

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

NUMBER : 19 YEAR 2017

CONCERNING

THE USE OF COAL FOR POWER PLANT AND THE PURCHASE OF EXCESS POWER

BY THE GRACE OF GOD THE AL MIGHTY

THE MINISTER OF ENERGY AND MINERAL RESOURCES OF THE RI

Considering : a. that in the framework of enhancing the optimal use of coal in the development of power plant, as well as improving the role of power plant of the holder of operational license to maintain the availability of electric power at the local electricity system, it is necessary to regulate the provision concerning the use of coal for power plant and the purchase of excess power;

b. that based on considerations as referred to in letter a, it is necessary to establish The Regulation of the Minister of Energy and Mineral Resources concerning The Use of Coal for Power Plant and The Purchase of Excess Power;

In view of : 1. Law no 30 Year 2007 concerning Energy (State Gazette of the RI of 2007 No..96, State Gazette Supplement of the RI No.4746;

2. Law No.4 Year 2006 concerning Mineral and Coal Mining (State Gazette fo the RI of 2009 No.4, State Gazette Supplement of the RI No.4959);

3. Law No.30 Year 2009 concerning Elektrik Power (State Gazette of the RI of 2009 No.133, State Gazette Supplement No.5052);
4. Government Regulation No.23 Year 2010 concerning The Realization of Mineral and Coal Mining Business Activities (State Gazette of the RI of 2010 No.29, State Gazette Supplement of the RI No.5111) as several times amended lastly with Government Regulation No.1 Year 2017 concerning the Fourth Amendment to Government Regulation No.23 Year 2010 concerning the Realization of Mineral and Coal Mining Business Activities (State Gazette of the RI of 2017 No.4, State Gazette Supplement of the RI No.6012);
5. Government Regulation No.14 Year 2012 concerning Business Activities in Supplying Electricity (State Gazette of the RI of 2012 No.28, State Gazette Supplement of the RI No.5281) as amended with Government Regulation No.23 Year 2014 concerning The Amendment to Government Regulation No.14 Year 2012 concerning Business Activities in Supplying Electricity (State Gazette of the RI of 2014 No.75, State Gazette Supplement of the RI No.5530);
6. Government Regulation No.79 Year 2014 concerning National Energy Council (State Gazette of the RI of 2014 No.300, State Gazette Supplement of the RI No.5609);
7. Presidential Regulation No.68 Year 2015 concerning The Ministry of Energy and Mineral Resources (State Gazette of the RI of 2015 No.132) as amended with Presidential Regulation No.105 Year 2016 concerning The Amendment to Presidential Regulation No.68 Year 2015 concerning

The Ministry of Energy and Mineral Resources (State Gazette of the RI of 2016 No.289);

8. The Regulation of the Minister of Energy and Mineral Resources No.09 Year 2016 concerning The Method of Supplying and Pricing of Coal for Mine Mouth Power Plant (State Bulletin of the RI Year 2016 No.512) as amended with The Regulation of the Minister of Energy and Mineral Resources No.24 Year 2016 concerning The Amendment to The Regulation of the Minister of Energy and Mineral Resources No.09 Year 2016 concerning The Method of Supplying and Pricing of coal for Mine Mouth Power Plant (State Bulletin of the RI of 2016 No.1367);

HAS DECIDED

To establish : THE REGULATION OF THE MINISTER OF ENERGY AND MINERAL RESOURCES CONCERNING THE USE OF COAL FOR POWER PLANT AND THE PURCHASE OF EXCESS POWER.

CHAPTER I

GENERAL PROVISION

Article 1

In this Ministerial Regulation:

1. Coal refers to sedimentation of organic carbonate compound naturally formed from the remnants of plants.
2. Electricity Sale and Purchase Agreement hereinafter called PJBL refers to electricity sale and purchase agreement between PT Perusahaan Listrik Negara (Persero) as the buyer and the business entity as the seller.

3. The Price of Coal for Mine Mouth Power Plant refers to a price especially determined for Coal used as fuel of Mine Mouth Power Plant.
4. Mine Mouth Power Plant refers to thermal power plant and Coal gas driven power plant, using Coal as fuel, whose Coal supply is ensured by the mining company in accordance with the Coal sale and purchase agreement.
5. Mining Company refers to a company that carries out Coal mining business activities.
6. Mine Mouth Power Plant Company refers to the holder of a business license for supplying electricity that operates Mine Mouth Power Plant.
7. PT Perusahaan Listrik Negara (Persero) hereinafter called PT PLN (Persero) refers to a state-owned business entity established based on Government Regulation No.23 Year 1994 concerning the Change in the Form of State Electricity Public Company (Perum) to a Limited Company *(Persero).
8. Basic Cost of Supplying Generation hereinafter called BPP Generation refers to the cost of supplying electricity by PT PLN (Persero) at the power plant, not including cost of power transmission.
9. Grid Code refers to a set of rules, requirements, and safety standard, dependability as well as efficient operating and developing system in meeting the rise in demand for electric power in the electric power system.
10. Commercial Operation Date hereinafter abbreviated to COD refers to the date the power plant starts operation to transmit electric energy to the electric power network owned by PT PLN (Persero).
11. Capacity Factor hereinafter abbreviated to CF refers to the factor of capacity, comparison between the average

capacity in megawatt production during a certain period and installed capacity.

12. Business Entity of Electric Power Generation refers to a company producer of electric power other than PT PLN (Persero) which makes an agreement in the sale and purchase of electric power with PT PLN (Persero).
13. Minister refers to the minister who administers governance affairs in energy and mineral resources.

Article 2

This Ministerial Regulation regulates the provision regarding the use of Coal for power plant and the purchase of excess power from the holder of operational license.

CHAPTER II

COAL FUELLED POWER PLANT

First Part

General

Article 3

- (1) In the framework of meeting the obligation to supply electric power, the holder of a business license for supplying electric power that has a business area may purchase electric power from coal fuelled power plant.
- (2) The purchase of electric power as referred to in sub-article (1) is made based on a business plan of supplying electric power.

- (3) Coal fuelled power plant as referred to in sub-article (1) can be in the form of:
 - a. Mine Mouth Power Plant; or
 - b. non-mine mouth power plant.
- (4) The purchase of electric power from Mine Mouth Power Plant as referred to in sub-article (3) letter a, can be effected through direct appointment.
- (5) The purchase of electric power from non-mine mouth power plant as referred to in sub-article (3) letter b is effected in compliance with the provision of laws and regulations.

Second Part

Mine Mouth Power Plant

Article 4

- (1) In the framework of developing Mine Mouth Power Plant, PT PLN (Persero) and a Business Entity engaged in Electric Power Generation should make certain the allocation/supply of Coal in accordance with PJBL.
- (2) Allocation/supply of Coal as referred to in sub-article (1) is effected based on Coal sale and purchase agreement between the Mining Company and Mine Mouth Power Plant company.
- (3) Mine Mouth Power Plant Company as referred to in sub-article (2) can be in the form of:
 - a. the holder of a business license of integrated supply of electric power; and
 - b. the holder of a business license for supplying electric power generation.

- (4) Coal for the development of Mine Mouth Power Plant can be supplied by more than 1 (one) Mining Company.

Article 5

- (1) The purchase of electric power from Mine Mouth Power Plant as referred to in Article 3 sub-article (3) to in Article 3 sub-article (3) letter a is effected based on PJBL.
- (2) PJBL, as referred to in sub-article (1) is realized for a period of 30 (thirty) years as of COD.
- (3) The purchase price of electric power from Mine Mouth Power Plant as referred to in sub-article (1) is determined with the following provisions:
 - a. in the case BPP Generation at the local electric power system is equal or below the average national BPP Generation, the highest standard price is 75% (seventy-five percent) of the BPP Generation at the local electric power system; or
 - b. in the case BPP Generation at the local electric power system is above the average national BPP Generation, the highest standard price as much as 75% (seventy-five percent) of the average national BPP Generation.
- (4) The provision of the purchase price of electric power as referred to in sub-article (3) is determined on the assumption of CF of generator as much as 80% (eighty percent).
- (5) BPP Generation at the local electric power system and the average national BPP Generation as referred to in sub-article (3) constitute BPP Generation at the local electric

power system and the average national BPP Generation in the previous year already determined by the Minister based on proposal of PT PLN (Persero).

Article 6

In the framework of realizing the development of electric power network to evacuate power from Mine Mouth Power Plant to the connecting point owned by PT PLN (Persero), development of network can be carried out by a Business Entity engaged in Electric Power Generation based on the mechanism of mutual benefit (business to business).

Third Part

Non-Mine Mouth Power Plant

Article 7

- (1) The purchase of electric power from non-mine mouth power plant as referred to in Article 3 sub-article (3) letter b is effected based on PJBL.
- (2) PJBL as referred to in sub-article (!) is made for a period of 30 (thirty) years as of COD.
- (3) The purchase price of electric power from non-mine mouth power plant as referred to in sub-article (1) is determined for the following capacity:
 - a. bigger than 100 (one hundred) megawatt; and
 - b. up to 100 (one hundred) megawatt.

Article 8

- (1) The purchase price of electric power from non-mine mouth power plant with capacity of bigger than 100 (one hundred)

megawatt as referred to in Article 7 sub-article (3) letter a, is determined with the following provisions:

- a. in the case BPP Generation at the local electric power system is equal with or below the average national BPP Generation , the highest standard price is as much as the BPP Generation at the local electric power system; or
- b. in the case BPP Generation at the local electric power system is above the average national BPP Generation, the highest standard price is as much as the national BPP Generation.

(2) The purchase price of electric power from non-mine mouth power plant with capacity up to 100 (one hundred) megawatt as referred to in Article 7 sub-article (3) letter b, is determined with the following provisions:

- a. in the case BPP Generation at the local electric power system is equal with or below the average national BPP Generation, the highest standard price is as much as BPP Generation at the local electric power system; or
- b. in the case BPP Generation at the local electric power system is above the average national BPP Generation, the purchase price of electric power is determined based on tender or mutually beneficial mechanism (business to business).

(3) The provision of the purchase price of electric power as referred to in sub-article (1) letter a and sub-article (2) letter a, is using the price of Coal for non-mine mouth power plant in accordance with the principle of passthrough based on the assumed price of Coal at the time of using BPP at the local electric power system.

- (4) The provision of the purchase price of electric power as referred to in sub-article (1) and sub-article (2) is determined on the assumption of generation CF of 80% (eighty percent).
- (5) BPP Generation at the local electric power system and the average national BPP Generation as referred to in sub-article (1) and sub-article (2) constitutes BPP Generation at the local electric power system and the average national BPP Generation in the previous year already determined by the Minister based on the proposal of PT PLN (Persero).

Article 9

In the framework of realizing the development of electric power network to evacuate power from non-mine mouth power plant to the connecting point owned by PT PLN (Persero) the development of network can be carried out by a Business Entity engaged in Electric Power Generation based on a mutually beneficial mechanism (business to business).

Article 10

- (1) The purchase of electric power from Mine Mouth Power Plant and non-mine mouth power plant as referred to in Article 5 and Article 8 uses the pattern of cooperation of build, own, operate and transfer (BOOT).
- (2) Further provision concerning the pattern of cooperation as referred to in sub-article (1) is arranged in PJBL.

Fourth Part

The Purchase of Electric Power from Expansion Power Plant

Article 11

- (1) In the case the purchase of electric power from expansion power plant is in the same location , it can be done through direct appointment and the purchase price of electric power should be below the standard price as referred to in Article 5 and Article 8.
- (2) In the case the purchase of electric power from the expansion power plant is in a different location in the same system,it can be done through direct selection and the purchase price of electric power should be below the standard price as referred to in Article 5 and Article 8.

CHAPTER III

THE PURCHASE OF EXCESS POWER FROM THE HOLDER

OF OPERATIONAL LICENSE

Article 12

- (1) The holder of a business license for supplying electric power who has a business area can purchase excess power from the holder of operational license to reinforce the system of the local electric power supply.
- (2) The purchase of excess power as referred to in sub-article (1) can be bigger than the electric power of own

consumption and commensurate with the condition and demand of the local electric power system.

- (3) Operation of a power plant of the generator of the holder of operational license should refer to the Grid Code at the local system or electric power distribution rules.

Article 13

- (1) The purchase price of excess power at the highest is 90% (ninety percent) of the BPP Generation at the local electric power system.
- (2) BPP Generation at the local electric power system as referred to in sub-article (1) constitutes BPP Generation at the local electric power system of the previous year already determined by the Minister based proposal from PT PLN (Persero).
- (3) The purchase of excess power as referred to in Article 12 sub-article (1) can be effected through futures sale and purchase agreement of excess power.
- (4) Futures sale and purchase agreement of excess power as referred to in sub-article (3) could be less or more than 1 (one) year based on the condition and demand of the local system.

Article 14

- (1) PT PLN (Persero) evaluates the purchase price of excess power as referred to in Article 13 sub-article (1) every year based on the change in BPP Generation at the local electric power system.
- (2) BPP Generation at the local electric power system as referred to in sub-article (1) constitutes the BPP Generation

at the local electric power system already determined by the Minister based on the proposal from PT PLN (Persero).

CHAPTER IV

TRANSITIONAL PROVISION

Article 15

At the time this Ministerial Regulation becomes effective, to the Business Entity Engaged in Electric Power Generation which:

- a. tender process had been effected and had submitted a bid price;
- b. had been declared as tender winner;
- c. had signed the letter of intent; or
- d. had signed the PJBL,

the process of purchase and price of its electric power is in compliance with the provision regulated in the laws and regulations prior to the promulgation of this Ministerial Regulation.

Article 16

The sale and purchase agreement of excess power already existed prior to the promulgation of this Ministerial Regulation remains applicable up to the end of the period of the sale and purchase agreement of excess power.

CHAPTER V

CONCLUDING PROVISION

Article 17

At the time this Ministerial Regulation becomes effective:

1. the provision regarding excess power as referred to in Article 13 and Article 14 of the Regulation of the Minister of Energy and Mineral Resources No.01 Year 2015 concerning Cooperation in Supplying Electric Power and Joint Access to Electric Power Network (State Bulletin of the RI of 2015 No.3);
2. The Regulation of the Minister of Energy and Mineral Resources No.03 Year 2015 concerning the Procedure of the Purchase of Electric Power and the Standard Purchase Price of Electric Power from Mine Mouth PLTU, Coal PLTU, PLTG/PLTMG and PLTA by PT PLN (Persero) Through Direct Selection and Direct Appointment (State Bulletin of the RI of 2015 No.49); and
3. the provision regarding excess power as referred to in Article 16 and Article 17 of the Regulation of the Minister of Energy and Mineral Resources No.21 Year 2016 concerning the Purchase of Electric Power from Biomass Power Plant and Biogas Power Plant by PT Perusahaan Listrik Negara (Persero) (State Bulletin of the RI of 2016 No.1129), is revoked and declared null and void.

Article 18

This Ministerial Regulation becomes effective on the date of its promulgation.

Established in Jakarta

On February 14, 2017

THE MINISTER OF ENERGY AND MINERAL RESOURCES

OF THE RI

signed

IGNASIUS JONAN

Promulgated in Jakarta

On February 17, 2017

THE DIRECTOR GENERAL OF LAWS AND REGULATIONS

THE MINISTRY OF JUSTICE AND HUMAN RIGHTS

OF THE RI

signed

WIDODO EKATJAHYANA

STATE BULLETIN OF THE RI YEAR 2017 NUMBER 304

For Copy Conform

MINISTRY OF ENERGY AND MINERAL RESOURCES

Head of Legal Affairs Bureau

signed

Hufron Asrofi