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OIL AND GAS

Government Implements Mandatory Biofuel Use Starting January 2009

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Starting January 1st 2009, users and fuel distributors are obligated to use biofuel, with products such as biodiesel, bioethanol, and biokerosene. This mandatory use is stipulated in Minister of Energy and Mineral Resources Decree no 32/2008 regarding a three month transition period consisting of several phases which began in October 2008.

“This mandatory use is a way of increasing biofuel usage for the transport, industry, and power sectors” explains the Minister of Energy and Mineral Resources, Purnomo Yusgiantoro on Monday (13/10). Aside from supporting the energy diversification program, this step is also expected to contribute in reducing fuel subsidy costs.

According to the decree, the Director General for Oil and Gas, Evita H. Legowo explains that as of January 2009, the government will mandate the use of biodiesel at a minimum of 1% for the transportation sector (both PSO and non PSO), while the industrial and commercial sector is targeted at 2,5% and powerplant at 0,25%.

The government has mandated the use of bioethanol at a minimum of 1% for the PSO transportation sector, 5% for the non PSO transportation sector, and another 5% for the industry and commercial sector. Biofuel as a source of alternative energy is targeted to fulfil 0.25% of the power plant fuel needs, while low and medium rpm operating machines of the industrial and sea transport is each targeted at 1% starting January 2010.

These numbers are set by the the government in order to implement the targeted usage of Biofuel susge of 5% by 2025” explains Evtta H. Legowo. This biofuel will be domestically supplied, and not imported.

Both Purnomo Yusgiantoro and Evita Legowo commented that the biofuel development program for the three year biofuel development program has been carried out very well, with several challenges and obstacles that must be faced together. “There are of course some plus and minuses, for which all of these challenges must be faced together” concludes the minister.

(ADMINISTRATOR)