Chambers AND PARTNERS

CHAMBERS GLOBAL PRACTICE GUIDES

Power Generation Transmission & Distribution 2025

Definitive global law guides offering comparative analysis from top-ranked lawyers

Indonesia: Law and Practice & Trends and Developments

Emir Nurmansyah, Serafina (Fina) Muryanti and Adya Sepasthika
ABNR Counsellors at Law

INDONESIA

Law and Practice

Contributed by:
Emir Nurmansyah, Serafina (Fina) Muryanti and Adya Sepasthika
ABNR Counsellors at Law

Contents

ABNR Counsellors at Law is Indonesia's longest-established law firm. Founded in 1967, it pioneered the development of international commercial law in the country following the reopening of its economy to foreign investment after a period of isolation in the early 1960s. With over 100 partners and lawyers (including two foreign counsel), ABNR is the largest independent, full-service law firm in Indonesia and one of the country's top three law firms by number of fee earners, giving it the scale needed to simultaneously handle large and complex transnational deals across a range of practice areas. It continues to value the personal touch and is proud of its reputation for responsiveness. Its lawyers are business savvy and fully understand that alongside legal expertise and experience, timeliness and value for money are of the utmost importance to clients.

Authors

Emir Nurmansyah is a senior partner at ABNR and a member of the firm's management board. Emir is one of the most respected and versatile lawyers in Indonesia today. After some 30 years in legal practice, he is a market-leading lawyer for project finance and development, banking and finance, corporate/M&A, and foreign direct investment (FDI). He also offers extensive experience and expertise in restructuring and insolvency, shipping, aviation, and technology, media and telecommunications (TMT).

Serafina (Fina) Muryanti joined ABNR in 2007 and was made partner in January 2019. She focuses her practice on project finance and development, M&A and foreign direct investment (FDI). Fina is recognised in the projects and energy space and is highly regarded for her work in project finance. She has been lauded as a leading woman lawyer in Indonesia and is one of six ABNR lawyers on the 2022 list of "Indonesia's top 50 up-and-coming future legal leaders".

Adya Sepasthika is an associate at ABNR and focuses her practice on projects and energy, and employment, with an emphasis on projects in the power, construction, infrastructure and natural resources sectors. In terms of projects and energy, she has worked on a series of Indonesian power-purchase agreements (PPA) spanning all types of energy, both renewable (hydro, geothermal, solar, wind, and waste-to-energy) and conventional, including the development of a regional waste-to-energy treatment facility, financing for the early retirement of a coal-fired power scheme and electricity export projects.

ABNR Counsellors at Law

Graha CIMB Niaga
24th Floor
Jl Jenderal Sudirman Kav 58
Jakarta 12190
Indonesia

Tel: +62 212 505 125
Email: Info@abnrlaw.com
Web: www.abnrlaw.com

1. Structure and Ownership of the Power Industry

1.1 Law Governing the Structure and Ownership of the Power Industry

The power industry consists of (i) generation, (ii) transmission, (iii) distribution, (iv) sale and (v) integrated activities.

The electricity regulations generally allow for bundled or unbundled activities. However, it is to be noted that Constitutional Court Decision No 111/PUU-XIII/2015, dated 14 December 2016 (the "Constitutional Court Decision"), ruled that the concept of "unbundling" under the Electricity Law is conditionally unconstitutional if:

- it results in the loss of the government's control over electricity supply and therefore contradicts the principle that electricity should be under the government's control; or
- it is interpreted as the government relinquishing control over the power sector in violation of the principle under the Constitution where the government must control electricity or power supply in Indonesia.

In practice, the Constitutional Court Decision has not affected the power industry since the government, through the Minister of Energy and Mineral Resources (MEMR), still controls the industry by way of issuing approvals, permits or licences to conduct power business activities, including control over the electricity purchase price and tariff to end-consumers. In current practice, the power industry in Indonesia consists of the following:

- unbundled activities for generation, transmission, distribution and sale, with mostly private investor-owned companies engaging in power generation activities with *PT Perusahaan Listrik Negara* (PLN; a state-owned enterprise or *Persero*) as the offtaker; and
- bundled activities to accomplish all of the above electricity supply operations (power generation, transmission, distribution and sale) by a single company. Although the regulations allow for bundled activities covering only two activities, such as distribution and sale, this has never been seen in Indonesia.

The market players in the power industry are a combination of state-owned enterprises (including subsidiaries) and private, investor-owned companies.

The power industry is mainly governed by Law No 30 of 2009 on Electricity (the "Electricity Law"), as last amended by Law No 6 of 2023 on the Stipulation of Government Regulation in lieu of Law No 2 of 2022 on Job Creation (becoming Law 6/2023). The Electricity Law does not regulate power storage. However, Government Regulation No 25 of 2021 on the Implementation of the Energy and Mineral Resources Sector sets out that battery energy storage system-related activities are classified under electricity-supporting services – namely consultancy services, installation, operation and maintenance services, and training services. Further, Presidential Regulation 112 of 2022 on the Acceleration of Renewable Energy Development for Power Supply (PR 112/2022) sets out the price of battery facilities and other electrical energy storage facilities for solar and wind power plants of all capacities having such facilities, where the price shall be determined based on the benchmark price of 60% of the purchase price of electricity.

1.2 Principal State-Owned or Investor-Owned Entities

The principal state-owned enterprise in the power industry is PLN, which owns and operates generation, transmission and distribution facilities in Indonesia. PLN acts as the main offtaker of power and electricity generated by investor-owned companies that own and operate generation facilities. PLN also has a mandate from the government to purchase electricity/power generated from geothermal and waste-to-energy power plants. There are also other state-owned enterprises that participate in the power industry, such as Pertamina. However, their role and position in the market are the same as those of investor-owned companies. Major investor-owned companies in the power industry include the following:

- local and domestic companies that own and operate power generation facilities, such as Adaro, Indika and Medco, in addition to well-known foreign investors that own and operate power generation facilities in Indonesia including Sumitomo, J-Power and KOMIPO, to name a few; and
- major local investor-owned companies that sell electricity to end-user consumers, such as PT Cikarang Listrindo and PT Bekasi Power, which supply electricity to industrial estates.

1.3 Foreign Investment Review Process

Save for power generation of less than 1 MW (which is closed for foreign investment), there is no foreign investment restriction applicable to the power industry, which is open for 100% foreign investment. Foreign investment in the power industry is generally subject to protection, as set out in Law No 25 of 2007 on Investment as amended by Law 6/2023 (the "Investment Law"). The Investment Law provides the right to the investor to repatriate (in foreign currencies) capital, profits, dividends, other income, royalties and proceeds of the sale or liquidation of the investment, among other things.

With respect to seizure, confiscation and expropriation, the Investment Law does not specifically use the foregoing terms; instead, it refers to nationalisation or taking over the ownership right of the investor. The Investment Law provides that the government shall not implement nationalisation or take over investors' rights unless the process is based on law, and the government must provide compensation based on market value. The market price should be determined by an independent valuer appointed by the parties and based on a method that is used internationally.

The Investment Law also provides that in the case of an investment dispute between the government and a foreign investor, the parties can refer and settle the dispute through international arbitration, if both parties agree to it.

The Investment Law and the implementing regulations also facilitate investment, including through exemption of import duties for capital goods. Specifically for renewable energy, the government also provides the following fiscal benefits to encourage investment:

- income tax benefits, namely a 30% reduction of net income tax for six years, enhanced depreciation and amortisation, and compensation for any loss that occurred over more than five years, but not more than ten years (tax holiday);
- exemption from tax (tax holiday) for between five and ten years form the start of the commercial operation of the power plant, and a 50% reduction in outstanding income tax for two years; and
- VAT exemption and exemption from import duty for capital goods.

1.4 Sale of Power Industry Assets

Restrictions on the sale of power industry assets, and on business and other transactions such as amalgamations and mergers, are applicable to power projects developed with PLN as the offtaker pursuant to a power purchase agreement (PPA). Pursuant to MEMR Regulation No 48 of 2017 concerning the Supervision of Business Activities in Energy and Mineral Resources Sector (MEMR 48/2017), any transfer of shares in power generation companies that sell electricity to PLN under a PPA are subject to the following restrictions.

- For a non-geothermal power plant, any transfer of shares in power generation companies before a commercial operation date must be initially approved by PLN, and in any case the shares can only be transferred to the subsidiary of the transferring shareholder, which owns more than 90%. Subsequently, power generation companies must notify the MEMR no later than five business days after the date on which the Ministry of Law and Human Rights (MOLHR) provides approval/receipt of notification for the change of shareholding.
- For a geothermal power plant, power generation companies may transfer their shares on Indonesia's stock exchange once the exploration phase is complete, and must obtain approval from the MEMR prior to the initial public offering (IPO) or the transfer of share ownership being recorded on the stock exchange. MEMR approval is also required before any secondary rights are issued. It is unclear whether the restriction on the transfer of shares during the exploration phase applies to private sales. However, in practice – and in the view of the Directorate General of New, Renewable Energy and Energy Conservation of the MEMR – geothermal power generation companies can privately transfer their shares during the exploration and exploitation phases. The requirement to notify the MEMR no later than five business days after the date the MOLHR provides approval/receipt of notification for the change in shareholding is also applicable in this case.

Other than the aforementioned restrictions, amalgamations and mergers, and the transfer of shares that constitute an acquisition, are also subject to the requirements under Law No 40 of 2007 on Limited Liability Companies, as amended by Law 6/2023, as follows.

- It must be announced in at least one daily Indonesian newspaper with national circulation, and in writing to the employees of the company that is going to enter a merger or amalgamation, or is being acquired.
- The amalgamation, merger or acquisition (including the merger/acquisition plan) must be approved by the general meeting of shareholders, which must be attended by at least three quarters of the total amount of voting shares. The resolution is valid if it is approved by at least three quarters of the total amount of votes cast, unless the articles of association of the relevant company provide greater quorum for attendance and voting.
- The articles of association of the surviving company will only become effective once approved by the MOLHR.
- The board of directors of the surviving company must announce the consummation of the merger, amalgamation or acquisition in at least one daily Indonesian newspaper with national circulation after the effective date of the merger, amalgamation or acquisition.

There are no minimum requirements under the regulations that must be satisfied by a purchaser of assets or an acquirer of a business, such as financial metrics and industry expertise.

1.5 Central Planning Authorities

The central authority that oversees and administers the electricity supply, the development of the electricity supply, distribution facilities and the development of transmission facilities is the MEMR. The MEMR's roles and powers include (i) issuing regulations covering, among other things, licences and approvals, as well as safety and technical standards related to the construction and operation of power generation, transmission and distribution systems, and (ii) issuing permits such as a business licence and Worthiness Certificate (*Sertifikat Laik Operasi* SLO).

1.6 Recent Changes in Law or Regulation

In line with PR 112/2022, the MEMR has introduced a new regulation, namely MEMR Regulation No 5 of 2025 on the Guidelines for PPA from Power Plants Utilizing Renewable Energy Sources (MEMR 5/2025), which revoked the previous ministerial regulation on PPA (Regulation No 10 of 2017, as amended) to the extent it governs renewable energy PPAs. MEMR 5/2025 offers updated guidelines for renewable energy PPAs, adapting existing PPA practices to current market conditions. MEMR 5/2025 regulates, among other things, the right to environmental attributes, the economic value of renewable energy power plants in relation to carbon, language requirements, and risk allocation for exchange rate fluctuations and deemed dispatch events.

These guidelines will only apply to PPAs starting from the date of the enactment of MEMR 5/2025, which is 4 March 2025. Projects already in the procurement process will follow the new regulation if they are still in the bidding stage, while ongoing projects will remain under the previous regulation. However, any extensions or amendments to ongoing PPAs will be subject to the new regulation.

1.7 Announcements Regarding New Policies

In response to PR 112/2022, the MEMR issued Regulation No 10 of 2025 on the Road Map for Energy Transition in the Electricity Sector (MEMR 10/2025), which lays out Indonesia's roadmap to reduce dependence on fossil fuels and achieve sustainable development goals through the utilisation of new and renewable energy sources, ultimately reducing greenhouse gas emissions.

The strategy for managing existing power plants and developing new ones is designed to optimise electricity generation capacity up to 2060. To meet growing electricity demand and replace retiring plants, an additional capacity of approximately 9.6 gigawatts per year is required. By 2060, the total capacity is expected to reach 443 gigawatts, comprising (i) 41.5% variable renewable energy with storage capacity of around 34 gigawatts and (ii) 58.5% dispatchable renewable energy.

The roadmap includes projections for capacity and emissions reductions, with peak CO_2 emissions expected in 2037 at 599 million tons, decreasing to nearly zero by 2058.

1.8 Unique Aspects of the Power Industry

The power industry in Indonesia is heavily regulated by the government, although the participation of private investors is allowed and encouraged by the government. Nevertheless, the power industry in Indonesia is still inherently under the monopoly of PLN.

2. Market Structure, Supply and Pricing

2.1 The Wholesale Electricity Market

The wholesale electricity market in Indonesia is still monopolised by PLN, although private-owned companies can directly sell electricity to end-consumers subject to the requirements of the regulations. There are several private power utility (PPU) companies, or integrated power companies, in Indonesia that sell electricity to end-consumers in an industrial area or parks (such as PT Cikarang Listrindo and PT Bekasi Power). The wholesale price of electricity is determined by the central government with approval from the House of Representatives. The wholesale electricity market in Indonesia is based on the energy market. The main supplier of electricity to end-consumers is PLN, although there are certain cases, such as industrial parks, where the electricity is supplied by PPUs. The electricity tariff charged to end-consumers is determined by the central government and may vary between regions.

2.2 Electricity Imports and Exports

The import and export of electricity to/from other jurisdictions is permitted. The import of electricity may depend on the following conditions:

- there is a shortage of electricity supply in local areas that cannot be met by PLN or private power companies in Indonesia;
- it is only to support and meet local electricity needs;
- it is not detrimental to the state and national interest (ie, in terms of sovereignty, security and economic development);
- it is needed to improve the quality and reliability of local power supply;
- it does not disregard the development of domestic power supply capability; and
- it does not lead to dependence on power procured from abroad.

Electricity can be exported if (i) there is no shortage of electricity in the local area, (ii) the sale is not subsidised and (iii) it does not compromise the quality and reliability of the local or domestic power supply.

The export/import of electricity can only be done by the holder of an electricity supply business licence, with a separate or additional electricity business licence required for the export/import of electricity from MEMR. The (export/import)

electricity supply business licence is valid for five years and can be extended.

2.3 Supply Mix of Electricity

The coal-fired power plant is still dominant in the supply mix of electricity for the entire market in Indonesia. The supply from renewable energy power plants was still relatively low up to October 2024 – ie, 8,684 megawatts, representing 11.5% of the overall power generation mix and falling short of the 12.4% target of the government, set with a view to realising a proportion of 23% in 2025.

2.4 Market Concentration Limits

There is no regulation regarding market concentration limits. However, the electricity market in Indonesia is generally controlled by the government, with PLN as the state-owned enterprise being given the mandate (and thus priority) to ensure the supply of electricity meets the public requirement. Consequently, the electricity market is monopolised and, to a certain extent, controlled by PLN.

2.5 Surveillance to Detect Anti-Competitive Behaviour

Although private-owned companies are allowed to participate in the power market in Indonesia, the market itself is heavily regulated by the government and thus is not as free or competitive as in other jurisdictions. Market surveillance in Indonesia is conducted by the Indonesia Competition Commission (*Komisi Pengawas Persaingan Usaha* or the KPPU). The KPPU's powers include conducting assessments of the activities and/or actions of businesses that may result in monopolistic practices and/or unfair business competition, conducting investigations or examinations of cases of alleged monopolistic practices and/or unfair business competition and conducting interviews for the purpose of obtaining evidence. KPPU also has the authority to impose administrative sanctions on business actors that violate anti-competition law or engage in anti-competitive behaviour.

3. Generation Facilities

3.1 Constructing and Operating Generation Facilities

The construction of generation facilities is subject to the Electricity Law, the "Construction Law" (Law No 2 of 2017 as amended by Law 6/2023) and the implementing regulations – ie, Government Regulation No 25 of 2021 on the Implementation of Energy and Mineral Sector, Government Regulation No 62 of 2012 on the Electricity Supporting Services Business and Government Regulation No 22 of 2020 on Construction Services as amended by Government Regulation 14 of 2021. The operation of generation facilities is subject to the Electricity Law and the implementing regulation – ie, Government Regulation No 62 of 2012 on the Electricity Supporting Services Business.

To construct generation facilities, the contractor must have (i) a business entity certificate from the Ministry of Public Works and the MEMR, and (ii) an electricity-supporting business licence. If the generation facilities are operated by a third-party operations and maintenance (O&M) contractor or company instead of the independent power producer (IPP)/asset owner, the O&M contractor must have (i) an electricity-supporting business licence and (ii) a business entity certificate.

3.2 Obtaining Approvals to Construct and Operate Generation Facilities

In addition to the licences associated with the construction contractor, to construct a generation facility, the project company/IPP/owner of

the asset must obtain the following main licences:

- Approval of Conformity of Space Utilisation Activities (*Persetujuan Kesesuaian Kegiatan Pemanfaatan Ruang* PKKPR);
- Environmental Approval or Approval of Environmental Impact Analysis Documents (*Analisis Mengenai Dampak Lingkunga*; AMDAL); and
- Building Approval (*Izin Mendirikan Bangunan* IMB).

During the preparation of the AMDAL, the project company/IPP/owner of the asset must conduct a public consultation, and the relevant authority (ie, the Ministry of Environment or its regional office) will conduct a detailed review or assessment before it approves the AMDAL.

To commercially operate a generation facility, the project company/IPP/owner of the asset must initially obtain a Worthiness Certificate for installation purposes.

3.3 Approvals to Construct and Operate Generation Facilities

The construction and operation of the generation facility must comply with the conditions set out in the approved AMDAL and the design approved under the Building Approval. It must also comply with any standard safety, health and environment requirements under the regulations (which also should have been incorporated into or reflected in the AMDAL). The regulations do not contain provisions for relaxation of a term or condition for approval.

3.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Generation Facilities

Generally, a proponent for the construction and operation of a generation facility does not have eminent domain, condemnation or expropriation rights to surface access and use. To acquire land or surface access and use rights, the proponent must obtain the Approval of Conformity of Space Utilisation Activities permit as evidence that the location where the generation facilities are to be built and operated can be used for power generation activities. Upon obtaining the permit, the proponent can purchase or acquire the land from the landowners. There is no specific regulation on the procedure for compensation for the landowners unless it is a public-private partnership (PPP) project, for which land acquisition is based on Law No 2 of 2012 on the Acquisition of Land for Development in Public Interest as amended by Law 6/2023. In general, the compensation must be based on the market price or value, and for a PPP project, it must be based on a calculation determined by a land appraiser who holds a permit from the Minister of Finance and a licence from the Land Administrator.

3.5 Decommissioning a Generation Facility

There is no specific regulation for decommissioning a generation facility. However, since decommissioning activities will likely have an impact on the environment, decommissioning must comply with any environmental and safety regulations applicable to the activities. Further, the AMDAL should also contain terms and conditions for the decommissioning of the relevant generation facilities; thus, the project company/IPP/owner of the asset must follow and comply with its Ministry of Environment-approved AMDAL.

4. Transmission Lines and Associated Facilities

4.1 Constructing and Operating Transmission Lines and Associated Facilities

Please see **3.1 Constructing and Operating Generation Facilities**, as the same regulations are also applicable for the construction and operation of transmission lines and associated facilities. For transmission lines, the proponent must make environmental management and monitoring efforts and obtain a recommendation from the Environment Office. Proof of these efforts does not require a detailed review and assessment (including public hearing); only inspection of the requisite documents by the Environment Office and the issue of a recommendation (which serves as an approval) is required.

4.2 Obtaining Approvals to Construct and Operate Transmission Lines and Associated Facilities

The contractor that builds or constructs, and the O&M contractor that operates, the transmission lines and associated facilities must obtain the licences set out in **3.1 Constructing and Operating Generation Facilities**. The company or the owner of the asset must also obtain (i) an Approval of Conformity of Space Utilisation Activities permit, (ii) an AMDAL and (iii) a Building Approval permit.

Please see **4.1 Constructing and Operating Transmission Lines and Associated Facilities** regarding the process of obtaining the Environmental Approval permit.

4.3 Terms and Conditions Imposed on Approvals to Construct and Operate a Transmission Line and Associated Facilities

Please refer to **3.3 Approvals to Construct and Operate Generation Facilities**, as the same principles are also applicable to the construction and operation of transmission lines and associated facilities. MEMR also issued technical regulations on transmission lines' standard and associated facilities. Further, in IPP projects having a build, own, operate, transfer (BOOT) scheme in conjunction with PLN, transmission lines' standard and associated facilities (built by the IPP) are transferred to PLN, and the construction must therefore be in accordance with the design and standard determined by PLN. Notably, the current regulation introduces the BOOT scheme.

4.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Transmission Lines and Associated Facilities

Please refer to **3.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Generation Facilities**. In addition to compensation for the acquisition of land for tower installation, the proponent must also provide right-of-way compensation to landowners whose land is traversed by the transmission cables. The compensation is regulated under MEMR Regulation No 13 of 2025 concerning Clear Space for Electric Power Transmission Networks and Compensation for Land, Buildings and/or Plants Located Below Clear Space for Electric Power Transmission Networks. The MEMR regulation sets out the formula to calculate the compensation for buildings, land and/or plants. The calculation and determination of the compensation amount must be done by the Independent Appraisal Agency. The right-of-way

compensation is to be paid once to the landowner.

4.5 Monopoly Rights to Provide Transmission Services

Transmission lines in Indonesia are mostly owned and operated by PLN; only a handful of transmission lines are owned and operated by private entities such as PT Cikarang Listrindo or captive power plants. It is possible for a private entity to own and operate transmission lines subject to obtaining a Stipulation of Business Area permit (which demarcates the specific area in which the transmission company can construct and operate the transmission lines and provide transmission services) from the MEMR. Once it has received the Stipulation of Business Area permit for transmission services, the transmission entity has an exclusive right to construct and operate transmission facilities within a defined territory under the Stipulation of Business Area permit, and competitors are prohibited from building transmission lines in that territory and offering transmission services because – under the regulation – there cannot be more than one holder of a Stipulation of Business Area permit covering the same area.

4.6 Transmission Charges and Terms of Service

The Electricity Law provides that electrical grid rent prices must be based on the principle of sound business. The rent price is also subject to approval from the Ministry of Energy and Mineral Resources. The terms of service are not regulated and can thus be agreed contractually by the parties.

4.7 Open-Access and Non-Discriminatory Transmission

The electricity regulations require a transmission entity to provide opportunities for shared utilisation of transmission networks for the public interest, as well as transmission service to all parties that request it, taking into consideration the quality and capacity of the transmission lines.

5. Distribution

5.1 Constructing and Operating Electricity Distribution Facilities

Please see **3.1 Constructing and Operating Generation Facilities**, as the same regulations are applicable to the construction and operation of electric distribution facilities.

5.2 Regulatory Process for Obtaining Approvals to Construct and Operate Electricity Distribution Facilities

Please see **4.1 Constructing and Operating Transmission Lines and Associated Facilities** and **4.2 Obtaining Approvals to Construct and Operate Transmission Lines and Associated Facilities**, as the same requirements are applicable to the construction and operation of electric distribution facilities.

5.3 Terms and Conditions Imposed in Approvals to Construct and Operate Electric Distribution Facilities

Please see **4.3 Terms and Conditions Imposed on Approvals to Construct and Operate a Transmission Line and Associated Facilities**.

5.4 Eminent Domain, Condemnation or Expropriation Rights to Construct and Operate Electricity Distribution Facilities

Please see **3.4 Eminent Domain, Condemnation and Expropriation Rights to Construct and Operate Generation Facilities** and **4.4 Eminent Domain, Condemnation and Expropriation**

Rights to Construct and Operate Transmission Lines and Associated Facilities.

5.5 Monopoly Rights for Electricity Distribution Entities

Once they have received the Stipulation of Business Area permit for distribution from the MEMR, the distribution entities have an exclusive right to construct and operate distribution facilities within a defined territory, and competitors are prohibited from building distribution facilities in that territory since, under the regulation, there cannot be more than one holder of a Stipulation of Business Area permit covering the same area.

5.6 Electricity Distribution System Charges and Terms of Service

Distribution entities can provide opportunities for shared utilisation of the distribution network but are not obliged to do so. The charges and terms of service can be agreed between the parties. However, the service charge or price is subject to approval from the MEMR.

Trends and Developments

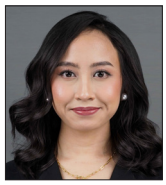
Contributed by:
Emir Nurmansyah, Serafina (Fina) Muryanti and Adya Sepasthika
ABNR Counsellors at Law

ABNR Counsellors at Law is Indonesia's longest-established law firm. Founded in 1967, it pioneered the development of international commercial law in the country following the reopening of its economy to foreign investment after a period of isolation in the early 1960s. With over 100 partners and lawyers (including two foreign counsel), ABNR is the largest independent, full-service law firm in Indonesia and one of the country's top three law firms by number of fee earners, giving it the scale needed to simultaneously handle large and complex transnational deals across a range of practice areas. It continues to value the personal touch and is proud of its reputation for responsiveness. Its lawyers are business savvy and fully understand that alongside legal expertise and experience, timeliness and value for money are of the utmost importance to clients.

Authors

Emir Nurmansyah is a senior partner at ABNR and a member of the firm's management board. Emir is one of the most respected and versatile lawyers in Indonesia today. After some 30 years in legal practice, he is a market-leading lawyer for project finance and development, banking and finance, corporate/M&A, and foreign direct investment (FDI). He also offers extensive experience and expertise in restructuring and insolvency, shipping, aviation, and technology, media and telecommunications (TMT).

Serafina (Fina) Muryanti joined ABNR in 2007 and was made partner in January 2019. She focuses her practice on project finance and development, M&A and foreign direct investment (FDI). Fina is recognised in the projects and energy space and is highly regarded for her work in project finance. She has been lauded as a leading woman lawyer in Indonesia and is one of six ABNR lawyers on the 2022 list of "Indonesia's top 50 up-and-coming future legal leaders".



Adya Sepasthika is an associate at ABNR and focuses her practice on projects and energy, and employment, with an emphasis on projects in the power, construction, infrastructure and natural resources sectors. In terms of projects and energy, she has worked on a series of Indonesian power-purchase agreements (PPA) spanning all types of energy, both renewable (hydro, geothermal, solar, wind, and waste-to-energy) and conventional, including the development of a regional waste-to-energy treatment facility, financing for the early retirement of a coal-fired power scheme and electricity export projects.

ABNR Counsellors at Law

Graha CIMB Niaga
24th Floor
Jl Jenderal Sudirman Kav 58
Jakarta 12190
Indonesia

Tel: +62 212 505 125
Email: Info@abnrlaw.com
Web: www.abnrlaw.com

PLN's Long-Term Electricity Supply Business Plan 2025 – Renewable Energy as the Priority

In recent years, a national regulatory framework has been put in place by the government to accelerate Indonesia's energy transition by developing renewable energy and reducing the use of coal-fired power plants (CFPPs). This is to be achieved by providing a mandate to *PT Perusahaan Listrik Negara* (PLN, a state-owned company or *Persero*) to (i) accelerate the decommissioning of its CFPPs and those owned by independent power producers (IPPs), with early termination of power-purchase agreements (PPAs), and (ii) restrict the development of new CFPPs, except those that have been identified in the PLN's Long-Term Electricity Supply Business Plan (*Rencana Usaha Penyediaan Tenaga Listrik* – RUPTL).

In 2025, the government, together with PLN, have taken a further step with the latter's latest Long-Term Electricity Supply Business Plan (the "2025 RUPTL"), which emphasises renewable energy by increasing the proportion of new and renewable energy power plants in the energy mix to 76%. The proportion of fossil fuel power plants is thus capped at 24%, and this will likely cover fossil fuel power projects that were included in the previous RUPTL and those already in the process of being procured.

The 2025 RUPTL also covers the development of nuclear power plants with a total capacity of 0.5 GW in Sumatera and Kalimantan, and the development of energy storage from battery and pumped-storage hydropower plants with a capacity of up to 10.3 GW, to enhance the renewable energy capacity. The government, in a press release, also stated that 73% of the new power generation will be allocated to IPPs, thus providing significant potential for new investment in the upcoming years.

On a related note, the Minister of Energy and Mineral Resources (MEMR) issued Regulation No 10 of 2025 on the Roadmap for Energy Transition in the Electricity Sector (MEMR 10/2025), which outlines the government's commitment to reduce reliance on fossil fuels and increase the use of new and renewable energy sources. MEMR 10/2025 sets outs, among other things:

- the criteria and procedure for selecting CFPPs for early or accelerated retirement; and
- energy transition programmes in the electricity sector, such as retrofitting fossil fuel power plants, limiting new CFPPs, accelerating the decommissioning of existing CFPPs and the development of new and renewable energy power plants, and developing smart grid systems.

New regulation on power project agreements (PPAs) for renewable energy

In support of the development of renewable energy power plants, the Minister of Energy and Mineral Resources also issued Regulation No 5 of 2025 on the Guidelines for PPA from Power Plants Utilizing Renewable Energy Sources (MEMR 5/2025).

While not perfect, MEMR 5/2025 generally fosters a more favourable environment for renewable energy development by incorporating provisions such as:

- a maximum performance security of 10% of the cost of the power plant;
- rights concerning environmental attributes; and
- the ability for the parties to agree on the prevailing language, including English, if the PPA is in English and *Bahasa Indonesia*.

CHAMBERS GLOBAL PRACTICE GUIDES

Chambers Global Practice Guides bring you up-to-date, expert legal commentary on the main practice areas from around the globe. Focusing on the practical legal issues affecting businesses, the guides enable readers to compare legislation and procedure and read trend forecasts from legal experts from across key jurisdictions.

To find out more information about how we select contributors, email Rob.Thomson@chambers.com