

MINISTER OF ENERGY AND MINERAL RESOURCES
OF THE REPUBLIC OF INDONESIA
MINISTERIAL DECREE (REGULATION) OF ENERGY AND MINERAL RESOURCES
OF THE REPUBLIC OF INDONESIA
NUMBER 03 YEAR 2015
CONCERNING

PROCEDURE ON PURCHASE OF POWER SUPPLIES AND REFERENCE PRICE OF PURCHASE OF POWER SUPPLIES FROM MINE-MOUTH COAL-FIRED POWER PLANTS (PLTU), PLTU OF COAL, COMBINED CYCLE POWER PLANT (PLTG/PLTMG), AND HYDRO POWER PLANT (PLTA) BY PT PERUSAHAAN LISTRIK NEGARA (PERSERO) BASED ON DIRECT SELECTION AND DIRECT ASSIGNMENT.

WITH THE BLESSING OF THE ALMIGHTY GOD

MINISTER OF ENERGY AND MINERAL RESOURCES
OF THE REPUBLIC OF INDONESIA,

In considering

that in regard of the acceleration of the development of power plants by PT Perusahaan Listrik Negara (Persero) and in regard of the implementation of Article 39 paragraph (2) of government regulation (PP) Number 14 year 2012 on undertakings of power supplies, of which has been amended by government regulation (PP) number 23 year 2014, it shall be necessary to enact a Ministerial Regulation (Decree) of Energy and Mineral Resources on Procedure of Purchase of Power Supplies and Reference Price of Power Purchase from Mine-mouth PLTU (coal-fired power plant) , PLTU of Coal, PLTG/ PLTMG (combined cycle power plant), and PLTA (hydro power plant) by PT Perusahaan Listrik Negara (Persero) based on direct selection and direct assignment;

As referring to in

1. Law Number 22 Year 2001 on Oil and Natural Gas (State Gazette of the Republic of Indonesia Year 2001 Number 136, Supplement to State Gazette of the Republic of Indonesia Number 4152);
2. Law number 19 year 2003 on State-owned Enterprises (State Gazette of the Republic of Indonesia Year 2003 Number 70, Supplement to State Gazette of the Republic of Indonesia Number 4297);
3. Law number 30 year 2007 on Energy (State Gazette of the Republic of Indonesia Year 2007 Number 96, Supplement to State Gazette of the Republic of Indonesia Number 4746);

4. Law number 4 year 2009 on Mineral and Coal Mining (State Gazette of the Republic of Indonesia Year 2009 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 4959);
5. Law number 30 year 2009 on Electricity (State Gazette of the Republic of Indonesia Year 2009 Number 133, Supplement to State Gazette of the Republic of Indonesia Number 5052);
6. Government Regulation (PP) number 14 year 2012 on undertakings of power supplies (State Gazette of the Republic of Indonesia Year 2012 Number 28, Supplement to State Gazette of the Republic of Indonesia Number 5281) as having been amended by Government Regulation (PP) number 23 year 2014 (State Gazette of the Republic of Indonesia Year 2014 Number 75, Supplement to State Gazette of the Republic of Indonesia Number 5530);
7. Presidential Decree Number 121/ P year 2014 dated 27 October 2014;
8. Ministerial Decree of Energy and Mineral Resources number 001 year 2006 dated 2 January 2006 concerning Procedure of Power Purchase and/ or Network Lease in regard of power supplies for the public as having been amended by Ministerial Decree of Energy and Mineral Resources Number 004 year 2007 dated 11 January 2007;
9. Ministerial Decree of Energy and Mineral Resources number 18 year 2010 concerning Organization and Work Procedure of Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2010 Number 552) as having been amended two times and the latest amendment by Ministerial Decree of Energy and Mineral Resources number 30 year 2014 (State Gazette of the Republic of Indonesia Year 2014 Number 1725);
10. Ministerial Decree of Energy and Mineral Resources Number 04 Year 2012 concerning price of power purchase by PT PLN (Persero) from power plant of renewable energy of small and medium scales or surplus or excess of power supplies (State Gazette of the Republic of Indonesia Year 2012 Number 128);

DECIDES:

To enact

MINISTERIAL DECREE OF ENERGY AND MINERAL RESOURCES CONCERNING PROCEDURE OF PURCHASE OF POWER SUPPLIES AND REFERENCE PRICE OF PURCHASE OF POWER SUPPLIES FROM MINE-MOUTH PLTU, PLTU OF COAL, PLTG/ PLTMG, AND PLTA BY PT PERUSAHAAN LISTRIK NEGARA (PERSERO) BASED ON DIRECT SELECTION AND DIRECT ASSIGNMENT.

Article 1

- (1) PT Perusahaan Listrik Negara (Persero) shall be responsible for the fulfillment of needs of power supplies in its operational areas.
- (2) In fulfilling the need of power supplies as cited in paragraph (1) PT Perusahaan Listrik Negara (Persero) shall be allowed to purchase power supplies from mine-mouth PLTU (coal-fired power plant), PLTU of Coal, PLTG/ PLTMG, and PLTA (hydro power plant).
- (3) The purchase of power supplies by PT Perusahaan Listrik Negara (Persero) as cited in paragraph (2) with the holder of permit of other power producer shall be based on the plan on undertaking of power supplies.
- (4) The purchase of power supplies from mine-mouth PLTU(coal-fired power plant), PLTU of Coal, PLTG/ PLTMG, and PLTA (hydro power plant) as cited in paragraph (2) shall be allowed based on direct selection and direct assignment as long as it is in fulfillment of criteria.
- (5) The criteria of direct selection as cited in paragraph (4) shall be as follows:
 - a. diversification of energy of power plant to non-oil fuel; and/ or
 - b. additional capacity of power plant that has been operational in different location under a local system, between the business entity as the permit holder of power generation and new business entity established by any interested developer.
- (6) The criteria of direct assignment as cited in paragraph (4) shall be as follows:
 - a. the power supplies are purchased from mine-mouth PLTU (coal-fired power plant), marginal PLTG (gas-fired power plant) and PLTA (hydro power plant).
 - b. Surplus of power supplies are purchased from mine-mouth PLTU, PLTU of Coal, PLTG/PLTMG (combined cycle power plant), and PLTA.
 - c. the power supplies are purchased from mine-mouth PLTU, PLTU of Coal, PLTG/PLTMG, and PLTA in case that the local power system is in critical condition or in emergency of power supplies; and/ or
 - d. the power supplies are purchased from mine-mouth PLTU, PLTU of Coal, PLTG/PLTMG, and PLTA in effort to increase the power capacity of the already operational power plant in the same location.
- (7) In case there is more than 1 (one) developer who will be interested in proposing for the purchase of power supplies based on the direct assignment as cited in paragraph (6), the power supplies shall be purchased based on a direct selection.

Article 2

- (1) PT Perusahaan Listrik Negara (Persero) shall be obliged to announce the plan on purchase of power supplies as cited in Article 1 as in accordance

with the plan on undertakings of power supplies.

- (2) The purchase of power supplies as cited in Article 1 shall be conducted on a basis of electronic procurement.
- (3) In regard that the procurement as cited in paragraph (2) cannot be conducted yet electronically, it shall be conducted manually (non-electronically).

Article 3

- (1) Board of Directors of PT Perusahaan Listrik Negara (Persero) shall further regulate the policy on procedure of purchases of power supplies based on direct selection and direct assignment as cited in Article 1 by excluding or excepting the stipulations of Ministerial Decree of Energy and Mineral Resources Number 001 Year 2006 on procedure of purchases of power supplies and/ or leases of network in order to supply power for the sake of the public as having been amended by Ministerial Decree of Energy and Mineral Resources number 004 Year 2007.
- (2) The process of direct selection as cited in paragraph (1) shall be conducted after the completion of assay over technical and financial capabilities by procurement agent as assigned by PT Perusahaan Listrik Negara (Persero) up to the signing of purchases and sales agreement of power supplies, of which will take time of no more than 45 (forty five) days.
- (3) The process of direct assignment as cited in paragraph (1) shall be conducted after the completion of assay over technical and financial capabilities by procurement agent as assigned by PT Perusahaan Listrik Negara (Persero) up to the signing of purchases and sales agreement of power supplies, of which will take time of no more than 30 (thirty) days.

Article 4

In order to accelerate the process of purchase of power supplies as cited in Article 1, PT Perusahaan Listrik Negara (Persero) shall be obliged to prepare as follows:

- a. standard of document for the procurement of power plant; and
- b. standard of agreement of purchases and sales of power supplies for any type of power plant.

Article 5

The purchase of power supplies shall comply with technical requirements as referring to Indonesia's National Standard (SNI) in the power sector, international standard or the standard of other country that is not in contradiction with the standard of ISO (International Organization for Standardization) or IEC (International Electrotechnical Commission), and take into account the regulation

on domestic local content (TKDN).

Article 6

- (1) The highest reference price of the purchase of power supplies from mine-mouth PLTU (coal-fired power plant), PLTU of Coal, PLTG/PLTMG (combined cycle power plant), and PLTA (hydro power plant) by PT Perusahaan Listrik Negara (Persero) as cited in Article 1 shall refer to the Appendix as an inseparable part of this Ministerial Decree.
- (2) The highest reference price of the purchase of power supplies as cited in paragraph (1) shall be based on the conditions as follows:
 - a. the highest reference price is the price of levelized base of the “busbar” of the power plant; and
 - b. the highest reference price is the price when the power plant has been commercially operational (on Commercial Operation Date).
- (3) The purchase of power supplies from mine-mouth PLTU (coal-fired power plant), PLTU of Coal, PLTG/ PLTMG (combined cycle power plant), and PLTA (hydro power plant) based on the highest reference price as cited in paragraph (1) shall need no approval from Minister on the selling price of power supplies.

Article 7

Based on the reference price as cited in Article 6 the price of purchase of power supplies can be adjusted as regulated under the agreement on purchase and sales of power supplies.

Article 8

For certain region PT Perusahaan Listrik Negara (Persero) shall be allowed to purchase power supplies from power plant at price higher than the highest reference price as cited in Article 6 at price estimated by PT Perusahaan Listrik Negara (Persero) and such a selling price of power supplies shall be approved by Minister.

Article 9

Cooperation between PT Perusahaan Listrik Negara (Persero) and the holder of permit of undertakings of power supplies with a work area for the purchase of power supplies from mine-mouth PLTU, PLTU of Coal, PLTG/ PLTMG, and PLTA shall refer to the highest reference price for the purchase of power supplies as cited in Article 6 and there is no need of an approval from Minister.

Article 10

From the beginning of the effectiveness of this Ministerial Decree the process of

purchases and sales of power supplies based on direct selection and direct assignment from mine-mouth PLTU, PLTU of Coal, PLTG/ PLTMG, and PLTA at capacity of more than 10 MW, of which is still in progress and there has yet to be decision/ assignment of aspirant developer or existing developer, shall refer to this Ministerial Decree.

Article 11

In the effectiveness of this Ministerial Decree:

1. Stipulations of Article 16 paragraphs (6) and (7) and Article 19A paragraphs (3) and (4) of Ministerial Decree of Energy and Mineral Resources number 001 year 2006 dated 2 January 2006 on procedure of purchase of power supplies and/or leases of network in effort to provide power supplies for the sake of the public as having been amended by Ministerial Decree of Energy and Mineral Resources number 004 year 2007 dated 11 May 2007; and
2. Stipulations on the price of purchase of excess power supplies as cited in Article 2 of Ministerial Decree of Energy and Mineral Resources Number 04 year 2012 on Price of purchase of power supplies by PT PLN (Persero) from power plants fueled by renewable energy at small and medium scales or the excess of power supplies in correlation with the price of purchase of excess power supplies from mine-mouth PLTU, PLTU of Coal, PLTG/ PLTMG, and PLTA,

shall be revoked and no longer be effective.

Article 12

This Ministerial Decree shall be effective on the date of enactment.

That every person shall be aware of, and as per instruction the enactment of this Ministerial Decree shall be put in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
Dated 12 January 2015
MINISTER OF ENERGY AND MINERAL RESOURCES
OF THE REPUBLIC OF INDONESIA

Signed

SUDIRMAN SAID

Legally Endorsed in Jakarta
Dated 13 January 2015
Minister of Laws and Human Rights
The Republic of Indonesia

Signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2015 NUMBER 49

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Ministry of Energy and Mineral Resources
The Republic of Indonesia
Head of Bureau of Laws

signed

Susyanto

APPENDIX

MINISTERIAL DECREE (REGULATION) OF ENERGY AND MINERAL RESOURCES OF THE REPUBLIC OF INDONESIA

NUMBER 03 YEAR 2015

CONCERNING

PROCEDURE ON PURCHASE OF POWER SUPPLIES AND REFERENCE PRICE OF PURCHASE OF POWER SUPPLIES FROM MINE-MOUTH COAL-FIRED POWER PLANTS (PLTU), PLTU OF COAL, COMBINED CYCLE POWER PLANT (PLTG/PLTMG), AND HYDRO POWER PLANT (PLTA) BY PT PERUSAHAAN LISTRIK NEGARA (PERSERO).

THE HIGHEST REFERENCE PRICE OF PURCHASE OF POWER SUPPLIES

1. Mine-mouth PLTU

Net Capacity of Unit (MW)	100	150	300	600
Price (US cent/ kWh)	8.2089	7.6520	7.1862	6.9012
Assumption:				
Availability factor (AF)	80%			
Length of contract	30 years			
Heat rate Kcal/ kWh	3200	3000	2900	2700
Calorific value (gar) kcal/ kg	3000			
Coal price USD/ ton (CIF)	30			

2. Non mine-mouth PLTU of Coal

Net Capacity of Unit (MW)	≤10	15	25	50	100	150	300	600	1000
Price (US cent/ kWh)	11.82	10.61	10.60	9.11	8.43	7.84	7.25	6.96	6.31
Assumption:									
Availability factor (AF)	80%								
Length of contract	25 years								
Heat rate Kcal/ kWh	4160	3500	3450	3200	3000	2800	2600	2450	2290
Calorific value (gar) kcal/ kg	5000								
Coal price USD/ ton (CIF)	60								

The price of coal is based on a Passthrough principle

3. PLTG/ PLTMG

Net Capacity of Unit (MW)	40-60	100
Price (US cent/ kWh)	8.64	7.31
Assumption:		
Availability factor (AF)	85%	
Length of contract	20 years	
Heat rate Kcal/ kWh	9083	8000
Gas price in USD/ MMBTU	6.00	

Based on the conditions as follows:

- a. If functioning as a peaking unit, the calculation of price should consider the factor of availability;
- b. For PLTMG the heat rate is calculated based on a heat rate of Manufacturing; and
- c. The price of gas is based on a Passthrough principle.

4. PLTA (hydro power plant)

Net Capacity of Unit (MW)	>10 – 50	50 -100	>100
Price (US cent/ kWh)	9.00	8.50	8.00
Assumption:			
Availability factor (AF)	60%		
Length of contract	30 years		

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Signed

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