

(Research) Article

# Juridical Analysis of the Mistargeted Distribution of Subsidized 3-Kilogram LPG Based on Presidential Regulation No. 104 2007 in Kudus Regency

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**Abstract:** This research is motivated by the phenomenon of scarcity of 3-kilogram LPG (Liquefied Petroleum Gas) occurring in several sub-districts within Kudus Regency. This scarcity is frequently caused by misdirected distribution, wherein the subsidized gas, which pursuant to Article 3 Paragraph (1) of Presidential Regulation of the Republic of Indonesia Number 104 of 2007, is intended for low-income households and micro-enterprises, is instead accessed by middle-to-upper class individuals and sold at prices exceeding the government-mandated retail price (Harga Eceran Tertinggi/HET). The purpose of this study is to examine the implementation of the aforementioned Presidential Regulation in the distribution of 3-kg LPG within a specific sub-district of Kudus Regency, and to identify the inhibiting factors affecting its execution. This research employs a descriptive qualitative method using a field study approach. Data were collected through observation, in-depth interviews with LPG base outlet operators, sub-district government officials, and subsidy recipient residents, as well as through documentation of policies and distribution reports. The findings indicate that the implementation of the 3-kg LPG distribution policy in the field has not been conducted optimally. Many base outlets continue to sell subsidized LPG to retailers or to non-target consumers for the sake of higher profit margins, compounded by weak regulatory oversight. The impeding factors in policy implementation include: lack of understanding of the regulations by distribution actors, insufficient governmental outreach and socialization efforts, weak oversight and evaluation from Pertamina (the state-owned oil and gas company), and the absence of firm enforcement measures or sanctions against violations, which further exacerbate the problem.

**Keywords:** 3-Kg LPG; Kudus Regency; Presidential Regulation; subsidy distribution; mistargeted distribution

## 1. Introduction

The Government of Indonesia, over the past several decades, has implemented various energy subsidy policies as part of its efforts to improve public welfare, particularly targeting low-income communities [1]. One of the most extensive and strategic forms of subsidy is that for fuel oil and Liquefied Petroleum Gas (LPG), especially the 3-kilogram (3Kg) LPG cylinder, which is widely known as “melon gas.” The conversion program from kerosene to LPG, initiated in 2007 through Presidential Regulation No. 104 of 2007, marked a pivotal shift in household energy consumption patterns in Indonesia [2].

The distribution of subsidized energy, specifically Liquefied Petroleum Gas (LPG) in 3Kg cylinders, constitutes an integral component of the social protection program implemented by the Government of Indonesia to support the basic needs of low-income populations. From a policy perspective, a number of regulations govern both the distribution mechanism and the subsidy allocation provided by the state to the public [3]. One such regulation is Presidential Regulation No. 104 of 2007 concerning the Provision, Distribution,

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and Pricing of Liquefied Petroleum Gas in 3-Kilogram Cylinders, as amended by Presidential Regulation No. 70 of 2021 concerning the Amendment to Presidential Regulation No. 104 of 2007. This regulation aims to ensure that energy subsidies are well-targeted and accessible to eligible recipients [4].

Presidential Regulation No. 104 of 2007 explicitly governs the provision, distribution, and pricing of 3Kg LPG, specifically intended for impoverished households and micro-enterprises. The regulation is expected to effectively ensure that the distribution of subsidized energy is accurate, efficient, and equitable [5]. However, in practice, the implementation of this policy continues to face significant challenges particularly regarding the mistargeting of beneficiaries. The subsidy, which is intended for poor households, is in fact also consumed by affluent households, medium-scale businesses, restaurants, and even non-household industries [6].

This practice contradicts the intended objectives of Presidential Regulation No. 104 of 2007. The mistargeting of 3Kg LPG distribution remains a pressing social and legal issue. In Kudus Regency, Central Java, for instance, the phenomenon of subsidized LPG being consumed not only by its rightful beneficiaries but also by middle- to upper-class households and non-micro-enterprises underscores the weaknesses within the regulatory, supervisory, and distributional frameworks. Such mistargeting not only results in financial losses for the state but also creates inequality in access to subsidized energy among economically disadvantaged communities.

Previous studies have highlighted issues relating to the distribution and effectiveness of energy subsidy policies. For instance, research conducted by Dini Andini (2023) revealed that the mistargeting of subsidized LPG was due to several factors, including discrepancies between policy standards and actual targets, inadequate resources, lack of coordination between government agencies and the community, and insufficient direct oversight by Pertamina at the base/sub-agent level concerning sales. Another study by Farah Salsabila (2024) indicated the continued existence of mistargeted LPG sales, retail prices exceeding the Government's Highest Retail Price (Harga Eceran Tertinggi - HET), and a lack of supervisory control from Pertamina.

It is worth noting that these previous studies focused primarily on the technical aspects of the subsidy distribution process, rather than on a juridical analysis of the regulatory implementation. This research not only seeks to evaluate the conformity of subsidized LPG distribution with the provisions of Presidential Regulation No. 104 of 2007 but also aims to explore the legal responsibilities of relevant parties, the effectiveness of the regulation, and potential violations of the General Principles of Good Governance (Asas-Asas Umum Pemerintahan yang Baik - AUPB).

## 2. Research Method

Type of Research of this study employs a normative legal approach with a descriptive legal research design. The normative approach is intended to analyze statutory provisions related to the distribution of subsidized LPG and the implementation of Presidential Regulation No. 104 of 2007 on the Provision, Distribution, and Pricing of Liquefied Petroleum Gas in 3-Kilogram Cylinders. The descriptive legal design aims to depict and analyze the actual practice of 3Kg LPG subsidy policy implementation, both in terms of compliance with applicable laws and the resulting social and legal impacts of mistargeted distribution [7].

Approach and Theoretical Framework of this study utilizes both statutory and policy analysis approaches. The statutory approach is used to examine the regulatory framework governing subsidized LPG distribution, such as Presidential Regulation No. 104 of 2007 and its amendment in Presidential Regulation No. 70 of 2021. The policy analysis approach is employed to assess the effectiveness of the energy subsidy policy in ensuring accurate targeting, as well as to identify weaknesses in oversight and distribution mechanisms [8].

From a theoretical standpoint, the study will examine administrative law theory, focusing on the State's responsibility in distributing subsidized goods and its duty to uphold the principles of good governance, particularly those enshrined in the General Principles of Good Governance (AUPB). In addition, the research will apply public policy theory and energy distribution theory to understand the energy subsidy policy within its socio-economic context.

## 3. Results and Discussion

### 3.1. The Policy Context of the 3Kg LPG Subsidy

Presidential Regulation No. 104 of 2007 represents a strategic policy within the national energy conversion program specifically the transition from kerosene to Liquefied Petroleum Gas (LPG). The 3-kilogram (3Kg) LPG cylinder is one of the government's subsidized commodities, specifically designated for low-income households and micro-enterprises, with the aim of ensuring equitable access to affordable energy, alleviating the financial burden on underprivileged communities, and supporting the sustainability of national energy consumption. This regulation outlines several key provisions, particularly Article 3 paragraph (1), which stipulates that the provision and distribution of 3Kg LPG is exclusively intended for poor households and micro-enterprises [9]. It also grants the Government the sole authority to establish the Highest Retail Price (Harga Eceran Tertinggi/HET), aiming to maintain price stability and subsidy affordability, and mandates PT Pertamina as the responsible entity for the distribution process. At a minimum, Presidential Regulation No. 104 of 2007 must embody the principles of social justice, legal certainty, and public accountability [10].

Regarding the principle of social justice, reference must be made to Article 33 of the 1945 Constitution and the Fifth Principle of Pancasila. The implementation of this principle within the Regulation requires that the 3Kg LPG subsidy be strictly allocated to poor households and micro-business actors as a form of state affirmation toward vulnerable groups. The objective is to enable these groups to access clean and affordable energy without being exposed to fluctuations in market pricing. Fair distribution should not be based on speed or availability but on legal entitlement to the subsidy[11]. When this principle is violated such as when the subsidized 3Kg LPG is utilized by middle- to upper-income groups it signifies a failure to realize social justice, thereby rendering the subsidy inequitable and mistargeted, ultimately benefiting individuals or entities that do not constitute a policy priority [12].

In parallel with the social justice principle, the principle of legal certainty is equally fundamental to the enforcement of Presidential Regulation No. 104 of 2007. This principle dictates that all public policies and their implementation must be based on clear, consistent, and enforceable legal norms. It reflects the rule of law (*rechtsstaat*) as enshrined in Article 1 paragraph (3) of the 1945 Constitution, which declares: "The State of Indonesia is a state based on law" [13]. The Regulation provides a clear legal framework specifying eligible beneficiaries, as well as defining the duties and responsibilities of the government, Pertamina, and other actors involved in the distribution chain. The establishment of the HET (Highest Retail Price) further enhances legal certainty in the pricing of subsidized LPG. However, the main issue that arises is the weak enforcement mechanisms. There are no explicit penalty provisions in Presidential Regulation No. 104 of 2007, making it difficult to ensure compliance. Consequently, violations are often left unaddressed, either due to lack of follow-up or due to ignorance or disregard for the Regulation by those involved in distribution. This undermines legal certainty in the LPG distribution process.

Another critical element in the implementation of this regulation is the principle of public accountability. This principle requires that all policy formulation and execution processes be transparent, justifiable, and subject to public oversight, including by the general public and competent institutions. According to Presidential Regulation No. 104 of 2007, the Government and Pertamina are obligated to establish a transparent distribution system, maintain an accurate beneficiary database, and report the 3Kg LPG distribution periodically. However, in practice, these requirements are poorly fulfilled. Beneficiary data for the 3Kg LPG subsidy is often inaccurate or unavailable in a transparent manner, making it difficult to assess whether the subsidy is reaching the intended recipients. Furthermore, there is limited public reporting on the distribution performance of local depots or agents, and insufficient complaint mechanisms for the public to report irregularities in distribution. These deficiencies result in low levels of public participation and undermine the principle of accountability.

### 3.2. Inaccuracy in Targeted Distribution of 3Kg LPG in Kudus Regency

As of July 2024, more than 158,189 residents of Kudus Regency have been registered as eligible consumers of subsidized 3Kg LPG through the National Identification Number (Nomor Induk Kependudukan/NIK)-based system. This registration is conducted via Pertamina's Merchant Apps, which forms part of the national program known as "Subsidi Tepat" (Targeted Subsidy), intended to ensure that 3Kg LPG subsidies are properly allocated to eligible recipients. In the initial distribution stage, 3Kg LPG is first delivered to LPG Agents, prior to being distributed to Base Outlets (Pangkalan). According to the official List of LPG Distributors by PT Pertamina, based on data from the Directorate General of Oil and Gas, Ministry of Energy and Mineral Resources, there are at least sixteen (16) authorized LPG Agents in Kudus Regency, including PT Gasindo Raya Utama, PT Ngupoyo Sri Indra Agung Mulya, PT Bahtera Agung Sentosa, PT Bahagia Sentosa, PT Aminah Maju Jaya, PT Pelita Harapan, PT Lentera Cahaya Migas, PT Dwi Audrine Putri, PT Luthfi Andlusia, PT Explorindo Solusi Gasindo, PT Sinar Gas Mulya, PT Bahtera Agung Abadi, PT Milka Elzama Putra, PT Anugerah Setia Mulya, PT Hasana Satya Utama, PT Cipta Rejeki Energas Kudus, PT Jigung Makmur Barokah [14]. Distribution at the consumer level is carried out through registered base outlets (pangkalan) listed in Pertamina's official database. There are approximately 1,263 3Kg LPG Base Outlets spread across Kudus Regency, broken down as follows Bae District: 114, Dawe District: 127, Gebog District: 137, Jati District: 213, Jekulo District: 153, Kaliwungu District: 147, Kudus City District: 154, Mejobo District: 110, Undaan District: 108.

Field observations reveal that the distribution of 3Kg subsidized LPG in Kudus Regency fails to fully comply with the provisions of Presidential Regulation No. 104 of 2007. Several key issues were identified which hinder the proper execution of the subsidy distribution process, such as Inaccurate targeting of recipients, Pricing above the Highest Retail Price (HET), Weak oversight and law enforcement, The first major issue is the inaccurate targeting of subsidized LPG recipients, which stems from several factors inaccuracy of beneficiary data, absence of identity verification mechanisms, profit-driven motives by distributors, lack of public education and awareness [15].

With regard to inaccurate beneficiary data, it was observed that most base outlets across the sub-districts in Kudus lack an integrated data system that verifies whether only low-income households and micro-enterprises receive the 3Kg LPG subsidy. Moreover, many middle- to upper-income individuals are still able to freely purchase subsidized LPG due to the absence of verification procedures at the base outlet, agent, and even at the retail level. The lack of identity verification mechanisms exacerbates the problem, as most base outlets, agents, and retailers are not required to request ID cards (KTP) or business permits (Surat Keterangan Usaha) from buyers [16]. Consequently, any individual can purchase subsidized LPG without restriction. This situation is further aggravated by economic motives of the

distributors, who prefer to sell to anyone for greater profit, rather than restricting sales only to legally eligible recipients.

A common problem in government-subsidized goods is the imposition of prices exceeding the Highest Retail Price (HET). In Kudus Regency, it is widely reported that most base outlets sell LPG at prices above the HET, ranging from Rp. 20,000 to Rp. 25,000. At the retail level especially in rural areas prices can reach Rp. 25,000 or more, and retailers are not formally bound by pricing regulations. This results in price setting based on market conditions rather than government-imposed limits.

Despite these deviations, government authorities do not actively monitor or enforce price controls, making HET legally binding only up to the base outlet level, not at retail. The absence of specific regulations governing 3Kg LPG retailers allows prices in the open market to remain unregulated. Contributing factors include high logistical and transportation costs, especially in remote and rural regions, and the lack of government subsidies or compensations for such areas [17]. Additionally, retailers often purchase LPG from base outlets located outside their own sub-districts, which further inflates costs. To address these issues, consumers must be granted accessible channels to report pricing violations to Pertamina or government regulators to ensure effective enforcement of HET compliance.

Another fundamental issue is the lack of proper supervision and law enforcement. Oversight from local government, Pertamina, and relevant technical agencies such as the Department of Industry and Trade (Disperindag) is minimal, and inspections are not routinely conducted at either base outlets or retail vendors. Supervision is typically reactive, meaning enforcement occurs only when a complaint is lodged [18]. Even in cases of clear violations such as misallocation of subsidies or overpricing violators often face no sanctions, contributing to a lack of deterrent effect and enabling repeat offenses. Moreover, inter-agency coordination is weak, and there is no integrated monitoring system among local governments, Pertamina, law enforcement, and subsidy distributors.

A further problem is the absence of a real-time centralized database to track distribution and detect irregularities. Additionally, public involvement in oversight remains low, with many citizens unaware of the importance of supervising the distribution of subsidized LPG. This lack of legal awareness among the public also contributes to ineffective monitoring and enforcement mechanisms.

### **3.3. Legal Evaluation of the Implementation of the 3Kg LPG Subsidy Policy**

As the principal legal foundation governing the distribution of subsidized 3Kg Liquefied Petroleum Gas (LPG), Presidential Regulation No. 104 of 2007 concerning the Provision, Distribution, and Pricing of 3-Kilogram LPG Cylinders is expected to realize social justice in fulfilling basic energy needs, guarantee legal certainty in its distribution process, and enhance public accountability in the delivery of public services. However, the prevailing conditions in several regions particularly Kudus Regency necessitate a critical evaluation of the implications

of Presidential Regulation No. 104 of 2007. This legal evaluation may be analyzed from several perspectives: compliance with the regulation, adherence to the principles of a state governed by law, oversight, and law enforcement.

From a formal legal standpoint, Pertamina has appointed authorized agents and base outlets (*pangkalan*) for the distribution of subsidized 3Kg LPG in Kudus Regency. To operate as an official LPG base outlet, individuals or business entities are required to register via the Online Single Submission (OSS) system, submitting mandatory documents such as: ID card (KTP), Taxpayer Identification Number (NPWP), proof of land ownership, Business Permit, Trading Business License (SIUP), Company Registration Certificate (TDP), Business Identification Number (NIB), and other relevant documentation [19]. Although the distribution is formally channeled through official agents and outlets, numerous violations persist in practice. For example, ineligible recipients, including middle- and upper-income individuals, continue to access subsidized LPG freely through unauthorized retailers and, in some instances, even through official base outlets. This constitutes illicit sale activities that run counter to the intended targeting objectives of the 3Kg LPG subsidy policy. Another recurring issue is pricing violations, with sales prices at both the base outlet and retail levels often exceeding the Highest Retail Price (HET) established by the government [20].

The core purpose of the 3Kg LPG subsidy is to ease the economic burden of impoverished households and micro-enterprises. However, the actual implementation especially in Kudus Regency demonstrates a clear bias away from these intended beneficiaries, which implies a breach of distributive justice principles. Moreover, the absence of clear beneficiary identification and the lack of robust verification mechanisms both by local government and Pertamina have led to significant uncertainty in subsidy distribution. Field conditions also show widespread sales above the HET, undermining the rights of eligible consumers to access energy at subsidized prices.

The lack of an effective and transparent monitoring system, the absence of public reports on distribution quantities, outlet names, or quota realization, and weak inter-agency coordination (e.g., Disperindag, Satpol PP, Pertamina) in performing regular inspections and enforcing disciplinary actions, all amount to a systemic violation of the principles of good governance. The legal failure in implementing the 3Kg LPG subsidy policy in Kudus can be understood through three dimensions: The structural dynamics of law enforcement in Kudus reveal institutional weaknesses in monitoring by local authorities, law enforcement, and relevant agencies. Oversight is typically passive or reactive, often occurring only in response to public complaints, rather than through routine enforcement efforts.

This has led to widespread unauthorized sales of subsidized LPG, including unrestricted access by ineligible consumers, with little fear of legal repercussions due to the absence of sanctions. The lack of inter-agency coordination and slow corrective action have only worsened the problem. At the substantive level, Presidential Regulation No. 104 of 2007 lacks

clear and detailed technical criteria for identifying subsidy recipients and does not establish a specific enforcement mechanism for violations occurring in the distribution process [21]. The regulation focuses mainly on offenses committed by agents, failing to regulate violations by base outlets and retailers. As a result, many base outlets operate with impunity, due to the absence of concrete administrative sanctions, including warnings or revocation of business licenses. Compounding the issue is the lack of price standardization, especially in Kudus Regency, which fuels unregulated market pricing.

The cultural dimension of legal failure is closely linked to consumer behavior and market ethics. In Kudus Regency, many affluent individuals misuse the subsidy by purchasing 3Kg LPG, even though they are not legally entitled to the benefit. This ongoing demand from ineligible consumers incentivizes base outlets and retailers to prioritize profit over social responsibility [22]. The narrow profit margins in subsidized LPG sales motivate sellers to seek higher gains through illegal bulk sales or by exceeding HET pricing. Public apathy toward reporting violations, along with low legal awareness, has allowed such practices to continue without meaningful social control. The multidimensional legal failures structural, substantive, and cultural have led to misallocation of subsidies, reducing the effectiveness of the national budget, social inequality, as the subsidies are not fully enjoyed by the poor, erosion of public trust in the government's ability to protect the rights of vulnerable citizens, growth of corruption and distribution cartels involving subsidized LPG at the local level. Based on the aforementioned issues, several recommendations can be made:

- a. Integrated Registration System, The government and stakeholders must establish an integrated beneficiary registration system, not solely reliant on NIK. Beneficiary verification should be supported by participation in existing welfare programs such as the Family Hope Program (PKH) or recipients of Village Fund Cash Transfers (BLT-DD).
- b. A multisectoral task force (involving Disperindag, Satpol PP, Pertamina, and policymakers) must be formed to conduct routine inspections and monitoring. If necessary, Kudus Regency may establish a specialized supervisory unit or task force dedicated to overseeing 3Kg LPG subsidy distribution.
- c. Impose administrative penalties ranging from written warnings to license revocation against base outlets that commit violations. Legal actions should also be taken in accordance with prevailing laws and regulations against all involved actors.
- d. Launch public awareness campaigns to educate agents, base outlets, retailers, and the general public about their rights and obligations concerning subsidized LPG usage and distribution.

Enact a regulation that explicitly, thoroughly, and firmly governs the distribution mechanism of 3Kg subsidized LPG, including detailed provisions on enforcement, and specific sanctions for any violations committed during distribution.

### **3.4. Legal Analysis of the Liability of Parties Involved in the Distribution of the 3Kg LPG Subsidy**

The distribution of subsidized 3Kg LPG is regulated to ensure the fulfillment of the rights of underprivileged households and micro-enterprises to access affordable energy. However, in practice particularly in Kudus Regency the distribution process has frequently been marred by irregularities. Accordingly, it is imperative to examine and evaluate the legal liability of the involved parties based on prevailing legal principles.

The parties involved in the distribution of subsidized 3Kg LPG in Kudus Regency include, but are not limited to the Central Government (specifically the Ministry of Energy and Mineral Resources and the Downstream Oil and Gas Regulatory Agency, BPH Migas), Pertamina, LPG agents, official distribution outlets (known as Pangkalan), the Regional Government (Kudus Regency Government, Trade Office, Municipal Police (Satpol PP), and sub-district administrations), as well as the end consumers and subsidy recipients. The Central Government holds the most decisive and influential role in the implementation of the subsidized LPG distribution. It bears legal responsibility for formulating, drafting, and enacting policies and regulations governing the distribution of 3Kg LPG subsidies. Furthermore, the government is obligated to ensure that such distribution complies with the applicable legal norms and principles. In legal terms, the government's duty includes formulating regulations that are clear, equitable, and enforceable. The government is also mandated to issue technical directives to Pertamina and other stakeholders involved in the distribution chain of the subsidized 3Kg LPG.

A pivotal role in the implementation of LPG subsidy policy is held by Pertamina, which is legally accountable for carrying out the distribution in accordance with regulatory mandates. Pertamina must ensure that the subsidized LPG is distributed and sold exclusively to authorized agents, official outlets, and legitimate retailers. Pertamina is also under a legal duty to maintain an accountable distribution system and exercise oversight from agent-level distribution down to end-point retail.

In contrast, subsidized LPG agents are directly responsible for the physical distribution of 3Kg LPG cylinders in the field. Agents act as intermediaries, delivering the product to registered outlets listed in Pertamina's official database. Agents are prohibited by regulation from distributing LPG directly to consumers or industrial entities. Accordingly, agents have a legal obligation to submit periodic reports of distribution activities and to ensure that the LPG subsidy quotas are adequate to meet public demand.

Another critical actor in the LPG subsidy distribution chain is the Pangkalan (official outlet). These outlets are responsible for selling LPG exclusively to eligible underprivileged households and micro-enterprises, and must do so at a price not exceeding the Maximum Retail Price (Harga Eceran Tertinggi / HET) set by the government. Moreover, outlets are

legally bound to adhere to subsidy targeting provisions as stipulated in Presidential Regulation No. 104 of 2007.

As for the Kudus Regency Government, its role in the distribution of 3Kg LPG within its jurisdiction includes the duty to monitor and supervise the distribution process. To strengthen such oversight, the regional government may establish a Special Task Force for Subsidized Energy Distribution Oversight, mandated to carry out inspections and enforce sanctions against agents or outlets that violate distribution regulations. The public, as end consumers, also bear legal and moral responsibilities. These include using the subsidized 3Kg LPG solely for its designated purposes. Members of the public are further expected to exercise self-restraint by refraining from purchasing or using subsidized LPG if they do not meet the eligibility criteria for subsidy recipients [22].

### **3.5. Juridical Implications of Distribution Violations**

The distribution of subsidized 3-kilogram LPG in Indonesia, including within Kudus Regency, is grounded upon a strong legal foundation. Presidential Regulation No. 104 of 2007 explicitly stipulates that the intended beneficiaries of the subsidy are limited to low-income households and micro-enterprises. This policy is in harmony with Law No. 22 of 2001 concerning Oil and Natural Gas, which mandates that all activities in the oil and gas sector must be conducted under proper business licenses and in compliance with applicable technical and administrative regulations. Additionally, the public's right to optimal public services is safeguarded under Law No. 25 of 2009, which encompasses the right to fair and equitable access to subsidized energy distribution. From the perspective of consumer protection, Law No. 8 of 1999 guarantees that consumers are entitled to goods and services that are beneficial, appropriate, and reasonably priced.

From the standpoint of administrative law, various forms of violations concerning the 3Kg LPG distribution may be classified as administrative infractions. These include the sale of subsidized gas above the government-mandated Maximum Retail Price (HET), distribution to non-eligible consumers, and negligence in oversight mechanisms by agents, distribution outlets, or local officials. Should government agencies such as Pertamina, the Department of Trade, or BPH Migas fail to carry out their supervisory and enforcement obligations, such failure may constitute maladministration as defined under Article 1 paragraph (3) of the Ombudsman Law. Such violations open the door for the imposition of administrative sanctions, including but not limited to: revocation of business licenses, formal warnings, or suspension of distribution activities.

In extreme cases where systemic harm is inflicted upon impoverished communities, the State may be held liable through legal instruments such as a citizen lawsuit or class action, thereby invoking the doctrine of State liability as a juridical response to administrative negligence.

From the perspective of legal protection of citizens, violations in the distribution of 3Kg LPG also constitute a breach of the principle of social justice as enshrined in Pancasila and Article 28D(1) of the 1945 Constitution of the Republic of Indonesia. Misallocation of the subsidy results in discriminatory access, whereby economically disadvantaged groups are deprived of their entitlement due to the dominance of middle- and upper-class consumers. This also contravenes consumer protection principles, particularly where subsidized LPG is sold above the prescribed retail price. Aggrieved consumers retain the legal right to seek remedies, either through administrative courts where violations are committed by public officials, or via class actions or formal complaints to the Indonesian Ombudsman in cases involving abuse of authority or systemic negligence.

In practice, as evidenced in Kudus Regency, violations of the subsidized 3Kg LPG distribution system are systemic and remain largely unaddressed. The lack of robust administrative oversight by local government and Pertamina, inadequate enforcement of legal sanctions, and the non-functionality of legal instruments designed to protect impoverished communities, all highlight a structural failure in the enforcement of energy subsidy laws.

Accordingly, a number of concrete legal reforms are required: first, the imposition of both administrative and criminal sanctions must be enforced strictly, beyond mere warnings or revocation of business licenses. Second, inter-agency oversight mechanisms should be strengthened to include entities such as the Audit Board (BPK), the Ombudsman, and the Corruption Eradication Commission (KPK), especially where there are indications of corruption or abuse of public office. Third, technical regulations derived from Presidential Regulation No. 104 of 2007 must be enhanced to provide clarity on distribution mechanisms, delineation of authority, and oversight standards. Fourth, the State is under an obligation to establish a responsive public complaint mechanism that is easily accessible to underprivileged communities as the primary beneficiaries of the subsidy.

Based on the foregoing analysis, it can be concluded that violations in the distribution of subsidized 3Kg LPG entail significant juridical consequences. Not only do they undermine the framework of administrative law through maladministration and abuse of discretion, but they also erode legal protections afforded to vulnerable groups, who are the intended recipients of the subsidy. A multilevel law enforcement approach, regulatory reform, and the upholding of constitutional rights are essential to ensuring that subsidized energy distribution is carried out in a just, accountable, and socially equitable manner.

## 5. Conclusions

This study concludes that the implementation of Presidential Regulation No. 104 of 2007 concerning the distribution of subsidized 3-kilogram LPG in Kudus Regency has not been effective in achieving its intended objectives. Although this regulation aims to provide access to affordable energy for low-income households and micro-enterprises based on the

principles of social justice, legal certainty, and public accountability its practical application reveals significant shortcomings, including misallocation of subsidies, pricing beyond the Maximum Retail Price (HET), and weak oversight and law enforcement mechanisms. These issues stem from inaccurate subsidy recipient data, insufficient consumer verification, economic motivations among distribution actors, and lack of coordination and decisive action from relevant authorities.

The failure to effectively implement Presidential Regulation No. 104 of 2007 in Kudus Regency has resulted in the erosion of social justice, the obstruction of legal certainty, and the weakening of public accountability in the allocation of energy subsidies. This research recommends several corrective measures, including reforming the registration and verification system for subsidy recipients, establishing a joint supervisory task force, enforcing strict administrative and legal sanctions, conducting more effective public outreach and education, and drafting clearer and more detailed derivative regulations. evaluation across structural, substantive, and cultural dimensions indicates the necessity of a comprehensive and integrated legal approach involving all relevant stakeholders. Such an approach is essential to ensure that the distribution of subsidized 3-kilogram LPG is targeted, legally compliant, and consistent with the governing principles of law.

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