



MINISTRY OF ENERGY AND MINERAL RESOURCES, REPUBLIC OF INDONESIA
DIRECTORATE GENERAL OF ELECTRICITY

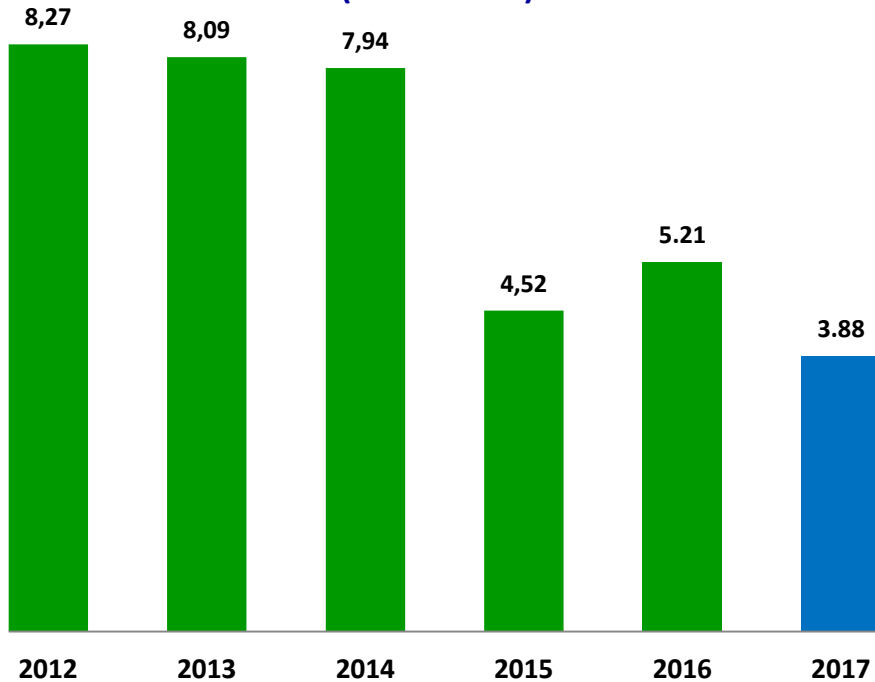
ELECTRICITY SUBSIDY REFORM IN INDONESIA

Paris, 13 October 2016



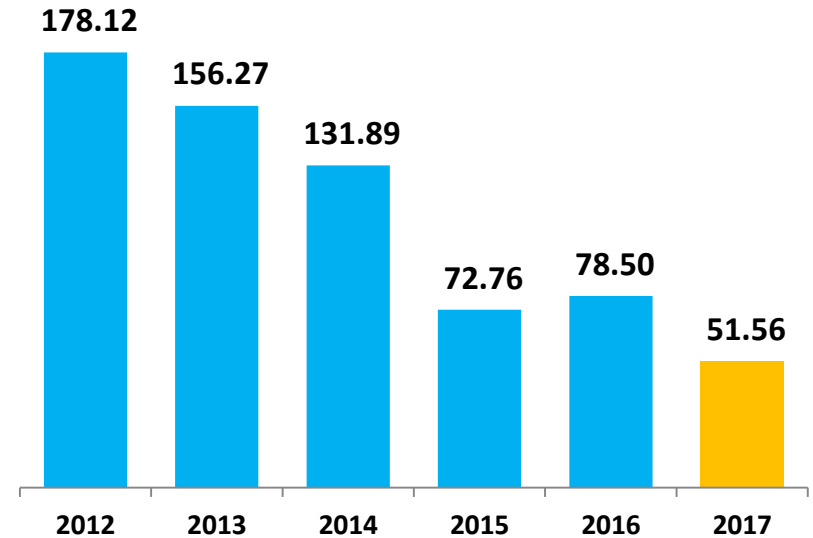
ELECTRICITY SUBSIDY IN INDONESIA

**Electricity Subsidy
(Billion USD)**



Rate: USD 1 = IDR 13.000

**Subsidized Electricity Consumption
(TWh)**



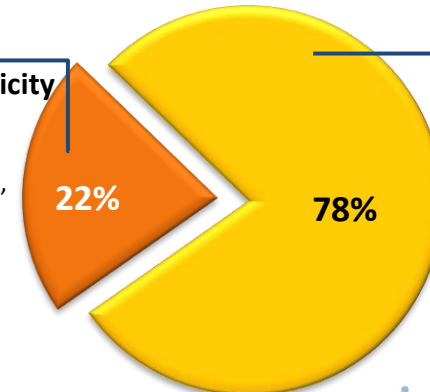
2017 Electricity Sales

Gradual subsidy revoke for wealthy consumers:

- 2013 : 4 consumer classes are excluded from subsidy.
- 2014 : 8 more consumer classes are excluded from subsidy.
- 2015 : Tariff adjustment is applied to 12 classes of consumers.
- 2017 : The wealthy residential 900 VA consumers are excluded from subsidy

Subsidized electricity

Consumer pay
IDR 33,77 trillion
(USD 2,70 billion),
Government
subsidized
IDR 48,56 trillion
(USD 3,88 billion)



Nonsubsidized electricity

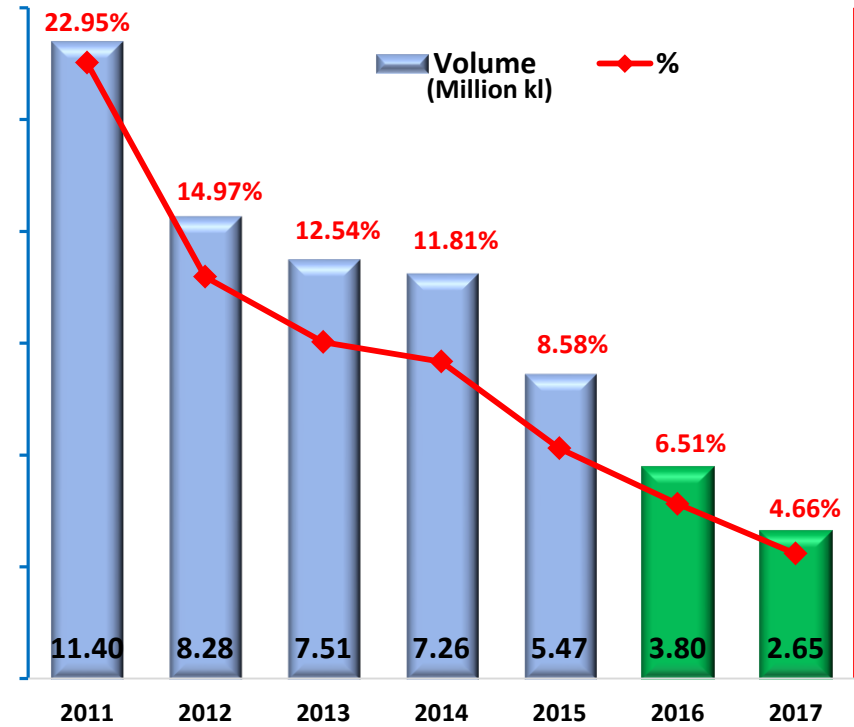
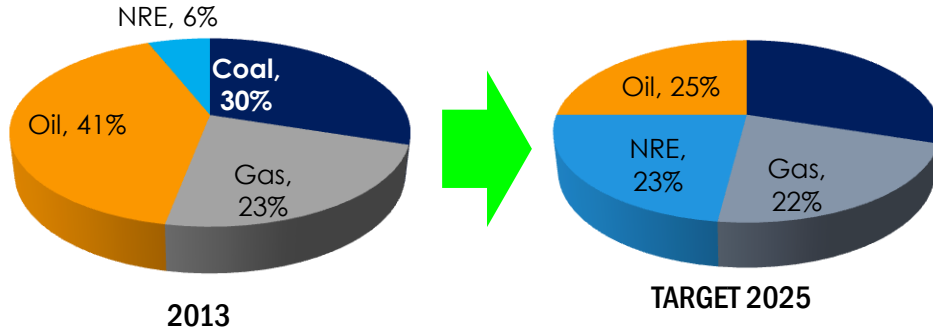
Consumer pay
IDR 220,71 trillion
(USD 17,66 billion)



ENERGY MIX FOR POWER GENERATION

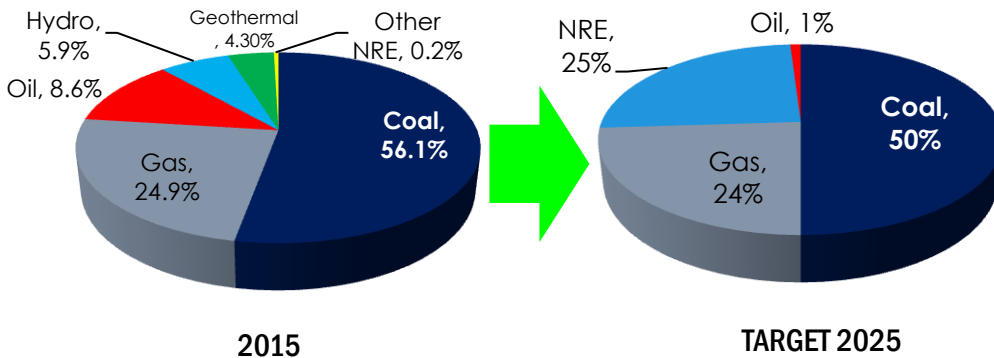
FINAL ENERGY MIX

(National Energy Policy, Govt. Reg. No.79/2014)



ENERGY MIX OF POWER GENERATION

(General Planning of National Electricity Development – RUKN 2015-2034 (Draft))

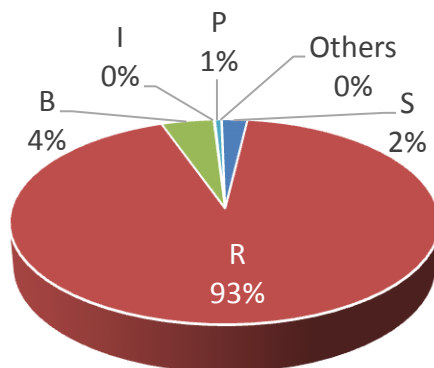


Oil Share in Power Generation

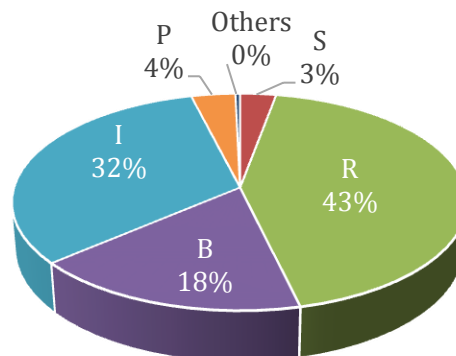


COMPOSITION OF ELECTRICITY SALES 2015

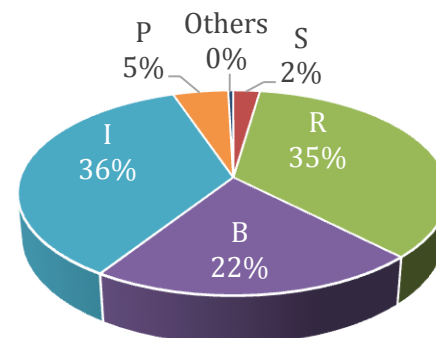
Composition of Customer



Composition of Sales



Composition of Revenue



Sector	Number of Customer	%	Sales (TWh)	%	Revenue (Rp. Trillion)	%
Social	1,322,160	2%	5.89	3%	4.80	2%
Residential	56,310,881	93%	87.97	43%	73.73	35%
Business	2,763,873	4%	35.20	18%	45.35	22%
Industry	62,924	0%	63.53	32%	73.11	35%
Government	341,008	1%	7.10	4%	9.98	5%
Others	37,458	0%	0.8	0%	1.02	1%
Total	60.838.304	100%	200.60	100%	208.00	100%



CHANGE POLICY IN TARIFF SETTING

In year 2013, Government change the basic formula of setting tariff

Before 2013

Cost of Production + Margin

(No incentive to be more efficient)



Since 2013

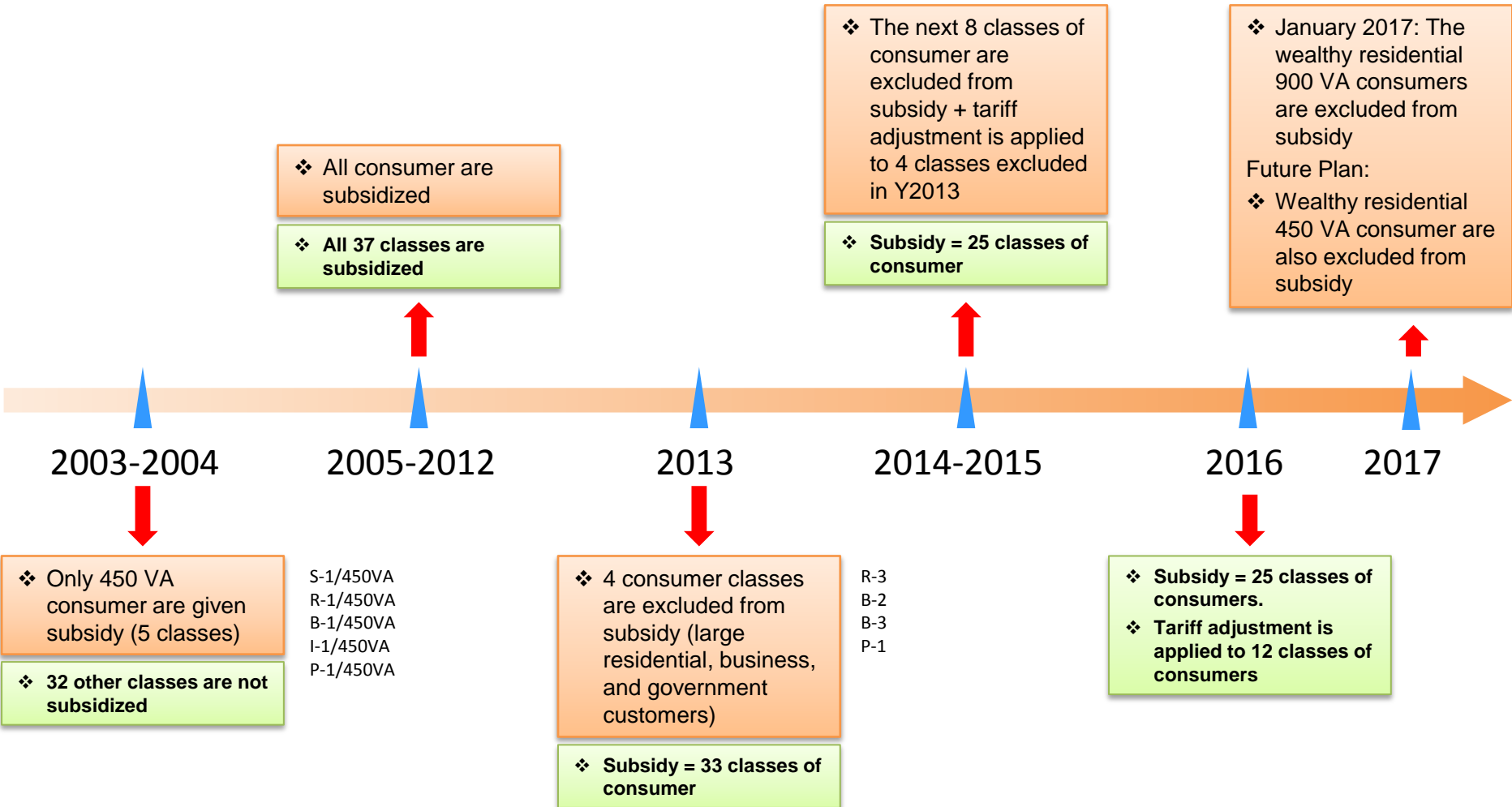
Economic Electricity Tariff

(based on certain assumption)

To increase margin, utility should be more efficient



ELECTRICITY SUBSIDY REFORM IN INDONESIA



S-1/450VA
R-1/450VA
B-1/450VA
I-1/450VA
P-1/450VA

R-3
B-2
B-3
P-1



IMPLEMENTATION OF TARIFF ADJUSTMENT

No.	Classes of Customers	Subsidy Elimination and Tariff Adjustment Application				
		2013	2014	2015	2016	2017
Social (S)						
1	Social (7 classes)	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff
Residential (R)						
2	Small Household	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff
3	Small Household - 900 VA	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Gradual Tariff Increase and Tariff Adjustment *)
4	Small Household - 1.300 VA	Subsidized Tariff	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
5	Small Household - 2.200 VA	Subsidized Tariff	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
6	Medium Household 3.500 s/d 5.500 VA	Subsidized Tariff	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
7	Large Residential (1 class)	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
Business (B)						
8	Small Business (3 classes)	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff
9	Medium Business (1 class)	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
10	Large Business (1 class)	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
Industry (I)						
10	Small industries (6 classes)	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff
11	Medium Industries (1 class)	Subsidized Tariff	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
12	Large Industries (1 class)	Subsidized Tariff	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
Government (P)						
13	Small Government Office (4 class)	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff
14	Medium Government Office (1 class)	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
15	Large Government Office (1 class)	Subsidized Tariff	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
16	Street and Road Lighting	Subsidized Tariff	Gradual Tariff Increase	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment
Others						
17	Traction	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff
18	Bulk	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff	Subsidized Tariff
19	Premium Services	Non Subsidized Tariff	Non Subsidized Tariff	Tariff Adjustment	Tariff Adjustment	Tariff Adjustment

*) Wealthy Residential 900 VA consumers only



TARIFF ADJUSTMENT FORMULA

(MEMR Regulation Number 31 Year 2014)

$$T_N = T_O + T_A$$

$$T_N = T_O \times (1 + \% T_A)$$

$$\%T_A = \%(K_{exc} \times \Delta Exc) + \%(K_{inf} \times \Delta Inf) + \%(K_{ICP} \times (\Delta ICP))$$

Where:

T_N : New Tariff	K_{exc} : Coefficient of Exchange Rate	ΔExc : Difference of exchange rate (IDR)
T_O : Old Tariff	K_{inf} : Coefficient of Inflation	ΔInf : Difference of inflation (%)
T_A : Adjustment Tariff	K_{ICP} : Coefficient of ICP	ΔICP : Difference of ICP (\$)

Example:

$T_{O(R3)}$ = IDR 1.352/kWh (MEMR Regulation Number 31 Year 2014)

If T_A = 1 %

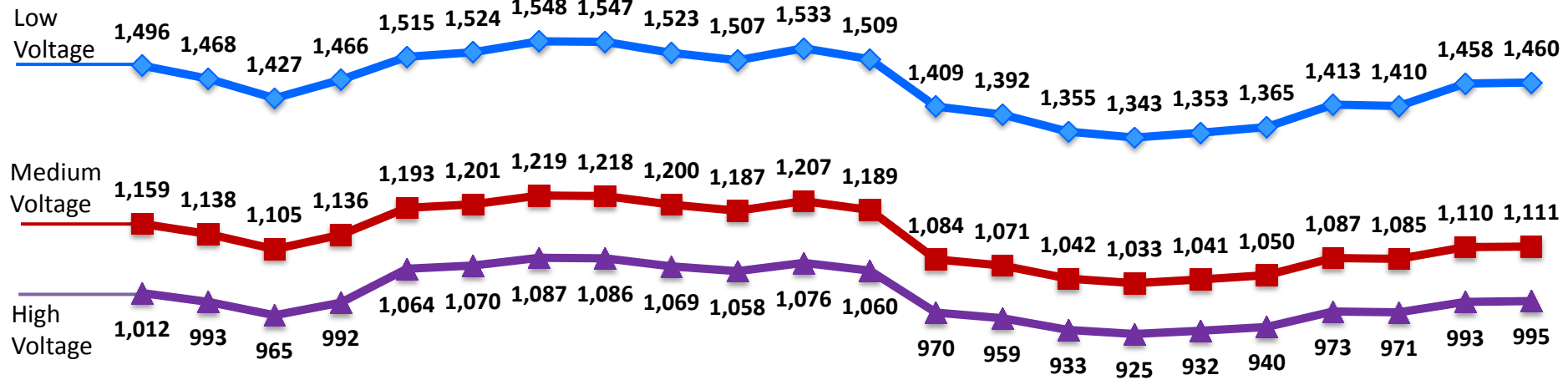
$T_{N(R3)}$ = IDR 1.352 x (1+1%) = IDR 1.366/kWh, adjustment tariff equal to IDR 14/kWh (T_A)



REALIZATION OF TARIFF ADJUSTMENT

up to October 2016

IDR/kWh



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct

Macro Economic Parameter	Nov '14	Dec '14	Jan '15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sep' 15	Oct' 15	Nov'15	Dec'15	Jan '16	Feb '16	Mar '16	Apr '16	May '16	Jun '16	Jul '16	Aug '16
Exch rate (USD to IDR)	12.158	12.438	12.579	12.750	13.067	12.948	13.141	13.313	13.375	13.781	14.396	13.796	13.673	13.855	13.899	13.516	13.193	13.180	13.420	13.355	13.119	13.165
ICP (USD)	75,39	59,56	45,30	54,32	53,66	57,58	61,86	59,40	51,82	42,81	43,13	46,68	41,44	35,47	27,49	28,92	34,19	37,20	44,68	44,50	40,70	41,11
Inflation (%)	1,50	2,46	-0,24	-0,36	0,17	0,36	0,50	0,54	0,93	0,39	-0,05	-0,08	0,21	0,96	0,51	-0,09	0,19	0,45	0,24	0,66	0,69	-0,02





THANK YOU

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