Switching Kerosene to LPG: Indonesia Success Story

WLPGA Oceania Regional Summit
Gold Coast - Australia, May 18th 2016
Indonesia Archipelago
Unity Thousand of Islands
PERTAMINA
Indonesia Integrated Energy State Owned Company

- Pertamina manages an integrated operation both upstream and downstream, domestic and overseas, through its subsidiaries as a strategic operational arm length.
- Ranked 130 in Fortune Global 500 Year 2015 with revenues of $70.6 billion.
Kerosene Volume Decreases
The Subsidy Value Rises

Kero Volume (mio KL)  Kero Subsidy (bio USD)
2007, Conversion Program Launch
Switching Kerosene to LPG Usage

Business Model
Key Success Factors

Object
Real Benefit
for End User

Regulator
Strong
Government Policy

Executor
Effective
Implementation

Supporting Equipment:
Free Initial Packages

- 3 Kg LPG
- Stove
- Regulator
Switching Journey
LPG as The Exceptional Energy

- Kero Subsidy (bio USD)
- LPG PSO (mio MT)
- LPG NPSO (mio MT)
- Kero Volume (mio KL)
- Distributions (mio pcs)

Switching Journey:
LPG as The Exceptional Energy

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15
0 1 0 1 0 2 2 2 0 4 0 4 4 5 5 6

Year:
- 01: 0
- 02: 1
- 03: 0
- 04: 0
- 05: 0
- 06: 1
- 07: 4
- 08: 1
- 09: 1
- 10: 1
- 11: 1
- 12: 1
- 13: 1
- 14: 1
- 15: 0
Infrastructure Consequences

LPG Complicated Supply System

Thruput (MT/day)

- Pre-Conversion: 4,000
- During Conversion: 17,000
- Post-Conversion: 20,000

# LPG Vessels

- Pre-Conversion: 6
- During Conversion: 24
- Post-Conversion: 31

# Filling Station

- Pre-Conversion: 66
- During Conversion: 395
- Post-Conversion: 575
LPG Widely Accepted
Provide Benefit to All Parties

Covers the archipelago.
The program has converted 57 millions HH and SME across 396 cities in 29 provinces.

Benefits to all parties.
According to the updated internal survey* and GreenworksAsia** 2008 Report.

### Indonesian Government
- State’s Gross Subsidy Saving: Up to 15,6 Bio USD
- Nett Saving: 14,6 Bio USD

### Business Environment
- # of New Investors & Jobs: 529 investors & 38,000 Jobs
- Value of Investment: 1,9 Bio USD

### End Users
- Energy Cost Saving: 42% (2.3 USD/Month)
- % of program Supporters: 94,1 %

### CO2 Reduction
- # of Trees saved **): 46,6 Mio
- # of Cars taken Equivalent: 2,8 Mio
Next Challenges
Broaden LPG Market

Non Subsidized LPG

LPG for Small Fishing Boats

Vi-Gas, LPG for Vehicles

LPG Subsidy Management

Direct Subsidy

Closed Distribution
DISCLAIMER:
The information in this presentation is general in nature and it is not intended to be relied upon for any specific purpose. All information provided by Pertamina in connection to this material, whether oral or written, represents the current view of Pertamina, and will be subject to change, completion or amendment without notice. No part of it may be circulated, quoted, or reproduced for distribution outside Pertamina without prior written approval from Pertamina. None of Pertamina or any of its employees can be held directly or indirectly liable for any consequences of reliance upon or use of the information herein.