



A PATHWAY TO INDONESIA'S ENERGY TRANSITION: NEW PRESIDENTIAL REGULATION ON RENEWABLE ENERGY FINALLY ENACTED

19 September 2022

1. INTRODUCTION AND KEY TAKEAWAYS

After 3 years of discussions amongst key stakeholders, including delays due to Covid-19 and multiple drafts and conceptual changes along the way, Indonesia has finally issued a renewed regulatory framework for the development of renewable energy projects. The highly-anticipated Presidential Regulation No. 112 of 2022 on the Acceleration of Renewable Energy Development for the Supply of Power (**RE PR**) was signed and enacted by President Joko Widodo on 13 September 2022.

The new regulation coincides with Indonesia's current presidency of the G20 and also the ongoing discussions around the US-Japan led "Just Energy Transition Partnership" for Indonesia, and is meant to send a strong signal to the market and wider public that Indonesia is fully committed to the energy transition and its international climate engagements. It is also meant to help PLN (the national electricity company) procuring an increased stream of new generation capacity from renewable energy sources to deliver the vision and numbers¹ which were laid out in its most recent generation development plan (*Rencana Usaha Penyediaan Tenaga Listrik – RUPTL* - see our previous brief on [PLN's New Green\(er\) RUPTL](#)).

The RE PR covers essentially **4 main topics**:

1. Energy transition and the early retirement of coal-fired power plants (**CFPPs**);
2. The pricing regime for the purchase of electricity from renewable energy projects;
3. The tendering schemes for the procurement of renewable energy projects by PLN; and
4. Incentives available to such projects.

¹ The 2021-2030 RUPTL projected that renewable energy will contribute 20.9 GW of the planned 40.6 GW (51.6%) of additional generation capacity up to 2030.

The articulation of a plan to effect the energy transition and the early retirement of CFPPs is undeniably an important step and signal even if the implementation, including crucially the funding, of this complex paradigm shift (in terms of Indonesia's electricity generation mix) will still need to be worked out in practice.

With regards to the tendering and tariff regimes for renewable energy IPP projects, the RE PR may well fall short of the (high) expectations from the market to have a new framework based on attractive feed-in-tariffs (**FIT**) to provide immediate stimulus and a clear path to a sizable pipeline of opportunities. That being said, the new regime is an improvement against that which prevailed since 2017 and the enactment of the previous regulation on the purchase of electricity from renewable energy projects. Whereas the old regime focused on price ceilings based on PLN's average cost of generation (which was excessively low in vast areas of the country where most of the population and industry reside), the new regime under the RE PR focuses on ceiling prices which are specific to each technology and also depend on the size and location of the projects. One further important feature of the new tariff regime is that it provides for a staged approach with higher tariffs for the 10 first years of operations and subsequently a lower ceiling tariff until the end of the Power Purchase Agreement (**PPA**) which should allow for an accelerated debt repayment profile.

Finally, the RE PR also sets out a number of facilities and forms of government support available to renewable energy projects and developers to incentivise the development of new projects and investments into the sector.

Last but not least, the RE PR provides that PLN is to be compensated if the development of new renewable capacity increases its average generation cost which is an important affirmation that the Government of Indonesia is to stand behind the national utility in delivering this green vision to fulfil Indonesia's energy transition and commitments.

The RE PR was released to the public on 14 September 2022 and this article provides an overview of its coverage and the key areas it seeks to regulate. This article focuses primarily on the principles and requirements of the RE PR which apply to privately developed renewable energy projects, noting that the RE PR also includes certain specific provisions for the development of renewable projects by the central government and regional governments.



2. ENERGY TRANSITION

2.1 Roadmap to phase out CFPPs and acceleration of RE development

Indonesia's commitments to energy transition are embodied through its ratification of the Paris Agreement under the United Nations Framework Convention on Climate Change through Law No 16 of 2016. In its First Nationally Determined Contribution (**NDC**), Indonesia has set an unconditional reduction target of 29% of CO₂ emissions against the business-as-usual scenario by 2030 and, with international assistance, a conditional reduction target of up to 41%. However, these commitments and their future impact depends on whether this political will can be translated into action on the domestic scene.

In this regard, the RE PR contains a section (articles 2 to 4) which is clearly dedicated to the energy transition and, more specifically, the phasing out of CFPPs and the replacement of this retired generation capacity with renewables. The Ministry of Energy and Mineral Resources (**MEMR**) is to prepare a roadmap for the early retirement of CFPPs based in close coordination with the Ministry of Finance (**MOF**) and the Ministry of State-Owned Enterprises (**MSOE**). The roadmap

will at least contain the target of reduction in greenhouse gas emissions of the retired CFPPs, the strategy for the acceleration of the termination of the operational life of CFPPs, and the harmonisation between various related policies.²

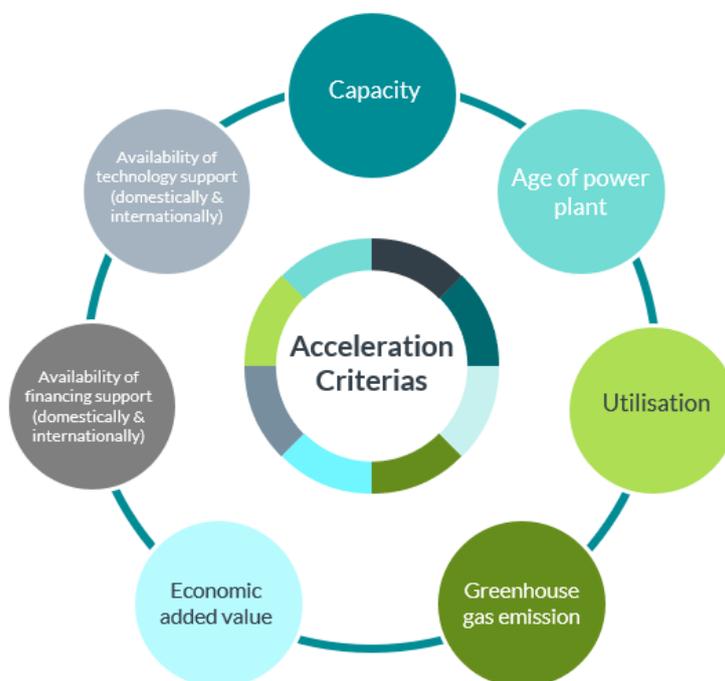
Importantly, PLN is now also prohibited from developing new CFPPs except for:³

- (a) CFPPs that have been included in the RUPTL before the entry into force of the RE PR (i.e. the latest RUPTL 2021-2030 which was issued in October 2021); or
- (b) CFPPs that:
 1. Are integrated with industry which is developed to be oriented towards the added value increase of natural resources or included as a National Strategic Project which has a significant contribution towards job creation and/or national economic growth;
 2. Are committed to reduce greenhouse gas emissions by at least 35% against the CFPP emission average in Indonesia in 2021 within 10 years from COD through technological development, carbon offset and/or renewable energy mix; and
 3. provided that such CFPPs will be allowed to operate only until 2050.

To boost these efforts to achieve an increase of the proportion of renewable energy in the energy mix, PLN is to accelerate:⁴

- (a) the termination of the operation of its own CFPPs; and/or
- (b) the termination of PPAs of CFPPs developed by independent power producers (IPPs).

However, these measures aiming at the early retirement of CFPPs are to be implemented with consideration to the supply and demand of electricity in Indonesia, as well as following criteria⁵ :



² Article 3 paragraphs (1) - (3) of the RE PR.

³ Article 3 paragraph (4) of the RE PR.

⁴ Article 3 paragraph (5) of the RE PR.

⁵ Article 3 paragraph (7) of the RE PR.

In the event that alternative sources of energy are required as a result of the early retirement of CFPPs, this capacity may be replaced with power plants that utilise renewable energy (REPPs).⁶

MEMR in coordination with the relevant ministries (MOF and MSOE) will determine the specific CFPPs which will be subject to early retirement. The government may provide fiscal support to facilitate such retirement through funding and financing including blended finance sourced from the state budget and/or other valid sources (such as DFIs or other multilateral organisations).⁷

2.2 RUPTL – preparation, enactment and implementation

Based on the RE PR, the preparation of the RUPTL by PLN and its enactment by MEMR is to consider the target of renewable energy within the energy mix based on the national electricity general plan, the balance between supply and demand as well as economic factors.⁸ MEMR is now to enact the RUPTL following coordination with MSOE and MOF (which is a change to the previous regime), taking into account the balance between the supply and demand, the readiness of the electrical system, and the State's financial capability.⁹

The RE PR stresses that the implementation of the RUPTL by PLN should:

- (a) prioritise the purchase of power from REPPs;
- (b) operate REPPs on a must-run basis in accordance with the characteristics of the technology and/or the readiness of the local electricity system in the event of low-load;
- (c) utilise and include local content in accordance with applicable laws and regulations; and
- (d) also involve the self-development of REPPs by PLN.¹⁰

3. TARIFF

Although earlier drafts of the RE PR contemplated a hybrid pricing regime which involved FITs for smaller power generation units (i.e. below 5MW), the RE PR instead adopts a tariff regime which focuses on a "highest benchmark price" (or **Ceiling Price**) with limited exceptions where the tariff can be agreed on a B2B basis with PLN (**Agreed Price**) presumably without reference to such Ceiling Price.

3.1 Ceiling Price

The Ceiling Prices¹¹ are based on the type of renewable energy technology used and can be negotiated downwards or bid against depending on the applicable tendering scheme for a given project.

Appendix 1 to the RE PR sets out Ceiling Prices in USD cents per kWh for all of the renewable energy technologies based on:

- (a) the generation capacity levels of the relevant REPPs; and
- (b) a staged tariff approach with higher Ceiling Prices for the first 10 years of operation and lower Ceiling Prices from year 11 onwards.

The Ceiling Price applicable to a given project also depends on the location factor (being a multiplier stipulated for different regions within Indonesia¹²). The location factors range between x1.00 for Jawa-Madura-Bali and x1.50 for Papua. Please refer to Appendix 2 to this article for the detailed list of location factors.

⁶ Article 3 paragraph (6) of the RE PR.

⁷ Article 3 paragraphs (8) & (9) of the RE PR.

⁸ Article 2 paragraph (1) of the RE PR.

⁹ Article 2 paragraph (2) of the RE PR.

¹⁰ Article 2 paragraph (3) of the RE PR.

¹¹ Appendix I to the RE PR.

¹² Appendix II to the RE PR.

For REPPs that are wholly developed by the government or regional governments, Appendix 1 to the RE PR includes a specific table setting out fixed prices in USD cents per kWh which do not include any differences in capacity of the REPP, no staged approach, nor location factor.

Please refer to Appendix 1 to this article for the detailed list of Ceiling Prices enacted through the RE PR.

3.2 Agreed Price

The "Agreed Price" regime is based on negotiation between PLN and the relevant developer and is to be approved by the MEMR.¹³

The different tariff mechanisms can be summarized as follows:



The above pricing mechanisms apply for REPPs that are: (i) wholly developed by business entities and (ii) partially developed by the government or regional governments.¹⁴

BPP

The determination of the purchase price using these 2 mechanisms replaces the previous regime brought forth by MEMR Regulation No. 50 of 2017 on the Utilisation of Renewable Energy Resources for the Production of Electricity, as lastly amended by MEMR Regulation No. 4 of 2020 (**MEMR 50/2017**) which provided that the tariff for the purchase by PLN of power from renewable IPP projects had to be based on PLN's electricity generation costs (*Biaya Pokok Penyediaan Pembangkitan* or **BPP**). The BPP is based on the average electricity generation cost of PLN in a defined region/grid system (the local BPP) and on a national level (the national BPP). The previous system under MEMR 50/2017 was criticised for setting the benchmark price for renewable projects at a level which was uneconomical in certain regions (especially densely populated and industrialized areas of the archipelago) given the presence of large CFPPs contracted on low tariffs in those regions which resulted in driving down the local BPP.

The main differences between the 2 regimes (BPP vs Ceiling Price) is that whereas there was only a single BPP per region, the Ceiling Prices are now based on (i) the technology, (ii) size of the plant, (iii) location and (iv) are staged between a first period with a higher tariff and a tail with a lower tariff.

Validity of tariff and evaluation of Ceiling Prices

As per the prevailing practice so far, the purchase price from REPPs will be stated in the relevant PPA and be valid from the Commercial Operation Date (COD) until the end of the term of the relevant PPA. This implies that PLN will not be making payments against any power offtake during the testing and commissioning period of projects.

¹³ Article 6 of the RE PR.

¹⁴ Articles 6, 9 - 12 of the RE PR.

The initial Ceiling Prices set out in Appendix 1 to the RE PR will be evaluated by MEMR (in coordination with MOF and MSOE) on a yearly basis with consideration to PLN's latest average contract prices and if this evaluation leads to changes in the Ceiling Prices, these will be set out in a ministerial regulation.¹⁵

Interconnection and BESS

The power purchase tariff (either based on the Ceiling Price or Agreed Price mechanism) correspond to the purchase price at the interconnection point between the power generator and the interconnection to the grid (i.e. at the plant gate). The tariff to cover the cost of the interconnection with the grid (including any transmission line to connect to the closest connection point) to be agreed between the parties to the PPA with a cap of 30% of the power purchase price (in which case such Agreed Price will be deemed approved by MEMR). If the price of the interconnection facilities exceed 30% of the agreed power purchase price, an approval from MEMR will be required.¹⁶

For PV solar and wind power plants that are equipped with batteries or other storage facilities (BESS), the tariff for such facilities is to be agreed between the parties to the PPA with a cap of 60% of the power purchase price (in which case the price will be deemed approved by MEMR). Where the agreed tariff for such BESS exceeds 60% of the power purchase price, however, a specific approval from MEMR will be required.¹⁷

Excess power from captive power generators

The RE PR also provides that PLN may buy excess power from captive power generators that use renewable sources. Such arrangements are to be set out in a PPA which will be valid for at least 3 years and can be extended.¹⁸

Payment terms

Although the Ceiling Prices are denominated in USD, the payment by PLN for the purchase of power from REPPs shall be made in Indonesian Rupiah using the Jakarta Interbank Spot Dollar Rate (JISDOR) exchange rate at the relevant time as set out in the PPA.¹⁹ This is to comply with regulations from Bank Indonesia (the Indonesian Central Bank) on the use of the Rupiah within the territory of Indonesia.

The new tariff regime enacted by the RE PR marks an important change to the way tariffs for the purchase of electricity from renewable energy projects was generally structured and which involved a split between various tariff components (fixed tariff : components A-Capex, B Fixed O&M and E- Transmission; and variable tariff components: C- Fuel Cost (if any) and D - Variable O&M). Instead of this combination of different tariff components, the new regime consists of a single number denominated in USD cent / kWh which is not subject to variation or escalation (except for geothermal projects). To that main power purchase tariff (which is subject to staging - years 1 to 10 and years 11 onwards), a separate and specific tariff component will apply for the interconnection with the grid and a further tariff for any BESS (if relevant).



¹⁵ Article 5 paragraphs (4) – (6) of the RE PR.

¹⁶ Article 8 of the RE PR.

¹⁷ Article 10 of the RE PR.

¹⁸ Article 11 of the RE PR.

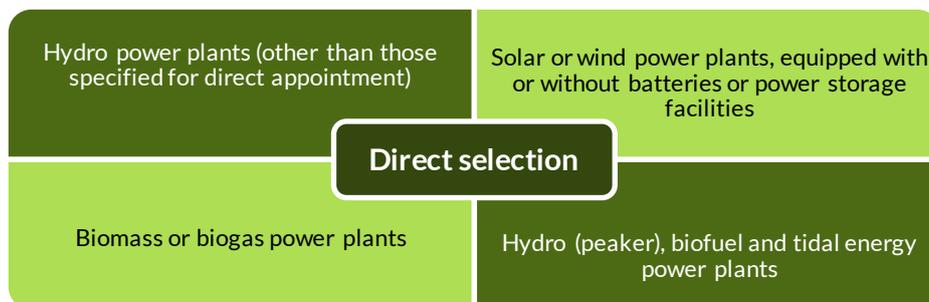
¹⁹ Article 13 of the RE PR.

4. TENDERING

One of the main reasons pointed to by market participants for the relative hold-up in the development of new renewable generation capacity in Indonesia over the past few years was the lack of clarity of the tendering scheme to be used by PLN for the procurement of renewable IPPs. The previous regime under MEMR 50/2017 revolved around 2 tendering options: (i) direct selection and (ii) direct appointment without elaborating the details of how exactly these tendering options should be implemented.

On this critical aspect for developers, the RE PR doesn't bring much change in that the 2 basic tendering schemes for the procurement of renewable energy projects remain the same. However, there is now additional details on the actual implementation such as the competitive principles which should be applied for the direct selection of certain types of projects (for example solar and wind which are to be procured on the basis of capacity auctions against the applicable Ceiling Prices).

4.1 Direct selection²⁰



The direct selection mechanism for PLN to appoint developers involves a 2-step process with an initial selection stage and then a competitive phase between pre-selected candidates based on pre-determined technical criteria and the applicable Ceiling Price.

Initial selection

The process to be followed by PLN for the direct selection of developers will first involve an initial selection (i.e. pre-selection) of the business entities which can participate in renewable energy tenders. This pre-selection is managed by way of the "list of selected providers" (*daftar penyedia terseleksi* or **DPT**) which is kept by PLN and will now be updated and issued every 3 months.

Competitive process

After this initial selection stage by way of qualifying on the DPT list, the second stage of the direct selection process essentially involves a competitive process between the pre-selected participants who have an interest in the relevant project or capacity.

Most importantly (given the prospective pipeline of projects), for hydro, PV solar, wind, hydro (peaker), biofuel or tidal energy projects, the tendering mechanism will be based on a capacity quota determined by MEMR and tendered by PLN against the applicable Ceiling Price.

It is an interesting development that MEMR now seems to have the prerogative to determine renewables capacity quotas and leaves to think that it may now have a more important role in stimulating and steering the level of new developments in the industry.

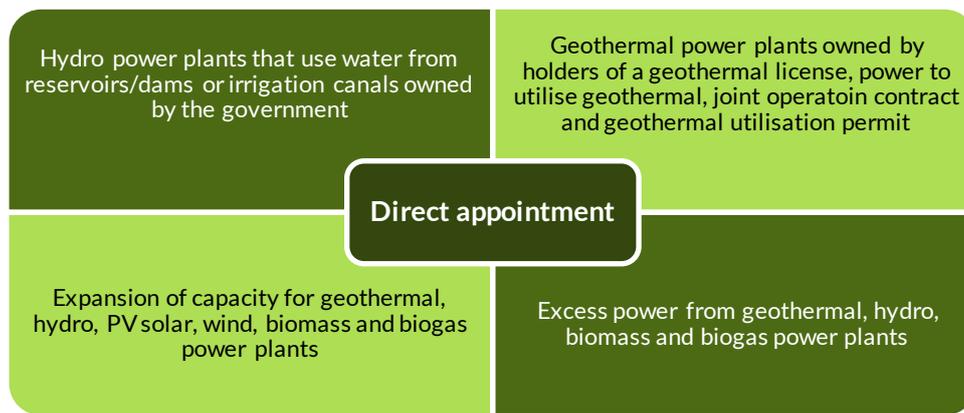
Process timeline

The direct selection process involves the submission of proposals, evaluation by PLN, price negotiation with the preferred bidder and then PPA execution. These steps are all to be completed within a maximum of 180 calendar days which is an aggressive timeline based on the timeframe within which renewable energy tenders have taken place in Indonesia over the past decade.²¹

²⁰ Article 14 paragraph (4) of the RE PR.

²¹ Article 16 of the RE PR.

4.2 Direct appointment²²



The process for direct appointment involves the submission of documents, evaluation of the administrative, technical and financial aspects, as well as the PPA execution. These steps are all to be completed within a maximum of 90 calendar days (which again is an aggressive timeline).²³

Specific procurement requirements

Pursuant to the RE PR, certain specific conditions also apply to the procurement by PLN of certain REPPs depending on the type of renewable technology²⁴:

- (a) run-of-the-river hydro projects: if the capacity is equal to or below 5MW, the plants need to operate with a capacity factor of at least 60% and, if above 5MW, the plants need to operate in accordance with the needs of the grid system;
- (b) biomass and biogas plants: the procurement by PLN has to be carried out from business entities that have sufficient feedstock for the life of the operation of such plants during the term of the PPA;
- (c) geothermal power plants owned by holders of geothermal licenses: the procurement by PLN has to be carried out from such holders that have completed their exploration activities and have sufficient (proven) geothermal reserve for the term of the PPA or steam purchase agreement (SPA);
- (d) geothermal power plants owned by holders of geothermal utilisation permits: the procurement by PLN has to be carried out from such holders that already have a commitment for the supply of geothermal steam for the term of the PPA – noting that this is a new possible avenue for the development of geothermal projects which previously required ownership of the resource.

REPPs that are wholly or partially developed by the central government or regional governments²⁵

In relation to renewable energy projects which are proposed to be developed by the central government or a regional government, the mechanism by which PLN is to purchase the electricity from such projects is based on an assignment by MEMR. The central government or regional government may then in turn decide to enter into a partnership with private parties subject to applicable procurement principles which apply to them and these types of partnerships.

²² Article 14 paragraph (3) of the RE PR.

²³ Article 15 of the RE PR.

²⁴ Article 19 of the RE PR.

²⁵ Article 20 of the RE PR.



5. PPA

As per the consistent practice in Indonesia for IPPs, a PPA must be entered into between the appointed developer (i.e. through an Indonesian incorporated project company) and PLN.²⁶ The RE PR provides that MEMR will issue a guideline applicable to such PPAs but does not elaborate on the timing nor whether this could refer to MEMR Regulation No. 10 of 2017 on Main Provisions for PPA, as lastly amended by MEMR Regulation No. 10 of 2018.

PPAs for IPP projects in Indonesia are based on certain PLN templates which have been evolving through time with a tendency recently to shift certain risks towards developers although there is a general consensus that most forms remain bankable by international standards and in comparison against certain other regional examples.

6. GOVERNMENT SUPPORT²⁷

Finally, the RE PR helpfully also lays out certain facilities and forms of government support which renewable energy projects may be eligible for.

INCENTIVES	DETAILS
Fiscal	<ul style="list-style-type: none"> • Income tax facilities; • Import tax facilities (in the form of import duty exemption); • Land and building tax facilities; • Support for geothermal development, and • Financing and/guarantee facilities through state-owned-enterprises appointed by the government.
Non-fiscal	<ul style="list-style-type: none"> • Ministry support; • Ease of licensing; • Guarantee of land availability, etc.

Both types of incentives (where not yet determined by the government) shall be determined at the latest 1 year after the entry into force of the RE PR. If the incentives have been determined but require an adjustment, such adjustment shall be made at the latest 1 year after the entry into force of the RE PR. Please also see Appendix III to this article for a fuller list of support from the respective ministries, heads of institutions or regional governments.

²⁶ Article 21 of the RE PR.

²⁷ Articles 22 – 28 of the RE PR.

Specific incentives for geothermal projects

In addition to the above incentives, the RE PR also sets out incentives that are specific for geothermal projects such as:²⁸

- (a) **increase in geothermal data and information** (this is granted to public service institutions or state-owned enterprises);
- (b) **assignment for initial survey and exploration** (this is granted to business entities);
- (c) **de-risking** (this may be granted to holders of geothermal licenses, entities with the authority to utilise geothermal energy and holders of contract for the utilisation of geothermal energy); and
- (d) **financing facilities** (this may be granted to the same parties as point (c) above),

Further details of the support for geothermal projects will be determined by MEMR or MOF, each in accordance with its respective authority.

7. COMPENSATION TO PLN

Finally, the RE PR affirms the overarching principle that PLN must be compensated by the State (based on applicable laws and regulations) for all additional costs incurred by PLN if the purchase of power from REPPs result in an increase of its generation cost (the BPP).²⁹

It will have to be seen how this critical principle to safeguard PLN's financeable stability will be implemented in practice other than through the existing subsidy which PLN receives year-on-year from the central government budget.



8. TRANSITIONAL PROVISIONS - WHAT HAPPENS TO EXISTING PPAS?

The RE PR contains fairly extensive transitional provisions (articles 30 to 42). In brief and most importantly, PPAs which have been executed prior to the entry into force of the RE PR remain valid until their expiry including the agreed tariff thereunder³⁰. Please refer to Appendix IV to this article for more detail on specific transitional provisions.

²⁸ Article 27 of the RE PR.

²⁹ Article 24 of the RE PR.

³⁰ Article 30 of the RE PR.

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APPENDIX I

Renewable Energy Power Purchase Price

1. Purchase price for hydro power plants that utilise energy from water streams/falls

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 1 MW	$(11.23 \times F)^*$	7.02
2.	>1 MW up to 3 MW	$(10.92 \times F)^*$	6.82
3.	>3 MW up to 5 MW	$(9.65 \times F)^*$	6.03
4.	>5 MW up to 20 MW	$(9.09 \times F)^*$	5.68
5.	>20 MW up to 50 MW	$(8.86 \times F)^*$	5.54
6.	>50 MW up to 100 MW	$(7.81 \times F)^*$	4.88
7.	>100 MW	$(6.74 \times F)^*$	4.21

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

2. Power purchase price for hydro power plants that use water from reservoirs/dams or irrigation canals owned by the government

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 1 MW	$(11.23 \times 0.8 \times F)^*$	7.02×0.8
2.	>1 MW up to 3 MW	$(10.92 \times 0.8 \times F)^*$	6.82×0.8
3.	>3 MW up to 5 MW	$(9.65 \times 0.8 \times F)^*$	6.03×0.8
4.	>5 MW up to 20 MW	$(9.09 \times 0.8 \times F)^*$	5.68×0.8
5.	>20 MW up to 50 MW	$(8.86 \times 0.8 \times F)^*$	5.54×0.8
6.	>50 MW up to 100 MW	$(7.81 \times 0.8 \times F)^*$	4.88×0.8
7.	>100 MW	$(6.74 \times 0.8 \times F)^*$	4.21×0.8

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

3. Power purchase price for hydro power plants (expansion)

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 1 MW	$(11.23 \times 0.7 \times F)^*$	7.02×0.7
2.	>1 MW up to 3 MW	$(10.92 \times 0.7 \times F)^*$	6.82×0.7
3.	>3 MW up to 5 MW	$(9.65 \times 0.7 \times F)^*$	6.03×0.7
4.	>5 MW up to 20 MW	$(9.09 \times 0.7 \times F)^*$	5.68×0.7
5.	>20 MW up to 50 MW	$(8.86 \times 0.7 \times F)^*$	5.54×0.7
6.	>50 MW up to 100 MW	$(7.81 \times 0.7 \times F)^*$	4.88×0.7
7.	>100 MW	$(6.74 \times 0.7 \times F)^*$	4.21×0.7

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

4. Power purchase price for hydro power plants (excess power)

No.	Capacity	Ceiling Price (USD cent/kWh)
1.	All capacities	5.80 x 0.7

5. Power purchase price for photovoltaic solar power plants (not including any battery or other power storage facilities)

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 1 MW	(11.47 x F)*	6.88
2.	>1 MW up to 3 MW	(9.94 x F)*	5.97
3.	>3 MW up to 5 MW	(8.77 x F)*	5.26
4.	>5 MW up to 10 MW	(8.26 x F)*	4.96
5.	>10 MW up to 20 MW	(7.94 x F)*	4.76
6.	>20 MW	(6.95 x F)*	4.17

* The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

6. Power purchase price for photovoltaic solar power plants (expansion) (not including any battery or other power storage facilities)

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 1 MW	(11.47 x 0.8 x F)*	6.88 x 0.8
2.	>1 MW up to 3 MW	(9.94 x 0.8 x F)*	5.97 x 0.8
3.	>3 MW up to 5 MW	(8.77 x 0.8 x F)*	5.26 x 0.8
4.	>5 MW up to 10 MW	(8.26 x 0.8 x F)*	4.96 x 0.8
5.	>10 MW up to 20 MW	(7.94 x 0.8 x F)*	4.76 x 0.8
6.	>20 MW	(6.95 x 0.8 x F)*	4.17 x 0.8

* The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

7. Power purchase price for photovoltaic solar power plants with land that is provided by the government (not including any battery or other power storage facilities)

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 1 MW	$(11.47 \times 0.95 \times F)^*$	6.88×0.95
2.	>1 MW up to 3 MW	$(9.94 \times 0.95 \times F)^*$	5.97×0.95
3.	>3 MW up to 5 MW	$(8.77 \times 0.95 \times F)^*$	5.26×0.95
4.	>5 MW up to 10 MW	$(8.26 \times 0.95 \times F)^*$	4.96×0.95
5.	>10 MW up to 20 MW	$(7.94 \times 0.95 \times F)^*$	4.76×0.95
6.	>20 MW	$(6.95 \times 0.95 \times F)^*$	4.17×0.95

* The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

8. Power purchase price for wind power plants (not including any battery or other power storage facilities)

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 5 MW	$(11.22 \times F)^*$	6.73
2.	> 5 MW up to 20 MW	$(10.26 \times F)^*$	6.15
3.	>20 MW	$(9.54 \times F)^*$	5.73

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

9. Power purchase price for wind power plants (expansion) (not including any battery or other power storage facilities)

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 5 MW	$(11.22 \times 0.7 \times F)^*$	6.73×0.7
2.	> 5 MW up to 20 MW	$(10.26 \times 0.7 \times F)^*$	6.15×0.7
3.	>20 MW	$(9.54 \times 0.7 \times F)^*$	5.73×0.7

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II)

10. Power purchase price for biomass power plants

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 25
1.	up to 1 MW	$(11.55 \times F)^*$	9.24
2.	>1 MW up to 3 MW	$(10.73 \times F)^*$	8.59
3.	>3 MW up to 5 MW	$(10.20 \times F)^*$	8.16
4.	>5 MW up to 10 MW	$(9.86 \times F)^*$	7.89
5.	>10 MW	$(9.29 \times F)^*$	7.43

* The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

11. Power purchase price for biomass power plants (expansion)

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 25
1.	up to 1 MW	$(11.55 \times 0.8 \times F)^*$	9.24×0.8
2.	>1 MW up to 3 MW	$(10.73 \times 0.8 \times F)^*$	8.59×0.8
3.	>3 MW up to 5 MW	$(10.20 \times 0.8 \times F)^*$	8.16×0.8
4.	>5 MW up to 10 MW	$(9.86 \times 0.8 \times F)^*$	7.89×0.8
5.	>10 MW	$(9.29 \times 0.8 \times F)^*$	7.43×0.8

* The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

12. Power purchase price for biogas power plants

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 20
1.	up to 1 MW	$(10.18 \times F)^*$	6.11
2.	>1 MW up to 3 MW	$(9.81 \times F)^*$	5.89
3.	>3 MW up to 5 MW	$(8.99 \times F)^*$	5.39
4.	>5 MW up to 10 MW	$(8.51 \times F)^*$	5.10
5.	>10 MW	$(7.44 \times F)^*$	4.46

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

13. Power purchase price for biogas power plants expansion

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 20
1.	up to 1 MW	$(10.18 \times 0.8 \times F)^*$	6.11×0.8
2.	>1 MW up to 3 MW	$(9.81 \times 0.8 \times F)^*$	5.89×0.8
3.	>3 MW up to 5 MW	$(8.99 \times 0.8 \times F)^*$	5.39×0.8
4.	>5 MW up to 10 MW	$(8.51 \times 0.8 \times F)^*$	5.10×0.8
5.	>10 MW	$(7.44 \times 0.8 \times F)^*$	4.46×0.8

* The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

14. Power Purchase Price for biomass and biogas power plants excess power

No.	Type of power plant	Ceiling Price (USD cent/kWh)
1.	Biomass power plant	9.29
2.	Biogas power plant	7.44

15. Power purchase price for geothermal power plants, which are wholly developed by business entities and wholly or partially developed by the government or regional government

(a) Power purchase price

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 10 MW	$(9.76 \times F)^*$	8.30
2.	>10 MW up to 50 MW	$(9.41 \times F)^*$	8.00
3.	>50 MW up to 100 MW	$(8.64 \times F)^*$	7.35
4.	>100 MW	$(7.65 \times F)^*$	6.50

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

(b) Purchase price of geothermal steam power equivalent to electricity

No.	Capacity	Ceiling Price (USD cent/kWh)	
		Year 1 up to 10	Year 11 up to 30
1.	up to 10 MW	$(6.60 \times F)^*$	5.60
2.	>10 MW up to 50 MW	$(6.25 \times F)^*$	5.31
3.	>50 MW up to 100 MW	$(5.48 \times F)^*$	4.65
4.	>100 MW	$(4.48 \times F)^*$	3.81

*The Ceiling Price is the price following multiplication with the (location) F factor (see Appendix II).

16. Power purchase price for photovoltaic solar, hydro, wind, biomass and biogas power plants which are wholly developed by the government or regional government using grant (*hibah*)

No.	Type of power plant	Ceiling Price (USD cent/kWh)
1.	Hydro	3.76
2.	Photovoltaic solar	5.63
3.	Wind power	5.63
4.	Biomass	9.29
5.	Biogas	7.44

APPENDIX II

Value of Location Factor (F)

No.	Territory	All capacity
1.	Jawa, Madura and Bali	1,00
	- Small islands	1,10
2.	Sumatera	1,10
	- Riau Islands	1,20
	- Mentawai	1,20
	- Bangka Belitung	1,10
	- Small islands	1,15
3.	Kalimantan	1,10
	- Small islands	1,15
4.	Sulawesi	1,10
	- Small islands	1,15
5.	Nusa Tenggara	1,20
	- Big islands	1,20
	- Small islands	1,25
6.	North Maluku	1,25
	- Small islands	1,30
7.	Maluku	1,25
	- Small islands	1,30
8.	Papua Barat	1,50
9.	Papua	1,50

APPENDIX III

Government Support³¹

GOVERNMENT ENTITY	DETAILS
Ministry of Finance	Fiscal incentives
Ministry of Agrarian Affairs and Spatial Planning	<ul style="list-style-type: none"> • Prioritisation for the development of REPPs in the planning of the national spatial planning • Ease of licensing in the field of agrarian affairs/land and spatial planning for the utilisation of RE in order to decrease the investment cost for the utilisation of RE
Ministry of Environment and Forestry	<ul style="list-style-type: none"> • Ease of licensing for forestry areas • Fee remission for the development of RE
Ministry of Public Works and Housing	<ul style="list-style-type: none"> • Ease of licensing • Fee remission for the development of RE
Ministry of Domestic Affairs	Preparation of policies to support the development of REPPs within the respective regional governments
Ministry of State-Owned Enterprises	Determination of target of utilisation of RE in the performance indicator of PLN
Ministry of Industry	<p>Support to business entities by prioritising the use of local products through the:</p> <ul style="list-style-type: none"> • creation of supply capability which includes aspects of quality, cost, reasonable delivery and deepening the national industrial structure • determination of the import quota for components of RE generators, with reference to the ability of domestic supply/national capacity • verification of the local component for REPPs • preparation of a roadmap for the development of electricity support industry
Investment Coordinating Board	<ul style="list-style-type: none"> • Certainty on the implementation of ease of licensing • Facilities for investors for the development of RE at the central and regional level
Regional Governments	<ul style="list-style-type: none"> • Ease of licensing • Incentives (remission of the land and building tax, especially for certain business fields in certain regions or areas) • Guarantee on the availability of land in accordance with its purpose for the development of REPPs.

³¹ Article 23 of the RE PR.

APPENDIX IV

Transitional Provisions³²

ISSUE	DETAILS
<p>Process for purchase of power and price of power or geothermal steam prior to the RE PR³³</p>	<p>Applicable to business entities that have obtained:</p> <ul style="list-style-type: none"> • the price of power and/or assignment for purchase of power from MEMR but have not executed the PPA; and • the price for geothermal steam from MEMR but have not executed the steam purchase agreement. <p><i>Note: RE PR applies business entities that have received the geothermal license (izin panas bumi) prior to the entry into force of the RE PR and have not obtained the approval of price from MEMR.</i></p>
<p>Renegotiation process for geothermal power plants prior to the RE PR³⁴</p>	<p>Process to continue until an agreement on the price is reached. Such agreement shall be achieved no later than six months as of the entry into force of the RE PR, otherwise, the renegotiation mechanism in the PPA or SPA shall apply.</p> <p><i>Note: If the Agreed Price is equal to or less than the price set out in the RE PR, the amendment to the PPA or SPA may be executed without the approval of MEMR (and accordingly, if it exceeds the price set out in the RE PR, a prior approval from the MEMR is required).</i></p>
<p>Process for purchase for hydro power plants and purchase price³⁵</p>	<p>RE PR applies for business entities that have obtained the determination as an administrator of hydropower for power plants or prospective developer of hydro power plants prior to the entry into force of the RE PR, and have not yet executed the PPA with PLN.</p> <p><i>Note: To be done no later than 12 months from the entry into force of the RE PR and if the purchase cannot be implemented due to the unreadiness of the business entities, such determinations shall be revoked by the MEMR.</i></p>
<p>Procurement process (for hydro, PV solar, wind, biomass or biogas power plants)³⁶</p>	<p>IPPs that have completed the procurement process, have agreed the price with PLN and have not obtained the approval of price from MEMR prior to the entry into force of the RE PR, the pricing requirements shall be pursuant to the relevant procurement outcome as long as the price is the same or lower than the price set out in the RE PR. However, if the Agreed Price is higher than what is set out in the RE PR, an approval from the MEMR must be obtained.</p>
<p>Ongoing procurement process³⁷</p>	<p>Process and price for purchase pursuant to the laws and regulations prior to the entry into force of the RE PR applies for procurement processes carried out by PLN that are ongoing and are already up to the submission of the price offer prior to the entry into force of the RE PR.</p>

³² Articles 30 - 42 of the RE PR.

³³ Articles 31 - 32 of the RE PR.

³⁴ Article 33 of the RE PR.

³⁵ Article 34 of the RE PR.

³⁶ Article 35 of the RE PR.

³⁷ Article 36 of the RE PR.

ISSUE	DETAILS
PLN's list of selected providers³⁸	PLN's list of selected providers that has been determined prior to the entry into force of the RE PR shall remain applicable.
REPPs developed fully or partially by the government or regional government (for hydro, PV solar and wind power plants)³⁹	Where the PPA has not been executed, the purchase price is to be in accordance with the RE PR. The same applies for biomass and biogas power plants but with consideration to the location factor.
Status of existing regulations as of the entry into force of the RE PR⁴⁰	All implementing regulations of the laws/regulations pertaining to Renewable Energy for the Supply of Power remains in effect as long as they are not contradictory to this RE PR.

³⁸ Article 38 of the RE PR.

³⁹ Articles 39 - 40 of the RE PR.

⁴⁰ Article 41 of the RE PR.

