

# Industries reel from prolonged gas shortage

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Gas-reliant businesses across Java and Sumatra say natural gas supplies are yet to return to normal, though state-owned gas distributor PT Perusahaan Gas Negara (PGN) insists that conditions are stabilizing.

The Natural Gas Users Industry Forum (FIPGB) reported that several factories had observed an improvement in gas pressure after weeks of drastic drops that forced them to halt production, but said the supply remained far from reliable.

"Some industries have been forced to switch to light oil, compressed natural gas [CNG] or even coal. But these substitutes are not sustainable, either economically or in terms of Indonesia's energy transition goals," FIPGB chairman Yustinus Gunawan said on Tuesday, as quoted by *Bisnis.com*.

Alternative fuels come with higher price volatility and require costly operational adjustments, from modifying equipment to retraining staff.

Yustinus added that many companies had resorted to fuel switching temporarily just so they could keep fulfilling export orders and maintain customer trust.

The natural gas shortage dates back to Aug. 13, when co-operation contractors (KKKS) announced an unexpected reduction in supply due to unplanned maintenance.

As a result, industrial consumers have been restricted to 48 percent of their normal gas allocation for the past week. Any usage beyond that cap incurs a steep penalty, with customers charged a 120 percent regasification surcharge on the base gas price of US\$14.80 per million British thermal units (MMBtu).

"This means the government's special gas price [HGBT] of \$7 per MMBtu only applies to 48 percent of demand, while the blended average climbs to \$12.60 per MMBtu," Yustinus explained.

Industry Ministry data show that even before Aug. 13, several sectors were experiencing declining gas utilization due to supply constraints. The ceramics industry, for instance, averaged 70 to 71 percent utilization in the first half of 2025.

The FIPGB is urging the government to enforce the allocations stipulated in Energy and Mineral Resources Ministerial Decree No. 76/2025.

"Full implementation of the [relevant] presidential regulation and ministerial decree is crucial for industrial sustainability and maintaining investor confidence," Yustinus said.

Edy Suyanto, chairman of the Indonesian Ceramics Association (Asaki), confirmed that the West Java ceramics industry was restricted to 48 percent of its HGBT allocation, down from previously 60 percent as set by state gas company PGN, a subsidiary of oil and gas holding company Pertamina.

The current cap is 40 percent in the eastern regions.

According to the Industry Ministry, 134,794 industrial jobs rely on a stable HGBT supply and that if the supply volume falls to just 48 percent of demand, a significant share of these jobs could be lost.

"If the private sector's share continues to shrink, the consequences will be immediate: reduced capacity, lower efficiency and potential mass layoffs," ministry spokesperson Febri Hendri Antoni Arief said on Aug. 14.

"Supply disruptions could even affect critical sectors like fertilizer, which supports the food self-sufficiency program of President Prabowo [Subianto] and could see output decline," he warned.

PGN said on Monday that the pressure in gas pipelines was "gradually stabilizing" after additional supply was secured to bolster its distribution network.

PGN corporate secretary Fajriyah Usman said the company was working closely with the energy ministry, upstream regulator SKKMigas and parent company Pertamina to restore normal flow.

"This synergy aims to stabilize and strengthen gas supplies, ensuring continuity of service to customers," Fajriyah said.

— JP/DIVYA KARYZA