

DECREE OF THE MINISTER OF MINES AND ENERGY
NUMBER 1895.K/437/M.PE/1995
CONCERNING
THE STIPULATION ON THE SELLING RATE OF ELECTRICITY
FROM SMALL-SCALE POWER GENERATING PLANTS
OWNED BY THE PRIVATE SECTOR AND COOPERATIVES

THE MINISTER OF MINES AND ENERGY

- Considering :
- a. that in an effort to supply electricity for the public, the Government has provided an opportunity to the private sector and cooperatives to participate in the effort;
 - b. that to encourage the use of new and renewable energy sources and the use of more efficient primary energy to generate electricity, an opportunity has been given to the private sector and cooperatives owning small-scale power generating plants to sell their electricity to state-owned electricity company PT Perusahaan Listrik Negara (Pesero);
 - c. that to simplify the procedure for the participation of the private sector and cooperatives, it is deemed necessary to stipulate the selling rate of electricity from small-scale power generating plants owned by the private sector and cooperatives.

- In view of :
1. Law No. 15/1985 (State Gazette No. 74/1985, Additional State Gazette No. 3317);
 2. Government Regulation No. 10/1989 (State Gazette No. 24/1989, Additional State Gazette No. 3394);
 3. Government Regulation No. 23/1994 (State Gazette No. 34/1994);
 4. Presidential Decree No. 21/1990;
 5. Presidential Decree No. 37/1992;
 6. Presidential Decree No. 96/M/1993;
 7. Regulation of the Minister of Mines and Energy No. 02.P/03/M.PE/1993 dated February 24, 1993.

H A S D E C I D E D :

By revoking the Decree of the Minister of Mines and Energy No. 1601.K/45/M.PE/1995 dated October 6, 1995.

To stipulate : DECREE OF THE MINISTER OF MINES AND ENERGY CONCERNING THE STIPULATION ON THE SELLING RATE OF ELECTRICITY FROM SMALL-SCALE POWER GENERATING PLANTS OWNED BY THE PRIVATE SECTOR AND COOPERATIVES

CHAPTER I
GENERAL PROVISIONS

Article 1

Referred to in this Ministerial Decree as:

- a. Electricity shall be one of the forms of secondary energy which is generated, transmitted and distributed for all sorts of purposes and not electricity which shall be used for communication or as signals;
- b. A Small-Scale Power Generating Plant owned by the Private Sector and Cooperatives, hereinafter abbreviated as PSKSK, shall be a power generating plant owned by the private sector or a cooperative with the quantity of installed capacity or excess capacity in one generating centre being a maximum of 30 MW for the Java-Bali system or a maximum of 15 MW for the system outside Java-Bali;
- c. PLN shall be a state-owned limited liability electricity company (Perusahaan Perseroan [Persero] PT. Perusahaan Listrik Negara) established on the basis of Government Regulation No. 23/1994;
- d. A PLN System shall be a system of distribution of electricity of PLN or its subsidiary connected with the facilities of PSKSK electricity supplies;
- e. The Capacity Factor shall be the result obtained from the division of the distributed energy as recorded in the kWh meter in one period of payment by the maximum energy which can be distributed from a PSKSK in the said period of payment;
- f. A Letter of Notification of Presidential Approval, hereinafter abbreviated as SPPP, shall be a letter which is issued by the Chairman of the Investment Coordinating Agency in which the President's approval of a foreign investment application is contained and which shall also apply as an Approval in Principle or a Temporary Business Permit as stipulated in Presidential Decree No. 33/1992;
- g. An Investment Approval Letter, hereinafter referred to as SPPM, shall be a letter of approval which is issued by the Chairman of the Investment Coordinating Agency for investment under the domestic investment scheme and which shall also apply as an approval in principle or a Temporary Business Permit as stipulated in Presidential Decree No. 33/1992;

- h. A Business Permit for Electricity for the Public, hereinafter abbreviated as IUKU, shall be a permit granted by the Minister to private business companies or cooperatives to run the business of electricity supplies for the public;
- i. The Minister shall be the Minister assuming responsibility in the electricity area;
- j. The Director General shall be the Director General assuming responsibility in the electricity area.

CHAPTER II CONTRACT CAPACITY

Article 2

The electricity generated by a PSKSK and sold to PLN shall be distinguished into 2 (two) kinds of contracts:

- a. For Non-Firm Capacity, the selling of electricity to PLN shall be compatible with the energy (in kWh) which can be supplied by a PSKSK and shall be compatible with the energy need of PLN on the basis of a contract of up to 1 (one) year which is renewable in accordance with mutual agreement;
- b. For Firm Capacity, the selling of electricity to PLN shall be based on the capacity (in kW) and energy (in kWh) per year in a certain quantity which shall be mutually agreed upon by a PSKSK and PLN on the basis of a contract of between 3 (three) up to 20 (twenty) years which is renewable in accordance with mutual agreement.

Article 3

A PSKSK with Firm Capacity as referred to in Article 2 point b shall be entitled to sell electricity to PLN amounting to the maximum capacity of the PSKSK contract with the Capacity Factor of 100% (one hundred per cent).

CHAPTER III PRIORITIES OF ENERGY SOURCES

Article 4

The electricity generated by a PSKSK and purchased by PLN shall be prioritized on the basis of the generating plants using energy sources in the following order:

- a. First priority, namely generating plants using wind, solar and mini-hydro energy sources;
- b. Second priority, namely generating plants using the following energy sources:

- 1) Agricultural or industrial garbage or waste;
 - 2) City garbage;
 - 3) Dendrothermal sources;
 - 4) Geothermal sources;
 - 5) Co-generation using agricultural or industrial residue in accordance with the level of efficiency.
- c. Third priority, namely generating plants using a co-generation system of natural gas, coal or natural oil in accordance with the level of efficiency;
- d. Fourth priority, namely generating plants using energy sources of natural gas, coal or natural oil.

Article 5

The amount of capacity which may be purchased by PLN from a PSKSK of third and fourth priorities as referred to in Article 4 shall be a maximum of 25% (twenty-five percent) of the allocation of capacity on the basis of the PLN System.

CHAPTER IV SELLING RATE AND ALLOCATION OF CAPACITY

Article 6

The selling rate of electricity from a PSKSK shall be the rate at the point of inter-connection with the PLN System.

Article 7

Every year the Minister shall stipulate the selling rate of electricity from a PSKSK and the allocation of capacity on the basis of the PLN System and their changes.

Article 8

- (1) For a Non-Firm Capacity contract, the selling rate of electricity from a PSKSK shall only be the rate of energy and shall be expressed in rupiah per kWh.
- (2) For a Firm-Capacity contract, the selling rate of electricity from a PSKSK shall be made up of the rate of capacity and the rate of energy and shall be expressed in rupiah per kWh.

- (3) The selling rate of electricity as referred to in paragraphs (1) and (2) shall be divided in accordance with the Peak Load Time (WBP) and Beyond Peak Load Time (LWBP).
- (4) As for a PSKSK with a Firm-Capacity contract of the third and fourth priorities as referred to in Article 4, if the capacity factor is smaller than 50% (fifty per cent), the PSKSK shall not get payment from the capacity rate in that particular month.

Article 9

- (1) The selling rate of electricity from a PSKSK shall be adjusted every year on the basis of the marginal cost calculation of the PLN System.
- (2) The capacity rate in the first 5 (five) years of the operation of a PSKSK shall be the capacity rate announced at the time of the signing of the contract, adjusted with the change of the middle exchange rate of US Dollar into rupiah stipulated by the Bank of Indonesia, for a maximum period of 3 (three) years after the signing of the contract plus the operation period of the first 5 (five) years.
- (3) The energy rate in the first year of the operation of a PSKSK of the first and second priorities as referred to in Article 4 may be chosen between the energy rate announced at the time of operation and the rate amounting to 95% (ninety-five percent) of the energy rate announced at the time of the signing of the contract of the first year.
- (4) The energy rate in the first year of the operation of a PSKSK of the third and fourth priorities as referred to in Article 4 shall be the energy rate announced at the time of the operation.

Article 10

If the capacity quantities of combined PSKSKs in a period of purchase exceed the capacity allocation on the basis of the PLN System, PLN may purchase the said excess or choose a PSKSK suiting the priorities as referred to in Article 4.

CHAPTER V INTERCONNECTION

Article 11

All interconnection facilities, including supplies and installation of equipment, measuring, observation and testing shall be the responsibility and the burden of a PSKSK.

Article 12

The technical design of PSKSK-owned interconnection facilities must conform to the PLN System.

Article 13

The operation of a PSKSK generating unit must comply with the PLN standard operating procedure.

CHAPTER VI
APPLICATION PROCEDURE

Article 14

PLN shall publicize the announcement on the selling rate of PSKSK electricity and the allocation of generating capacity made available to a PSKSK in each PLN System.

Article 15

The private sector or cooperatives interested to operate a PSKSK must file an application to PLN.

Article 16

- (1) PLN shall evaluate the application filed by the private sector and cooperatives, completed with documents comprising:
 - a. The statutory body status and the financial balance;
 - b. The ground plan of the location map of the generating plant and the distance from the nearest network;
 - c. The drawing of the generating installation and the specification of the equipment installed;
 - d. Written description of the fuel to be used and the production process;
 - e. The one-line diagram drawing of the system of metering and protection and the interconnection with the PLN System;
 - f. The construction design along with the data on capacity availability and energy production to be sold to PLN;
 - g. The schedule of construction and the operation period.

- (2) The period of evaluation as referred to in paragraph (1) shall not exceed 60 (sixty) days as of the receipt of the documents in complete order.

Article 17

In the event of the application as referred to in Article 15 being approved by PLN, PLN shall notify in writing the applicant concerned with a copy to be submitted to the Director General.

Article 18

On the basis of the letter of approval of PLN as referred to in Article 17, the private sector or cooperatives must file an application for an IUKU to the Director General to which the documents as referred to in Article 16 shall be attached with a copy to be submitted to PLN.

Article 19

The Director General shall issue a Letter of Preliminary Approval as the basis for the filing of an application of SPPP or SPPM for an IUKU Applicant investing on the basis of the foreign investment scheme (PMA) or the domestic investment scheme (PMDN).

Article 20

- (1) As for a private company investing under the PMA or PMDN scheme, the contract with PLN can be signed after the issuance of SPPP or SPPM by the Chairman of the Investment Coordinating Agency.
- (2) As for a non-PMA or non-PMDN private company and a cooperative, the contract with PLN can signed directly after the receipt of a PLN approval letter as referred to in article 17.
- (3) The contract between PLN and a private company or a cooperative as referred to in paragraphs (1) and (2) shall be made using the contract standard stipulated by the Director General.
- (4) The Contract Standard as referred to in paragraph (3) shall be obtainable at a PLN office against printing cost payment stipulated by PLN.

Article 21

If within a period of 1 (one) year after the signing of the contract, the private company or cooperative concerned cannot find a financial source, the contract shall be nullified.

Article 22

- (1) A PSKSK can be operated in the PLN System only after a Commissioning Certificate has been obtained from the Director General.
- (2) The Commissioning Certificate shall be issued after the receipt of a report that the result of a commissioning test by PLN on the installation of a PSKSK and the interconnection facilities is good, and shall be used as the basis for the issuance of an IUKU.
- (3) The Chairman of the Investment Coordinating Agency on behalf of the Minister shall grant an IUKU to a private company investing under the PMA or PMDN scheme.
- (4) The Minister shall grant an IUKU to a non-PMA or non-PMDN private company and a cooperative.

CHAPTER VII
PREPARATION TIME OF THE SELLING RATE OF
PSKSK ELECTRICITY AND THE ALLOCATION OF
THE PLN SYSTEM CAPACITY

Article 23

PLN shall be obligated to submit a proposal on the selling price of PSKSK electricity and the allocation of capacity for the next year to the Director General at the latest by November 1.

Article 24

Within a period of 30 (thirty) days as of the receipt of the proposal as referred to in Article 23, the Director General shall be obligated to submit the said proposal to the Minister to obtain his decision.

CHAPTER VIII
TRANSITIONAL PROVISION

Article 25

Contracts between PLN and private companies and cooperatives for the purchase and sale of small-scale electricity which have existed prior to the stipulation of this Ministerial Decree shall remain valid until the contracts expire.

CHAPTER IX
CLOSING PROVISION

Article 26

This Ministerial Decree shall take effect as from the date of stipulation.

Stipulated in Jakarta
On Decembers, 1995
THE MINISTER OF MINES AND ENERGY

Signed

I.B. SUDJANA