

REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 28 OF 2016
ON
AMOUNTS AND PROCEDURES FOR PAYING GEOTHERMAL PRODUCTION BONUS

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : that in order to implement the provisions of Article 53 section (2) and Article 83 of Law Number 21 of 2014 on Geothermal Energy, it is necessary to enact Government Regulation on the Amount and Procedures for Paying Geothermal Production Bonus.

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 AMOUNTS AND PROCEDURES FOR PAYING GEOTHERMAL PRODUCTION BONUS.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation:

1. Geothermal Production Bonus, hereinafter referred to as Production Bonus, means the financial obligation imposed on geothermal license holders, geothermal resources business authority holders, geothermal resources business joint-operation contract holders, and geothermal resources business license holders for the gross revenue earned from the sales of geothermal steam and/or electricity from geothermal power plants.
2. Geothermal License means the license to conduct geothermal business for indirect use in a certain Working Area.
3. Producing Region means the regency/municipality of which administrative area covers geothermal working area.
4. Geothermal Working Area hereinafter referred to as Working Area means an area with specific coordinates where geothermal business for indirect use is conducted.
5. 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.
6. Payment on the Government Share, hereinafter referred to as Payment on the Central Government Share, means the payment required to be paid by geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and geothermal resources business license holders for the share of the Government which amounts to 34% (thirty-four percent) of the net operating income in accordance with the provisions of legislation.
7. Minister means the minister administering government affairs in the Geothermal subsector.

CHAPTER II
IMPOSITION AND CALCULATION OF PRODUCTION BONUS

Article 2

- (1) Geothermal License holders are required to pay Production Bonus since the first unit produces commercially.
- (2) Geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and geothermal resources business license holders are required to pay Production Bonus under the following provisions:
 - a. those that have produced before Law Number 21 of 2014 on Geothermal Energy has come into force, as of 1 January 2015; and
 - b. those that have not produced at the time Law Number 21 of 2014 on Geothermal Energy has come into force, as of the date the first unit produces commercially.
- (3) The Production Bonus as referred to in section (1) and section (2) is given to the governments of the Producing Regions.

Article 3

- (1) The Production Bonus amounts to:
 - a. 1% (one percent) of the gross revenue from the sales of Geothermal steam; or
 - b. 0.5% (zero point five percent) of the gross revenue from the sales of electricity.
- (2) The Calculation of the Production Bonus of Geothermal License holders is made annually with a calculation period starting from 1 January until 31 December.
- (3) The Calculation of the Production Bonus of Geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resources business license holders is made quarterly at the same time as the period of the Payment of the Share of the Central Government.

CHAPTER III
RECONCILIATION, CALCULATION OF PRODUCING REGION
PERCENTAGE, AND DETERMINATION OF PRODUCTION
BONUS AMOUNTS

Article 4

- (1) Minister reconciles the sales of Geothermal steam and/or electricity from Geothermal power plants and the amounts of Production Bonus that will be paid to the governments of the Producing Regions.
- (2) The reconciliation of Production Bonus as referred to in section (1) involves relevant institutions, governments of the Producing Regions, Geothermal License holders, Geothermal resource business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resource business license holders, and business entities purchasing Geothermal steam and/or electricity from Geothermal power plants.

Article 5

- (1) Minister reconciles in order to calculate the percentage of Producing Regions according to parameters and measures of assessment.
- (2) The parameters and measures of assessment as referred to in section (1) consist of, at least:
 - a. Working Area width;
 - b. production infrastructure;
 - c. supporting infrastructure; and
 - d. production realization.
- (3) Minister determines the percentage of Producing Regions based on the reconciliation results as referred to in section (1).

Article 6

- (1) Minister decides the amounts of Production Bonus based on the reconciliation results as referred to in Article 4 and Article 5.

- (2) The decision of the Production Bonus amounts as referred to in section (1) is made in rupiah currency.
- (3) In the event that gross revenue is received in foreign currency, conversion of the Production Bonus is made based on the buying rate of the Bank Indonesia at the time of receipt of the Geothermal steam and/or electricity sales proceeds from Geothermal power plants.

Article 7

Further provisions regarding the procedures for reconciliation of Production Bonus and percentage of Producing Regions as well as parameters and measures of assessment are regulated by Ministerial Regulation.

CHAPTER IV

PAYMENT AND REPORTING OF PRODUCTION BONUS

Part One

Payment

Article 8

- (1) Geothermal License holders, geothermal resource business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resource business license holders pay the Production Bonus to the regional treasury account of the Producing Regions based on the Minister's decision as referred to in Article 6.
- (2) Geothermal License holders, geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resources business license holders pay the Production Bonus to the regional treasury account of the Producing Regions at least 14 (fourteen) work days after the Minister's decision as referred to in Article 6.
- (3) The governments of the Producing Regions prioritize the utilization of Production Bonus as referred to in section (1) for the community of the Working Area.

- (4) Financial management and accountability on the utilization of Production Bonus as referred to in section (3) are performed in accordance with the provisions of legislation in the regional financial management.
- (5) Further provisions regarding the procedures to pay the Production Bonus for Producing Regions as referred to in section (2) are regulated by Ministerial Regulation.

Article 9

- (1) Geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resources business license holders are required to pay Production Bonus to the government of Producing Regions in advance.
- (2) The paid Production Bonus as referred to in section (1) is reimbursed from the Payment on the Share of the Central Government.
- (3) The reimbursement from the payment on the Share of the Central Government as referred to in section (2) will be paid by the Central Government after Geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resources business license holders make the Payment on the Share of the Central Government and such payment is received in the geothermal revenue account.
- (4) The Payment on the Share of the Central Government as referred to in section (3) must be higher than the Production Bonus and the Production Bonus reimbursement after calculating the amounts of deducting components from the Payment on the Share of the Central Government.
- (5) The amounts of Production Bonus reimbursement paid to Geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resources business license holders based on the reconciliation results as referred to in Article 6 are submitted by the Minister in writing to the minister administering government affairs in the state finance.

- (6) Further provisions regarding the reimbursement mechanism for the payment of Production Bonus as referred to in section (2) are regulated by regulations of the minister administering government affairs in the state finance.

Part Two
Reporting

Article 10

- (1) Geothermal License holders, Geothermal resources business concession holders, geothermal resources business joint-operation contract holders, and Geothermal resource business license holders are required to submit annual plans, sales reports of Geothermal steam and/or electricity from Geothermal power plants, and Production Bonus payment reports to the Minister.
- (2) Further provisions regarding the annual plans, sales reports of Geothermal steam and/or electricity from Geothermal power plants, and Production Bonus payment reports as referred to in section (1) are regulated by Ministerial Regulation.

CHAPTER V
CLOSING PROVISIONS

Article 11

The provisions as referred to in Article 3 comes into force for:

- a. The Geothermal License holders as referred to in Article 2 section (1), as of the date the first unit produces commercially;
- b. The geothermal mining business license holders that have produced before Law Number 21 of 2014 on Geothermal Energy has come into force whether or not the license has been converted into Geothermal License, as of 1 January 2015;

- c. The geothermal mining business license holders that have not produced at the time Law Number 21 of 2014 on Geothermal Energy comes into force whether or not the license has been converted into Geothermal Licence, as of the date the first unit produces commercially;
- d. The geothermal resource business concession holders, geothermal resources business joint-operation contract holders, and geothermal resource business license holders as referred to in Article 2 section (2) point a, as of 1 January 2015; and
- e. The geothermal resource business concession holders, geothermal resources business joint-operation contract holders, and geothermal resource business license holders as referred to in Article 2 section (2) point b, as of the date the first unit produces commercially.

Article 12

This Government Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Government Regulation by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta,
on 14 July 2016

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Signed

JOKO WIDODO

Promulgated in Jakarta,
on 14 July 2016

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

Signed


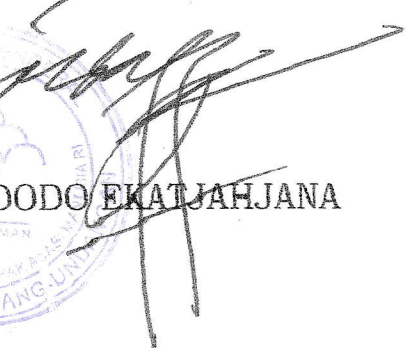
YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2016 NUMBER
136

Jakarta, 8 March 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