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## Policy Analysis Of Fuel Subsidy In Indonesia

Mailinda Eka Yuniza<sup>1</sup>, Shafa Femalea Sekar Niswantari<sup>2</sup>, Pius Katon Jatmiko<sup>3</sup>  
Universitas Gadjah Mada

<sup>1,2,3</sup>Universitas Gadjah Mada, Kompleks, Jl. Sosio Yustisia Bulaksumur No.1, Karang  
Malang, Caturtunggal, Kec. Depok, Kabupaten Sleman, Daerah Istimewa Yogyakarta  
Email: mailinda@ugm.ac.id, shafafemalea@ugm.mail.ac.id, pius.katon.j@mail.ugm.ac.id  
saihay@gmail.com

### Abstract

*Fuel subsidies have become one of the heaviest burdens in Indonesia's State Budget (APBN), aimed at ensuring equitable accessibility of fuel to all segments of society. However, the mistargeting of the fuel subsidies can lead to the Indonesian population's dependence on subsidised fuel, thus undermining the efforts to address inequitable access to fuel. This study aims to analyse the realization of the fuel subsidy scheme in Indonesia and explore possible measures to achieve a more targeted and volume-appropriate fuel subsidy program. This paper focuses on the analysis of existing regulations concerning fuel subsidies in Indonesia, the weaknesses of these regulations, and the distribution of fuel subsidies as well as its current implementation. A live case study approach was employed. The research examined the gaps between the ideal state (das sollen) and the actual state (das sein) of fuel subsidies by first examining the applicable legal norms. Subsequently, an analysis was conducted to determine whether or not the implementation is appropriate. Notably, Presidential Regulation Number 191 of 2014 does not specify the criteria for recipients of subsidised fuel of the JBKP (Special Assignment Fuel Type). This legal absence has resulted in an imprecise targeting and volume of the distribution of subsidised fuel.*

**Keywords:** Subsidy; Fuel Oil; Legal Absence; Implementation; Regulation.

## I. INTRODUCTION

### A. Background

In 2021, the Indonesian Government allocated energy subsidies of approximately IDR 110.5 trillion, with the actual implementation reaching IDR 140.1 trillion, primarily for Fuel Oil (BBM), LPG, and electricity.<sup>1</sup> In 2022, the government increased the budget for energy subsidies and compensation to reach IDR 152.5 trillion.<sup>2</sup> However, despite the increase of the allocated subsidies, during the course of the year, the 2022 State Budget (APBN) distributed IDR 502.4 trillion for energy subsidies and compensation as stated in the Revised 2022 State Budget.<sup>3</sup> From this allocation, the subsidy for JBKP (Special Assignment Fuel Type)

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<sup>1</sup> Audit Board of the Republic of Indonesia, "Financial Report of the Central Government for the Year 2021 (Audited)", (2021)

<sup>2</sup> Presidential Regulation No. 104 of 2021 on the Detailed Budget of State Revenue and Expenditure for the Fiscal Year 2022

<sup>3</sup> Presidential Regulation Number 98 of 2022 concerning Amendments to Presidential Regulation No. 104 of 2021 on the Details of the State Revenue and Expenditure Budget for the Fiscal Year 2022

increased from IDR 11.3 trillion <sup>4</sup>to IDR 14.6 trillion.<sup>5</sup> Such a substantial figure indicates that fuel subsidies are still one of the largest expenditures for the Indonesian Government.

The provision of fuel subsidies through the State Budget (APBN) by the government fundamentally aims to fulfil the constitutional mandate, particularly Article 33, paragraph (3), which states, "The land, the waters, and the natural riches contained therein shall be controlled by the state and shall be used for the greatest welfare of the people." In this context, the provision of subsidies represents the state's control over energy resources, managed to benefit the people's prosperity as extensively as possible. The state's control, in this regard, should be interpreted as the government not being the owner of the energy resources but being granted the authority to manage them. This encompasses formulating policies (*beleid*), establishing regulations (*regelendaad*), managing the resources (*beheersdaad*), and exercising supervision (*toezichthoudendaad*), all with the ultimate goal of promoting the maximum welfare of the people.<sup>6</sup> Consequently, the provision of fuel subsidies exemplifies the government's role in exercising the authority as part of its efforts to enhance the welfare of the population.

The provision of fuel subsidies also aims to implement the national energy policy to achieve equitable availability, accessibility, and affordability of fuel. However, the high value of budget allocated for fuel subsidies can hinder Indonesia's commitment to achieving clean energy targets, particularly if these subsidies are accessible to individuals who do not genuinely need them. In other words, these individuals are already capable of accessing and affording fuel without requiring government subsidies. Subsidizing fuel for such ineligible recipients may lead to a continued rise in the use of privately-owned vehicles running on fossil fuels, and the funds that could have been allocated for transitioning to clean energy are instead utilized for providing support to individuals who are financially capable of affording fuel. Moreover, mistargeted subsidies also have the potential to foster a dependence on subsidised fuel among the public, as they perceive the fuel as affordable. This dependence, in turn, may impede the transition to clean energy. To achieve Indonesia's clean energy goals effectively, it is crucial to ensure that fuel subsidies are appropriately targeted to benefit those who truly need assistance, while also promoting policies and initiatives that encourage the adoption of clean and renewable energy sources.

The dependency of the society on subsidised fuel is palpable. This phenomenon became evident when the government raised the prices of subsidised fuels, specifically Peralite and subsidised diesel fuel, on September 3, 2022<sup>7</sup>. The increase in the prices of subsidised fuel prompted public protests and led to long queues for subsidised fuel refuelling before the price adjustment. In Bogor, for instance, dense queues began forming early in the morning for

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<sup>4</sup> Presidential Regulation Number 104 of 2022 concerning the Details of the State Revenue and Expenditure Budget for the Fiscal Year 2022

<sup>5</sup> Presidential Regulation Number 98 of 2022 concerning Amendments to Presidential Regulation No. 104 of 2021 on the Details of the State Revenue and Expenditure Budget for the Fiscal Year 2022

<sup>6</sup> Constitutional Court Decision No. 3/PUU-VIII/2010

<sup>7</sup> Fitry Primadona and Iqbal Tiar Rizaldi, "Kajian Terhadap Penghapusan BBM Peralite pada Profitabilitas PT Pertamina Tahun 2021", (Jurnal Kajian Ekonomi dan Bisnis Islam, Vol. 4, No. 1, 2021), p. 143

Pertalite refuelling, a day before the scheduled price increase.<sup>8</sup> Similar conditions were observed in other regions across Indonesia. The queues were predominantly composed of private vehicles, including both two-wheelers and four-wheelers. Surprisingly, even luxury car owners, who are not eligible to purchase subsidised fuel, continued to buy it in disregard of the rules.<sup>9</sup>

The provision of fuel subsidies is fundamentally important to achieve equitable energy access, as mandated by Article 33 of the 1945 Constitution of the Republic of Indonesia. This mandate emphasizes that energy resources should be utilized and harnessed to the maximum benefit of the people, especially in regions where energy access is challenging. Hence, the government endeavours to provide subsidies for Specific Fuel Types (*Jenis BBM Tertentu* or JBT) and compensation for Special Assignment Fuel Types (*Jenis BBM Khusus Penugasan* or JBKP). JBT is normatively defined under Article 1, paragraph (1) of Presidential Regulation No. 191 of 2014, as "fuel originating from and/or processed from Crude Oil and/or fuel originating from and/or processed from Crude Oil blended with Biofuels as other fuel types with specific types, standards, quality (specifications), prices, volumes, and specific consumers, receiving subsidies."<sup>10</sup> Meanwhile, JBKP (Special Assignment Fuel Type) is defined in Article 1, paragraph (2) of Presidential Regulation No. 191 of 2014, as "fuel originating from and/or processed from Crude Oil and/or fuel originating from and/or processed from Crude Oil blended with Biofuels as other fuel types with specific types, standards, and quality (specifications), distributed in assignment areas and not receiving subsidies." Subsidies for JBT are provided based on the provisions of Article 16 of Presidential Regulation No. 191 of 2014. On the other hand, JBKP does not receive subsidies but receives compensation as per Article 21B of Presidential Regulation No. 117 of 2021, which is the Third Amendment to Presidential Regulation No. 191 of 2014 concerning the Provision, Distribution, and Retail Price of Fuel Oil.

The distribution of subsidised fuel for Specific Fuel Types (JBT) and compensation for Special Assignment Fuel Types (JBKP) in Indonesia is still facing challenges and obstacles. This is primarily because a significant portion of these subsidies and compensations are enjoyed by the middle-to-upper-income segments of society, indicating that the targeting of subsidies and compensations for the less privileged is not optimally implemented. The regulations concerning the limitation of subsidy provision and the eligibility criteria for receiving JBKP are not rigidly defined, resulting in the current distribution of subsidised fuel in Indonesia being imprecise in its targeting. The consequences of mistargeted fuel subsidies include the reduced access of financially disadvantaged communities to the availability of subsidised fuel. Focusing on the problem, this research is aimed at examining the current state of fuel subsidy distribution in Indonesia and exploring potential measures that can be taken to achieve more precise targeting in terms of volume and recipients. By addressing the issues surrounding subsidy allocation, the study contributes to more effective and equitable energy policies in Indonesia.

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<sup>8</sup> M Sholihin, "Ada Isu Kenaikan Harga BBM, Antrean Pemotor Mengular di SPBU Bogor". (News Detik Com 2022), <https://news.detik.com/berita/d-6269882/ada-isu-kenaikan-harga-bbm-antrean-pemotor-mengular-di-spbu-bogor>

<sup>9</sup> Silvana Febriari. "Banyak Mobil Mewah Tak Malu Beli BBM Bersubsidi". (Metronews 2022), <https://www.metrotvnews.com/play/K5nC4DYz-banyak-mobil-mewah-tak-malu-beli-bbm-bersubsidi>

<sup>10</sup> *Ibid.*

## B. Research Question

Based on the background previously described, the author formulates the problem as follows:

1. What is the condition of subsidized fuel distribution in Indonesia based on Presidential Regulation No. 191/2014 and other related regulations?
2. What policies can the government form to realize the distribution of subsidized fuel that is right on target and right on volume?

## C. Research Methods

The legal research method used in this research is the normative legal research method. Normative legal research is legal research conducted by examining library materials or secondary data.<sup>11</sup> Normative legal research is a process of finding legal rules, legal principles, and legal doctrines to answer the legal issues at hand.<sup>12</sup> Although this research is normative legal research, this research is supported by the results of field research conducted by PSE UGM. This research uses a live case study, where this research will examine the gaps that exist in *das solen* and *das sein*<sup>13</sup> in the provision of fuel subsidies by reviewing the applicable legal norms first and then analyzing their application, whether properly applied or not based on existing regulations.<sup>14</sup> This research is researched using library materials (secondary materials) or library legal research, which is broadly aimed at research on legal principles, research on legal systematics, research on legal synchronization, and research on legal comparisons.<sup>15</sup> The secondary data is obtained from primary legal materials in the form of normative legal provisions, especially legal regulations relating to the provision of fuel subsidies, such as Presidential Regulation No. 191 of 2014 concerning the Provision, Distribution, and Retail Selling Prices of Fuel Oil as amended by Presidential Regulation No. 69 of 2021, Presidential Regulation No. 117 of 2021, Presidential Regulation No. 66 of 2018, and Presidential Regulation No. 43 of 2018 as well as related regulations and derivative regulations. Meanwhile, to analyze the conditions of reality that exist in society against these legal norms, this research uses literature studies with secondary legal materials such as previous research on reports and books related to energy law, as well as tertiary legal materials such as articles on fuel oil distribution policies, books on energy law and research results that discuss the regulation of fuel oil distribution policies. This research uses quantitative data and qualitative data, where quantitative data will be used to show data on fuel subsidies in Indonesia and qualitative data will be used to provide

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<sup>11</sup> Soerjono Soekanto dan Sri Mamudji, 2011, *Penelitian Hukum Normatif Suatu Tinjauan Singkat*, Rajawali Pers, Jakarta, hlm. 14

<sup>12</sup> Peter Mahmud Marzuki. *Penelitian Hukum*. Jakarta: Kencana Prenada Group, 2007, halaman 35

<sup>13</sup> Ani Purwati, *Metode Penelitian Hukum: Teori dan Praktek* (Surabaya:Jakad Media Publishing, 2020), 20-21

<sup>14</sup> Ibid

<sup>15</sup> Ediwarman. *Monograf. Metode Penelitian Hukum (Panduan Penulisan Tesis dan Disertasi)*, Medan, 2011, halaman 94.

## **D. Literature Review**

### **Fuel Subsidy, Specific Fuel Types and Assignment Fuel Types based on Presidential Regulation**

In accordance with the 1945 Constitution of the Republic of Indonesia, the government has been making significant efforts to provide energy subsidies, particularly for fuel. In fact, according to the International Energy Agency, the amount of oil subsidies provided by the Indonesian Government ranked fourth in the world in 2020, following China, India, and Saudi Arabia.<sup>16</sup> Moreover, the Government has endeavoured to establish regulations pertaining to subsidy targeting to achieve the goal of equitable energy access. The effort to achieve equitable energy access through subsidies was initiated with the enactment of Presidential Regulation No. 191 of 2014, where the government provided assistance for accessing fuel energy through subsidies for Specific Fuel Types (*Jenis BBM Tertentu* or JBT) and compensation for Special Assignment Fuel Types (*Jenis BBM Khusus Penugasan* or JBKP). A "Presidential Regulation" is a legal instrument that is issued by the President or Head of State to regulate and control the implementation of laws and government policies.<sup>17</sup>

These regulations are endowed with the same power and enforceability as laws, but are typically more specific and pertain to the further implementation of existing laws<sup>18</sup>. In essence, the President or Head of State may issue regulations to guarantee that existing laws and government policies are implemented with utmost effectiveness and efficiency. Based on Presidential Regulation No. 191 of 2014 the distinction between subsidies and compensation for JBT and JBKP lies in their budget allocation within the State Budget (APBN). For JBT subsidies, the amount of subsidy is pre-determined in the APBN each year, while the compensation provided for JBKP depends on the surplus or deficit of business entity revenues resulting from the Retail Selling Price (*Harga Jual Eceran* or HJE) of JBKP as set by the government for that fiscal year.<sup>19</sup> Consequently, there is no fixed value for the compensation that the government provides. The Presidential Regulation *a quo* is further regulated the allocation of the volume of JBKP for each consumer of JBKP through the BPH Migas Regulation No. 4 of 2012.

## **II. DISCUSSION**

### **1. Current Condition of Fuel Subsidies in Indonesia**

The goal of equitable energy access can only be achieved when fuel subsidies are precisely targeted. Fundamentally, Article 7, paragraph (2) of Law No. 30 of 2007 on Energy, which serves as one of the foundations for providing energy subsidies, has asserted the purpose of energy subsidies, stating that "the government and regional

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<sup>16</sup> International Energy Agency, "Value of Fossil-Fuel Subsidies by Fuel in The Top 25 Countries", (2020), 2022, <https://www.iea.org/data-and-statistics/charts/value-of-fossil-fuel-subsidies-by-fuel-in-the-top-25-countries-2020>

<sup>17</sup> Miftah Faried Hadinata, (2022), 'Penataan Materi Muatan Peraturan Pemerintah dan Peraturan Presiden dalam Sistem Hukum Indonesia', Jurnal LEGISLASI INDONESIA Vol 19 No. 2

<sup>18</sup> Jimly Asshiddiqie, (2020) "Omnibus Law dan Penerapannya di Indonesia", Jakarta: Konstitusi Press

<sup>19</sup> Audit Board of the Republic of Indonesia, "Pendapat BPK - Audit Opinion of BPK", (2019) [https://www.bpk.go.id/assets/files/storage/2020/01/file\\_storage\\_1579482271.pdf](https://www.bpk.go.id/assets/files/storage/2020/01/file_storage_1579482271.pdf)

governments provide subsidy funds for the less privileged segments of society." Furthermore, Article 3, letter f of Law No. 30 of 2007 on Energy mandates that "energy management aims to improve access to energy for the less privileged and/or those residing in remote areas, in order to achieve welfare and prosperity for the people in a fair and equitable manner." Moreover, Article 28, paragraph (3) of Law No. 22 of 2001 on Oil and Natural Gas states that in determining and setting fuel prices, the government has a social responsibility towards specific groups in society. Therefore, fuel subsidies are not meant for all segments of society but are specifically intended for the less privileged, ensuring that the subsidies provided by the government do not experience continuous increases from year to year and are appropriately targeted.<sup>20</sup> Presidential Regulation No. 191 of 2014 and Presidential Regulation No. 69 of 2021 have formulated two essential elements to achieve the goal of equitable energy access: a) improving access to fair fuel (BBM), and b) targeting specific groups of society.

In terms of providing fuel subsidies for Specific Fuel Types (JBT), to fulfil both of these elements, the aforementioned Presidential Regulation also outlines the process for determining the allocation of JBT volume. Firstly, the Oil and Gas Agency (BPH Migas) as the regulatory body proposes the annual volume planning and sales volume of JBT to the Minister of Energy and Mineral Resources (ESDM). Secondly, the Minister of ESDM then establishes the annual volume planning and sales volume of JBT based on BPH Migas' proposal. Lastly, the determination of the annual volume planning and sales volume of JBT must be submitted to the Minister of Finance for the preparation of JBT subsidy estimates.<sup>21</sup> Fundamentally, to provide guidance in the planning and distribution of volume, BPH Migas has issued regulations concerning volume allocation through BPH Migas Regulation No. 4 of 2012 on the Allocation of Specific Fuel Type Volumes to Each Consumer of Specific Fuel Types. In Article 4 of this regulation, BPH Migas provides the basis for considering the allocation of JBT volume for each consumer group, categorized as micro-businesses, public services, fisheries, agriculture, households, and transportation, with the following details:

- a. For micro-businesses, the basis for considering the allocation of JBT volume quota is the number of micro-businesses in the regency/city.
- b. For public services, the basis for considering the allocation of JBT volume quota is the number and type of public services in the regency/city.
- c. For fisheries, the allocation of JBT volume quota is based on the consideration of the number and operating time of fishing vessels and the number of small-scale fish breeders (*kincir*) in the regency/city.
- d. For agriculture, the basis for considering the allocation of JBT volume is the number of farmers/farmer groups/agricultural service businesses (UPJA) using agricultural machinery with a maximum area of 2Ha, engaged in the cultivation of food crops, horticulture, plantations, and animal husbandry using agricultural machinery in the regency/city.

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<sup>20</sup> Press Release, "Ombudsman of Indonesia: Fuel Subsidies for All Social Groups Potentially Involve Maladministration", Ombudsman, (2022) <https://ombudsman.go.id/news/r/ombudsman-ri-subsidi-bbm-untuk-seluruh-golongan-masyarakat--berpotensi-maladministrasi>

<sup>21</sup> Article 6 of Presidential Regulation No. 191 of 2014 concerning the Provision, Distribution, and Retail Price of Oil and Gas Fuel.

- e. For households, the consideration is based on the average consumption per household member in the regency/city. As for transportation, the basis for consideration is the number of lands, sea, river, lake, and ferry transportation in the regency/city.

As the regulatory body, BPH Migas also determines the detailed quota restrictions for JBT and JBKP. For subsidised diesel fuel, BPH Migas, through the Head of BPH Migas Decree No. 04 of 2020 (BPH Migas Decree), specifies the types of vehicles eligible to purchase subsidised diesel fuel. The provisions for the purchase of subsidised diesel for motor vehicles, based on the BPH Migas Decree, are as follows: 1) private four-wheeled vehicles are limited to a maximum of 60 litres per day; 2) public transportation of people or goods with four-wheeled vehicles is limited to a maximum of 80 litres per day; and 3) public transportation of people or goods with six-wheeled or more vehicles is limited to a maximum of 200 litres per day. On the other hand, regarding JBKP, Minister of Energy and Mineral Resources Decree No. 37.K/HK.02/MEM.M/2022 on Specific Assigned Fuel Types (Ministerial Decree) grants the authority to the regulatory body, BPH Migas, to regulate, supervise, and control the allocation volume and distribution of JBKP. Additionally, Article 21B paragraph (3) of Presidential Regulation No. 117 of 2021 stipulates that the verification of JBKP volume is determined by the regulatory body. The specified volume for JBT and JBKP is provided and distributed through delivery points, and the volume quota per delivery point is determined by the Head of the Regulatory Body.<sup>22</sup>

Pertamina, as the distributor of subsidised fuel in Indonesia, plays a crucial role in facilitating the smooth delivery of subsidised fuel to all regions of Indonesia and serves as a central entity in implementing government policies.<sup>23</sup> The Head of BPH Migas Decree No. 04 of 2020 (BPH Migas Decree) has been implemented in Bengkulu through Pertamina Patra Niaga Regional Sumbagsel, which conducted a full-cycle trial (comprehensive implementation of targeted subsidy program) using QR codes since February 2023. The use of QR codes for the purchase of subsidised diesel fuel aims to ensure more accurate targeting and adherence to the daily quotas specified in the aforementioned Decree. For individuals who have not registered for targeted subsidies, the purchase of subsidised diesel fuel limited to a maximum of 20 litres per day.<sup>24</sup> As of February 2023, Pertamina Patra Niaga reported that over five million vehicle units have been registered in the Targeted Subsidy Program, with Peralite-fueled vehicles accounting for 54% and subsidised diesel-fueled vehicles accounting for 46% of the total registrations.<sup>25</sup> Among the Peralite users who registered, 80% were private vehicle owners, while for subsidised diesel fuel, the composition is more balanced between private and public transportation users.

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<sup>22</sup> Article 4 paragraph (5) of Regulation of the Upstream Oil and Gas Regulatory Special Task Force No. 1 of 2022 concerning the Assignment of Business Entities in the Provision and Distribution of Specific Types of Fuel and Special Assignment Fuel.

<sup>23</sup> Muchammad Ichsan, "National oil companies and fossil fuel subsidy regimes in transition: The case of Indonesia", (Jurnal The Extractive Industries and Society, Vol. 11, 2022), p. 38

<sup>24</sup> Government of Bengkulu Province, "Registration for Targeted Subsidized Fuel Program, Pertamina Conducts Full Cycle Trial in Bengkulu," (Bengkulu Province, 2022), <https://bengkuluprov.go.id/pendaftaran-program-subsidi-bbm-tepat-sasaran-pertamina-uji-coba-full-cycle-di-bengkulu/>

<sup>25</sup> Pertamina Patra Niaga, "Program Subsidi Tepat Tembus 5 Juta Pendaftar", (Pertamina, 2023), <https://pertainapatraniaga.com/berita/program-subsidi-tepat-tembus-5-juta-pendaftar/>

In addition to determining the volume allocation, the government has also set specific target consumers for energy subsidies. Regarding JBKP, there is legal vacuum in determining the target consumers for this type of subsidised fuel, as existing regulations have not yet established a mechanism for determining the JBKP target. However, the Ministerial Decree stipulates that JBKP corresponds to Gasoline RON 90, logically implying that the target consumers for JBKP are those who use gasoline with an RON of 90. As for JBT, the target group of "underprivileged society" as defined in Article 7 paragraph (2) is further elaborated in Article 17 of Presidential Regulation No. 191 of 2014, which identifies them as "consumers at delivery points" as specified in the annex of the said regulation. The government regulates the specific consumer groups and delivery points through the Annex of the aforementioned Presidential Regulation, encompassing households, micro-enterprises, fisheries, transportation, and public services, each with specific criteria, all of which are obtained from the designated delivery points.

To achieve greater equality, especially in remote, outermost, and underdeveloped regions (3T), the government has initiated the One-Price Fuel Program (*BBM satu harga*). Under this program, for areas where there are no existing distributors of JBT and JBKP, or what is referred to as Specific Locations (*Lokasi Tertentu*), the government grants the authority to designated entities to appoint new distributors in these Specific Locations through the Minister of Energy and Mineral Resources Regulation No. 36 of 2016 concerning the Acceleration of the Implementation of One-Price for Specific Types of Fuel and Special Assigned Fuel Nationwide.<sup>26</sup> Furthermore, the government mandates BPH Migas as the regulatory body responsible for the supply and distribution in these Specific Locations.<sup>27</sup> Currently, the Specific Locations for the distribution of JBT and JBKP have been designated through Directorate General of Oil and Gas Decree No. 6.K/15/MG.05/DJM/2021 on Amendments to the Directorate General of Oil and Gas Decree No. 0008.K/15/DJM.O/2020 concerning Specific Locations for the Distribution of Certain Types of Fuel and Special Assigned Fuel for the period 2020-2024, which designates 330 Specific Locations for the distribution of JBT and JBKP. The government has also mandated BPH Migas as the regulatory body responsible for organizing, overseeing, and verifying the smooth and precise implementation of the distribution of JBT and JBKP in these Specific Locations.<sup>28</sup>

Unfortunately, in practice, the government's subsidy allocation is still ineffective. There are cases of misdirected and excessive distribution of subsidised fuel. Sri Mulyani, the Minister of Finance of the Republic of Indonesia, has pointed out that the subsidised Peralite, which is intended for the economically disadvantaged, is only enjoyed by approximately 20% of the truly needy population, while the remaining portion is accessed by wealthy individuals, amounting to around IDR 60 trillion.<sup>29</sup> Additionally, even for

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<sup>26</sup> Article 3 paragraph (2) of the Minister of Energy and Mineral Resources Regulation No. 36 of 2016 concerning the Minister of Energy and Mineral Resources Regulation on the Acceleration of the Implementation of a Single Price for Certain Types of Fuel and Special Assignment Fuels

<sup>27</sup> Article 6 of the Minister of Energy and Mineral Resources Regulation No. 36 of 2016 concerning the Minister of Energy and Mineral Resources Regulation on the Acceleration of the Implementation of a Single Price for Certain Types of Fuel and Special Assignment Fuels

<sup>28</sup> *Ibid*, Article 8.

<sup>29</sup> CNN, "Sri Mulyani Reveals Evidence of Subsidized Fuel Being Enjoyed by the Rich," CNN Indonesia, (2022), <https://www.cnnindonesia.com/ekonomi/20220827082527-85-839733/sri-mulyani-ungkap-bukti-bbm-subsidi-dinikmati-orang-kaya>



subsidised diesel fuel, only 5% of poor households are benefiting, falling short of the government's intended target.<sup>30</sup> These observations reveal the challenges faced in implementing a more precisely targeted subsidy system.

Researchers from the Center for Energy Studies at Gadjah Mada University (PSE) have also discovered misallocation of JBT distribution based on their field studies. In their research conducted in Labuan Bajo, West Manggarai Regency, PSE found that the group of fishermen, who should be the target consumers of JBT, faced difficulties in obtaining JBT due to the challenges of obtaining the required recommendation letter as stipulated in Presidential Regulation No. 191 of 2014 for the category of fisheries business consumers<sup>31</sup>. As a result, the majority of JBT buyers are retailers who are not fishermen. In other areas, such as Tegal, excess distribution of JBT has been found, where JBT is not provided through gas stations (SPBU) with recommendation letters, but directly from tank trucks containing fuel to fishing boats.<sup>32</sup> This practice potentially leads to the resale of the excess fuel to retailers, allowing ineligible consumers to enjoy lower fuel prices than the HJE *Bahan Bakar Umum* (JBU) or Public Fuel Price. Additionally, for micro-business targets, the entitlement to JBT is often unknown, resulting in the intended subsidies not reaching their intended beneficiaries.

Furthermore, over-quota issues persist in various regions of Indonesia due to unclear formulations and lack of coordination between the central and regional governments in obtaining data on the volume quota needs of JBT and JBKP. For example, in West Sumatra, according to the Assistant for Development and Economy of West Sumatra Provincial Government, it was noted that from January to June 2022, the usage of JBT for subsidised diesel fuel in the region had exceeded the quota by 107%, and the usage of JBKP for Peralite had exceeded the quota by 132%.<sup>33</sup> The occurrence of over-quota situations and misallocation of JBT and JBKP distribution can also be attributed to inadequate government oversight, particularly at the regional level, and a lack of coordination between the regulatory bodies and related agencies or regional governments involved in the distribution process. While the government tends to delegate various aspects related to JBT and JBKP distribution, including regulation, supervision, and implementation, regulatory bodies have the option to collaborate with relevant agencies and/or regional governments for supervision.<sup>34</sup> However, there is no rigidly established mechanism for this joint supervision, and regional government oversight, as stated in Presidential Regulation No. 191 of 2014, is not mandatory. Consequently, the lack of clarity in this oversight mechanism often leads to a lack of coordination between regional governments and regulatory bodies concerning supervision, which may result in inadequate oversight during the distribution of JBT and JBKP. The absence of effective coordination also makes it challenging to synchronize the data on JBT and JBKP volume needs between the central and regional governments, ultimately contributing to the

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<sup>30</sup> *Ibid.*

<sup>31</sup> BPH Migas, "Laporan Kinerja 2022", (2022): 20 <https://www.esdm.go.id/assets/media/content/content-laporan-kinerja-badan-pengatur-hilir-minyak-dan-gas-bumi-tahun-2022.pdf>

<sup>32</sup> *Ibid.*, 22

<sup>33</sup> Febrian Fachri, "3 Percent Reduction in Solar Quota for West Sumatra, Here are the Impacts," (Republika, 2022), <https://news.republika.co.id/berita/rdkamr368/kuota-solar-untuk-sumbar-dikurangi-3-persen-ini-dampaknya?>

<sup>34</sup> Article 21 paragraph (3) of Presidential Regulation No. 191 of 2014 concerning the Provision, Distribution, and Retail Price of Oil and Gas

occurrence of over-quota situations. Moreover, the failure to formulate volume allocations based on the previous year's distribution realization, as stated in Article 17(2) of the BPH Migas Regulation No. 1 of 2022 regarding the assignment of business entities in the provision and distribution of specific types of fuel, is another cause of over-quota issues. The quota and realization of JBT and JBKP in the State Budget (APBN) is presented in the following data.

Table 1. the Quota and Realization of JBT and JBKP (in Million KL)

Year	JBT Quota	JBT Realisation	JBKP Quota	JBKP Realisation	Distribution Percentage
2017	16.11	15.04	12.5	7.05	77.19%
2018	16.23	16.12	11.8	9.28	90.62%
2019	15.11	16.74	11	11.5	108.15%
2020	15.87	14.48	11	8.48	85.45%
2021	16.3	16.08	10	3.24	74.14%

Source: Ministry of Energy and Mineral Resources and Ministry of Finance, BPH Migas Report

Table 1 shows that the quota for JBT always increases, while on the contrary, the quota for JBKP consistently decreases from previous years. This is due to the fact that the realization of JBKP is almost always below its quota. In fact, in the year 2021, the realization of JBKP was only 3.24 million KL, far below the quota of 10 million KL for JBKP. Meanwhile, in the year 2019, the realization of both JBT and JBKP exceeded their respective quotas, with the distribution percentage reaching 108.15%. The exceeding quotas for JBT and JBKP in that year indicate the dependency of the public on the usage of JBT and JBKP.

Table 2. Consumption of RON 90/Pertalite in Indonesia (2015 - 2022)

No	Year	Value/Kilolitre
1	2015	379,959
2	2016	5,805,228
3	2017	14,487,098
4	2018	17,706,790
5	2019	19,410,819
6	2020	18,143,189
7	2021	23,297,401
8	2022	29,910,000

Source: <https://databoks.katadata.co.id/datapublish/2022/10/11/tren-konsumsi-bbm-pertalite-meningkat-pesat-sejak-2015>

Based on Table 2, Peralite consumption in Indonesia has experienced a significant increase. The consumption level of Peralite had declined in the year 2020 but rebounded in 2021 and 2022. According to the report from BPH Migas, until the end of September 2022, Peralite consumption reached 21.97 million KL, which accounted for 96% of the allocated quota of 23.05 million KL for the year 2022.<sup>35</sup> To avoid Peralite scarcity in the market, the government added 6.86 million KL to the Peralite quota in early October 2022. Consequently, the total Peralite consumption for the year 2022 reached 29.91 million KL.<sup>36</sup> The above data indicates that the continuous increase in Peralite consumption is due to the lack of regulations or rules that restrict the usage of subsidised Peralite. The absence of clear regulations in President Regulation No. 191 Year 2014 regarding the eligible groups of society for using Peralite demonstrates that the existing regulations are not optimally directing the targeted distribution of subsidies. If this situation continues, the over-quota of Peralite will continue to rise each year as people opt to use Peralite due to its cheaper price. Additionally, the absence of regulations defining the eligible group for accessing Peralite leads to all members of society, including those who can afford it, choosing to purchase Peralite as their fuel.

The distribution of JBT and JBKP fuel that is still not precise in terms of target and volume is caused by the mechanism for determining JBT and JBKP quotas, which is still based on previous distribution realizations.<sup>37</sup> The difference between the initial quotas that have been set through the state budget and the realization of JBT and JBKP distributions from 2020 to 2022 indicates that the determination of quotas for JBT and JBKP is not yet optimal. This condition is supported by the fact that as of April 2023, the utilization of Peralite quotas has reached 28.44% of the quota that has been set for 2023. Thus, the distribution of Peralite until April 2023 has increased by 1% from the normal distribution.<sup>38</sup> The suboptimal utilization of quotas and the calculation of fuel volume needs are caused by the lack of a rigidly regulated process for annual volume planning in accordance with President Regulation No 191 Year 2014.<sup>39</sup> Article 6 of the aforementioned regulation does not specify the mechanisms and basis for calculation used by the Regulating Body in formulating the annual volume needs. If this continues, the volume needs for JBT and JBKP fuel will continuously change each year from the initial plan set based on the State Budget.

The distribution of JBT and JBKP fuel also faces challenges in the implementation of the *BBM Satu Harga* (One Price Fuel) program in the 3T regions (*Terdepan, Terluar, and*

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<sup>35</sup> BPH Migas, "Government Officially Increases Peralite Quota to 29.91 Million KL and Solar to 17.83 Million KL," (BPH Migas Go id, 2022), <https://www.bphmigas.go.id/pemerintah-resmi-tambah-kuota-pertalite-menjadi-2991-juta-kl-dan-solar-menjadi-1783-juta-kl/>

<sup>36</sup> *Ibid*

<sup>37</sup> Performance Report Compilation Team, "Final Report: Study on the Allocation of JBT and JBKP in Order to Achieve Targeted and Appropriate Volume Distribution of BBM,"(2022): 98, <https://www.esdm.go.id/assets/media/content/content-laporan-kinerja-badan-pengatur-hilir-minyak-dan-gas-bumi-tahun-2022.pdf>

<sup>38</sup> Firda Dwi Muliawati, "Just Until April, Peralite BBM Consumption Has Reached This Amount," (CNBC Indonesia, 2023), <https://www.cnbcindonesia.com/news/20230426112535-4-432370/baru-sampai-april-konsumsi-bbm-pertalite-sudah-sebesar-ini>

<sup>39</sup> BPH Migas and UGM Energy Study Center, "Final Report: Study on the Regulation of Targeted Consumers of Special Assignment Type of BBM (JBKP) to Achieve Targeted BBM Distribution," UGM Energy Study Center, 2022): 68

*Tertinggal - most remote, outermost, and underdeveloped regions*). One of the major obstacles in the implementation of this program is the difficulty in finding investors willing to participate in the construction of One Price Fuel Stations (*SPBU BBM Satu Harga*) in the 3T regions. The establishment of these fuel stations aims to make it easier for the communities in these areas to access fuel at the same cost as other regions. However, investors perceive that such constructions require significant investment, while the amount of fuel sold in these areas is relatively small, making it less economically viable.<sup>40</sup> The hindered construction of these fuel stations results in the persistent scarcity of fuel in the 3T regions, leading to higher fuel prices compared to other areas, making fuel less accessible. Furthermore, the lack of government supervision in the distribution of subsidies for the One Price Fuel program also hampers the affordability of subsidised fuel in remote areas. The presence of unofficial retailers outside the official distributors makes it difficult to control fuel prices, contributing to the challenges in ensuring affordability in these areas

## **2. Efforts to Achieve More Targeted and Well-Directed Subsidies**

To achieve equitable energy access, energy must be made available to all Indonesian citizens as extensively as possible. Considering the challenges encountered in the distribution of JBT and JBKP, the government needs to take initiatives to improve the process, ranging from regulatory improvements to implementation. Reviewing the previously outlined issues, there are actions that the government can undertake to realize more targeted and well-directed subsidies in accordance with the government's energy justice goals. Firstly, the government can improve the distribution of information regarding the recommendation letter to relevant stakeholders, including both local governments and targeted consumers. Considering the difficulties faced by the targeted consumers in obtaining recommendation letters from local governments for JBT purchases, the central government and regulatory bodies can coordinate to provide information to local governments regarding the bureaucratic process of issuing recommendation letters, as stipulated in Presidential Regulation No. 191 of 2014. Awareness among local governments about issuing recommendation letters for JBT and JBKP purchases is crucial, given that this responsibility is entrusted to them. To facilitate a smooth bureaucratic process, regulatory bodies should also regularly coordinate with local governments as a form of supervision over their subsidised fuel distribution responsibilities. On the other hand, based on Article 5 paragraph (1) of BPH Migas Regulation No. 17 of 2019 concerning the Issuance of Recommendation Letters by Regional Authorities for the Purchase of Specific Types of Fuel, it is the consuming users who apply for recommendation letters for JBT and JBKP purchases. Therefore, efforts to distribute the information should also be directed towards the targeted population to become JBT and JBKP consumers.

Furthermore, the need for revision of BPH Migas Regulation No. 17 of 2019 arises due to the potential for misuse and inaccuracies in targeting consuming users in the distribution of JBT and JBKP. Additionally, the criteria for consuming users in the Appendix of

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<sup>40</sup> Rahajeng Kusumo Hastuti, "Head of BPH Migas Reveals Challenges of the One-Price BBM Program," (CNBC Indonesia, (2020), <https://www.cnbcindonesia.com/news/20201208112730-4-207601/kepala-bph-migas-ungkap-kendala-program-bbm-1-harga>)

Presidential Regulation No. 191 of 2014 are not comprehensively and rigidly defined regarding the target consumers of JBKP. As the Regulatory Body empowered to determine the distribution system, as stated in Article 13 paragraph (4) of Presidential Regulation No. 191 of 2014 and Article 13B paragraph (4) of Presidential Regulation No. 17 of 2014, BPH Migas needs to revise the aforementioned regulation to provide a legal framework for control instruments in the distribution of JBT and JBKP. Another issue with BPH Migas Regulation No. 17 of 2019 is related to the lack of specific volume and period determination for the issuance of Recommendation Letters for JBT Solar purchases<sup>41</sup>. The regulation should incorporate provisions regarding the specific volume and period for issuing Recommendation Letters to ensure that the JBT fuel quota does not exceed its limits, and its distribution is accurately targeted with a defined timeframe.

Secondly, the coordinated supervision between the government, especially local governments, and BPH Migas as the regulatory body must be improved. In this regard, the government should not merely delegate full authority to regulate, supervise, and control the allocation of JBT and JBKP quota volumes to BPH Migas. The improvement of coordination can be initiated by enhancing the coordination mechanisms at the regulatory level first. The distribution of JBT and JBKP should be jointly monitored through specific mechanisms, so that local government supervision is mandatory, as stipulated in Presidential Regulation No. 191 of 2014. With improved coordination, it will be easier to synchronize data on the volume requirements of JBT and JBKP and supervise their distribution in society, thereby addressing over quota issues and ensuring accurate targeting. Moreover, the coordination mechanism between local governments and the regulatory body should also be considered.

Thirdly, the government also needs to establish regulations to clarify the mechanism for determining the target of JBKP. So far, the government has only determined that JBKP is intended for vehicles using RON 90 fuel. However, RON 90 fuel is most frequently accessed by the public. This is because there is no detailed mechanism for the provision of JBKP and its target consumers, while on the other hand, JBKP is considered more affordable and easily accessible.

In 2023, the Downstream Oil and Gas Regulatory Agency (BPH Migas) set the quota for kerosene (JBT) at 0.5 million kilolitres (KL) and diesel fuel at 17 million KL. As for the Premium fuel (JBKP), the quota was set at 32.56 million KL. Currently, BPH Migas is proposing a revision to the Regulation of the President of the Republic of Indonesia Number 191 of 2014 concerning the Provision, Distribution, and Retail Price of Fuel (BBM). The revision of this regulation must be promptly implemented and approved because there is currently no legal basis regarding the limitation of recipients of subsidised Peralite, which has resulted in an over-quota situation for Peralite. Article 21B, paragraph 3 of Regulation of the President Number 117 of 2021 states that "The basic price formula, market index price, and retail price of gasoline type RON 88 as a component of fuel forming gasoline type RON 90 as referred to in paragraph (1) refer to the provision of gasoline type RON 88 as a Special Assignment Fuel Type." This means that the provision for the specific groups eligible for Peralite still refers to the provision of RON 88 gasoline. The government should promptly determine specific target groups eligible to use Peralite.

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<sup>41</sup> Pusat Studi Energi UGM, "Pembahasan Revisi Peraturan BPH Migas No 17 Tahun 2019 tentang Penerbitan Surat Rekomendasi Perangkat Daerah untuk Pembelian Jenis Bahan Bakar Minyak Tetentu, 2023, 54

The current proposal includes five groups as recipients of Peralite: small industries, fisheries, agriculture, transportation, and public services.<sup>42</sup> Additionally, vehicles other than two-wheeled vehicles below 250cc and public transportation are required to use non-subsidised fuel, and the regulation concerning the criteria for eligible target groups to use Peralite should be promptly defined in a rigorous regulation.

The revision of Presidential Regulation No. 191 of 2014 is intended to ensure the targeted distribution of JBT and JBKP. The improvement of Presidential Regulation No. 191 of 2014 can be achieved by reformulating the criteria for JBKP recipients. Furthermore, the determination of eligible JBKP recipients can be done by creating an exception list of consumers with specific criteria set by the Regulatory Agency. In addition to regulatory improvements through the revision of Presidential Regulation No. 191 of 2014, targeted distribution of diesel fuel and Peralite can be achieved by enhancing fuel distribution control through the utilization of information technology, such as registering consumers on the accurate subsidy website, which can also be accessed through My Pertamina<sup>43</sup>. The distribution of JBT and JBKP is conducted in a closed manner as stipulated in the provisions of Presidential Regulation No. 191 of 2014. Consequently, only registered consumers can be served to obtain JBT and JBKP.

Fourth, the government can optimize the use of MyPertamina, which has been initiated for recording and monitoring vehicles receiving JBT and JBKP.<sup>44</sup> In 2022, the government initiated the use of the MyPertamina application as an instrument to facilitate the recording and monitoring of subsidised fuel<sup>45</sup>. Through MyPertamina application, Pertamina, as the distributing company, strives to filter eligible users of subsidised fuel based on data verification using personal information such as ID cards, vehicle registration documents, vehicle photos, and other supporting documents.<sup>46</sup> To access JBT and JBKP subsidised fuel, users must register their data, and this registration aims to protect eligible consumers from ineligible consumers.<sup>47</sup> Targeting eligible consumers here refers to specific user segments as defined in Presidential Regulation No. 191 of 2014. This is a positive step by the government as it allows direct access to data of eligible consumers, avoiding the hoarding of subsidised fuel that can lead to scarcity and over-quota issues. Moreover, purchasing through MyPertamina is a step towards transitioning from commodity-oriented subsidies to targeted subsidies for eligible recipients, achieved through technology that can record data and limit subsidised fuel purchases to the intended market segmentation. As a result, not everyone can easily access subsidised fuel anymore.

Regarding the 'eligible consumers' for accessing subsidised fuel, the government needs to establish regulations that clarify the market segmentation. Previously, the government

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<sup>42</sup> Ronal, "Revisi Perpres Terkait Kriteria Penerima BBM Subsidi Sudah Rampung", Pasardana, (2023), <https://pasardana.id/news/2023/2/15/revisi-perpres-terkait-kriteria-penerima-bbm-subsidi-sudah-rampung/>

<sup>43</sup> Intan Pratiwi, "BPH Migas Tetapkan Kuota BBM Subsidi 2023, Alokasi Peralite Ditambah", Republika, 2023, <https://ekonomi.republika.co.id/berita/ro2erh490/bph-migas-tetapkan-kuota-bbm-subsidi-2023-alokasi-peralite-ditambah>

<sup>44</sup> Taisyah Nadya Dwi and Diana Hertati, "Efektivitas Program Aplikasi MYPertamina di SPBU 54.651.05 Tlogomas Kota Malang". *Jurnal Darma Agung*, Vol. 31, No. 3, (2023); 218-225

<sup>45</sup> Syamsir, *et. al.*, "Efektivitas Penggunaan Aplikasi My Pertamina Di Era Kenaikan BBM Bersubsidi", *Prosiding Seminar Nasional Pendidikan, Bahasa, Sastra, Seni, dan Budana (Mateandrau, Vol. 1, No. 2, (2022) : 245*

<sup>46</sup> My Pertamina, "Subsidi Tepat", 2023, <https://subsiditepat.mypertamina.id>

<sup>47</sup> My Pertamina, "Frequently Asked Questions Subsidi Tepat", 2021, <https://mypertamina.id/faq-subsidi-tepat>

only provided details about 'specific users' in Presidential Regulation No. 191 of 2014. However, it is essential to note that the primary target of subsidised fuel is low-income communities, yet there are no provisions that measure the inability of the public to access subsidised fuel. For instance, based on the aforementioned Presidential Regulation, JBT for kerosene is intended for household users with the following purposes: 1) cooking - households in areas that have not converted to Liquefied Petroleum Gas (LPG), and 2) lighting - households in areas without electricity supply (closed distribution). From these usage criteria, it is challenging to determine households unable to afford fuel as per the government's criteria.<sup>48</sup> Therefore, it is necessary to determine the inability of users and define the types of vehicles that can enjoy subsidised fuel. Additionally, cross-checking and verifying the data submitted in MyPertamina is crucial.

Furthermore, it is essential for the government to accelerate the development of One-Price Fuel Stations (*SPBU Satu Harga*) in the 3T (*Terdepan, Terluar, Tertinggal*) regions to facilitate government control in the distribution of JBT and promote equitable fuel distribution efforts. The government should be more proactive in attracting investors for the establishment of One-Price Fuel Stations. One approach is to provide incentives or benefits for investors involved in constructing One-Price Fuel Stations. If meeting the target for One-Price Fuel Stations development is challenging and hampers fuel distribution in the 3T regions, the government should promptly consider alternative solutions to improve the fuel distribution system in these areas, enabling residents to access subsidised fuel easily without price disparities. In this regard, the central government can collaborate with local governments, academia, researchers, and relevant institutions to gather accurate data and find feasible solutions.

Lastly, the government must take steps to raise awareness among the public regarding the use of non-subsidised fuel because the source of fuel subsidies ultimately comes from the people themselves. Affluent members of society should be aware of the impact of exceeding the JBT and JBKP quotas through social campaigns, public awareness programs, and even enforcement efforts. The government has previously conducted several social campaigns to raise public awareness. One initial step taken by the government to increase awareness among affluent individuals was the issuance of Minister of Energy and Mineral Resources Regulation No. 01 of 2013, which prohibited government vehicles from using JBT. The government has also frequently communicated the use of non-subsidised fuel for affluent individuals through various awareness programs. However, it seems that these efforts have not been sufficient to reduce fuel consumption among affluent members of society, as 80% of subsidised fuel is still consumed by this group. Therefore, the government needs to enhance its campaign efforts through practical actions that can be directly implemented by the public. Additionally, to support public awareness, the government can implement mechanisms for imposing sanctions on individuals who do not meet the criteria as targeted consumers of JBT and JBKP. The imposition of sanctions can serve as *ultimum remedium* to encourage affluent individuals who are not entitled to subsidies to switch to non-subsidised fuel. This sanctioning mechanism can act as a deterrent for affluent individuals who violate the regulations on JBT and JBKP purchases,

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<sup>48</sup> Reni Sri Marlani, "Tingkat Kepercayaan Masyarakat Terhadap Hasil Pengukuran Volume Penyerahan Pada Pom Mini (Studi Kasus Pengendara Roda Dua di Wilayah Bandung Raya)", *Cendikia Niaga: Journal of Trade Development and Studies*, Vo; 5, No. 2, (2021): 171 <https://jurnal.kemendag.go.id/JCN/article/view/602/319>

thereby making the restriction on purchasing these subsidised fuels more effectively enforced.

### III. CONCLUSION

Fuel subsidies remain one of the largest expenditures for the Indonesian Government. While the primary goal of providing significant fuel subsidies is to achieve equitable availability, accessibility, and affordability of fuel, it has led to a dependency of the Indonesian population on subsidised fuel, resulting in very high fuel consumption rates in the country. This dependency is evident from the phenomenon of long queues and overcrowding when the government announces the implementation of policies to increase the price of subsidised fuel, observed in many regions across Indonesia.

Essentially, the provision of fuel subsidies is a measure taken by the Indonesian Government to fulfil the mandate of the 1945 Constitution, which aims to manage natural resources for the greatest prosperity of the people. From a regulatory perspective, the government has defined the target recipients of fuel subsidies as "the economically disadvantaged segments of society." Normatively, fuel subsidies are provided in the form of JBT (Kerosene Subsidised Fuel) and JBKP (Non-Subsidised Premium Fuel) compensation, as regulated in Presidential Regulation No. 191 of 2014. Furthermore, the detailed allocation of these subsidies is governed by BPH Migas Regulation No. 4 of 2012 on the Allocation of Specific Types of Fuel for Each Consumer of Specific Types of Fuel. However, there are challenges in its implementation, including misdirected distribution of JBT and over-quota allocation in certain regions, caused by a lack of coordination between the central and regional governments, unclear subsidy allocation formulas<sup>49</sup>, and complex bureaucratic processes due to less feasible regulations. Additionally, inadequate government oversight in the distribution of fuel subsidies leads to misallocation of subsidised fuel, making it vulnerable to misuse and resulting in over-quota issues.

The government needs to take real actions to improve and optimize the provision of fuel subsidies, particularly in terms of regulatory measures and oversight. As the implementer of the state's control over natural resources, the government not only needs to create regulations regarding fuel subsidies and compensations but also needs to enforce and supervise the implementation of these regulations. This is crucial for government control and accountability. There are several steps the government can take to achieve energy justice and ensure that the energy derived from Indonesia's natural resources benefits the prosperity of the people, as mandated by the 1945 Constitution, such as increasing public awareness through sharing of information about the bureaucracy of fuel subsidy distribution, improving coordination among all stakeholders involved in the provision and distribution of fuel subsidies, formulating clear regulations that define the targets and allocations of JBKP which is currently lacking in precise regulation, optimizing the use of the MyPertamina application that has been initiated for better fuel subsidy monitoring, establishing regulations that clarify the market segmentation for subsidised fuel, improving the fuel distribution system in remote and underdeveloped areas (3T regions), and enhancing public awareness and understanding of their rights and responsibilities regarding the use of subsidised fuel. By addressing these fundamental improvements in the provision and distribution of fuel subsidies across

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<sup>49</sup> Elsa Novita Pratiwi, "Analisis Kebijakan Pemerintah dalam Mengatasi Kenaikan Harga Bahan Bakar Minyak (BBM)". *Journal Economic and Strategy*, Vol. 3, No. 2, (2022) 75



Indonesia, energy justice can be achieved, and gradually, society can reduce its dependence on subsidised fuel. This will have a positive impact on the use of clean energy in Indonesia and decrease the consumption of non-renewable energy resources in the country.

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