy allocation to targeted consumers and to improve the efficiency of the State Budget

Currently, there are 3 types of Fuel distributed in Indonesia :

01

Subsidized Fuel

- Fuel price and volume are set by government.
- The government has allocated a specific state budget every year to cover the subsidy.
- Subsidy payment occurs based on monthly audit by BPH Migas.
- For Diesel, the assigned company may propose a compensation reimbursement to government based on a half year and full year audit, which the payment will be adjusted on the state budget condition.

Kerosene

Biosolar
(Diesel Fuel CN48)

02

Special Assignment Fuel

- Fuel price and volume is set by government
- Government assigned fuel distribution to certain company, and the company may propose a compensation reimbursement budget to the government when price discrepancy occurred
- Compensation of price discrepancy is calculated after half year and full year audit, and the payment will be adjusted on state budget condition.
- Assignment area cover all across Indonesia, which previously only cover several certain areas.

Pertalite (RON90)

03

General Fuel

- Open distribution by any entities who have distribution and selling permit
- Fuel price is set by the company, which the maximum price is refer to ceiling price formula that regulated by government (Ministry of Energy and Mineral Resources)
- The company may raise promotion or marketing gimmicks.

Pertamax (RON92)

Pertamax Turbo
(RON98)

Dexlite
(Diesel fuel CN51)

Pertamina Dex
(Diesel fuel CN53)

Due to Pertamina business restructuring, as of September 2021 subsidy and reimbursement for special assignment fuel are accounted to Pertamina Patra Niaga as Commercial & Trading Sub Holding.

Update on Special Assignment Fuel

On March 2022, The government updated the regulations relate to Special Assignment Fuel by issuing **MEMR Decree No. 37/2022** with details as follows:



Pertalite (RON90) is set as Special Assignment Fuel at Rp 7.650 per litre (including tax). Previously Pertalite was included as General Fuel



Distributed across Indonesia, previously this type of fuel was distribute in several certain areas



Pertalite volume is allocated by the government



The regulation is valid since January 1, 2022.

Update on Reimbursement Mechanism

By end of 2021, the Minister of Finance issued regulation regarding the compensation and reimbursement of the discrepancy of fuel price.

Old Mechanism

PMK16/2021 (8 Feb '21)

- Calculation of compensation is carried out after 1 fiscal year
- State Audit Board (BPK) examines the compensation assertion
- The Finance Ministry determines compensation policy after coordinate with the Energy and Mineral Resources (MEMR) Ministry, also State Owned Entreprises (SOE) Ministry, based on State Audit Board (BPK) report.
- The payment is not regulated in detail

New Mechanism

PMK 159/2021 (17 Nov '21)

- Calculation of compensation is carried out at the first semester
- State Audit Board (BPK) and/or State Internal Auditor (BPKP) examines the compensation assertion
- The Finance Ministry determines compensation policy after coordinate with the MEMR and SOE Ministries, based on BPK or BPKP's audit report
- The payment can be made in the current fiscal year