

REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 7 OF 2017
ON
GEOTHERMAL ENERGY FOR INDIRECT USE

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : that in order to implement the provisions of Article 17 section (5), Article 18 section (2), Article 19 section (2), Article 22 section (2), Article 39, Article 40 section (3), Article 52 section (2), Article 56 section (3), Article 58, and Article 64 of Law Number 21 of 2014 on Geothermal Energy, it is necessary to enact Government Regulation on Geothermal Energy for Indirect Use;

Observing : 1. Article 5 section (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 21 of 2014 on Geothermal Energy (State Gazette of the Republic of Indonesia of 2014 Number 217, Supplement to the State Gazette of the Republic of Indonesia Number 5585);

HAS DECIDED:

To enact : GOVERNMENT REGULATION ON GEOTHERMAL ENERGY FOR INDIRECT USE.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation:

1. Geothermal energy means thermal energy sources as contained in hot water, steam, and rocks along with associated minerals and other gases that are genetically inseparable in a Geothermal system.
2. Indirect Use means business activities that utilize Geothermal energy through the process of transforming thermal energy and/or fluid into electrical energy.
3. Geothermal License, Izin Panas Bumi hereinafter abbreviated to IPB, means the license to conduct Geothermal business for Indirect Use in a certain Working Area.
4. Preliminary Survey means activities that include collecting, analyzing and presenting data pertaining to the information on geological, geophysical and geochemical conditions, as well as thermal gradient survey if necessary, to estimate the location and existence of Geothermal resources.
5. Exploration means a series of activities that include undertaking geological, geophysical and geochemical surveys, test drilling and exploration drilling aimed at acquiring information about subsurface geological condition in order to discover and obtain an estimate of Geothermal reserves.
6. Feasibility Study means the study to obtain detailed information of all the relevant aspects needed to determine the technical, economical, and environmental feasibility of a Geothermal business plan and/or utilization activity proposed.
7. Exploitation means a series of activities conducted in a certain Working Area that include development and reinjection wells drilling, field facilities and infrastructure construction, and Geothermal production operation.
8. Geothermal Working Area hereinafter referred to as Working Area means an area with specific coordinates where Geothermal business for Indirect Use is conducted.

9. Geothermal Greenfield Area means an area estimated to have Geothermal potential beyond the coordinates of Working Area.
10. Geothermal Data and Information means all facts, guidance, indications and information related to Geothermal energy.
11. Other Party means Business Entity, university, or research institute having the expertise and capability to undertake Preliminary Survey or Preliminary Survey and Exploration.
12. Business Entity means legal entity engaged in the Geothermal subsector in forms of State-Owned enterprise, regional-owned enterprise, cooperative, or limited liability company incorporated under Indonesian laws and is domiciled within the territory of the Unitary State of the Republic of Indonesia.
13. Preliminary Survey Assignment, Penugasan Survei Pendahuluan hereinafter abbreviated to PSP, means the assignment given by Minister to undertake Preliminary Survey activities.
14. Preliminary Survey and Exploration Assignment, Penugasan Survei Pendahuluan dan Eksplorasi hereinafter abbreviated to PSPE, means the assignment given by Minister to undertake Preliminary Survey and Exploration activities.
15. Assignment Area means Geothermal Greenfield Area with specific coordinates offered to Other Party to undertake PSP or PSPE.
16. Exploration Commitment means the fund that guarantees the undertaking of exploration drilling.
17. Work Plan and Budget, Rencana Kerja dan Anggaran Biaya hereinafter abbreviated to RKAB, means the work plan and budget periodically submitted by Other Party and/or IPB holder for a certain period.
18. State-Owned Enterprise, Badan Usaha Milik Negara hereinafter abbreviated to BUMN, means business entity which entire or partial capital is owned by the state through direct participation from separated state assets.
19. Working Area Bidding, hereinafter referred to as Bidding, means the method to offer Working Area in order to get a winning bidder.

20. Working Area Bidding Committee, hereinafter referred to as Bid Committee, means the committee formed by Minister to hold Bidding.
21. Bidder means Business Entity registered with Bid Committee representing itself or consortium in the Bidding process.
22. Bid Document means the documents containing the guidelines for Bid Committee and Bidder to hold Bidding.
23. Offering Document means a set of documents organized according to Bid Document and submitted by Bidder to Bid Committee to be evaluated during Bidding process.
24. Geothermal Power Plant, Pembangkit Listrik Tenaga Panas Bumi hereinafter abbreviated to PLTP, means a power plant that utilizes Geothermal energy extracted from fluid and hot rocks below or on the surface of earth.
25. Direct Use means business activities that directly utilize Geothermal energy without the process of transforming thermal energy and/or fluid into other types of energy for non-electrical purposes.
26. Central Government means the President of the Republic of Indonesia holding the authority of the government of the Republic of Indonesia and being assisted by Vice President and ministers as referred to in the 1945 Constitution of the Republic of Indonesia.
27. Minister means the minister administering government affairs in the Geothermal subsector.

CHAPTER II

GEOTHERMAL ADMINISTRATION AUTHORITY FOR INDIRECT USE

Article 2

The authority to administer Geothermal energy for Indirect Use throughout Indonesia rests with Central Government conducted and/or coordinated by Minister.

Article 3

- (1) The authority of Central Government to administer Geothermal energy for Indirect Use as referred to in Article 2 is to:
 - a. make national policy;
 - b. regulate Geothermal subsector;
 - c. grant IPB;
 - d. guide and supervise;
 - e. manage geological data and information as well as Geothermal potential;
 - f. take inventory and prepare balance sheet of Geothermal resources and reserves;
 - g. perform Geothermal Exploration, Exploitation and/or utilization; and
 - h. promote research activities, development of human resources, technology and Geothermal engineering capacity.

- (2) The national policy making as referred to in section (1) point a at least consists of :
 - a. preparing and establishing standards;
 - b. determining the policy on Geothermal utilization and conservation;
 - c. determining cooperation and partnership policy;
 - d. determining Working Area;
 - e. formulating and determining land rent and production fees;
 - f. formulating and determining Geothermal energy price; and
 - g. determining the policy to prioritize utilization of local goods, services as well as engineering and design capacity.

CHAPTER III
WORKING AREA

Part One
General

Article 4

- (1) Geothermal business activities for Indirect Use are conducted in Working Area.
- (2) Minister determines Working Area as referred to in section (1) pursuant to Geothermal Data and Information resulting from:
 - a. Preliminary Survey; or
 - b. Preliminary Survey and Exploration.
- (3) In addition to the results of Preliminary Survey and Preliminary Survey and Exploration as referred to in section (2), Minister may determine Working Area according to evaluation of Geothermal business activities on relinquished Working Area.
- (4) The evaluation as referred to in section (3) is made through Preliminary Survey or Preliminary Survey and Exploration as referred to in section (2).

Article 5

In determining the Working Area as referred to in Article 4 section (2) and section (3), Minister plans and prepares the Working Area.

Part Two
Working Area Planning

Article 6

- (1) Minister plans the Working Area as referred to in Article 5 by taking into account national energy policy and national electricity plan.
- (2) The Working Area planning as referred to in section (1) is made in transparent and participatory manners.

Part Three
Working Area Preparation

Paragraph 1
General

Article 7

- (1) Minister prepares the Working Area as referred to in Article 5 in order to determine Geothermal reserves, width and coordinates of Working Area pursuant to Geothermal Data and Information resulting from:
 - a. Preliminary Survey; or
 - b. Preliminary Survey and Exploration.
- (2) In preparing the Working Area as referred to in section (1), Minister coordinates with relevant institutions, provincial government, and concerned regency/municipal government, and may involve experts.

Paragraph 2
Preliminary Survey

Article 8

- (1) Minister undertakes Preliminary Survey on Geothermal Greenfield Area.
- (2) The Preliminary Survey as referred to in section (1) may be undertaken by governor or regent/mayor.
- (3) The Preliminary Survey as referred to in section (2) is coordinated by Minister.
- (4) Governor or regent/mayor undertaking the Preliminary Survey as referred to in section (2) submits Geothermal Data and Information resulting from Preliminary Survey to Minister.
- (5) The Preliminary Survey undertaken by governor or regent/mayor as referred to in section (2) is made in accordance with the provisions of legislation.

Paragraph 3
Preliminary Survey and Exploration

Article 9

- (1) Minister undertakes Preliminary Survey and Exploration on Geothermal Greenfield Area.
- (2) In undertaking the Preliminary Survey and Exploration as referred to in section (1), Minister coordinates with relevant institutions, provincial government, and concerned regency/municipal government.
- (3) Prior to undertaking Exploration as referred to in section (1) in forms of test drilling and exploration drilling, Minister settles land use in accordance with the provisions of legislation.

Article 10

Further provisions regarding the procedures for undertaking Preliminary Survey as referred to in Article 8 and Preliminary Survey and Exploration as referred to in Article 9 are regulated by Ministerial Regulation.

Paragraph 4
Assignment to Other Party

Article 11

- (1) In undertaking Preliminary Survey as referred to in Article 8 section (1) or Preliminary Survey and Exploration as referred to in Article 9 section (1), Minister may assign Other Party.
- (2) The assignment as referred to in section (1) consists of:
 - a. PSP, or
 - b. PSPE.
- (3) PSP as referred to in section (2) point a is granted to universities or research institutes.
- (4) PSPE as referred to in section (2) point b is granted to Business Entity.

Article 12

- (1) Minister openly offers Assignment Area to Other Party to conduct PSP or PSPE.
- (2) The offering of Assignment Area as referred to in section (1) is made within a period of 1 (one) month which may be offered several times in 1 (one) year.

Article 13

- (1) Other Party interested in obtaining PSP or PSPE applies to Minister within the offering period as referred to in Article 12 section (2).
- (2) Minister evaluates PSP or PSPE application as referred to in section (1).
- (3) In the event that there is more than 1 (one) applicant for the same Assignment Area, Business Entity to be granted PSPE is selected through a mechanism of contest.
- (4) Based on the evaluation as referred to in section (2) and the selection through contest as referred to in section (3), Minister determines the assignment to Other Party to be granted PSP or PSPE.
- (5) Prior to being granted the PSPE as referred to in section (4), Business Entity is required to deposit Exploration Commitment.

Article 14

- (1) Prior to undertaking PSP or PSPE, Other Party granted the assignment as referred to in Article 13 section (4) must present RKAB to Minister.
- (2) The PSP or PSPE as referred to in section (1) is undertaken at the expense of Other Party.

Article 15

- (1) PSP is granted for a maximum period of 1 (one) year and may be extended for a maximum of 6 (six) months.

- (2) PSPE is granted for a maximum period of 3 (three) years and may be extended for a maximum of 2 (two) times with a period of 1 (one) year each.

Article 16

In undertaking PSPE, Business Entity may receive fiscal facilities in accordance with the provisions of legislation.

Article 17

- (1) Business Entity granted PSPE is required to conduct at least 1 (one) exploration drilling within a period of 3 (three) years from issuance of PSPE.
- (2) In the event that Business Entity granted PSPE does not conduct exploration drilling within a period of the 3 (three) years as referred to in section (1), such Business Entity is subject to 5% (five percent) cut in Exploration Commitment and such cut is deemed non-tax state revenue.
- (3) The period of 3 (three) years as referred to in section (1) does not include the period of temporary suspension of PSPE activities.

Article 18

Prior to test drilling and exploration drilling in PSPE activity, Business Entity granted PSPE is required to:

- a. settle land use in accordance with the provisions of legislation; and
- b. obtain environmental permit.

Article 19

Business Entity granted PSPE is required to conduct Exploration in accordance with Geothermal engineering practices and fulfill national standards or any other standards of Exploration.

Article 20

- (1) Other Party granted PSP or PSPE as referred to in Article 11 section (3) and section (4) is required to:
 - a. report the results of PSP or PSPE every 3 (three) months to Minister;
 - b. store and secure Geothermal Data and Information within the jurisdiction of Indonesia;
 - c. maintain any acquired Geothermal Data and Information confidentially; and
 - d. submit all Geothermal Data and Information to Minister after the assignment expires.
- (2). Universities and research institutes granted PSP may use Geothermal Data and Information resulting from PSP for research and development purposes.

Article 21

- (1) Business Entity granted PSPE is required to maintain any assets resulting from PSPE until the IPB of Assignment Area is determined.
- (2) In the event that Business Entity returns PSPE or is not determined as IPB holder, Business Entity is required to hand over the assets resulting from PSPE to Minister.

Article 22

Business Entity granted PSPE is entitled to be offered first priority to participate in Bidding of Working Area determined based on Geothermal Data and Information resulting from the PSPE it undertook.

Article 23

PSP and PSPE are declared to be terminated in the event that:

- a. the period of PSP and PSPE expires;
- b. Other Party declares itself unable to continue and returns the PSP or PSPE to Minister;
- c. PSP or PSPE is declared to be terminated by Minister;

and/or

- d. PSP or PSPE is revoked.

Article 24

Temporary suspension of PSPE may be imposed on Business Entity granted PSPE in the event of *force majeure* and/or irresistible force causing partial or whole cessation of PSPE activities.

Article 25

Further provisions regarding the procedures for Assignment to Other Party as referred to in Article 11, contest mechanism as referred to in Article 13 section (3), Exploration Commitment as referred to in Article 13 section (5), the procedures for submitting Geothermal Data and Information as referred to in Article 20, the procedures for asset handover as referred to in Article 21, and temporary suspension as referred to in Article 24 are regulated in Ministerial Regulation.

Part Four

Determination of Working Area and Width of Working Area

Article 26

- (1) Determination of Working Area by Minister as referred to in Article 4 section (2) at least consists of:
 - a. border and coordinates of Working Area;
 - b. volume and class of reserves;
 - c. width of Working Area; and
 - d. borders of administrative area.
- (2) The width of Working Area as referred to in section (1) point c is determined with due consideration of the Geothermal system and is no more than 200,000 (two hundred thousand) hectares.

- (4) In the event that any changes in the use and functions of forest in Working Area will be made, minister administering forestry must coordinate with the Minister.

Part Five

Revision, Cancellation, and Merger of Working Area

Article 27

- (1) Minister may revise the determination of Working Area whether or not an IPB holder has been selected for such area.
- (2) The revision as referred to in section (1) is made if new data have been discovered inside the Working Area, or outside the Working Area directly bordering on the Working Area.
- (3) In the event that an IPB holder as referred to in section (1) has been selected for the Working Area, the revision of Working Area determination is made pursuant to the application of the IPB holder to the Minister by attaching necessary data.

Article 28

Minister may cancel the determination of Working Area which no IPB holder has been selected for such area in the event that:

- a. data addition will be made to Geothermal prospect area inside the Working Area, or outside the Working Area directly bordering on the Working Area; or
- b. the Working Area is not or is yet feasible for Geothermal business based on technical, economic, and/or social considerations.

Article 29

Minister may merge 2 (two) or more Working Areas which no IPB holder has been selected for such areas in the event that:

- a. Geothermal Data and Information resulting from Preliminary Survey, Preliminary Survey and Exploration, PSP, or PSPE reveal that the 2 (two) or more Working Areas make up 1 (one) Geothermal system; or
- b. the technical and economic consideration carried out by Minister conclude that such 2 (two) or more Working Areas are more feasible for Geothermal business if merged.

Article 30

In the event that the Working Area which no IPB holder has been selected for such area results from PSPE, cancellation of Working Area determination and merger of 2 (two) or more Working Areas observe technical consideration of Business Entity granted PSPE.

Article 31

Further provisions regarding the procedures for Working Area determination as referred to in Article 26 and revision, cancellation, and merger of Working Area as referred to in Article 27, Article 28, and Article 29 are regulated in Ministerial Regulation.

Part Six

Data Addition to Working Area

Article 32

- (1) Minister may conduct data addition to Working Area that includes the following activities:
 - a. detail survey in forms of geological, geophysical, and geochemical surveys;
 - b. gradient thermal survey;
 - c. test drilling; and/or
 - d. exploration drilling;
- (2) In conducting data addition as referred to section (1), Minister may assign public service agency or BUMN.

- (3) The provisions regarding the procedures for selecting Working Area where data addition will be conducted and for assigning public service agency or SOE are regulated in Ministerial Regulation.

Part Seven

Price of Geothermal Data and Information for Working Area

Article 33

- (1) Geothermal Data and Information resulting from Preliminary Survey, Preliminary Survey and Exploration, PSP, or PSPE are state property.
- (2) Minister determines the price rates of Geothermal Data and Information based on Geothermal Data and Information as referred to in section (1) for Working Area before such Working Area is offered.
- (3) Further provisions regarding the procedures for determining the price rates of Geothermal Data and Information as referred to in section (2) are regulated in Ministerial Regulation.

CHAPTER IV

OFFERING OF WORKING AREA

Part One

General

Article 34

- (1) The offering of Working Area is carried out by bid.
- (2) The bid as referred to in section (1) is carried out in 2 (two) stages as follows:
 - a. first stage Bidding is carried out to determine the Bidders qualified for Geothermal business in terms of:
 1. administrative requirements; and
 2. technical and financial aspects.

- b. second stage Bidding is carried out to select the Bidders that will be granted IPB by Minister.

Part Two

Bidding

Paragraph 1

Bid Committee

Article 35

- (1) Minister forms Bid Committee to offer Working Area as referred to in Article 34.
- (2) The membership of Bid Committee is in odd number and consists of at least 7 (seven) people who well understand the procedures for Bidding, the substance of Geothermal business including its utilization, legal matters, and/or other necessary sectors.
- (3) The membership of Bid Committee as referred to in section (2) consists of representatives of the ministry administering government affairs in Geothermal subsector and may involve other relevant institutions, provincial government, and regency/municipal government.

Article 36

Bid Committee as referred to in Article 35 has duties, authority, and responsibilities including those to:

- a. determine bid bond;
- b. prepare Bid Document;
- c. prepare data on Working Area to be bid;
- d. announce Bidding;
- e. assess Bidder qualifications;
- f. evaluate offering;
- g. determine ranking;
- h. nominate prospective winning bidder; and
- i. prepare official report of Bidding.

Paragraph 2
Bid Document and Offering Document

Article 37

- (1) Bid Committee prepares Bid Document as referred to in Article 36 point b as the reference for Bidding.
- (2) Bid Document as referred to in section (1) consists of:
 - a. First-stage Bid Document; and
 - b. Second-stage Bid Document.
- (3) Bid Committee may amend Bid Document at the pre-bid meeting (aanwijzing).
- (4) The amendment of Bid Document as referred to in section (3) is made with the agreement of the Bidders attending the pre-bid meeting.
- (5) The amendment to Bid Document as referred to in section (4) is set out in the minutes of the pre-bid meeting.

Article 38

- (1) The first -stage Bid Document as referred to in Article 37 section (2) point a at least includes:
 - a. administrative requirements;
 - b. technical and financial aspect qualifications;
 - c. Geothermal Data and Information on Working Area to be bid;
 - d. procedures for Bidding qualification;
 - e. guidelines for preparing first-stage Offering Document;
 - f. procedures for submitting first-stage Offering Document;
 - g. evaluation and assessment methods; and
 - h. determination of qualification.
- (2) The second-stage Bid Document as referred to in Article 37 section (2) point b at least includes:
 - a. procedures for implementing second-stage Bidding;
 - b. guidelines for preparing second-stage Offering Document;

- c. procedures for submitting second-stage Offering Document;
- d. evaluation and assessment methods;
- e. procedures for determining the results of second-stage Bidding; and
- f. procedures for filing complaint.

Article 39

- (1) First-stage Offering Document as referred to in Article 38 section (1) point e and point f consists of administrative, technical and financial documents arranged in 1 (one) envelope.
- (2) Second-stage Offering Document as referred to in Article 38 section (2) point b and point c consists of 2 (two) envelopes:
 - a. envelope 1 (one) contains proposal for project development; and
 - b. envelope 2 (two) contains offering for Exploration Commitment.

Article 40

Proposal for project development as referred to in Article 39 section (2) point a at least includes:

- a. studies on Geothermal Data and Information to estimate Working Area's feasibility for Geothermal business;
- b. strategies to implement Exploration and Exploitation, completion target, and budget calculation; and
- c. commitment for commercial operation date.

Article 41

- (1) Offering for Exploration Commitment as referred to in Article 39 section (2) point b consists of:
 - a. statement of the Bidder's commitment to drill a number of exploration wells; and
 - b. statement of intent to deposit Exploration Commitment in form of escrow account with a stated-owned bank as a guarantee of the exploration drilling as referred to in point a.

- (2) Exploration Commitment as referred to in section (1) point b is set at no less than:
- a. US\$10,000,000 (ten million dollars US) for development of PLTP with a capacity of more than or equal to 10 MW (ten megawatt); or
 - b. US\$5,000,000 (five million dollars US) for PLTP with a capacity of less than 10 MW (ten megawatt).

Paragraph 3
Bidding Procedures

Article 42

Bidding procedures consist of:

- a. Bidding announcement;
- b. registration;
- c. determination of Bidders;
- d. collection of first-stage Bidding Document;
- e. First-stage pre-bid meeting;
- f. submission of first-stage Offering Document;
- g. opening of first-stage Offering Document;
- h. evaluation of first-stage Offering Document;
- i. determination of Bidders qualified for first stage Bidding;
- j. announcement of Bidders qualified for first stage Bidding;
- k. collection of secondstage Bidding Document;
- l. Second-stage pre-bid meeting;
- m. submission of second-stage Offering Document;
- n. opening of second-stage Offering Document of envelope 1 (one));
- o. evaluation of second-stage Offering Document of envelope 1 (one);
- p. announcement of the evaluation results of second-stage Offering Document of envelope 1 (one);
- q. period for filing complaint;
- r. responding to complaint;
- s. opening of second-stage Offering Document of envelope 2 (two);

- t. evaluation of second-stage Offering Document of envelope 2 (two);
- u. nomination of prospective winning bidder ranking by Bid Committee;
- v. submission of prospective winning bidder ranking and Bidding report to the Minister;
- w. determination of winning bidder by the Minister; and
- x. announcement of winning bidder.

Article 43

- (1) Bid Committee announces Working Area to be offered through Bidding as referred to in Article 42 point a.
- (2) Bidder candidates participating in the Bidding are required to have the technical and financial capability to carry on Geothermal business at the offered Working Area.

Article 44

Bidder candidates may become Bidders upon fulfillment of the registration requirements as follows:

- a. submission of registration form together with any supporting documents; and
- b. submission of bid bond receipt.

Article 45

- (1) Submission of Offering Documents is made in accordance with the time period determined in Bid Documents.
- (2) In the event that the submission of Offering Documents is made beyond the time period as referred to in section (1), Bid Committee is required to refuse the Offering Document.

Article 46

- (1) Bid Committee conducts the opening of first-stage Offering Documents according to the schedule stated in Bid Document.
- (2) Evaluation of first-stage Offering Document as referred to in section (1) is carried out to determine Bidders qualified for Geothermal business in respect of:

- a. completeness of administrative requirements; and
 - b. technical and financial aspects.
- (3) Bidders that based on the evaluation do not fulfill the qualification of administrative requirements completeness as referred to in section (2) point a or do not fulfill the technical and financial qualification as referred to in section (2) point b, are declared disqualified.

Article 47

Bid Committee determines and announces the Bidders shortlisted for the first stage Bidding.

Article 48

- (1) Bid Committee conducts the opening of second-stage Offering Document of envelope 1 (one) as referred to in Article 42 point n in accordance with the schedule stated in Bid Document in the presence of Bidders.
- (2) Evaluation of second-stage Offering Document of envelope 1 (one) is based on fulfillment of minimum requirements determined by Bid Committee.
- (3) Bidders that do not fulfill the minimum requirements of the evaluation as referred to in section (2), are declared disqualified.
- (4) Bid Committee announces the evaluation results of second-stage Offering Document of envelope 1 (one).

Article 49

- (1) Bidders that feel aggrieved, individually or jointly with other Bidders, at the evaluation results of second-stage Offering Document of envelope 1 (one) may file complaint to Bid Committee.
- (2) The complaint as referred to in section (1) may be filed if Bidders discover:
 - a. deviation from the bid provisions and procedures determined in Bid Document;
 - b. certain modification affecting unfair competition; and/or

- c. abuse of authority by Bid Committee and/or any other authorized officials.
- (3) Bid Committee is required to give explanation or responses to the complaint filed by Bidders.
- (4) In the event that the complaint is sustained, Bid Committee is required to re-evaluate the second-stage Offering Document of envelope 1 (one).
- (5) Bidders may file appeal to the Minister in the event that they disagree with the explanation or responses of Bid Committee as referred to in section (3) or the re-evaluation results as referred to in section (4).
- (6) The Bidders intending to appeal are required to pay appeal costs.
- (7) The appeal costs that must be paid by the Bidders intending to appeal as referred to in section (6) are 10% (ten percent) of the bid bond and non-tax state revenue.

Article 50

- (1) Bid Committee conducts the opening of the second-stage Offering Document of envelope 2 (two) as referred to in Article 42 point s in accordance with the schedule stated in Bid Document in the presence of Bidders.
- (2) Bid Committee conducts the evaluation of the second-stage Offering Document of envelope 2 (two).
- (3) The evaluation of the second-stage Offering Document of envelope 2 (two) as referred to in section (2) is carried out by assessing the amounts of Exploration Commitment of Bidders to determine the prospective winning bidder ranking.
- (4) In conducting the evaluation of Offering Document as referred to in section (2), Bid Committee may ask for clarification to Bidders and relevant parties.

Article 51

Bid Committee submits the prospective winning bidder ranking and the Bidding reports to the Minister.

Part Three
Direct Appointment

Paragraph 1
General

Article 52

- (1) In the event that the first-stage Bidding as referred to in Article 34 section (2) point a is participated by 1 (one) Bidder only or only 1 (one) Bidder meeting the qualifications, the Bidding will be repeated.
- (2) In the event that the repeated Bidding as referred to in section (1) is participated by only 1 (one) Bidder meeting the qualifications, the Bidding will be proceeded with direct appointment.

Paragraph 2
Direct Appointment Procedures

Article 53

Direct appointment procedures include:

- a. collection of direct appointment document;
- b. pre-bid meeting of direct appointment document;
- c. submission of second-stage Offering Document of envelope 1 (one) and envelope 2 (two);
- d. opening of second-stage Offering Document of envelope 1 (one);
- e. evaluation and clarification of second-stage Offering Document of envelope 1 (one);
- f. determination of evaluation results of second-stage Offering Document of envelope 1 (one);
- g. opening of second-stage Offering Document of envelope 2 (two);
- h. evaluation and clarification of second-stage Offering Document of envelope 2 (two);
- i. determination of prospective winning bidder;

- j. submission of Bidding results to the Minister;
- k. determination of winning bidder by the Minister; and
- l. announcement of winning bidder

Article 54

- (1) Bid Committee evaluates the project development proposal in the second-stage Offering Document of envelope 1 (one) as referred to in Article 53 point e.
- (2) In the event that the project development proposal as referred to in section (1) is declared unfeasible, Bid Committee returns the second-stage Offering Document of envelope 1 (one) to the Bidder for revision.
- (3) In the event that the project development proposal as referred to in section (1) is declared feasible, Bid Committee evaluates the Exploration Commitment offer in the second-stage Offering Document of envelope 2 (two) as referred to in Article 53 point h.
- (4) In the event that the evaluation of Exploration Commitment offer in the second-stage Offering Document of envelope 2 (two) as referred to in section (3) shows Bidder's inability to fulfill the requirements, Bidder is declared disqualified.
- (5) In the event that the evaluation of Exploration Commitment offer in the second-stage Offering Document of envelope 2 (two) as referred to in section (3) shows Bidder's ability to fulfill the requirements, the Bidder is nominated by Bid Committee to the Minister to be determined as a winning bidder.

Part Four

Bidding of Working Area Determined Based on PSPE Results

Article 55

- (1) In the event that the Working Area that will be offered has been determined based on Geothermal Data and Information originating from PSPE, the Bid Committee may call for a limited Offering by inviting:

- a. the Business Entity undertaking PSPE on the Assignment Area determined as Working Area;
 - b. BUMN engaged in Geothermal subsector, to participate in the Bidding.
- (2) The limited Offering as referred to in section (1) may be carried out in 2 (two) stages:
- a. the first stage is to decide Bidders qualification ranking; and
 - b. the second stage is to select the Bidder to be granted IPB by the Minister.
- (3) In the event that the Bidding as referred to in section (1) is participated by 1 (one) Bidder only, the Bidding will be directly proceeded to the second stage.
- (4) In the event that the Business Entity undertaking PSPE and the BUMN engaged in Geothermal subsector as referred to in section (1) are not interested in participating in the Bidding, the Working Area offer is repeated by using the Bidding method as referred to in Article 34.

Article 56

- (1) Bid Document for a Bidding that has been determined based on PSPE as referred to in Article 55 section (1) consists of:
- a. First-stage Bid Document; and
 - b. Second-stage Bid Document.
- (2) The first-stage Bid Document as referred to in section (1) point a includes at least:
- a. administrative requirements;
 - b. Geothermal Data and Information of the Working Area to be bid;
 - c. procedures for first stage Bidding;
 - d. guidelines for preparing first-stage Offering Document;
 - e. guidelines for submitting first-stage Offering Document;
 - f. evaluation and assessment method;
 - g. determination of Bidding results; and
 - h. model of power purchase agreement.

- (3) The second-stage Bid Document as referred to in section (1) point b at least includes:
 - a. procedures for second stage Bidding;
 - b. guidelines for preparing second-stage Offering Document;
 - c. guidelines for submitting second-stage Offering Document;
 - d. evaluation and assessment method; and
 - e. guidelines for determining the results of second stage Bidding.

Article 57

- (1) The first-stage Offering Document as referred to in Article 56 section (2) point d consists of administrative requirements.
- (2) The second-stage Offering Document as referred to in Article 56 section (3) point b consists of project development proposal.

Article 58

The procedures for Bidding as referred to in Article 56 section (2) point c and section (3) point a, include:

- a. invitation to Bid;
- b. collection of first-stage Bidding Document;
- c. First-stage pre-bid meeting;
- d. submission of first-stage Offering Document;
- e. opening of first-stage Offering Document;
- f. evaluation and clarification of first-stage Offering Document;
- g. determination of Bidders ranking;
- h. collection of second-stage Bid Document;
- i. Second-stage pre-bid meeting;
- j. submission of second-stage Offering Document;
- k. evaluation and clarification of second-stage Offering Document;

- l. determination of prospective winning bidder;
- m. submission of Working Area offer to the Minister;
- n. determination of winning bidder by the Minister; and
- o. announcement of winning bidder.

Article 59

- (1) The Business Entity undertaking PSPE that becomes a Bidder as referred to in Article 55 section (1) point a will be ranked first and the SOE engaged in Geothermal subsector that becomes a Bidder as referred to in Article 55 section (1) point b will be ranked next in the evaluation and clarification of first-stage Offering Document.
- (2) The first-ranked Bidder as referred to in section (1) has the first opportunity to bid for the bid Working Area by submitting second-stage Offering Document.

Article 60

- (1) The Bid Committee makes evaluation and seeks clarification of the second-stage Offering Document submitted by the first-ranked Bidder as referred to in Article 59 section (2).
- (2) In the event that the first-ranked Bidder fulfills the requirements stated in Bid Document, the Bid Committee determines the first-ranked Bidder as the prospective winning bidder.
- (3) In the event that the first-ranked Bidder does not fulfill the requirements stated in Bid Document or the first-ranked Bidder does not submit the second-stage Offering Document, the next ranked Bidder is given the opportunity to submit the second-stage Offering Document.
- (4) In the event that the next ranked Bidder fulfills the requirements stated in the second-stage Bid Document, the Bid Committee determines the next ranked Bidder as the prospective winning bidder.
- (5) In the event that the Bidding does not come up with a prospective winning bidder, the Working Area offer is repeated by Bidding method as referred to in Article 34.

- (6) The Bid Committee submits the prospective winning bidder as referred to in section (2) and section (4) to the Minister.

Article 61

In the event that the winning bidder as referred to in Article 60 is not the Business Entity undertaking PSPE as referred to in Article 55 section (1) point a, any costs and expenses incurred to carry out the PSPE are not reimbursed by the winning bidder.

Part Five

IPB

Paragraph 1

Winning Bidder Determination

Article 62

- (1) The Minister determines the winning bidder in accordance with the Bidding results submitted by the Bid Committee as referred to in Article 51, Article 54, and Article 60.
- (2) The winning bidder as referred to in Article 51 and Article 54 within a maximum period of 4 (four) months from the determination date as the winning bidder is required to:
 - a. pay the basic price of Working Area's data as non-tax state revenue in accordance with the provisions of legislation; and
 - b. deposit the Exploration Commitment as referred to in Article 41 section (2) at a BUMN bank.
- (3) In the event that the winning bidder fails to fulfill the obligations within the period as referred to in section (2), the winning bidder is declared disqualified and the next ranked bidder is determined as the winning bidder.
- (4) In the event that the Bidding does not come up with a next ranked Bidder or the winning bidder fails to fulfill the obligations as referred to in section (2,) the winning Bidder will be put on a blacklist and the Working Area will be re-bid.

Article 63

- (1) In the event that a Bidder is declared disqualified as referred to in Article 46 section (3), Article 48 section (3), and Article 54 section (4) the bid bond is returned to the Bidder.
- (2) In the event that a Bidder is declared disqualified as referred to in Article 62 section (3) the deposited bid bond is forfeited as non-tax state revenue.
- (3) In the event that a Bidder is determined as the winning bidder as referred to in Article 62 section (1) and it has fulfilled the obligations as referred to in Article 62 section (2), the bid bond is returned to such Bidder.
- (4) In the event that a Bidder withdraws from the Bidding process, the bid bond is forfeited as non-tax state revenue.
- (5) In the event that the bid bond as referred to in section (1), section (2), section (3), and section (4) earns interest, the interest is returned to the Bidders.

Paragraph 2

IPB Granting to Winning Bidder

Article 64

- (1) A winning bidder in form of consortium is required to form a new Business Entity to exclusively manage the Working Area it wins.
- (2) A winning bidder in form of Business Entity and one that has not been exclusively assigned to manage the Working Area it wins, is required to establish a new Business Entity or to amend the deed of incorporation of such Business Entity.
- (3) The new Business Entity or the Business Entity as referred to in section (1) and section (2) may apply IPB to the Minister by attaching receipt for obligation fulfillment as referred to in Article 62 section (2).
- (4) The Minister grants IPB to the new Business Entity or the Business Entity after the IPB application as referred to in section (3) is approved.

Article 65

Within a maximum period of 1 (one) year from the determination date of IPB, an IPB holder is required to commence the activities as described in the proposal for project development submitted at the Bidding.

Article 66

- (1) The IPB holder may draw down Exploration Commitment in accordance with the phases in the Exploration activities up to exploration drilling.
- (2) In the event that an IPB holder as referred to in Article 64 section (4) within a period of 5 (five) years from issuance of the IPB does not conduct exploration drilling, the IPB holder is subject to a 5% (five percent) cut in the Exploration Commitment as referred to in Article 62 section (2) point b and the amount is forfeited as non-tax state revenue.

Paragraph 3

Assignment of Geothermal Business

Article 67

- (1) The Minister may assign public service agency or BUMN engaged in Geothermal subsector to conduct Exploration, Exploitation, and/or utilization in Working Area.
- (2) The assignment as referred to in section (1) may be granted to a Working Area with the following criteria:
 - a. Exploration has been conducted by BUMN or the Central Government;
 - b. operations have been conducted by BUMN or the Central Government;
 - c. the Working Area was relinquished by Business Entity; and/or
 - d. other criteria established by Ministerial Regulation.
- (3) The assignment to BUMN engaged in Geothermal subsector as referred to in section (1) and section (2) serves as IPB.

Article 68

Further provisions regarding the procedures for submission of Offering Document, evaluation of Offering Document, complaint, direct appointment, Bidding of Working Area determined based on PSPE results, registration requirements, Exploration Commitment, bid bond, IPB granting, and assignment of Geothermal business are regulated by Ministerial Regulation.

CHAPTER V
GEOTHERMAL BUSINESS ACTIVITIES

Part One
General

Article 69

- (1) The Geothermal business activities as referred to in Article 4 section (1) consist of:
 - a. Exploration;
 - b. Exploitation; and
 - c. utilization.
- (2) The Geothermal business activities as referred to in section (1) are conducted by IPB holder.

Part Two
Exploration

Article 70

- (1) IPB holder is required to conduct Exploration at its Working Area in the event that no Exploration had been conducted at such Working Area.
- (2) Within the period of Exploration as referred to in section (1) the IPB holder is required to conduct Feasibility Study.
- (3) The Feasibility Study as referred to in section (2) at least consists of:
 - a. a study to determine that the reserves of the Working Area feasible to exploit;

- b. environmental permit;
- c. plans for the construction of development and reinjection wells;
- d. steam-field facilities design;
- e. plans for electricity generation capacity and its generation phases;
- f. economic feasibility;
- g. plans for electricity generation and transmission systems;
- h. plans for the maintenance of Geothermal resource for business;
- i. plans for obtaining permit of Geothermal environmental service utilization, if there is any plan to utilize conservation forest area;
- j. occupational health and safety plans;
- k. environment protection and management plans; and
- l. post-Geothermal business plans.

Article 71

- (1) In the event that Exploration has been conducted at the Working Area, the IPB holder:
 - a. directly undertakes Feasibility Study; or
 - b. may conduct additional Exploration.
- (2) Within the period of the additional Exploration as referred to in section (1) point b, the IPB holder is required to undertake Feasibility Study.
- (3) The Feasibility Study as referred to in section (1) is undertaken in accordance with the provisions as referred to in Article 70 section (3).

Article 72

The results of the Feasibility Study as referred to in Article 70 and Article 71 are required to be delivered to the Minister for approval.

Article 73

In the event that the results of the Feasibility Study as referred to in Article 70 and Article 71 reveal that the Working Area unfeasible for Exploitation and utilization, the IPB holder is required to return the IPB to the Minister.

Part Three

Exploitation

Article 74

- (1) IPB holder is required to conduct Exploitation in accordance with the Feasibility Study approved by the Minister.
- (2) In the event of any changes in the capacity and/or technology of electricity generation during the period of Exploitation, the IPB holder must submit the revision of the Feasibility Study for the Minister's approval.

Part Four

Utilization

Article 75

IPB holder may utilize the electricity generated from the Working Area by:

- a. cooperating with the holder of integrated electricity supply business license after the IPB holder obtains electricity supply business license;
- b. selling the electricity generated from the Working Area to other business entities or the public after the IPB holder obtains electricity supply business license; and/or
- c. using the generated electricity for own use or selling the excess electricity after the IPB holder obtains operation license,

in accordance with the provisions of legislation in the electricity subsector.

Part Five

Period of Geothermal Business Activities and IPB Extension

Article 76

- (1) The Exploration as referred to in Article 69 section (1) point a has a maximum period of 5 (five) years from the issuance date of IPB and may be extended 2 (two) times for 1 (one) year each.
- (2) The Exploration extension as referred to in section (1) is made in writing to the Minister at least 3 (three) months before the expiration of the Exploration.
- (3) The Exploration extension as referred to in section (1) may be granted upon fulfilment of technical and financial requirements.

Article 77

The Exploitation and utilization as referred to in Article 69 section (1) point b and point c have a maximum period of 30 (thirty) years from the approval date of Feasibility Study by the Minister.

Article 78

- (1) IPB has a maximum period of 37 (thirty seven) years.
- (2) The Minister may grant IPB extension for a maximum period of 20 (twenty) years each.
- (3) IPB holder may apply for the IPB extension as referred to in section (2), 5 (five) years at the earliest and 3 (three) years at the latest before the IPB expires.
- (4) The Minister grants or refuses approval for the IPB extension at least 1 (one) year from complete submission of the application requirements.
- (5) In granting or refusing the approval for the IPB extension as referred to in section (4), the Minister takes the following factors into account:
 - a. Geothermal reserves potential of the Working Area;
 - b. market conditions or demands;
 - c. technical, economical, and environmental feasibility;
and
 - d. benefits for the state.

Part Six

Temporary Suspension due to Force Majeure and/or Irresistible
Force

Article 79

- (1) Temporary suspension of Geothermal business within a certain period of time may be granted to the IPB holder in the event of *force majeure* and/or irresistible force causing a stop in any part or the whole part of the Geothermal business activities.
- (2) The request for temporary suspension of Geothermal business is submitted to the Minister at least 14 (fourteen) days from the force majeure and/or irresistible force causing a stop in any part or the whole part of the Geothermal business activities.
- (3) The Minister must make a written decision of whether or not to grant approval for the request as referred to in section (2) and the reasons therefor at least 30 days from receipt of the request.
- (4) The period of each temporary suspension of Geothermal business as referred to in section (1) is a maximum of 1 (one) year from the Minister's approval as referred to in section (3) and may be extended 1 (one) time at the most for a maximum period of 1 (one) year.

Article 80

The granting of the temporary suspension of Geothermal business as referred to in Article 79 does not count as the validity period of IPB.

Article 81

Further provisions regarding the temporary suspension of Geothermal business due to *force majeure* and/or irresistible force as referred to in Article 79 and Article 80 are regulated by Ministerial Regulation.

Part Seven
Working Area Relinquishment

Article 82

- (1) Working Area relinquishment from IPB holder consists of:
 - a. relinquishment of the whole part of Working Area; or
 - b. relinquishment of any part of Working Area.
- (2) The relinquishment of the whole part of Working Area as referred to in section (1) point a is made in the event that:
 - a. IPB holder does not discover any Geothermal reserves that can be commercially produced before the IPB period expires;
 - b. based on the results of the Feasibility Study, the Working Area is unfeasible for Exploitation and utilization; or
 - c. the IPB expires.
- (3) The relinquishment of any part of Working Area as referred to in section (1) point b is made in the context of increased business and is conducted in stages, namely:
 - a. at the end of the Exploration stage; and
 - b. 7 (seven) years after the first PLTP unit starts commercial operation.
- (4) The relinquishment of the whole part of Working Area as referred to in section (2) point a and the relinquishment of any part of Working Area as referred to in section (3) are submitted to the Minister with full technical consideration and supporting data.

Article 83

Any parts of the relinquished Working Area as referred to in Article 82 section (3) become Geothermal Greenfield Area.

Article 84

- (1) IPB holder is required to perform reclamation activities and conservation of environmental functions, prior to the relinquishment of Working Area as referred to in Article 82.

- (2) The relinquishment of Working Area as referred to in section (1) is declared valid following a written approval of the Minister.

Article 85

Further provisions regarding the procedures and requirements for the relinquishment of any part or the whole part of Working Area as referred to in Article 82 are regulated by Ministerial Regulation.

Part Eight

IPB Termination

Article 86

IPB terminates due to:

- a. expiration of validity period;
- b. return;
- c. revocation; or
- d. annulment.

Article 87

- (1) In the event of IPB termination as referred to in Article 86, the IPB holder is required to:
 - a. pay and settle all financial obligations in accordance with the provisions of legislation;
 - b. relinquish the whole part of Working Area and undertake all stipulated provisions pertaining to the relinquishment of the whole part of Working Area;
 - c. submit all Geothermal Data and Information of the Working Area, both in analog and digital formats, pertaining to the performance of Geothermal business to the Minister; and
 - d. fulfill any obligations after the IPB terminates.
- (2) The payment and settlement of all financial obligations as referred to in section (1) point a are made:
 - a. in respect of IPB that terminates due to expiration,

- until the IPB expiration date;
 - b. in respect of IPB that terminates due to relinquishment, until the submission date of IPB relinquishment; or
 - c. in respect of IPB that terminates due to revocation, until the revocation date of the IPB.
- (3) The obligations after the IPB terminates as referred to in section (1) point d at least include:
- a. securing any articles, buildings and its surrounding area that may pose danger to the public;
 - b. within a maximum period of 6 (six) months from the IPB termination date:
 - 1. lifting any articles, buildings and equipment it owns that are located in the ex-Working Area, except for buildings that may be utilized for public interests; and
 - 2. submitting the assets resulting from Geothermal business to the Minister.

CHAPTER VI

RIGHTS AND OBLIGATIONS OF IPB HOLDER

Part One

Rights of IPB Holder

Article 88

- (1) An IPB holder is entitled to:
- a. carry on Geothermal business in forms of Exploration, Exploitation, and utilization within its Working Area in accordance with the Geothermal license granted; and
 - b. utilize the Geothermal Data and Information from its Working Area during IPB validity period.
- (2) In carrying on the Geothermal business in forms of Exploration, Exploitation and utilization as referred to in section (1) point a, the IPB holder is entitled to:
- a. enter and carry out activities at its Working Area;

- b. utilize public facilities and infrastructure;
- c. sell Geothermal steam and/or electricity from PLTP;
- d. be granted IPB extension by the Minister with the consideration as referred to in Article 78 section (5);
- e. utilize the Geothermal resource at its Working Area for Direct Use after obtaining a Direct Use license in accordance with the provisions of legislation; and/or
- f. utilize Geothermal steam to generate electricity for own use in accordance with the provisions of legislation.

Part Two

Obligations of IPB holders

Paragraph 1

General

Article 89

An IPB holder is required to:

- a. understand and abide by the provisions of legislation in occupational health and safety, and environmental protection and management, and meet the applicable standards;
- b. undertake control on environmental pollution and/or destruction that include the activities of prevention, mitigation and recovery of environmental functions;
- c. undertake Exploration, Exploitation and utilization in accordance with good engineering practices;
- d. prioritize the utilization of local goods, services, technology and engineering and design capacity in transparent and competitive manners;
- e. provide support for the research and development activities in Geothermal science and technology;
- f. provide support for the creation, capacity building, and development of human resource in Geothermal subsector;
- g. undertake community development programs for the local community;

- h. maintain the accounting records or the books of accounts in good faith to reflect the true business state or conditions;
- i. submit written reports of the Geothermal business on a periodic basis, namely:
 - 1. RKAB; and
 - 2. realization of RKAB
- j. fulfill the obligations related to state income and regional income in accordance with the provisions of legislation;
- k. submit long-term plans of Exploration, Exploitation and utilization to the Minister that include the activity and budget plans and inform reserves quantity;
- l. prioritize Indonesian workers; and
- m. encourage the development of Geothermal Direct Use at its Working Area.

Paragraph 2

Occupational Health And Safety

Article 90

- (1) IPB holders are required to fulfill the occupational health and safety requirements as referred to in Article 89 point a that at least include the requirements to:
 - a. ensure availability of the organization and personnel of occupational health and safety;
 - b. ensure implementation of the administrative management of occupational health and safety;
 - c. ensure fulfillment of personnel, public, installation and equipment, and work-environment safety;
 - d. ensure fulfillment of safe, reliable and environment-friendly working methods and processes; and
 - e. ensure availability of the procedures for handling and analysis of occupational accidents and health.
- (2) The implementation of occupational health and safety requirements as referred to in section (1) is in accordance with the provisions of legislation.

Paragraph 3
Environmental Protection and Management

Article 91

IPB holders are required to fulfill the environmental protection and management requirements as referred to in Article 89 point a and point b that at least include the requirements to:

- a. fulfil environmental feasibility in accordance with environmental permits;
- b. fulfil environmental quality standards and environmental destruction standard criteria;
- c. provide the reports on environmental management and monitoring plans or environmental management and monitoring efforts;
- d. apply environment-friendly technology;
- e. prevent and mitigate environmental pollution and destruction; and
- f. restore, recover, and repair the quality of environment and ecosystem so as to function normally according to the purposes.

Paragraph 4
Geothermal Engineering

Article 92

- (1) The good engineering practices in undertaking Exploration, Exploitation and utilization as referred to in Article 89 point c include at least the practices to:
 - a. implement Geothermal engineering practices;
 - b. fulfil national or other standards in undertaking Geothermal business activities.
- (2) The Geothermal engineering as referred to in section (1) consists of upstream and downstream engineering.
- (3) The upstream engineering as referred to in section (2)

includes the engineering of steam gathering from reservoir up to fluid distribution to power plant.

- (4) The downstream engineering as referred to in section (2) includes the engineering of geothermal energy and/or fluid transformation into electricity.
- (5) The ruling for downstream engineering refer to the provisions of legislation in the electricity subsector.

Article 93

Further provisions regarding occupational health and safety requirements, environmental protection and management, and Geothermal engineering practices are regulated by Ministerial Regulation.

Paragraph 5

The Utilization of Local Goods, Services, Technology and Engineering and Design Capacity

Article 94

- (1) IPB holders are required to prioritize the utilization of local goods, services, technology and engineering and design capacity as referred to in Article 89 point d.
- (2) In the event that the goods, services, technology and engineering and design capacity as referred to in section (1) have not been produced in the country, IPB holders may obtain the facility to import goods and services.
- (3) The goods and services as referred to in section (2) must meet the requirements of standards or quality, efficient operation costs, delivery time and after-sales service guarantee.
- (4) The provisions regarding the forms and procedures for granting the facility to import goods and services as referred to in section (2) are regulated in the regulation of the minister administering government affairs in the financial sector.

Paragraph 6

Research and Development of Science and Technology

Article 95

The support for research and development in Geothermal science and technology as referred to in Article 89 point e may be in forms of:

- a. allocation of a part of IPB holders' revenues for research and development of science and technology;
- b. provision of research and development facilities for research and educational institutions;
- c. comparative study.

Paragraph 7

Creation, Capacity Building and Development of Human Resource in Geothermal Subsector

Article 96

- (1) IPB holders are required to support the creation, capacity building and development of human resource in Geothermal subsector as referred to in Article 89 point f.
- (2) The support as referred to in section (1) may be in the forms of:
 - a. provision of job training in Geothermal subsector;
 - b. fulfillment of workers' competency in Geothermal subsector; and
 - c. allocation of fund needed to create and develop competency in Geothermal subsector.
- (3) The support as referred to in section (2) is made in accordance with the provisions of legislation.

Paragraph 8

Local Community Development and Empowerment Programs

Article 97

- (1) IPB holders are required to prepare development and empowerment programs for local community surrounding the Working Area as referred to in Article 89 point g.

- (2) The local community as referred to in section (1) may propose community development and empowerment programs to the local regent/mayor to be forwarded to IPB holders.
- (3) The community development and empowerment programs as referred to in section (1) are prioritized to community surrounding the Working Area who are directly affected by the Geothermal business.
- (4) The community development and empowerment programs as referred to in section (1) include participation in the development and utilization of community potential by:
 - a. employing workers who meet the necessary competency and using local services and products that comply with the required specification;
 - b. providing social services to the public;
 - c. improving health, education and training of the public; and/or
 - d. facilitating the construction of facilities and infrastructure.
- (5) The community development and empowerment programs as referred to in section (2) are required to be carried out during the Exploitation and utilization stages.
- (6) In carrying out the community development and empowerment programs as referred to in section (1), IPB holders coordinate with the provincial government or regency/municipal government.
- (7) The community development and empowerment programs as referred to in section (1) are allocated from the budget of community development and empowerment programs in the IPB holders' budget.
- (8) The budget allocation of the community development and empowerment programs as referred to in section (7) is managed by IPB holders.

Paragraph 9
Reports

Article 98

- (1) The RKAB reports as referred to in Article 89 point i item 1 include the RKAB of Exploration stage and the RKAB of Exploitation and utilization stage.
- (2) The RKAB reports as referred to in section (1) are submitted on an annual basis at least 3 (three) months before the start of calendar year.

Article 99

The RKAB realization reports as referred to in Article 89 point i item 2 are prepared in accordance with the following provisions:

- a. the Exploration activities report is delivered quarterly and annually; and
- b. the Exploitation and utilization activities report is delivered monthly, quarterly and annually.

Paragraph 10
State Revenues

Article 100

- (1) The state income as referred to in Article 89 point j consists of tax revenues and non-tax state revenues.
- (2) The regional income as referred to in Article 89 point j consists of:
 - a. regional taxes;
 - b. regional levies; and
 - c. other legal income in accordance with the provisions of legislation.
- (3) The tax revenues as referred to in section (1) consist of taxes levied by the Central Government, import duty, and taxes related to import in accordance with the provisions of legislation.

- (4) The non-tax state revenues as referred to in section (1) consist of:
 - a. landrent;
 - b. royalties; and
 - c. other state levies in accordance with the provisions of legislation.
- (5) Types and tariffs of the non-tax state revenues as referred to in section (4) and the regional income as referred to in section (2) are determined in accordance with the provisions of legislation.

Paragraph 11

Long-Term Plans for Exploration, Exploitation and Utilization

Article 101

- (1) Long-term Exploration plan is prepared for a maximum period of 5 (five) years.
- (2) Long-term Exploitation and utilization plan is prepared for a maximum period of 30 (thirty) years.
- (3) IPB holders submit the long-term Exploration plan at least 3 (three) months following the IPB issuance.
- (4) IPB holders submit the long-term Exploitation and utilization plan at least 6 (six) months following the Minister's approval for the Feasibility Study.
- (5) The long-term Exploration plan as referred to in section (3) includes at least:
 - a. Exploration work program stages;
 - b. Exploration budget plan;
 - c. Exploration wells location and quantity plan; and
 - d. Exploration supporting infrastructure plans.
- (6) The long-term Exploitation and utilization plan as referred to in section (4) is prepared according to the volume of Exploration reserves.
- (7) The long-term Exploitation and utilization plan as referred to in section (5) includes:

- a. development wells and reinjection wells location and quantity plan;
- b. construction of field and supporting facilities plan;
- c. project financing plan;
- d. construction of Geothermal facilities and operation production plans; and
- e. Geothermal commercial operation date plan.

Paragraph 12

Priority to Employ Indonesian Workers

Article 102

- (1) IPB holders are required to prioritize the employment of Indonesian workers as referred to in Article 89 point 1 in Geothermal business activities.
- (2) In the event of employment of foreign workers, IPB holders are required to apply for a foreign worker employment permit to the minister administering government affairs in manpower sector.
- (3) For every employment of foreign workers, IPB holders are required to appoint Indonesian co-workers in accordance with the provisions of legislation.

CHAPTER VII

GEOHERMAL SERVICE BUSINESS

Article 103

- (1) In order to support Geothermal business, Other Entity granted PSP and PSPE and IPB holders may involve service companies.
- (2) The service companies as referred to in section (1) are required to be registered at the ministry administering government affairs in Geothermal subsector.
- (3) The service companies as referred to in section (1) consist of supporting service companies and supporting industrial companies.

- (4) The service companies as referred to in section (1) are required to abide by the following provisions:
- a. to understand and adhere to the provisions of legislation and to comply with the applicable standards in occupational health and safety, environmental protection and management and Geothermal engineering.
 - b. to prioritize the utilization of local goods, services, technology and engineering, and design capacity in transparent and competitive manners; and
 - c. to prioritize the employment of Indonesian workers.

Article 104

The service companies as referred to in Article 103 section (3) are required to meet the provisions of classification and qualification of Geothermal service business.

Pasal 105

Further provisions regarding the organization of Geothermal service business as referred to in Article 104 are regulated by Ministerial Regulation.

CHAPTER VIII GEOTHERMAL ENERGY PRICES

Article 106

- (1) Geothermal energy prices for Indirect Use are determined by the Minister in consideration of Geothermal economic price and benefits for national interests.
- (2) The Geothermal energy prices as referred to in section (1) are in forms of steam price and electricity price.
- (3) In determining Geothermal energy prices, the Minister coordinates with the minister administering government affairs in financial sector.
- (4) The Geothermal economic price as referred to in section (1)

at least considers:

- a. the production costs of steam and/or electricity; and
 - b. attraction for investment.
- (5) The Geothermal energy prices as referred to in section (1) through section (4) are used as the reference for making the offer of Working Area and development of electricity generation capacity.

Article 107

In order to ensure electric power availability for public interests, the Minister may assign BUMN holding integrated electricity supply business license to buy Geothermal steam and electricity generated by PLTP in accordance with the provisions of legislation.

CHAPTER IX

GEOHERMAL DATA AND INFORMATION

Article 108

- (1) The Geothermal Data and Information resulting from Preliminary Survey or Preliminary Survey and Exploration as referred to in Article 8 and Article 9, from PSP and PSPE as referred to in Article 20, from data additions as referred to in Article 32, and from implementation of Geothermal business by IPB holder are the property of the state, the management and utilization of which are carried out by the Minister.
- (2) The Geothermal Data and Information as referred to in section (1) may be in the forms of writing or characters, numbers or digits, images or analogues, magnetic media, documents, rock samples and fluids.
- (3) The management of Geothermal Data and Information as referred to in section (1) includes acquisition, administration, processing, arrangement, storage, preservation and destruction of data.

- (4) The utilization of Geothermal Data and Information as referred to in section (1) may be applied for:
- a. preparation of electricity supply business plan;
 - b. development of Geothermal science and technology;
 - c. preparation of spatial plan; and
 - d. other utilizations with the Minister's approval.

Article 109

Delivery, submission, and/or transfer of Geothermal Data and Information resulting from Preliminary Survey, Exploration, and/or Exploitation are required to be approved by the Minister.

Article 110

- (1) IPB holders and Other Party granted PSP or PSPE may manage and utilize Geothermal Data and Information resulting from the Exploration and Exploitation of Working Area or Assignment Area as referred to in Article 108 during the validity period of IPB, or the PSP or PSPE assignment, except for data destruction.
- (2) IPB holders and Other Party granted PSP or PSPE are required to store the Geothermal Data and Information which utilization is as referred to in section (1) within Indonesia jurisdiction.

Article 111

If an IPB terminates as referred to in Article 86, the IPB holder is required to submit all Geothermal Data and Information resulting from Exploration and Exploitation to the Minister.

Article 112

Further provisions regarding the processing and utilization of Geothermal Data and Information as referred to in Article 108 are regulated by Ministerial Regulation.

CHAPTER X
GUIDANCE AND SUPERVISION

Part One
General

Article 113

- (1) The Minister guides and supervises:
 - a. implementation of PSP or PSPE by Other Party; and
 - b. implementation of Geothermal business by IPB holder.
- (2) In carrying out the guidance and supervision as referred to in section (1), the Minister may coordinate with relevant agencies in accordance with the provisions of legislation.

Part Two
Guidance and Supervision of PSP or PSPE Implementation

Article 114

The guidance and supervision of PSP or PSPE implementation as referred to in Article 113 section (1) point a are at least in forms of:

- a. application of good engineering practices;
- b. fulfillment of standards;
- c. preparation of work plan and budget;
- d. application of occupational health and safety;
- e. processing of Geothermal Data and Information; and
- f. reporting.

Part Three
Guidance and Supervision of Geothermal Business
Implementation

Article 115

The guidance and supervision of Geothermal Business implementation by IPB holders as referred to in Article 113 section (1) point b include:

- a. Exploration;
- b. Feasibility Study;
- c. Exploitation and utilization;
- d. finance and investment;
- e. processing of Geothermal Data and Information;
- f. occupational health and safety;
- g. environmental protection and management and conservation of Geothermal resources;
- h. the utilization of local goods, services, technology and engineering and design capacity;
- i. development of Indonesian workers;
- j. community development and empowerment programs;
- k. mastery, development and application of Geothermal technology;
- l. application of good engineering practices;
- m. other activities in Geothermal business subsector to the extent that the activities concern public interests;
- n. RKAB;
- o. fulfillment of state and regional revenue payment obligations;
- p. reporting.

Article 116

The guidance and supervision of occupational health and safety implementation as referred to in Article 114 point d and Article 115 point f, environmental protection and management as referred to in Article 115 point g, and implementation of good engineering practices as referred to in Article 114 point a and Article 115 point l are conducted by inspectors in charge of Geothermal energy in accordance with the provisions of legislation.

Article 117

The provisions regarding the procedures for guidance and supervision of PSP or PSPE implementation as referred to in Article 114 and the procedures for guidance and supervision of Geothermal business activities as referred to in Article 115 are regulated by Ministerial Regulation.

CHAPTER XI
ADMINISTRATIVE SANCTIONS

Article 118

- (1) Other Party granted PSP or PSPE that violate the provisions as referred to in Article 17 section (1), Article 18, Article 19, Article 20 section (1) point b, point c or point d, and/or Article 21 are subject to administrative sanctions by the Minister.
- (2) The administrative sanctions as referred to in section (1) are in forms of:
 - a. written warnings;
 - b. temporary suspension of the whole activities; or
 - c. revocation of PSP or PSPE.

Article 119

- (1) IPB holders that violate the provisions as referred to in Article 65, Article 70, Article 71 section (2), Article 72, Article 73, Article 74 section (1), Article 84 section (1), Article 87 section (1), Article 89, Article 109, Article 110 section (2), and/or Article 111 are subject to administrative sanctions by the Minister.
- (2) The administrative sanctions as referred to in section (1) are in forms of:
 - a. written warnings;
 - b. temporary suspension of the whole activities; or
 - c. revocation of IPB.

Article 120

The written warnings as referred to in Article 118 section (2) point a and Article 119 section (2) point a are given 3 (three) times with a period of 1 (one) month each.

Article 121

- (1) In the event that Other Party granted PSP or PSPE or IPB holders given written warnings have not performed their obligations after the end of the third written warning period as referred to in Article 120, the Minister imposes an administrative sanction in the form of temporary suspension of the whole activities as referred to in Article 118 section (2) point b and Article 119 section (2) point b.
- (2) The administrative sanction in the form of temporary suspension of the whole activities as referred to in section (1) is given for a maximum period of 3 (three) months.
- (3) The administrative sanction as referred to in section (2) may at any time be revoked if the Other Party granted PSP or PSPE or the IPB holders during the sanction imposition period fulfill their obligations.

Article 122

In the event that Other Party granted PSP or PSPE or IPB holders given sanction of temporary suspension of the whole activities do not perform their obligations until the end of the sanction imposition period as referred to in Article 121 section (2), the Minister imposes an administrative sanction in form of revocation of PSP or PSPE or revocation of IPB.

CHAPTER XII
TRANSITIONAL PROVISIONS

Article 123

- (1) At the time this Government Regulation comes into force:

- a. Business Entities that have undertaken PSP and the Assignment Areas have been determined as Working Areas before this Government Regulation are given the right to match at the Bidding.
 - b. Business Entities that granted PSP and the Assignment Areas have not been determined as Working Areas prior to the force of this Government Regulation may be offered to undertake PSPE at the Assignment Areas.
 - c. Business Entities that have undertaken PSP on the Assignment Area that have been determined as Working Areas prior to the force of this Government Regulation and data addition is carried out as referred to in Article 28 point a by revocation of the Working Areas, may be offered to undertake PSPE at the Assignment Area which PSP have been undertaken by the concerned entities.
- (2) The right to match as referred to in section (1) point a is given in the event that the bids of the second stage envelope 2 (two) of other bidders are better than the bid made by the Business Entity that has undertaken PSP.

Article 124

Biddings that have been held prior to the force of this Government Regulation are made in accordance with the provisions of legislation prior to the force of this Government Regulation.

Article 125

- (1) At the time this Government Regulation comes into force:
 - a. Geothermal resource business concession at Working Areas that has existed prior to the force of Law Number 21 of 2014 on Geothermal Energy, is valid for 30 (thirty) years from the promulgation date of Law Number 21 of 2014 on Geothermal Energy;

- b. all Geothermal resource business joint-operation contracts signed prior to the force of Law Number 21 of 2014 on Geothermal Energy are declared to remain in effect until the termination of the contracts; and
 - c. all Geothermal resource business licenses that have existed prior to the force of Law Number 21 of 2014 on Geothermal Energy are declared to remain in effect until the termination of the licenses.
- (2) In the event that the Geothermal resource business joint-operation contract as referred to in section (1) point b exceeds the validity period of Geothermal resource business concession, the Geothermal resource business concession is extended as IPB until the termination of the joint operation contract.
 - (3) The provisions set forth in the joint operation contract as referred to in section (2) remain in effect until the termination of the joint operation contract.

Article 126

- (1) Geothermal resource business concession, Geothermal resource business joint-operation contract, and Geothermal resource business license may be extended to become IPB by the Minister after the termination of the validity period and the business activities are conducted in accordance with this Government Regulation.
- (2) Holders of Geothermal resource business concession, Geothermal resource business joint-operation contract, and Geothermal resource business license may apply for the extension to become IPB 5 (five) years at the earliest and 3 (three) years at the latest before the geothermal resource business concession, Geothermal resource business joint-operation contract, and Geothermal resource business license terminate.

CHAPTER XIII
CLOSING PROVISIONS

Article 127

- (1) At the time this Government Regulation comes into force, all implementing regulations of Government Regulation Number 59 of 2007 on Geothermal Business Activities (State Gazette of the Republic of Indonesia of 2007 Number 132, Supplement to the State Gazette of the Republic of Indonesia Number 4777) as amended several times, and last by Government Regulation Number 75 of 2014 on Second Amendment to Government Regulation Number 59 of 2007 on Geothermal Business Activities (State Gazette of the Republic of Indonesia of 2014 Number 261, Supplement to the State Gazette of the Republic of Indonesia Number 5595), are declared to remain in effect to the extent not contrary to this Government Regulation.
- (2) At the time this Government Regulation comes into force, Government Regulation Number 59 of 2007 on Geothermal Business Activities (State Gazette of the Republic of Indonesia of 2007 Number 132, Supplement to the State Gazette of the Republic of Indonesia Number 4777) as amended several times, and last by Government Regulation Number 75 of 2014 on Second Amendment to Government Regulation Number 59 of 2007 on Geothermal Business Activities (State Gazette of the Republic of Indonesia of 2014 Number 261, Supplement to the State Gazette of the Republic of Indonesia Number 5595), are repealed and declared ineffective.

Article 128

This Government Regulation comes into force on its promulgation date.

In order that every person may know hereof, ordering the promulgation of this Government Regulation by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
on 21 February 2017

PRESIDENT OF THE REPUBLIC
OF INDONESIA

Signed

JOKO WIDOWO

Promulgated in Jakarta
on 21 February 2017

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2017 NUMBER 30

Jakarta, 10 May 2019

Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,



WIDODO EKATJAHJANA