RECENT INDONESIA REGULATION & POLICY ON THE ENERGY MANAGEMENT

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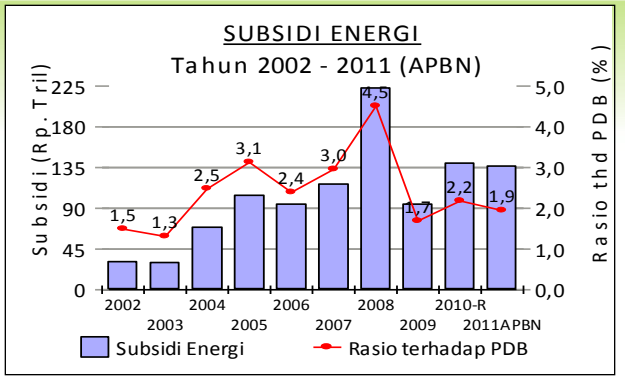
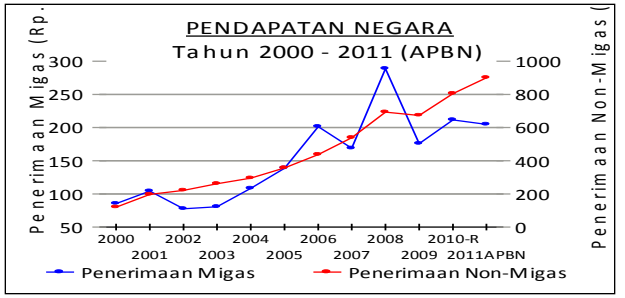
ENERGY SUBSIDY

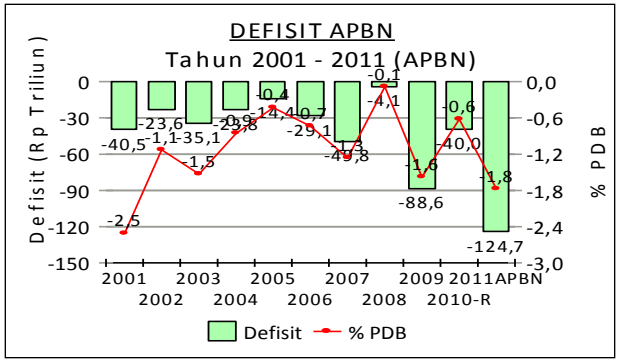
	APBN 2011	APBN-P 2011	RAPBN 2012
Subsidi Energi	136,6 T	187,16 T	163,9 T
Subsidi BBM	95,9 T	120,8 T	123,6 T
Subsidi Listrik	40,7 T	66,3 T	40,3 T

IF WE DO NOTHING ENERGY SUBSIDY WILL INCREASE 30% BY 2012

	APBN 2011	APBN-P 2011	RAPBN 2012
Total Oil & Gas Revenue	149,3 T	173,2 T	156,0 T







MACRO ASUMPTION

	SUBJECT	UNIT	2010	2011			2012
			ACTUAL	APBN	ACTUAL AS OF AGT 31	APBN-P	NOTA KEUANGAN
1	**(ICP)**	US$	78,07	80	109,56	95	90
2	**Lifting**	Mbopd	945	970	905	945	950
3	**Volume BBM+BBN**	Juta KL	38,23	38,59	27,29	40,49	40,00
	• Premium		22,93	23,19	16,61	24,54	24,41
	• Kerosene		2,35	2,32	1,20	1,8	1,70
	• Solar		12,95	13,08	9,48	14,15	13,89
	BIODIESEL	Rp/liter	2.000	2.000			3000
	BIOETHANOL	Rp/liter					3.500
4	**ELECTRICITY**	Triliun Rp	58,11	40,71	41,82	65,48	45,00

CHALLENGES

- Subsidized Fuel v/s coal, gas
- Control the Subsidy
- Increase Price of Subsidized Fuel
- 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 Decree No. 4/2010 “ceiling price US$ 9.7 cents per kWh, Ministerial Decree – PLN should be the off taker with the price of 9.7 cents/kWh)

ENERGY INDEPENDENCE

- SECURITY OF SUPPLY
- INFRASTRUCTUR AVALAIBILITY
- PRICE AFFORDABILITY
- DIVERSIFICATION & INTENSIFICATION

SHIFTING PARADIGM

Oil to Gas → reducing the subsidy of Oil (more cleaner burning fuel)

Revenue Based toward Economic Growth Based

Industry should follow the Energy

Transforming from Global Value Change to National Value Change

Create a better investment climate

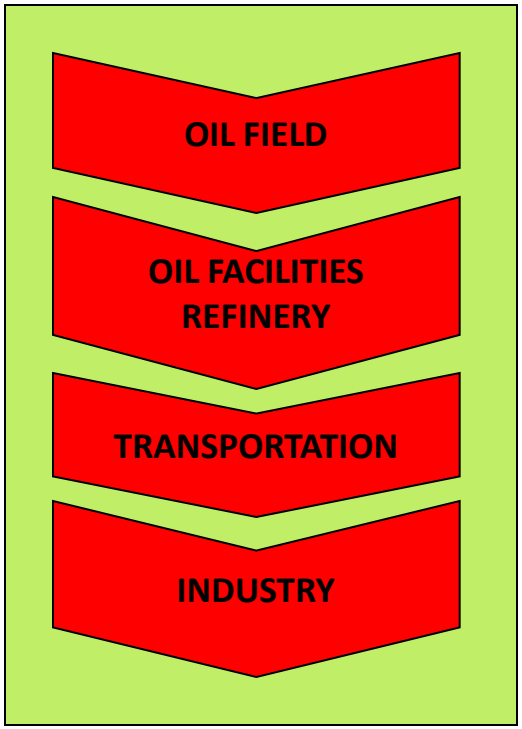
Improve Domestic Gas Price

Promoting Renewable Energy in the energy mix strategy for 2030

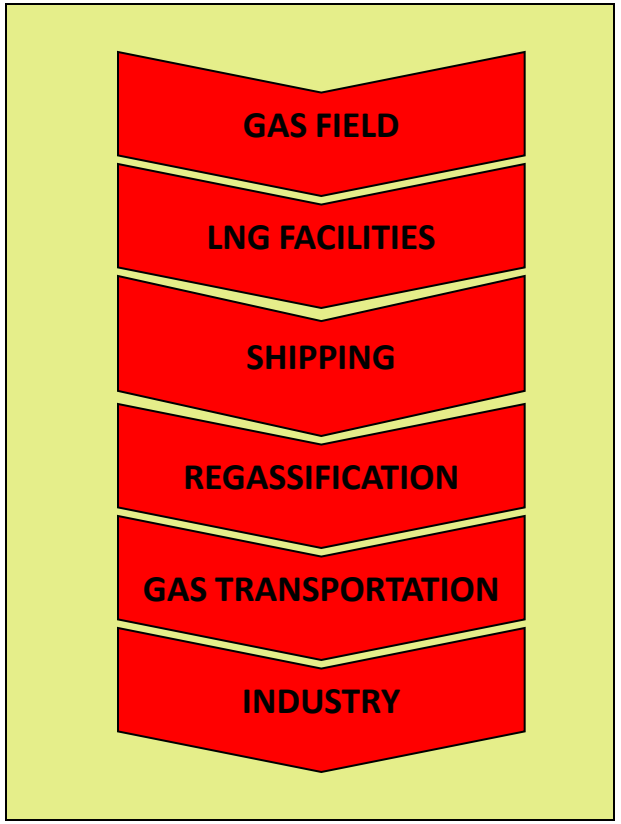
Should be Reflected in the revision of Oil & Gas Law No. 22/2001

VALUE CHAIN OF OIL & GAS

Value Chain of Oil



Value Chain of Gas/LNG



Global Value Chain vs National Value Chain

"Old Paradigm"

Govt takes :
• Lifting (GoI equity gas)
•Taxes

GOI
BPMIGAS

PSC

INVESTOR (PI HOLDER)

Investor:
• IRR
•RoI
Through Lifting

• Operatorship
• Financing
• Offtaker
• EPC for the LNG Facility
• Transportation

The LNG is dedicated to foreign buyers (mainly Japan)

Energy — Goes to where the industry is located → **Industry**

Indonesia | **Offshore**

Paradigm Shifting

"New Paradigm" Balanced Benefits

GOI
BPMIGAS

PSC

INVESTOR (PI HOLDER)

Offshore

Overseas Consumption

DMO should be aligned with financing

• Operatorship
• Financing : participation of national banks in cooperation and with the support of Credit Agencien and Commercial banks
• Offtaker: while maintaining the continuity of LNG supply to the overseas buyers, the portion of DMO will propel the national economy -
• EPC for the LNG facility: encourage participation of national companies + transfer of knowledge

Engine of Growth

Domestic Need w/improving Domestic price

Relocation of industrial base and its supporting industries to Indonesia

Multiplayer Effect

Domestic Infrastructure Opportunities
• Domestic Transporation
•Receiving Plant
•Regasification
•Pipeline

Inbound Foreign Direct Investment

Green Energy (Blue Sky)

INDUSTRY

Growth is supported by sustainable primary energy supply

ENERGY

Fuel

Power Plant (gas fired)

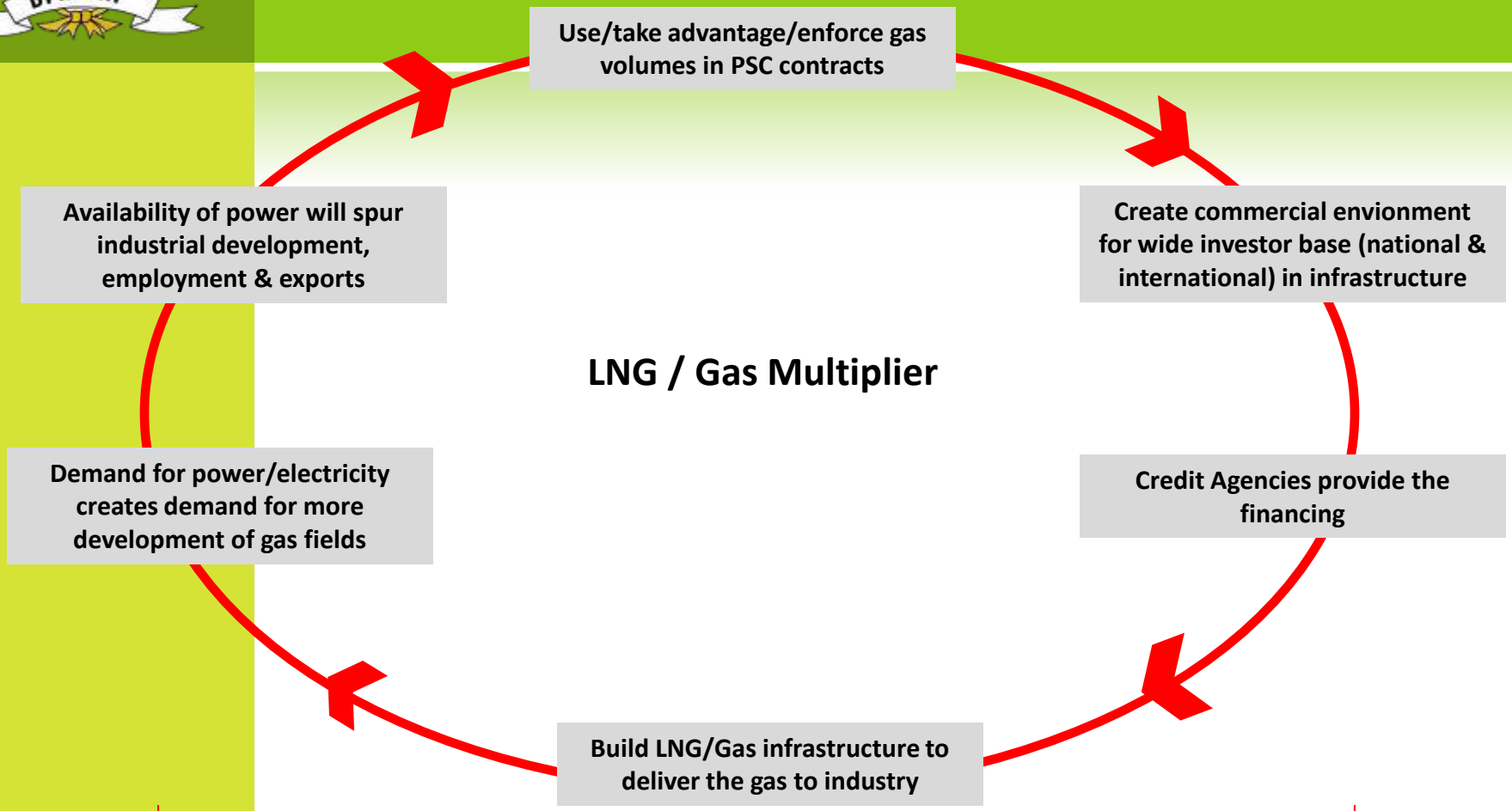
Indonesia

Tapping DMO volumes to strengthen Indonesia in the global economy

Indonesia

Power – the fuel for growth

MULTIPLIER – LNG CASE



TO STRENGHTHEN INDONESIA COMPETITIVENESS IN THE GLOBAL ECONOMIC LANDSCAPE

THANK YOU