



Isu Energi – Coal provision faces similar obstacles. Compared to for export Indonesia became the world's largest exporter of coal three years ago-the infrastructure needed to deliver coal to the domestic market is very limited. This could derail the prospects for the government's ambition plan to build coal-fired plants with a combined capacity of 10,000 MW.

Following the new order regime, the implementation of a 2001 law on oil and gas and other laws on regional autonomy and business competition, as well as the annulment of the 2002 law on the electricity industry by the Constitutional Court, have done nothing to improve energy security. The implementation the 2001 law on oil and gas has not resulted in the development of any downstream infrastructure.

The master plan for the national gas transmission and distribution network was officially released by government in 2005, but so far there has been neither new transmission pipeline nor distribution area built in accordance with the master plan. A national master plan for oil downstream infrastructure (refineries, storage sites, transmission, and distribution) has also not been released. It is not clear now who should be responsible for the development of the country's energy infrastructure. The government, which for too long relied on state companies (Pertamina, PGN, and PLN) for the provision of energy infrastructure, seems ill, prepared to perform the task as an effective regulator. State-owned oil and gas company, Pertamina, does not prioritize development of downstream oil and gas infrastructure. Rather, it prefers to run its business by receiving government subsidies for the procurement of fuels.

There are good concepts on infrastructure development in the 2001 law on oil and gas, such as an "interconnected network, third-party access, efficient toll fees, preventing small customers, and household, etc." But, those will not work as the country's infrastructure is still poor and plants to increase the capacity have always been delayed. The deteriorating energy infrastructure might jeopardize Indonesia's energy security and economy. The state budget might collapse in the next three to five years if the current trend of providing energy subsidies continues and if the construction of new energy infrastructure is not seriously carried out.(IE-40)