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Article

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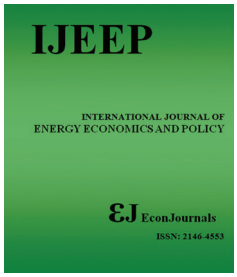

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Liberalization and Electricity Policy Changes: Problems and Challenges in the Electricity Sector in Indonesia

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ABSTRACT

This paper analyzes the impact of changes in electricity policy in Indonesia. The purpose of this paper is to provide an overview of the development of electricity sector regulations in Indonesia and their impact. Based on the study conducted, concluded: That the Indonesian government made a change in electricity policy under the influence of international donor agencies, international monetary fund with a letter of intent namely the liberalization of the electricity sector in Indonesia brought to the free market. In 2014 the Indonesian government plans to build power generation infrastructure reaching 35 thousand MW, and the percentage of infrastructure ownership is private (foreign) is more dominant, this is contrary to article 33 paragraph 2 of the 1945 Constitution of the Republic of Indonesia. The state of Indonesia with these changes is likely to be held captive by the interests of global capitalism by dictating electricity policy.

Keywords: Liberalization, Electricity Policy, Capitalism, Indonesia
JEL Classifications: G18, Q43, P12

1. INTRODUCTION

The restructuring and deregulation of the electricity sector has a long history in many countries. The governments of each country try to apply the positive experiences gained by other countries, taking into account the technical and economic conditions as well as the features of their own primary energy sector (Palamarchuk, 2016). The availability of reliable and sustainable electricity at affordable prices by consumers is important, The electric energy sector has become a service that is used as a means to achieve general prosperity and economic development throughout the country (Arroyo and Vega, 2017). Electricity regulation policy is a struggle for the mastery of electrical energy in realizing every goal of the parties who have an interest in the field of electrical energy (Levi-Faur, 2003). Before the 1970s, almost all electricity utilities around the world were vertically integrated monopolies. Furthermore, the development of this utility regulation changes, this change includes, among others, the elimination of several laws that limit competition and/or release of ownership by the public sector (state) into the private sector (Madonsela and Kachieng'a, 2003). The concurrent movement is unbundling, private ownership and competition (or at least demonopolization), which we will henceforth call electricity liberalization, aims to rationalize the development of the electricity sector by treating electricity as a commodity and bringing electricity problems into the realm of power politics. Electricity capitalism globally is played by multinational or transnational corporations by carrying out its operations to all developing countries by influencing the country's electricity products, which then invests electricity infrastructure investment into the country. Many Asian countries use the build operate transfer (BOT) approach to develop public infrastructure projects, including electricity infrastructure, however, there are

concerns about investment in transmission capacity and generation in liberalized electricity markets (Kessides, 2012).

Public policies in several countries have been formulated and implemented over the years with the help of international organizations such as international monetary funds (IMF) and world banks (Imurana et al., 2014). Along with the momentum of the 1997 Asian crisis, the IMF came up with its economic stance as outlined in the letter of intent (LOI) with the reason to help solve the problem of electricity in Indonesia.

2. CONCEPTS AND PRACTICES

This paper examines: "Liberalization and changes in electricity policy: the problems and challenges of the electricity sector in Indonesia" The short research subject in this paper is about the secular thinking concept of Western civilization that is based on cultural traditions reinforced by philosophical speculation related to secularism that focuses human beings as rational beings thus giving birth to liberalism.

Understanding that limits the role of government in managing markets, and restraint of supervision carried out by the government of a country. The data or material studied in this study is library data, and field data in the form of interviews with competent speakers with the problem being studied. To provide a proper interpretation of Indonesia's electricity policies and policies that should be adjusted to the interaction between law or jurisprudence with spiritual values, which includes ethics, morals, and religions are very much needed in social facts that cannot be separated from religious values, ethics and morals (Absori, 2005). Reality should have been created on the will of the authorities through a messenger, with epistemological values or ethos in the form of a combination of community reality and the values of revelation, not just based on logic alone, Dimyati et al. (2017). Furthermore, basic thinking is determined to find the right concepts to answer the problems examined in this paper.

3. CASES OF ELECTRICITY IN EUROPE

In North America and Europe, the interconnection of electricity supplies or separate power systems has been a feature of the electricity supply industry since the beginning of electricity generation a century ago. The case for increasing interconnection in East Asia is now interesting. The interconnection of power systems has two main objectives: the first is to form a larger and stronger system and the second is to exploit the diversity of forms of power generation. For interconnected countries, cross-border electricity transmission networks increase security, flexibility and quality of energy supply (Pritchard, 2003). Market power is a mechanism by which transnational corporations operate their operations.

California experienced a large-scale outage during its electricity restructuring crisis in 2000-2001 to drive Pacific Gas and Electric Co. went bankrupt and almost went bankrupt Southern California Edison, which was saved only by a bailout from the state resulting in California consumers paying billions of dollars more. for electricity. Not surprisingly, California delayed its experiment in restructuring electricity utilities. Examples of electric utility restructuring are causing states like Virginia to reset their electricity utilities (Prentis, 2015).

The electricity crisis that occurred in 2000-2001 not only put California officials in the hot seat, its citizens were left in the dark and paid higher tariffs for their rights to get access to electricity. The California energy crisis was made into economic and political lessons mapping the path to easier deregulation paths by other countries. The so-called energy crisis began in the summer of 2000 with a surge in electricity prices in the San Diego area. The crisis spread across the state, California citizens experiencing rolling blackouts and wholesale prices ten times higher than normal levels. In addition, they witnessed the bankruptcy of one of the country's main utilities and near-bankruptcy of other countries, and the country itself made long-term electricity purchases, resulting in a monumental debt. California finally owed billions of dollars for such commitments (Flippen and Mitchell, 2003). In Mexico during 2001 and 2002, four influential political parties amended the electricity regulatory framework to obtain the desired electricity energy management (Quintana, 2003).

On March 3, 1999, the Danish Government ended an agreement with major opposition parties in legislative reform in the electricity sector. This agreement is the result of several months of political debate and outlines a new legal framework that defines the future organization of the electricity market. This agreement has now been implemented in five new laws that were passed by Parliament on May 28, 1999, the main law being the new Law on Electricity supply (Renne, 2000).

4. ELECTRICITY POLICY IN INDONESIA

Geographically, Indonesia is very broad and in the form of an archipelago, of course there are still some places that do not have adequate electricity facilities, also some areas that are in remote areas. The Republic of Indonesia consists of about 3,000 inhabited islands, which is a unique feature that has a large impact on electricity supply systems and energy policies in general. if the cost of installing new electricity in Java is only Rp1.5-2 million, in remote areas it can be Rp100-Rp200 million per house. The huge costs are mainly for infrastructure development. Especially since 2015, the infrastructure is fully borne by the state electricity company (PLN).

Indonesia's electricity generation capacity at the end of 2016 amounted to 59.6 Giga Watt (GW). This figure increased compared to the previous year which only reached 55.53 GW. In 2017, generating capacity is targeted to reach 64.1 GW and 80.4 GW in 2018. The realization of Indonesia's national electrification ratio, in August 2017 reached 91.5% of the 2017-2026 RUPTL target of 93.41%. With the planned construction of a 35 GW plant, the government targets the electrification ratio to reach 100% by 2024. This means that all people can already enjoy electricity. Total electricity sales in 2017 are estimated to reach 234,767 GWh and will be 482,973 GWh in 2026. Meanwhile per capita electricity consumption reaches 896 kwh/capita and will be 1,681 kwh/capita (ESDM, 2017).

4.1. National Electricity Supply

At this time electricity has become an important part of the modern life of a nation, because its existence is able to be the foundation of the progress of a nation's civilization (Rismawati, 2011). Electricity development in Indonesia has experienced unusually high growth rates over the past 20 years. Special Relationship with the World Bank The involvement of the World Bank in the electricity sector in the 1980s, in that year Indonesia was the World Bank's largest borrower in the electricity sector. The Indonesian government adopted a policy of issuing Law No. 1 of 1969 concerning Foreign Investment (PMA), this law has encouraged foreign capital to enter Indonesia, through various multinational companies. In 1970, the Indonesian government adopted a policy promulgating Law No. 6 of 1970 concerning Domestic Investment (PMDN). From then on, a relationship of interests between various private companies and the military and political elite came to power in various forms of cooperation. Liberalism has dominated normative political thought as well as practical politics in the West. The most comprehensive form, liberalization policies usually culminate in the sale of state assets, either in whole or at least in part, to private or foreign parties (Paryono, 2018).

The Indonesian government liberalized the electricity business in the field of generation, namely the generation of Paiton in East Java in the 1980s (Utoro, 2006). The electricity sector in Indonesia is regulated in Law no. 15 of 1985 concerning electricity created during the New Order. Based on this law, the Indonesian National Electricity Company (PLN) is determined as the only holder of the electricity power business (PKUK) in Indonesia. Then PLN becomes the party who holds the right to provide electricity for public needs.

Law No. 15 of 1985 provides access for private or foreign parties to take part in the electricity sector. This private party came to be known as independence power producer (IPP). Meanwhile, in the downstream section, the State Electricity Company remains the only party entitled to provide electricity to the community, at the rates determined by the Indonesian government, although there are several places taken by the private sector intact with a parallel network motif to the state electricity company. Along with the momentum of the 1997 Asian crisis, the IMF also came up with a "recipe" of its economy contained in a LOI to "help" Indonesia. And one of the recipes, as stated in item 20 LOI, is liberalization of the electricity sector by revoking the monopoly rights of the State Electricity Company. This is the beginning of the era of electricity liberalization in this country. The Government of Indonesia passed Law No.20 of 2002 on Electricity, this is the first legal product to liquidate the monopoly rights of the State Electricity Company (PLN). The electricity management system that has been monopolized by PLN with little private sector participation at the plant level has been overhauled in Law No. 20/2002. The private sector is given the opportunity not only as a generator manager, but also as a provider of community electricity needs. This electricity liberalization was unstoppable when the Indonesian Constitutional Court (MK) annulled Law No.20 of 2002 in a judicial review submitted by several non-governmental organizations in 2004, but this did not last long. In 2009, the majority of the factions in the House of Representatives (DPR) agreed on the ratification of Law No. 30/2009 concerning electricity. In 2014 the House of Representatives of the Republic of Indonesia (DPR RI) supported the government's efforts in the 35 thousand MW power plant construction program, if many private-owned power plant infrastructures were in the national grid system then the private or foreign parties could most likely be in control in the electricity sector. In 2015 President Joko Widodo and President Barack Obama agreed on a business partnership worth US $ 20 billion, the business agreement covered various economic aspects, but one of the most public scrutiny was cooperation in the electricity sector between the Indonesian government and the land of Uncle Sam which reached a figure of nearly US $ 3 billion (Table 1 and Figure 1).

4.2. Chronology of Electricity Regulation in Indonesia

Indonesia's electricity regulation from 1985 is as follows in Table 2.

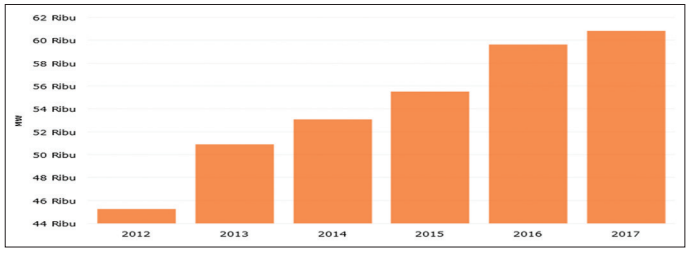
4.3. Percentage of Indonesian and Private State Power Plants

Improving the reliability and security of electrical energy supply is one of the important objectives of the electricity law (Danwitz, 2006). In Law Number 30 Year 2009 it appears that the government gives broad and broad opportunities to private or foreign parties to play a role in the development of electricity energy both upstream and downstream as shown in Table 3.

Percentage of national power plant ownership (ESDM, 2016).

The plan to increase national generating capacity by the Minister of Energy and Mineral Resources Republic of Indonesia Decree Number 5899 K/20/Men/2016, concerning the ratification of the 2016 S.D. electricity supply business plan of PT Perusahaan Listrik Negara (Persero). 2020 is as follows in Table 4.

Figure 1: Indonesia's national power generation capacity



Source: Ministry of Energy and Mineral Resources, 2017

Table 1: Provision of Indonesian national electricity

Description		2012	2013	2014	2015	2016
Power pant	MW	15.253,47	50.898,51	53.065,50	55.528,10	59.656,30
PLN power plan's	MW	33.221,14	35.946,63	37.379,53	38.314,23	41.133,73
Private power	MW	12.032,34	15.012,87	15.685,97	17.213,87	18.522,57

Source: Directorate General of Electricity, Ministry of Energy and Mineral Resources of Indonesia, Electricity Statistics 2016, Edition No. 30 of 2017 Budget Year

Table 2: Indonesia's electricity regulation

Year	Information
1985	The new Electricity Law was passed as a substitute for the electricity law left over from the Dutch colonizers
1989	The 1989 World Bank sector review recommended the introduction of competition and the possibility of privatization
1990	President Soeharto approved the first IPP project
1991	(Asian financial crisis) Private participation in the electricity sector by signing PPAs with Paiton Energy. Relatively high estimated returns (IRRs often between 20% and 25%) along with Government guarantee provisions (through letters of support to cover PLN's obligations under the PPA
1992	Implementing regulations for the 1985 law disseminated as Presidential Decree No. 37, which encourages private participation in this sector
1994	Government Regulation No. 23 PLN corporation
1994-1997	25 additional IPP projects signed
1998	January 1998 The World Bank suspends the provision of new loans to the electricity sector.
1998	May 1998 Civil unrest - driven in part by rising electricity tariffs
1998	August 1998 The Habibie government announces a policy of restructuring the electricity sector, publishing a "White Paper" after a workshop with donors
2002	New Electricity Law, passed replace Act No. 15 of 1985. private or foreign business entities, can participate in the business of providing electricity
2003-2004	Law No. 20 of 2002 was canceled and returned to Law No. 15 of 1985
2006	10,000 MW power plant project
2009	New Electricity Law, passed. private or foreign business entities, can participate in the business of providing electricity
2014	The power plant project will reach 35,000 Megawatts until 2019 by the Joko Widodo administration
2015	President Joko Widodo and President Barack Obama agreed on a business partnership worth US $ 20 billion the electricity sector reached nearly US $ 3 billion
2017	Excessive power on the island of Java by a private domination project in response by the PLN command to absorb more electricity by increasing electricity usage

Source: Processed from various sources. PPA: Power purchase agreement, IPP: Independent power producer

Table 3: Ownership of power plants in 2009-2015

Tahun	2009	2010	2011	2012	2013	2014	2015
PLN (MW)	25.466,16	26.547,16	30.528,63	33.221,14	35.946,63	37.379,53	38.314,23
IPP (MW)	5.449,19	7.284,04	9.370,34	12.032,34	15.042,87	15.685,97	17.213,87
Total	30.915,35	33.831,20	39.898,97	45.253,47	50.898,51	53.065,50	55.528,10

Source: Electricity Statistics 2015, Issue No. 29 of Fiscal Year 2016. Directorate General of Electricity Ministry of Energy and Mineral Resources of the Republic of Indonesia

5. PROBLEMS AND CHALLENGES OF THE INDONESIAN ELECTRICITY SECTOR

Indonesia's economic liberalization began since the New Order intensified after the passing of the Washington consensus which gave birth to a new style of liberalism or better known as neoliberalism, at least consistently maintaining a liberalization agenda that raises various issues which become a trap that traps the Indonesian economy. Electricity Industry Infrastructure is very important for development, because international competitiveness and economic growth are greatly affected by the existence of electricity infrastructure. Political policy in law Indonesia's electricity industry is currently very much influenced by western civilization with a liberal foundation following the free market as a regulatory basis. The view of legal positivism of liberal western civilization puts the spiritual as a separate part of a unit of modern legal development affecting the legal products of Indonesia's electricity industry to become liberal (Paryono, 2018). Liberalism which was born from secularism which is fertilized by democracy. Democracy as an ideology and a power system has become the foundation and frame of community life and is almost everywhere in the world. Democracy was born in Greece in the 5th century BC, and was redesigned by post-Renaissance European intellectuals, due to a long conflict between intellectuals and churchmen, as a form of rebellion against the cruel authority of the church throughout the Middle Ages. The agreement gave birth to a new ideology known as secularism, the separation of religion from life, or the separation of religion from the state. Then by Western imperialists democratic transfers were transferred throughout their colonies. The most prominent holders of power and sovereignty are actually limited to the owners of industrial capital of giant industries (Basri, 2015).

Table 4: Plan to increase generating capacity

Variables	2018	2019	2020
PLN (MW)	4.856	3.737	760
IPP (MW)	7.576	17.646	5038
Total (MW)	12.437	21.383	5798

Source: Decree of the Minister of Energy and Mineral Resources Republic of Indonesia Number 5899 K/20/Men/2016

Electricity industry reform was highly motivated by ideological changes in the 1980s and 1990s, from Keynesianism and Marxism to Neoclassicalism (Muyi and Deepak, 2007). In 1991 (Asian financial crisis) private participation in the electricity sector was marked by the signing of a Power Purchase Agreement (PPA) with Paiton Energy. Paiton generation with primary energy for electricity production from coal primary energy. The composition of primary energy for the production of electrical energy for the island of Java is still dominated by coal. Indonesia's electricity sector is desirable for foreign parties to be open to foreign capital expansion. Along with the momentum of the 1997 Asian crisis, The IMF also came up with an "recipe" of its economy as outlined

in the LOI for "helping" Indonesia. And one of the recipes, as stated in item 20 LOI, is liberalization of the electricity sector by revoking PLN's monopoly rights. This is the beginning of the era of electricity liberalization in this country. In the reform era, the government and parliament passed Law No. 20 of 2002 on Electricity. This law is the first legal product to liquidate PLN's monopoly rights, the private sector is really given the opportunity to dominate the electricity industry from upstream to downstream.

This new law is essentially the same as Law No.20 of 2002. Completion of the signing of a LOI with the IMF, finally in 2002 the Indonesian government passed Law No. 20 of 2002 concerning electricity which became the entrance to liberalization in the electricity sector, because it was considered against the constitution, the Act was finally annulled by the Constitutional Court (MK). However, in the days of President Susilo Bambang Yudhoyono, the electricity law which gave a place for private (foreign) parties to participate was legislated again through the ratification of Law No. 30 of 2009 concerning Electricity, the contents of the Law are in principle the same as Law No. 20 of 2002. This is evidence that the massive intervention of foreigners in electricity law in Indonesia through existing governmental powers or through the mechanism of a 5-year democratic system that produces legislative groups that have been invaded brings the interests of foreign financiers or those who have been co-opted by foreign financiers.

Law Number 30 of 2009 concerning electricity has been stipulated that in the business of providing electricity, state-owned enterprises are given the first priority to conduct electricity for public purposes. Areas that have not yet received an electricity supply service business, the government or regional government in accordance with their authority provide an opportunity for regionally-owned business entities, private business entities, or cooperatives as providers of integrated power supply business, the problem here is that the implementing rules are not clear how much the value of foreign investment permitted is in a system, what is the percentage of it, lest an island or system area where consumers are fertile in foreign control and who are pioneering the system or consumer area are rarely the country's main task. This has implications for the combined pricing mechanism, social, political and economic considerations. The misdirected policy of power reform by the government, low standard transmission and distribution infrastructure (Ohajianya et al., 2014) is part of the electricity problem. In developing countries, the role of the state will still be significant, even after privatization of the plant raises questions about the privatization motives, the impact of misdirected liberalization has led to a transfer of ownership from the state to the private (foreign) party which will amputate the power of the state in controlling the price of electricity to the people.

An electricity supply crisis cannot be overcome, except with careful infrastructure planning, transparent, focused and sustainable public sector project implementation. So that the restructured electricity sector can contribute to sustainable development, the Indonesian government is not careful about the strategy of donor agencies that control electricity assets both operating and new assets arising from the need to increase consumer consumption in a profitable place, so that Foreign or private ownership dominates the area. PLN repeats the old mistake in revising the RUPTL based on excessive demand growth. This condition, he said, triggers excessive capacity and puts the state budget at risk. The projected growth in demand for 6.86%, he said, is still too high given the average growth of 4.4% in the last 5 years.

The 35,000 MW power plant construction project which is the Indonesian government's program does not benefit the Indonesian state, because the State Electricity Company (PLN), an Indonesian state-owned company that is tasked with managing electricity, of which 35 projects with a capacity of 10,681 MW were undertaken by PLN and 74 projects with a capacity of 25,904 MW were undertaken and managed by the private sector/independent power producer (IPP). So there is little ownership of the Indonesian state which will become a bleak future for electricity in Indonesia because of the domination of the threat of global capitalism.

From the 35,000 MW project that has been operating in 2017 in the Java-Bali system, there is an excess of power, with an excess of electricity capacity built by the private sector or IPP, PLN is still required to pay the excess electricity costs. While the electricity produced is not absorbed. Based on the Power Purchase Agreement between PLN and IPP, 72% of excess electricity with a fantastic cost, which is around Rp. 150 trillion per year, or no <10.763 billion US dollars, must still be paid by PLN.

1991 (Asian financial crisis) Private participation in the power sector by signing a Power Purchase Agreement (PPA) with Paiton Energy. Relatively high estimated returns (IRRs sharing between 20% and 25%) along with government guarantee provisions (through letters of support to cover PLN based obligations (PPA). The Paiton power plant complex is a power station located on the island of Java, precisely in the east of Java, with a total energy production of around 4,600 MW and flows west of Java.

The problem of the financial crisis has driven electricity reform to be managed by a closed political process and dominated by technocrats and consultants from donor institutions such as the world bank. This has been central to stimulating reform, and will be an important actor that determines the future of the electricity sector in both developed and developing countries such as Indonesia. international electricity energy donor or capitalism institutions ensnared the Indonesian government with PPAs such as Paiton Energy in 1991, which was repeated in the 2014 35,000 MW project of President Joko Widodo's administration by placing the position of the private or foreign parties more dominant in the ownership of electricity infrastructure than the Indonesian government. The dominant percentage of private ownership dominates Java which is very profitable in business terms (Table 3).

Improving the reliability and security of electricity supply is one of the important objectives of electrical energy regulation (Danwitz, 2006), in this case a regulation must pay attention to the people's interest in access to electricity at an affordable price rather than co-opted in by capitalists or electric energy capitalism. The Government of Indonesia in this case (PT PLN) is obliged to

buy electricity from private developers through a power purchase agreement (PPA) process. Thus, the government does not have a free bargaining position to set the price of electricity so that it will have an impact on the selling price of electricity to consumers in the future and also the state cannot fully control the operation of electricity which certainly impacts on the country's sovereignty.

The misdirected policy of power reform by the government, low standard transmission and distribution infrastructure is part of the electricity problem. In developing countries (Bacon and Jones, 2001), the role of the state will still be significant, even after the privatization of plants raises questions about the motives for privatization, the impact of misdirected liberalization has led to a transfer of ownership from the state to the private (foreign) party which will amputate the power of the state in controlling electricity prices to the people.

The need for electricity continues to increase so it is necessary to increase capacity in several areas with the construction of new power plants in several places in Indonesia, and this has been translated through the 10,000 MW project that was started in 2006, and now it continues with the 35,000 MW project, of course this will be an investment that requires very large funds, and several funding schemes that rely on debt.

It can be seen in Table 4 that in 2015 alone the ownership of power plants by the Indonesian state amounted to 70% of the total MW in 2020 being the same amount between private ownership and the Indonesian state. Significantly increased foreign or private ownership of electricity in Indonesia, this has not been achieved if the target of 35,000 MW is built, it will increasingly dominate the composition of foreign ownership in the power system in Indonesia, this will jeopardize the future of electricity to be affordable by the purchasing power of Indonesians and will relate to the welfare of the Indonesian people.

The government in this case (PT PLN) is obliged to buy electricity from private developers through the power purchase agreement (PPA) process, thus, the government does not have a free bargaining position to set the price of electricity so that it will have an impact on the selling price of electricity to consumers in the future and also the state cannot fully control the operation of electrical energy which certainly has an impact on state sovereignty. The state will be held captive by the interests of a group of investors or global capitalism by dictating policies that will be decided by the government because the state cannot be fully sovereign over policies that will affect the future of a nation. It could be that the state will always sell infrastructure ownership that already has to foreigners due to the pursuit of new infrastructure development. Because of the existence of the old infrastructure, the operating profits always flow to private or foreign investors. It could also be because fertile business areas would no longer be owned by the state but were taken by foreigners because of the addition of infrastructure investment filled by private or foreign entities.

The widest possible opportunity for the private sector to become a public electricity service provider. This law has become the legal basis for Indonesia's electricity management until now. With this liberalization, the electricity retail network that has been systematically integrated by PLN can occur controlled by private or foreign parties who have won the competition.

As a consequence of the 1997 Asian financial crisis, the Government of Indonesia decided to use a larger market mechanism in the energy sector and embark on an electricity sector reform program. Electricity capitalism is the fruit of a neoliberal system that has penetrated so far in Indonesia's electricity regulation. First generation (1991 to the Asian financial crisis) Private participation in the Indonesian power sector began in 1991 with the signing of the PPA with Paiton Energy.

The financial crisis has pushed electricity reforms to be managed by a closed political process and dominated by donors technocrats and consultants. Donors and capitalism, like the world bank, have been central to stimulating reform, and will be important actors that determine the future of the electricity sector in developed and developing countries such as Indonesia. Electricity capitalism is the fruit of a neo-liberalism system that has penetrated so far in Indonesia's electricity regulation.

All policies, programs and projects that are made solely intended to raise money through debt, private and foreign investment, create business opportunities for private and foreign as well as create opportunities for private and foreign profits as much as possible. While the interests of the nation, state and people in electricity are ignored or only secondary or have never been the main basis of all program policies and projects implemented. All electricity produced by the private sector is guaranteed to be purchased by the government through the State Owned Enterprises (BUMN) of the State Electricity Company (PLN). Even the Government guarantees through contracts to buy private litrik in the long run. The government even guarantees buying excess electricity produced by the private sector, even private parties in Indonesia, besides having electricity generators or business operators, are also some of the primary energy business owners in Indonesia (such as coal) with long-term contracts that have coal mining businesses that then used for business electricity generation. Herein lies the problem if 1 day electricity will be sold at high prices to consumers, because it can play at the level of infrastructure ownership and control on the part of primary energy by the same capital owner. In this case the Indonesian state-owned electricity company should be in the condition of having all the generating infrastructure, the private sector should not exceed 30% in order to condition the maximum profit in this case we take the example of a company in Russia namely Rosneft: a national company Rosneft has done what best to comply as far as possible for companies with advanced corporate governance standards. In doing so, he has shown effectiveness to shareholders and the international business community (gololobov, 2015).

Electricity is an important part of our daily lives, new changes in political and economic philosophy have led to greater scrutiny of the sector and its structure. In fields that have been historically sensitive, both politically and economically, for years calling for reform and liberalization, Negotiations on liberalization. Many compromises have to be made which have led to uncertain

situations regarding this liberalization. By law, in the Community legal order, reciprocity has long been challenged by the Court as inappropriate in a new type of supranational system. However, in relation to third countries, the Community sometimes turns into reciprocity as a tool to encourage more general liberalization, while giving itself a certain measure of protection against the invasion of companies from countries that have not liberalized the electricity sector (Johnston, 1999). As happened in Indonesia, the rush of investment from European and Chinese investors competed for the electricity market in Indonesia at the level of energy generation. It can be seen in Table 3, that the total addition of power plants owned by the private sector is around 86% of the total additional power plants, the Indonesian state only has around 14% of the total additions in 2020.

The electricity case in California could be repeated in Indonesia in the future by reflecting on the composition of the ownership of private power plants which dominates in accordance with the electricity infrastructure development plan. Especially in the area of Java, which is a consumer base, is allocated to large scale power plants. The democratic system adopted by the Indonesian state government resulted in a tug-of-war with political power such as Denmark, which led to the intervention of capitalist or capitalist groups to play their role in the regulation of electricity in Indonesia which, with the enactment of the electricity law No. 30 of 2009, gave freedom to the private sector. to participate in the existence of electricity infrastructure in Indonesia.

Increasing the reliability and security of electricity supply is one of the important goals of deregulation of electrical energy, in this case a regulation must pay attention to the people's interest in access to electricity at an affordable price, not co-opted in by capitalists or electric energy capitalism. In Law Number 30 Year 2009, it appears that the government gives broad and broad opportunities to private or foreign parties to play a role in the development of electricity energy both upstream and downstream. Thus, the government does not have a free bargaining position to set the price of electricity so that it will have an impact on the selling price of electricity to consumers in the future and also the state cannot fully control the operation of electricity which certainly has an impact on the sovereignty of the state in the field of electricity. The development of electricity energy law it should be towards Indonesia, which is the one who believes in God, not based on free understanding, namely a liberal outlook on life which denies revelation or religion. Privatization of electric power generation should be avoided to maintain state sovereignty in the field of electric energy, when there is privatization, there is potential for liberalization that is not in accordance with the Republic of Indonesia's state constitution. Privatization of power plants should be avoided in order to maintain the country's sovereignty in the field of electrical energy. The state constitution, the 1945 Constitution and its amendments, in this case Article 33 paragraph 2 of the 1945 Constitution states "Production branches which are important for the state and control the livelihoods of the public are controlled by the state." The Electricity Law was responded with the first phase of the electricity infrastructure project, which is 10,000 MW and the second phase of 35,000 MW, in which private ownership tends to be more dominant. This is not in line with Article 33 Paragraph 2 of the 1945 Constitution and its amendments: Production branches which are important to the state and control the livelihoods of the public are controlled by the state. In Law Number 30 Year 2009, it appears that the government gives broad and broad opportunities to private or foreign parties to play a role in the development of electricity energy both upstream and downstream. Thus, the government does not have a free bargaining position to set the price of electricity so that it will have an impact on the selling price of electricity to consumers in the future and also the state cannot fully control the operation of electricity which certainly impacts the country's sovereignty in the field of electrical energy.

Privatization of electric power generation should be avoided to maintain state sovereignty in the field of electric energy, when there is privatization, there is potential for liberalization that is not in accordance with the Republic of Indonesia's state constitution. The state constitution, the 1945 Constitution and its amendments, in this case article 33 paragraph 2 of the 1945 Constitution states "production branches which are important for the state and control the livelihoods of the public are controlled by the Indonesian state. The privatization policy of power plants and the dominance of electricity generation by the private sector should be avoided in order to maintain the country's sovereignty in the field of electric energy which will have an impact on the welfare of the people of Indonesia.

6. CONCLUSION

In 2002 the Indonesian government promulgated Law No. 20 of 2002 concerning electricity which replaced Law No. 15 of 1985. Since the enactment of Law No. 20/2002 and subsequently Law Number 30 Year 2009 concerning Electricity, where there has been a change of policy from monopoly to competition. Indonesian government policies that allow private or foreign parties to be involved in the supply of electricity by participating in the existence of electricity infrastructure must be made strict rules or regulations that electricity infrastructure development must consider the composition of ownership with the percentage that the Indonesian state is more dominant ownership not private or foreign parties the dominant one. The state will be held captive by the interests of a group of financiers or global capitalism by dictating policies that will be decided by the government because the state cannot be fully sovereign of electrical energy due to the lack of state-owned infrastructure, the benefits of the process of supplying electricity are flowing to non-Indonesian investors and will influence the future of the sovereignty of the Indonesian state over its electricity policy.

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