

Supply and Distribution of Liquefied Petroleum Gas

The government is continuing to promote the idea of energy diversification as a means of meeting the energy needs into the distant future. One aspect of this idea is the promotion of Liquefied Petroleum Gas (LPG). However, to be successful, the government recognizes that there needs to be improved infrastructure in order to ensure that there is certainty in supply and in distribution of LPG.

The government is seeking to utilize businesses in this area. Therefore, to support a drive towards a larger role for businesses the government has issued Regulation No. 26 of 2009 to ensure that the supply and distribution of LPG is done in a manner that is integrated, transparent, accountable, competitive, and fair.

The regulation deals with pressurized and refrigerated delivery of LPG. The specific matters covered include: supply, distribution, closed distribution systems, price, standard and quality, safety, domestic exploitation potential, guidance, and supervision. Each of these is then further enumerated in the succeeding articles.


For example, supply can be sourced either domestically or imported. LPG can only be imported after a recommendation has been issued by the Director General and with the approval of the Minister of Trade.

The regulation sets out administrative sanctions for those that breach the provisions. The sanctions include written warnings, deferment, suspension of activities, and ultimately, the cancellation of the relevant business licenses.

For those businesses already holding a relevant license with respect to supply and distribution of LPG, there is a one-year grace period to achieve compliance with the provisions of this regulation. Similarly, bottling plants also have a one-year grace period to achieve compliance. For those holding a license with respect to the supply and distribution of 3kg LPG gas cylinders, those licenses remain valid for the period of appointment.

The guidelines for the appointment of suppliers and distributors of certain LPG products through a direct appointment are set out in Attachment I. Similarly, the guidelines for the appointment through a tender process are enumerated in Attachment II. And, the guidelines and procedures for the administration of the closed distribution system for certain LPG products are set out in Attachment III.

This regulation repeals and replaces Minister of Energy and Mineral Resources Regulation No. 21 of 2007.

The regulation has been in force since 29 September 2009. 

❖ Past Issues

- ✍ Operation of Gas Distribution Networks to Private Residences - Offering Procedures (Issue 1213 - 22/10/2009)
- ✍ Indonesian National Standards in the Industrial Sector (Issue 1212 - 21/10/2009)
- ✍ Delegation of Authority, Investment Coordinating Board, and Integrated One-Door Services (Issue 1211 - 21/10/2009)
- ✍ Forest Reclamation - Assessment Guidelines (Issue 1210 - 20/10/2009)

❖ Documents

The Minister of Energy and Mineral Resources
Regulation No. 26 of 2009
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*Puri Imperium Office Plaza UG 15
Kuningan, Jakarta 12319
to subscribe, call 62-21-83701827 or fax to 62-21 83701826
or email layanan@hukumonline.com*