

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

I. GENERAL

The ruling in the Government Regulation on Geothermal Energy for Indirect Use is the mandates of 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.

Geothermal business activities for Indirect Use are conducted at a Working Area. In order to determine a Working Area, the Minister may undertake Preliminary Survey or Preliminary Survey and Exploration, which undertaking may be assigned to Other Party. The assignment to undertake Preliminary Survey is granted to universities and research institutes for scientific and academic research and development purposes, while the assignment to undertake Preliminary Survey and Exploration is granted to Business Entity for Geothermal business purpose.

Working Area determination considers the Geothermal system, technical and economic feasibility of Geothermal prospect areas. To improve data quality of Geothermal Greenfield Area or Working Area, the Minister may assign public service agency or BUMN engaged in Geothermal subsector to conduct Exploration.

To grant the IPB of a certain Working Area to Business Entity, the Minister offers the Working Area by bid. The bidding is carried out openly by considering the technical and financial capacity of Bidder. To ensure

that the winning bidder conducts Exploration after the IPB is granted, the winning bidder is required to deposit Exploration Commitment into escrow account before the IPB is granted.

For Bidding resulting from PSPE, the Bidders are Business Entity granted PSPE and BUMN engaged in Geothermal subsector. Business Entity granted the PSPE has the first opportunity to conduct an offering.

The Minister may also assign BUMN engaged in Geothermal subsector to conduct Geothermal business activities in a Working Area, and the assignment is granted as IPB.

The energy price for Indirect Use is set by the Minister by considering the economical price and the benefits to national interests. The Geothermal price is made as the reference in Working Area offering and development of electricity generation capacity.

IPB has a maximum period of 37 (thirty seven) years and may be extended 20 (twenty) years each. IPB holder carries out Exploration for a maximum period of 5 (five) years including for Feasibility Study and such period may be extended 2 (two) time, 1 (one) year each at the maximum. Meanwhile, the period of Exploitation and utilization is maximum 30 (thirty) years from the date Feasibility Study is approved by the Minister. IPB terminates due to expiration of validity period, return, revocation, or annulment.

IPB holder and Other Party granted PSP and PSPE have rights and obligations in accordance with the provisions of legislation. The Minister guides and supervises IPB holder and Other Party granted PSP and PSPE. The guidance and supervision are provided to ensure that the IPB holder and the PSP and PSPE executor gain the rights and fulfil the obligations. In supporting Geothermal Business, the IPB holder and the PSP and PSPE executor may involve Geothermal service business.

Geothermal Data and Information belong to the State which management and utilization is regulated by the Minister. IPB holder and Other Party granted PSP and PSPE may manage and utilize data obtained from their activities during the license or assignment period.

This Government Regulation contains the basic ruling including the Geothermal administration authority for Indirect Use, Working Area, Working Area offering, Geothermal business activities, rights and obligations of IPB holder, Geothermal service business, Geothermal energy price, Geothermal Data and Information, guidance and supervision, and administrative sanctions.

## II. ARTICLE BY ARTICLE

### Article 1

Sufficiently clear.

### Article 2

Sufficiently clear.

### Article 3

#### Section (1)

##### Point a

Sufficiently clear.

##### Point b

Sufficiently clear.

##### Point c

The term “to grant IPB” means issuance, extension, and revocation of IPB.

##### Point d

Sufficiently clear.

##### Point e

Sufficiently clear.

##### Point f

Sufficiently clear.

##### Point g

Sufficiently clear.

##### Point h

Sufficiently clear.

#### Section (2)

Sufficiently clear.

### Article 4

Sufficiently clear.

### Article 5

Sufficiently clear.

Article 6

Section (1)

Sufficiently clear.

Section (2)

The term “transparent” means the planning process which is open and non-confidential.

The term “participatory” means planning process which involves relevant agencies.

Article 7

Section (1)

Sufficiently clear.

Section (2)

The term “experts” means a person who has extensive knowledge or abilities in Geothermal subsector including Geothermal energy experts.

Article 8

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

Sufficiently clear.

Article 16

Fiscal facilities include import duty on goods and income tax (PPH) facilities.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Section (1)

Assets resulting from PSPE include exploration wells and land used as wellpad. Wellpad is a limited area above the ground as the place to put several wellheads.

Section (2)

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Sufficiently clear.

Article 24

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Point a

The term “Geothermal prospect area” means an area estimated to have 1 (one) Geothermal system.

Point b

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

Sufficiently clear.

Article 35

Section (1)

Sufficiently clear.

Section (2)

Other necessary sectors include economic, financial, and environmental sectors.

Section (3)

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Section (1)

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The term “qualified for technical and financial aspects” means fulfillment of the minimum standards for technical and financial assessment set out by Bid Committee.

Section (3)

Sufficiently clear.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear.

Article 49

Sufficiently clear.

Article 50

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.



Section (4)

Relevant parties means the parties issuing documents submitted in the Offering Document.

Article 51

Sufficiently clear.

Article 52

Sufficiently clear.

Article 53

Sufficiently clear.

Article 54

Sufficiently clear.

Article 55

Sufficiently clear.

Article 56

Sufficiently clear.

Article 57

Sufficiently clear.

Article 58

Sufficiently clear.

Article 59

Sufficiently clear.

Article 60

Sufficiently clear.

Article 61

Sufficiently clear.

Article 62

Sufficiently clear.

Article 63

Sufficiently clear.

Article 64

Section (1)

The term “new Business Entity” means Business Entity whose shares are 100% (a hundred percent) owned by the winning bidder consortium.

Section (2)

The term “to amend the deed of incorporation of the Business Entity” means to state the business type as Geothermal business for Indirect Use.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 65

Sufficiently clear.

Article 66

Sufficiently clear.

Article 67

Sufficiently clear.

Article 68

Sufficiently clear.

Article 69

Sufficiently clear.

Article 70

Sufficiently clear.

Article 71

Sufficiently clear.

Article 72

Sufficiently clear.

Article 73

Sufficiently clear.

Article 74

Sufficiently clear.

Article 75

Point a

Sufficiently clear.

Point b

The term “other business entities” means State-Owned enterprises, regional-owned enterprises, private companies incorporated under the Indonesian laws, and cooperatives engaged in electricity subsector.

Point c

Sufficiently clear.

Article 76

Sufficiently clear.

Article 77

Sufficiently clear.

Article 78

Sufficiently clear.

Article 79

Section (1)

*Force majeure* includes war, civil riot, rebellion, epidemic, earthquake, floods, fire, and other natural disaster beyond human control.

Irresistible force includes blockade, strike, labor disputes beyond the control of IPB holder, and/or legislation issued by the Central Government hampering the ongoing Geothermal business activities.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 80

Sufficiently clear.

Article 81

Sufficiently clear.

Article 82

Sufficiently clear.

Article 83

Sufficiently clear.

Article 84

Sufficiently clear.

Article 85

Sufficiently clear.

Article 86

Sufficiently clear.

Article 87

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Point a

Sufficiently clear.

Point b

Item 1

Sufficiently clear.

Item 2

Assets resulting from Geothermal business include  
Geothermal wells and wellpad.

Article 88

Sufficiently clear.

Article 89

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

The support in this provision is not intended for the company's  
direct interests.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Point j

Sufficiently clear.

Point k

Sufficiently clear.

Point l

Sufficiently clear.

Point m

Sufficiently clear.

## Article 90

### Section (1)

Point a

Organization and personnel of occupational health and safety are led by the Head of Geothermal Technique.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

### Section (2)

The provisions of legislation in this provision include legislation in occupational safety sector as well as occupational safety regulation and supervision in mining subsector.

Article 91

Sufficiently clear.

Article 92

Sufficiently clear.

Article 93

Sufficiently clear.

Article 94

Sufficiently clear.

Article 95

Sufficiently clear.

Article 96

Sufficiently clear.

Article 97

Sufficiently clear.

Article 98

Sufficiently clear.

Article 99

Sufficiently clear.

Article 100

Section (1)

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Other legal incomes in accordance with the provisions of legislation include Geothermal production bonus.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 101

Sufficiently clear.

Article 102

Sufficiently clear.

Article 103

Sufficiently clear.

Article 104

Sufficiently clear.

Article 105

Sufficiently clear.

Article 106

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The determination of Geothermal energy prices in this provision includes the determination of the ceiling price and feed in tariff.

Section (4)

Sufficiently clear.



Section (5)

Sufficiently clear.

Article 107

Sufficiently clear.

Article 108

Sufficiently clear.

Article 109

Sufficiently clear.

Article 110

Sufficiently clear.

Article 111

Sufficiently clear.

Article 112

Sufficiently clear.

Article 113

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Article 114

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Article 115

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Article 116

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Article 117

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Article 118

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Article 119

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Article 120

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Article 121

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Article 122

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Article 123

Sufficiently clear.

Article 124

Sufficiently clear.

Article 125

Sufficiently clear.

Article 126

Sufficiently clear.

Article 127

Sufficiently clear.

Article 128

Sufficiently clear.