

## NEW REGULATION ON ON-GRID SOLAR ROOFTOP

The Government continues to promote the use of renewable energy to achieve the energy mixed target of 23% by 2025. One of the priority agenda of the Government is by creating accelerating the development of Solar PV in the form of solar rooftops, floatovoltaics (floating PVs), and large-scale PV power plants.

There has been a significant demand and increase in the solar rooftops since the introduction of the consumer solar rooftops back in 2018. As a response to this situation, the Minister of Energy and Mineral Resource (“MEMR”) finally issued MEMR Regulation No. 26 of 2021 (“MEMR 26/2021”) on 20 August 2021 replacing MEMR the previous MEMR Regulation No. 49 of 2018 (as amended) (“MEMR 49/2018”).

We set out below some of the key aspects of MEMR 26/2021 compared to the previous MEMR 49/2018.

### **Increase in the exported excess capacity value from previously 65% to become 100%**

There has been pros and cons on this particular issue. Previously under MEMR 49/2018, PLN’s customer can install their own rooftop solar PVs (“Customer”) for both on grid or off grid system, and they can export the excess capacity of their rooftop solar PVs to PLN and with that reducing their electricity bill. The exported excess capacity was valued at 65% of PLN’s tariff and the excess value will be accumulated and taken into account as a reduction in the following month’s electricity bill. There has been various concerns and discussions among the stakeholders on the excess capacity value because the 65% was a setback compared PLN’s internal policy on export of capacity adopted by in 2013 where PLN’s 2013 internal policy provides that every kWh of power exported to the PLN grid, PLN’s customers would be given credits equal to 100% of the applicable PLN’s customer tariff.

MEMR 26/2021 finally approved the increase in the excess capacity value to become 100%. However, this has also raised a concern among the investors because the electricity price of the existing PVs other than solar rooftops may be lower than the sale of excess by the solar rooftop consumers. In addition, this may also affect PLN’s revenue.

### **Carbon Trading**

The carbon trading is now allowed under MEMR 26/2021 between an IUPTLU holder and its consumers. The structure, arrangement and mechanism of the carbon trading will be further regulated in a minister regulation.

## **Electricity export-import balance is now accumulated in semester**

MEMR 26/2021 extends the period of electricity export-import balance from previously 3 months to 6 months, namely from January to June and from July to December.

## **Non-PLN's consumers to also follow MEMR 26/2021**

MEMR 26/2021 changes the coverage from previously limited to the consumers of PLN to become the consumers of the holders of the Electricity Supply Business License for Public Use (*Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Umum*/"IUPTLU"). Therefore, the consumers from the IUPTLU holders are now subject to terms under MEMR 26/2021.

## **New Electronic Solar Rooftop Integrated Reporting and Services Application**

The MEMR will create an electronic solar rooftop integrated reporting and services system within 6 months. PLN will also create a solar rooftop digital application that will be integrated into the Supervisory Control and Data Acquisition (SCADA) or distribution smart grid within 6 months as of the issuance of the instruction from the MEMR. In addition, the MEMR will also establish a solar rooftop complaint center which will handle and follow up complaints from the solar rooftop customers and IUPTLU holders relating to the implementation of the solar rooftop system.

## **Licenses from the consumer's side**

Under MEMR 26/2021, a consumer with the solar rooftop system that has a capacity of more than 500kW and connected to an electricity installation system must obtain an Electricity Supply Business License for Private Use (*Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Sendiri*). Otherwise, if the capacity is less than 500kW, the consumers must submit a report to the MEMR/Governor prior to the commencement of the construction and installation activities. A Certificate of Worthiness (*Sertifikat Laik Operasi/SLO*) is also still required.

## **Limitation on Capacity**

The consumers' solar rooftop capacity remains the same, i.e., 100% of the connected capacity from PLN. As for the non-PLN's consumers, the capacity will be limited based on capacity limit declared by the IUPTLU holders.

## Lawyers in charge

---



### ***Dirgantara Adi Nugroho*** ***Partner***

Adi is one of the newest Partner at Guido Hidayanto & Partners specializing in infrastructure and construction projects. Prior to joining Guido Hidayanto & Partners, he worked for top tier firm in Indonesia as a senior associate. He has acted for both Indonesian and foreign clients in a variety of projects and commercial transactions His experience includes representing foreign sponsors in the development of ultra super critical electric power plants in Indonesia including the preparation and negotiations of the project documents (for example EPC and O&M contracts, coal supply agreements).

Adi was also extensively involved in various EPC projects for construction of commercial buildings, factories and smelters.

***E-Mail*** [dirgantara.adi@lawghp.com](mailto:dirgantara.adi@lawghp.com)

## Lawyers in charge

---



### **Yohanes Masengi** **Partner**

Yohanes Masengi is a Partner with extensive experience in investment, infrastructure, power projects, ports, mergers and acquisitions, joint ventures, employment and corporate restructuring.

He has represented prominent companies in a variety of proceedings and transactions, including merger and acquisitions, land acquisitions, project financing, healthcare and lifesciences, and natural resources and energy. These include, among others, representing independent power producers in the development of various large-scale power projects in Indonesia, representing the employer in the settlement of labor disputes and mass terminations due to redundancy and closure, representing a state owned enterprise in the arbitration disputes, providing legal assistance in the renegotiation of concessions and contracts with state owned enterprises, providing legal assistance in the acquisition of land with an area of more than 85 hectares for infrastructure projects, providing legal assistance in various joint ventures and the establishment of companies in Indonesia, and advising on various matters related to their concession and business activities.

He was nominated as the finalist of 2018 Indonesian Young Lawyer of the Year and ranked as the Indonesian Rising Star Lawyer of 2019 and 2020 by the Asian Legal Business. He is recognized by the ILFR 1000 review that he is "Detailed, practical and flexible in offering solutions as the landscape changes. Responsive to client's needs and concerns. Direct, succinct and clear advice without compromising details." He is also recognized by the Legal500 as the Next Generation Partner in the Projects and Energy with the review that "Yohanes Masengi also has significant experience in power projects and M&A."

He is also a contributor of the Energy Projects for Practitioners (ISBN: 978-4-502-31861-0) published by Atsumi Sakai Law Office / Foreign Law Joint Project and contributor to The Commercial Laws of Indonesia Chapter in Digest of the Commercial Laws of the World, Thomson Reuters, from 2017 to 2021.

**E-Mail** [yohanes.masengi@lawghp.com](mailto:yohanes.masengi@lawghp.com)