



Power Wheeling under Ministry of Energy and Mineral Resources (MEMR) Regulation No. 10 of 2022

December 2022

1.000 Island - Renewable Energy for Electrification Programme Phase II (REEP2)

**Power Wheeling under Ministry of
Energy and Mineral Resources (MEMR)
Regulation No. 10 of 2022**

Imprint

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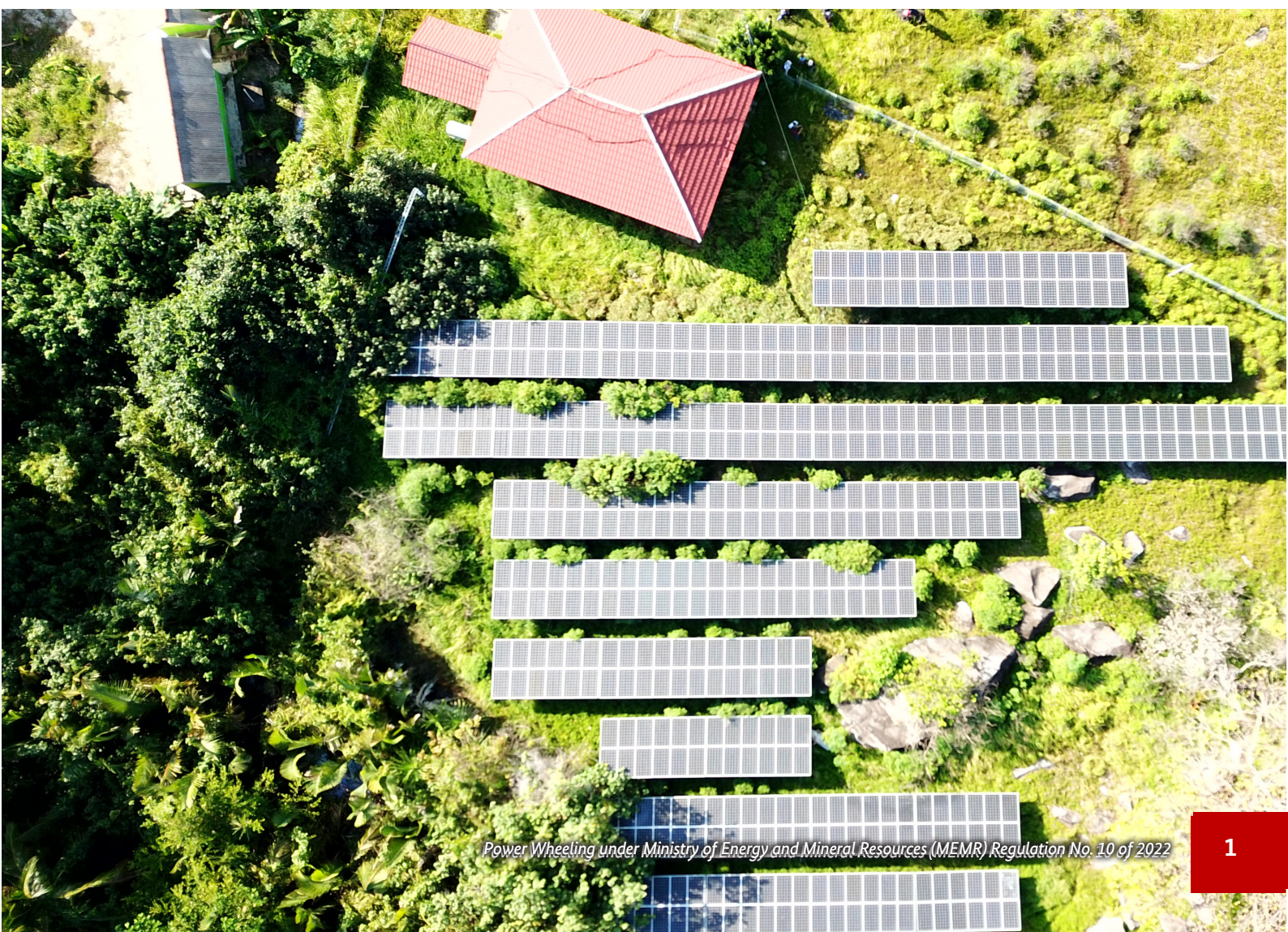
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List of Acronym

DGE	: Directorate of General Electricity
MEMR	: Minister of Energy and Mineral Resources
IPP	: Independent Power Producers
IUPTLU	: Business License to Provide Electricity for the Public Interest (<i>Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Umum</i>)
IUPTLS	: Business License to Provide Electricity for the Own Interest (<i>Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Sendiri</i>)
IUJPTL	: Electricity Support Service Business License (<i>Izin Usaha Jasa Penunjang Tenaga Listrik</i>)
PLN	: National Power Utility company
PPOO	: Provide, Privately Owned, and Operated
RUPTL	: PLN's Electricity Supply Business Plan
SPBKLU	: Electric Vehicle Battery Swap Station (<i>Stasiun Penukaran Baterai Kendaraan Listrik Umum</i>)
SPKLU	: Electric Vehicle Charging Station (<i>Stasiun Pengisian Kendaraan Listrik Umum</i>)
Wilus	: Business area (<i>Wilayah Usaha</i>)



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A. Introduction

Power wheeling has been regulated in a ministerial regulation since 2006, however, the arrangement has not been practically implemented up to date. We understand from the stakeholders that the issues that prevent the implementation of power wheeling are mainly due to the difficulty of the parties to reach an agreement to conclude the power wheeling price (e.g., as to whether the tariff should include capital costs of the transmission line construction, how the service level will affect the tariff and whether it is necessary to have a fixed fee tariff as opposed to a full variable tariff during the term), the risk allocation amongst the parties (the power plant owner, the transmission line owners and the end-users) related to the power wheeling activities, in particular related to the electricity loss during the electricity transmitting activities and the risk of grid disturbance as the result of the power wheeling activities (e.g., due to the intermittence source of power).

In the meantime, the demand to implement power wheeling arrangement has been further increasing in Indonesia to boost renewable energy use from e.g., the RE100 movement (i.e., the global corporate renewable energy initiative in Indonesia that is committed to 100% renewable power), the 23% renewable energy share target by 2025, the transition energy target in Indonesia, and the commitment on power wheeling scheme in PLN's Electricity Supply Business Plan (RUPTL) 2021 – 2030. The needs from the market for power wheeling recently are also peaking up due to the discussion of using power wheeling arrangement for electricity export activities and cooperation between holders of business areas to increase renewable energy mix in their business areas.

As a response to these needs, the Minister of Energy and Mineral Resources (MEMR) recently issued Minister of Energy and Mineral Resources Regulation No. 10 of 2022 on the Procedure for Application for Electricity Selling Price Approval and Electricity Power Grid Rental and Procedure for Application of the Stipulation of Electricity Tariff (MEMR Reg 10/2022).

MEMR Reg 10/2022 regulates: (i) the application procedures for electricity selling price approval and electricity power grid rental, and (ii) the application procedures for determination of electricity tariff and other costs related to electricity distribution. MEMR Reg 10/2022 also extends parties that can be involved in the activities of power wheeling, being the holder of electricity support service business license (*izin usaha jasa penunjang tenaga listrik/IUJPTL*). However, as the term used under MEMR Reg 10/2022 is electricity power grid rental, as opposed to the term of “electricity grid joint utilization” (*pemanfaatan bersama jaringan tenaga listrik*), queries remain as to whether the government intends to introduce a different concept for power wheeling activities, so that power wheeling activities later can be conducted through: (i) electricity grid joint utilization (*pemanfaatan bersama jaringan tenaga listrik*); and (ii) electricity power grid rental.

Further, although MEMR Reg 10/2022 provides more detailed procedures on obtaining a rental tariff approval from MEMR/governors, it is still silent on the formula of grid rental tariff. We understand that MEMR will be preparing a separate regulation to stipulate this formula.

As power wheeling is expected to support the realization of 23% renewable energy target by 2025, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with legal support from UMBRA Strategic Legal Solutions (UMBRA) have been supporting the MEMR in relation to power wheeling policy making.

Through this study, GIZ (together with UMBRA) analyze and study MEMR Reg 10/2022 and its impacts on power wheeling activities in Indonesia.

B. Scope of the Analysis and Study

MEMR Reg 10/2022 regulates the procedures for electricity power grid rental and electricity tariff. As GIZ study focuses on power wheeling activities, the analysis of MEMR Reg 10/2022 in this article will only focus on electricity power grid rental.

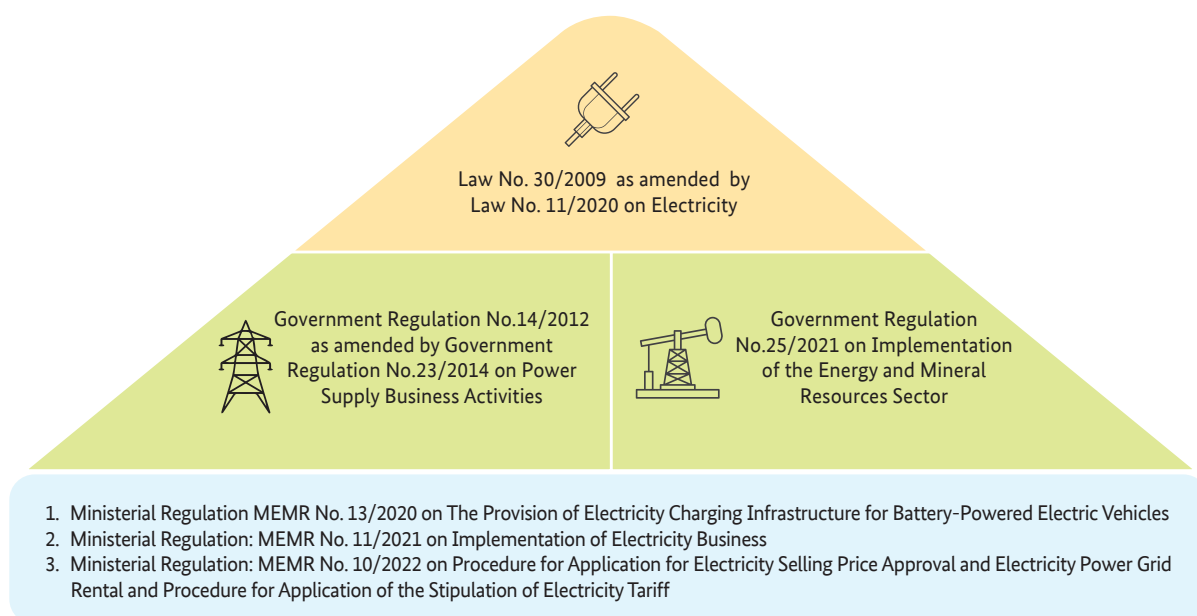
Further, as MEMR Reg 10/2022 uses the term “grid rental” instead of “joint utilization” as the former was first used in Minister of Energy and Mineral Resources Regulation Number 1 of 2006 as lastly amended by Minister of Energy and Mineral Resources Regulation Number 03 of 2015 on the Procedure for Electricity Purchase and Ceiling Price for Electricity Purchase from Mine-Mouth Coal-Fired Power Plants, Coal-Fired Power Plants, Gas/Gas Machine Power Plants, and Hydro Power Plants by PLN Through Direct Selection and Direct Appointment (MEMR Reg 1/2006), this article will also elaborate on the differences between electricity power grid rental and electricity grid joint utilisation. Further analysis is conducted by cross-checking different regulations related to electricity power grid rental and electricity grid joint utilisation.



C. Regulatory Background

Electricity power grid rental was first introduced in MEMR Reg 1/2006. Under MEMR Reg 1/2006, PLN and holders of electricity generation business license (*pemegang izin usaha ketenagalistrikan untuk kepentingan umum* / PIUKU) may carry out electricity power grid rental from cooperatives and other business entities¹ to meet the electricity demand in its business area. MEMR Reg 1/2006 stipulated that electricity power grid rental was carried out through public tender based on the electricity generation business plan (*rencana usaha penyediaan tenaga listrik*) of PLN or PIUKU. Bidders who would like to join the public tender must first pass the prequalification. The winning bidder would then negotiate the rental price with PLN or PIUKU and afterwards, PLN or PIUKU would obtain a price approval from MEMR. MEMR Reg 1/2006 was amended two times in 2007 and 2015, but in between that, Law No. 30 of 2009 on Electricity as amended by Law No. 11 of 2020 on Job Creation (Electricity Law) and Government Regulation No. 14 of 2012 on Electricity Generation Business Activities as amended by Government Regulation No. 23 of 2014 (GR 14/2012) were issued. The Electricity law only states that electricity power grid rental price must obtain an approval from the national or regional government. GR 14/2012 reiterates this price approval requirement, but it also regulates electricity grid joint utilization.

¹ MEMR Reg 1/2006 defined business entities as region-owned business entities, private, and non-governmental



Under GR 14/2012, electricity grid joint utilization consists of the joint utilization of electricity transmission and/or electricity distribution.² Articles 4 of GR 14/2012 requires electricity transmission businesses to open access for joint utilization while under Article 5 of GR 14/2012, electricity distribution businesses may open access for joint utilization. Such open access is conducted by renting the grid between holders of electricity generation business licenses conducting transmission and/or distribution businesses and parties who will utilize the transmission and/or distribution grid. The rental price for the joint utilization scheme must obtain an approval from MEMR, governors, regencies/mayors. Articles 12 of GR 14/2012 further states that electricity power grid rental conducted between holders of electricity generation business license does not need a new electricity generation business license and the rental price must obtain an approval from MEMR, governors, regencies/mayors. GR 14/2012 states that joint utilization is conducted through rental and the rental price must obtain an approval from MEMR, governors, regencies/mayors.

² Articles 4 and 5 of GR 14/2012

Articles 4 and 5 of GR 14/2012 were further regulated under MEMR Reg No 1 of 2015 on Cooperation for Electricity Supply and Joint Utilization of Electricity Grid (MEMR Reg 1/2015).

Several key provisions under MEMR Reg 1/2015 were:

- The open access requirement was mandatory for electricity transmission business, but it was optional for electricity distribution business, which was consistent with GR 14/2012;
- Holders of transmission/distribution electricity generation business license and integrated electricity (Transmission/Distribution Business Entities) generation business license that have transmission/distribution grid may carry out joint utilization with holders of (i) generation electricity business license for power plant generation, (ii) electricity generation business license with a business area, and (iii) operational license (the then electricity generation business license for self-use) (Joint Utilization Parties);
- The procedure for carrying out joint utilization is by submitting a proposal from the joint Utilization Parties to Transmission/Distribution Business Entities, unlike MEMR Reg 1/2006 which required electricity power grid rental to be conducted through public tender;
- Joint Utilization Parties and Transmission/Distribution Business Entities would enter into a negotiation for the rental price and the Transmission/Distribution Business Entities would obtain a price approval from MEMR/governors on the agreed rental price; and
- The joint utilization of electricity transmission/distribution grid did not need a new electricity generation business license.

However, the regulation did not cover a tariff system for wheeling charges, cooperation models for joint utilization, rights and obligations between the grid owners and the parties who can rent the grid, and technical requirements. MEMR further issued Minister of Energy and Mineral Resources Regulation No. 11/2021 on the Implementation of Electricity Business (MEMR Reg. 11/2021) which regulates electricity business implementation. MEMR Reg 11/2021 regulates both, (i) electricity grid joint utilization in Articles 46-52, and (ii) electricity grid power rental in Articles 56 and 60. The differences between electricity grid joint utilization and electricity grid power rental became more evident under MEMR Reg 11/2021 which separate the provisions for those two concepts and use different terminologies.

After the issuance of MEMR Reg 11/2021, it was reported that a minister regulation specifically for power wheeling was being prepared which was intended to regulate, among others, the procedure for determining the power wheeling tariff and cooperation schemes for power wheeling.³ However, MEMR then issued MEMR Reg 10/2022 that only regulates the application procedures for electricity selling price approval and electricity power grid rental and application procedures for determination of electricity tariff and other costs related to electricity distribution, but does not mention tariff formula and specific cooperation schemes for power wheeling. The parties involved in electricity power grid rental under MEMR Reg 10/2022 are similar to MEMR Reg 11/2021, indicating that both MEMR Reg 10/2022 and MEMR Reg 11/2021 regulate electricity power grid rental. However, electricity grid joint utilization is absent in MEMR Reg 10/2022 and is currently only regulated under MEMR Reg 11/2021.

³ Verda Nano Setiawan, *Revisi Draf Aturan Power Wheeling Rampung, Ini Poin-Poin Perubahannya*, <https://katadata.co.id/happyfajrian/ekonomi-hijau/61f1e021d4322/revisi-draf-aturan-power-wheeling-rampung-ini-poin-poin-perubahannya> accessed on 1 August 2022.

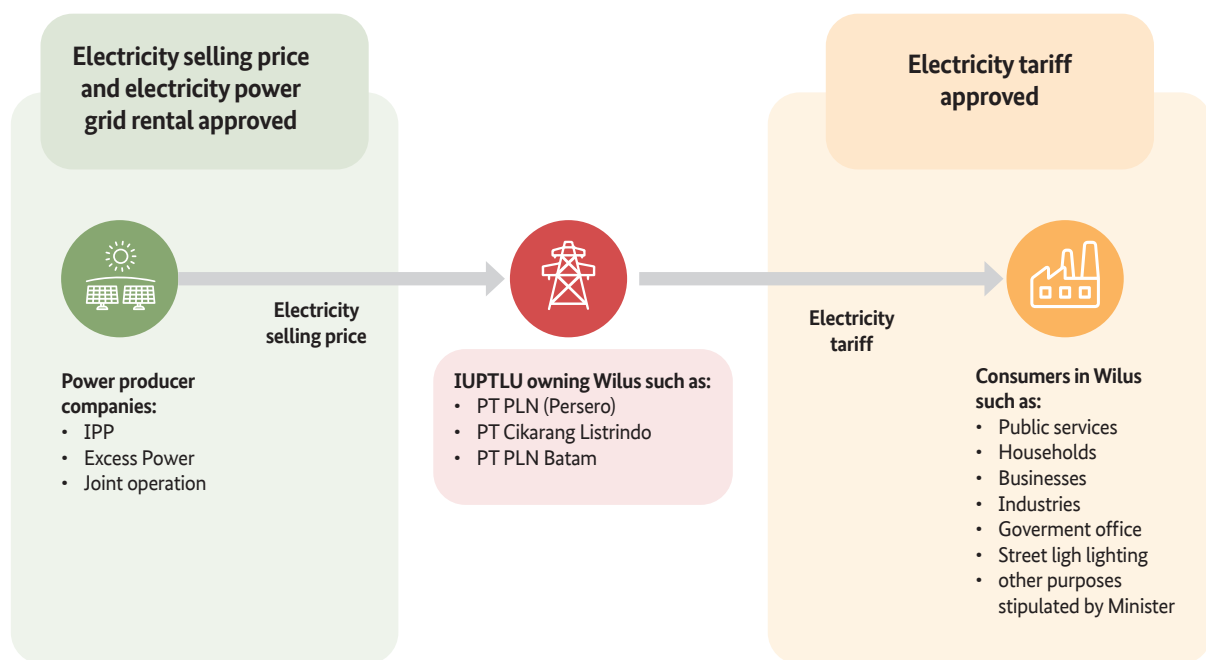


D. Overview of MEMR Reg. No 10/2022

1. Main Content

MEMR Reg. 10/2022 is the implementing regulation of Articles 40(2) and 41(5) of Government Regulation (GR) 14/2012 which stipulates approval for: (i) electricity selling price and electricity power grid rental; and (ii) electricity tariff.

During the dissemination meeting of MEMR Reg. 10/2022, the Directorate General of Electricity provided the chart below to illustrate the main content of MEMR Reg. 10/2022.



(Direktorat Pembinaan Pengusahaan Ketenagalistrikan - Ditjen Ketenagalistrikan, 2022)

2. Objectives:

The objectives of the issuance of MEMR Reg. 10/2022 are as follows:



to support the holders of business license to provide electricity for the public interest (*Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Umum*/IUPTLU) who own a Business Area (*Wilayah Usaha*/Wilus) in buying and selling electricity and renting an electric power grid



As guidelines for determining electricity tariffs to ensure that customers obtain a reasonable electricity tariff

❗ MEMR Reg 10/2022 revoked MEMR Reg 1/2006 and MEMR Reg 47/2018 on Procedures for Determining Electricity Tariffs

3. Parties Involved

Article 2(3) of MEMR Reg 10/2022 provides that to fulfil the electricity supply adequacy, holders of IUPTLU with Wilus may purchase electricity and/or rent electricity power grid from:



Generation
IUPTLU holders



IUPTLS holders



IUPTLU holders
with Wilus



IUJPTL holders



Electricity supplying
business entities to
other countries

The parties set out above are similar to the parties provided under Article 56(3) of MEMR Reg 11/2021. Article 60 of MEMR Reg 11/2021 further provides that the cooperation between holders of integrated IUPTLU with Wilus and IUJPTL holders is conducted through rental of plant installation, electricity transmission and/or distribution. This indicates that Articles 56(3) and 60 of MEMR Reg 11/2021 and MEMR Reg 10/2022 regulate the same scheme, i.e.: electricity power grid rental.

4. Tariff Approval Procedures

Any IUPTLU holder with Wilus is required to submit a price approval to MEMR or governor in accordance with their authority, by including these requirements:⁴

i). Administrative requirements:

- Profile and business identification number of the lessor
- The stipulation of the developer or letter of intent
- Data and information on share ownership and company management up to the final beneficiary level

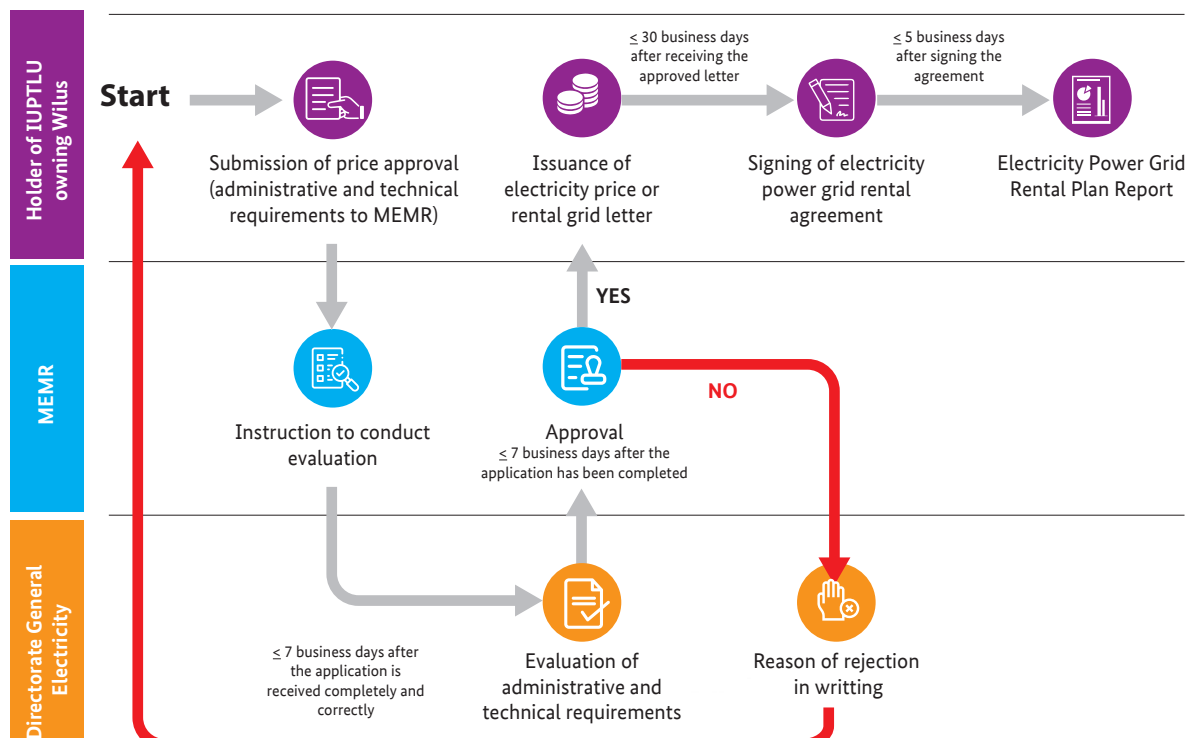
ii). Technical requirements:

- Information related to technical feasibility of the electricity power grid rental
- Information related to financial feasibility of electricity power grid rental
- Minutes of self-estimated prices
- Minutes of the price agreement

⁴ Article 4(1), (2), and (3) of MEMR Reg 10/2022

Based on the submission of price approval, MEMR or governor in accordance with their authority will evaluate the price proposal (including administrative and technical requirements). To carry out the evaluation, MEMR or governor may conduct field verification and/or request other supporting documents to the IUPTLU holder with Wilus.⁵

During the dissemination meeting of MEMR Reg. 10/2022, the Directorate General of Electricity provided the chart below to illustrate the approval process under MEMR Reg. 10/2022:



Direktorat Pembinaan Pengusahaan Ketenagalistrikan - Ditjen Ketenagalistrikan, 2022

⁵ Article 5(1) and (2) of MEMR Reg 10/2022



E. Electricity Grid Joint Utilization vs. Electricity Power Grid Rental

Although it is not very clear from the wording of the regulations, the different terms used in MEMR Reg 11/2021 and MEMR Reg 10/2022 (i.e., Electricity Grid Joint Utilization vs. Electricity Power Grid Rental) seem to indicate that the MEMR intends to differentiate Electricity Grid Joint Utilization vs. Electricity Power Grid Rental.

Electricity grid joint utilization is regulated under MEMR Reg 11/2021 while electricity power grid rental is regulated under MEMR Reg 10/2022. The primary difference between electricity grid joint utilization and electricity power grid rental is the parties involved.

For the joint utilization, MEMR Reg 11/2021 stipulates that the owners of transmission and distribution grid which can be used for joint utilization are: (i) Integrated IUPTLU holders; (ii) electricity transmission IUPTLU holders; (iii) electricity distribution IUPTLU holders; or (iv) IUPTLS holders who own electricity transmission and/or distribution.⁶ Such grid owners may conduct joint utilization of the grid with holders of: (i) Integrated IUPTLU with Wilus; (ii) generation IUPTLU; or (iii) IUPTLS.⁷

We identify certain key differences between Grid Rental vs Joint-Utilization as explained in the table below:

No	Key Difference	Electricity Grid Joint Utilization	Electricity Power Grid Rental	Remarks
1	Objective	To fulfill quality standard and electricity reliability system. ⁸	To fulfill electricity supply adequacy in its Wilus ⁹	
2	Parties involved			
2.1	Parties who will provide the transmission and/or distribution grid for rent (lessor)	Under Article 47(1) of MEMR Reg 11/2021, the transmission and/or distribution owners are: • Integrated IUPTLU holders; • Electricity transmission IUPTLU holders; • Electricity distribution IUPTLU holders; or • IUPTLS holders who own electricity transmission and/or distribution.	Article 60 of MEMR Reg 11/2021 stipulates that only IUJPTL holders can provide the transmission and/or distribution grid for rent (lessor). ¹⁰ Article 2(3) of MEMR Reg 10/2022 expands the parties that can provide the transmission and/or distribution grid for rent (lessor) as follows: • Generation IUPTLU holders; • IUPTLU holders with Wilus; • IUPTLS holders; • IUJPTL holders; and/or • Electricity supplying business entities to other countries.	Under MEMR Reg. 1/2015, IUJPTL holders were not mentioned as parties to power wheeling activities. For the first time, IUJPTL holders are mentioned as parties to power wheeling activities in MEMR Reg 11/2021 as the transmission and/or distribution grid owners for grid rental activities. Similar stipulation is further mentioned in MEMR Reg. 10/2022.
2.2	Parties who will rent the transmission and/or distribution grid (lessee)	Integrated IUPTLU holders with Wilus; Generation IUPTLU holders; or IUPTLS holders (MEMR Reg 11/2021) ¹¹	IUPTLU holders with Wilus which comprises integrated IUPTLU holders and holders of distribution and/or sale IUPTLU ¹²	MEMR Reg 11/2021 does not mention IUPTLU holders for electricity generation; or IUPTLS holders as the possible lessee for electricity power grid rental. If the lessee is an IUPTLU holder for electricity generation; or an IUPTLS holder, then the scheme to be used is the grid joint utilization under MEMR Reg 11/2021.
2.3	Operator that will transmit or distribute electricity	Based on GR 14/2012, the electricity transmission and/or distribution grid owner will act as the operator (to transmit or distribute the electricity) for joint utilization purposes. ¹³	MEMR Reg 11/2021 and MEMR Reg 10/2022 do not clarify further who will operate the transmission and/or distribution grid.	Queries as to whether the parties mentioned in Article 2 (3) of MEMR Reg 10/2022 can conduct electricity transmitting activities considering the licenses are not suitable for transmission activities: • IUJPTL holders; • Generation IUPTLU holders; and • IUPTLS holders.

⁶ Article 47(1) of MEMR Reg 11/2021

⁷ Article 47(3) of MEMR Reg 11/2021

⁸ Article 45(1) of MEMR Reg 11/2021

⁹ Article 56(3) of MEMR Reg 11/2021

¹⁰ Article 60 of MEMR Reg 11/2021

¹¹ Article 47(3) of MEMR Reg 11/2021

¹² Article 2(2) of MEMR Reg 10/2022

¹³ Article 4(1) and 5(1) GR 14/2012

No	Key Difference	Electricity Grid Joint Utilization	Electricity Power Grid Grid Rental	Remarks
3	Procedure for carrying out joint utilization and electricity power grid rental	MEMR Reg 10/2022 does not set out the procedures for carrying out electricity power grid rental and joint utilization. Articles 48-50 of MEMR Reg 11/2021 set out the procedure for transmission and/or distribution grid utilization through rent from selecting the party who will carry out the rental scheme until the determination of rental price. Although Articles 48-50 of MEMR Reg 11/2021 are located under the sub-section of joint utilization, such articles use the terminology 'rental price' which seems to indicate that such procedure applies for both joint utilization and electricity power grid rental because both schemes are principally rental scheme using a 'rental price.' Therefore, MEMR Reg 11/2021 indicates that the same procedure applies for both joint utilization and electricity power grid rental. The procedures are: ¹⁴ The party who will utilize the grid submits a proposal to the grid owners. The grid owner evaluates the proposal. If the proposal is accepted, both parties conduct negotiation to agree on the rental price. The agreed rental price must obtain price approval.		
4	Price approval			
4.1	Procedure for obtaining price approval	MEMR Reg 10/2022 does not set out the procedure for obtaining price approval for joint utilization	MEMR Reg 10/2022 stipulates that: ¹⁵ - Submission of rental price application by IUPTLU holders with Wilus along with the administrative and technical requirements to MEMR (via Directorate General of Electricity (DGE)/governor. - Evaluation by MEMR (via DGE)/governor within 7 working days since the application is completely received. - Issuance of rental approval/rejection within 7 working days since the evaluation of the application is finished. - If the rental price application is rejected, the IUPTLU holders with Wilus may re-apply for rental price application.	- MEMR Reg 10/2022 stipulates more detailed procedures for tariff approval compared to MEMR 11/2021. - Clarification needed as to whether procedure for obtaining price approval for joint utilization shall also follow procedures under MEMR Reg 10/2022 (not the one stipulated in MEMR Reg 11/2021).
4.2	Price approval	MEMR Reg 11/2021 stipulates that price approval for joint utilization is given by MEMR/governors. ¹⁶	- MEMR Reg 11/2021 states that the price approval for grid rental is given by MEMR.¹⁷ - MEMR Reg 10/2022 stipulates that price approval for grid rental is given by MEMR/governors.¹⁸	Although there is inconsistency between MEMR Reg 11/2021 and MEMR Reg 10/2022, MEMR Reg 10/2022 should supersede MEMR Reg 11/2021 and therefore, the price approval for grid rental scheme is given by MEMR/governors (not only by MEMR as it was stipulated in MEMR Reg. 11/2021)
4.3	Time period for obtaining price approval	MEMR Reg 11/2021 stipulates that MEMR/governors must approve or reject the proposed price no later than 30 business days after receiving the application. ¹⁹	MEMR Reg 10/2022 states that MEMR/governors must approve or reject the proposed rental price no later than 14 business days after receiving the application. ²⁰	
4.4	Requirement for obtaining price approval	Both MEMR Reg 11/2021 and MEMR Reg 10/2022 do not set out the requirements for obtaining price approval for joint utilization.	Under Article 4 of MEMR Reg 10/2022: - Administrative requirements: - Profile and business identification number of the lessor; - The stipulation of the developer or letter of intent; and - Data and information on share ownerships and company management up to the final beneficiary level. - Technical requirements: - Information related to technical feasibility of the electricity power grid rental; - Information related to financial feasibility of electricity power grid rental; - Minutes of self-estimated prices; - Minutes of the price agreement.	

¹⁴ Article 48 – 50 of MEMR Reg 11/2021

¹⁵ Articles 4 and 5 of MEMR Reg 10/2022

¹⁶ Article 51 of MEMR Reg 11/2021

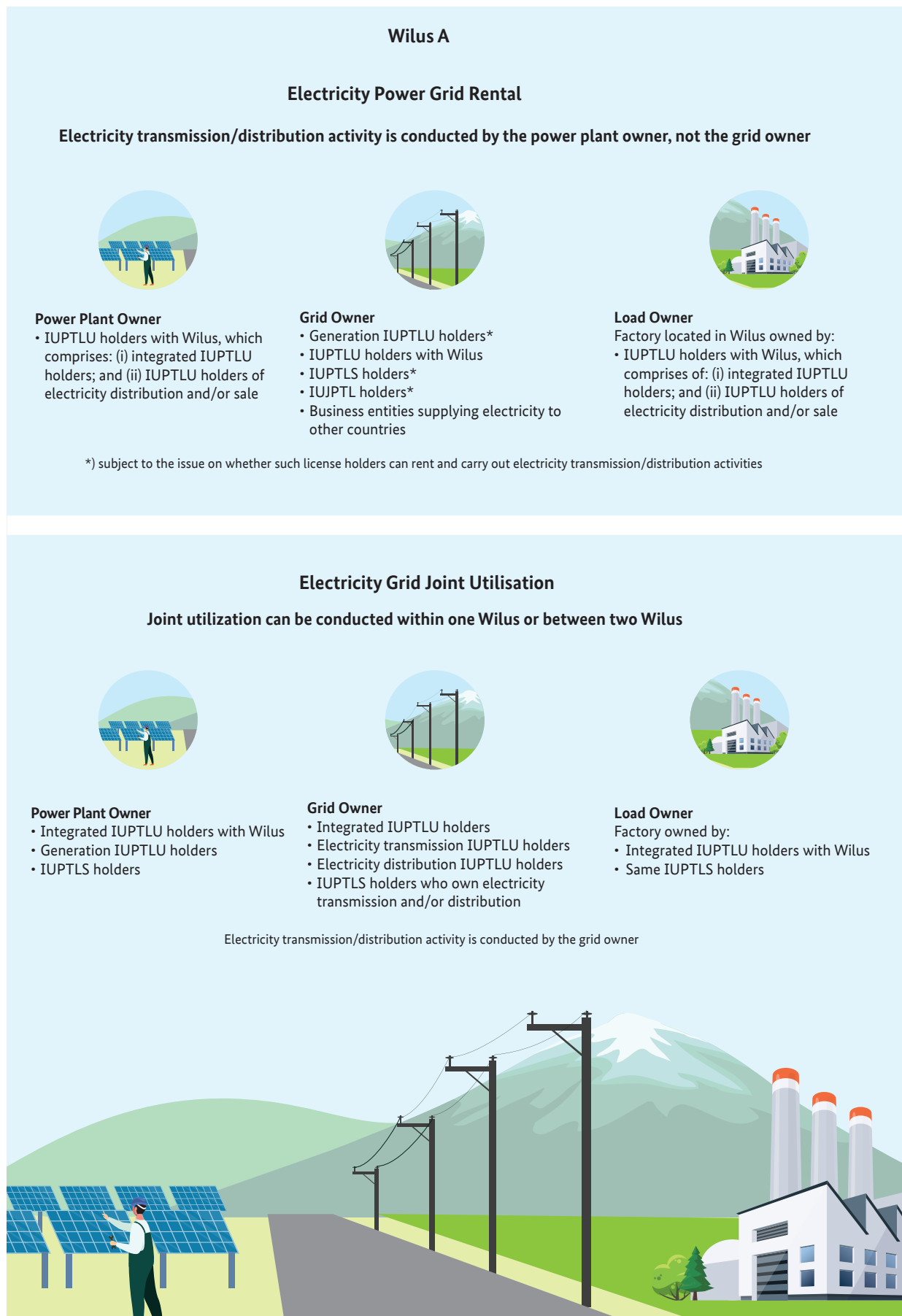
¹⁷ Article 60 (3) of MEMR Reg 11/2021

¹⁸ Article 5 of MEMR Reg 10/2022

¹⁹ Article 51(2) of MEMR Reg 11/2021

²⁰ Article 5 of MEMR Reg 10/2022

From the above key differences, we anticipate the following different cooperation structure of Electricity Power Grid Rental and Electricity Grid Joint Utilization:



F. Points of Clarification*

These key points are analysed based on different regulations related to electricity power grid rental and electricity power grid joint utilization. However, these key points still need further clarification from the Indonesian electricity regulator to smoothen the implementation MEMR Reg 10/2022.

No	Key Points	Notes
1	Concept	- MEMR Reg 11/2021 and MEMR Reg 10/2022 do not provide clear differences between electricity grid joint utilization and electricity power grid rental. - According to MEMR Reg 11/2021, joint utilization is stipulated in Articles 46-52 while electricity power grid rental is stipulated in Articles 56 and 60. The parties involved in electricity grid joint utilization and electricity power grid rental under MEMR Reg 11/2021 and MEMR Reg 10/2022 are different, but the differences in the implementation of both schemes are still unclear. - Clarification is needed as to whether the government intends to differentiate electricity grid joint utilization and electricity power grid rental in particular in relation to tariff formula, tariff approvals process and licensing. - In particular, would it be the intention of the Government to use grid rental clauses to support implementation of cross-border electricity trade using transmission and/or distribution owned by private sectors, e.g., electricity sales to Singapore, to fulfill electricity supply adequacy in North Kalimantan (Triansyah, 2022), while electricity grid joint utilization is intended more for domestic cooperation?
2	Parties who will provide the transmission and/or distribution grid for rent (lessor)	MEMR Reg 10/2022 expands the parties that can carry out electricity power grid rental. Pursuant to Article 2(3) of MEMR Reg 10/2022, IUPTLU holders with Wilus may purchase electricity and/or rent electricity power grid to fulfil electricity supply adequacy in its Wilus from: (i) electricity generation IUPTLU holders; (ii) IUPTLU holders with Wilus; (iii) IUPTLS holders; (iv) IUJPTL holders; and/or (v) electricity supplying business entities to other countries. The expansion of the parties that can provide electricity power grid for rent from only IUJPTL holders under MEMR Reg 11/2021 to those five parties under MEMR Reg 10/2022 begs the questions on how this licensing is implemented under the current regulations for IUJPTL holders, IUPTLS holders and electricity generation IUPTLU holders to conduct/transmit power for power wheeling activities. IUJPTL holders - MEMR Reg 11/2021 expressly states that IUJPTL holders do not need a new electricity business license for carrying out electricity power grid rental. - However, there seems to be an inconsistency between GR 25/2021 and MEMR 11/2021 since rental activity is not mentioned in article 31 GR 25/2021 as activity which requires IUJPTL. Under the electricity power grid rental scheme, would IUJPTL holders be allowed to only rent out the grid (without conducting O&M on the grid)? Electricity generation IUPTLU holders - MEMR Reg 10/2022 seems to provide the electricity generation IUPTLU holders to carry out the rental activity as the electricity power grid owner (lessor). However, electricity generation IUPTLU is a license for electricity generation, but it does not include electricity transmission or distribution which is required for electricity transmitting activities. Further clarification is needed on whether electricity generation IUPTLU holders will need new electricity business license (i.e.: transmission and/or distribution IUPTLU) to carry out electricity power grid rental scheme. IUPTLS holders - MEMR Reg 10/2022 likewise seems to provide the IUPTLS holders to carry out the rental activity as the electricity power grid owner (lessor). However, IUPTLS is a license for generating electricity for private purposes and does not include electricity transmission or distribution for public purposes. Further clarification is needed on whether IUPTLS holders will need new electricity business license (i.e.: transmission and/or distribution IUPTLU) to carry out electricity power grid rental scheme.
3	Electricity sale and purchase from IUJPTL holders under MEMR Reg 10/2022	Under MEMR Reg 10/2022, IUPTLU holders with Wilus may purchase electricity from, among others, IUJPTL holders. Further clarification is needed on the cooperation model for this as IUJPTL is a license for electricity supporting business activities, not electricity sale and purchase.

* (UMBRA, 2022)

No	Key Points	Notes
4	The operator in electricity power grid rental	Further clarification is needed on who will be the operator that transmit or distribute the electricity under the electricity power grid rental scheme. It is our understanding that transmitting activities require transmission IUPTLU. However, MEMR Reg 10/2022 seem to allow companies without IUPTLU transmission to conduct power wheeling (e.g., IUPTLU holders for power plants, IUPTLS holders, holders of IUJPTL). Is this the intention, or whether MEMR Reg 10/2022 only allow Wilus holders to do the transmitting activities with rental from such IUPTLU holders for power plants, IUPTLS holders, holders of IUJPTL? IUJPTL holders - In regard to IUJPTL holders as the party who provide the electricity transmission and/or distribution grid under electricity power grid rental scheme, it is our understanding that IUJPTL is not the proper license to carry out power transmitting/distribution activities as it is a license for electricity supporting business activities. Electricity generation IUPTLU holders - Similar with IUJPTL, electricity generation IUPTLU is for electricity generation activities and does not include electricity transmission or distribution activities. As such, electricity generation IUPTLU holders may not be able to transmit or distribute electricity if they carry out electricity power grid rental scheme. IUPTLS holders - IUPTLS is a license for generating electricity for private purposes and does not include electricity transmission or distribution for public purposes. If IUPTLS holders intend to rent and transmit/distribute power using its transmission or distribution grid to third parties, this may be considered as electricity generation for public purposes activities which require transmission/distribution IUPTLU.
5	Procedure for carrying out electricity power grid rental	MEMR Reg 11/2021 and MEMR Reg 10/2022 do not specifically set out the procedures for carrying out electricity power grid rental. However, given that the procedure for joint utilization under Articles 48-50 of MEMR Reg 11/2021 uses the term 'rent' and 'rental price,' further clarification from MEMR is needed on whether the electricity power grid rental scheme will follow the procedure in Articles 48-50 of MEMR Reg 11/2021.
6	Open access requirement	Whether open access requirement for electricity power grid is mandatory or optional.

G. Conclusion

The issuance of MEMR Reg 10/2022 helps to provide clarity on the procedure in obtaining approval for electricity power grid rental. It also attempts to expand the opportunity to carry out electricity power grid rental by extending the parties that can carry out such scheme.

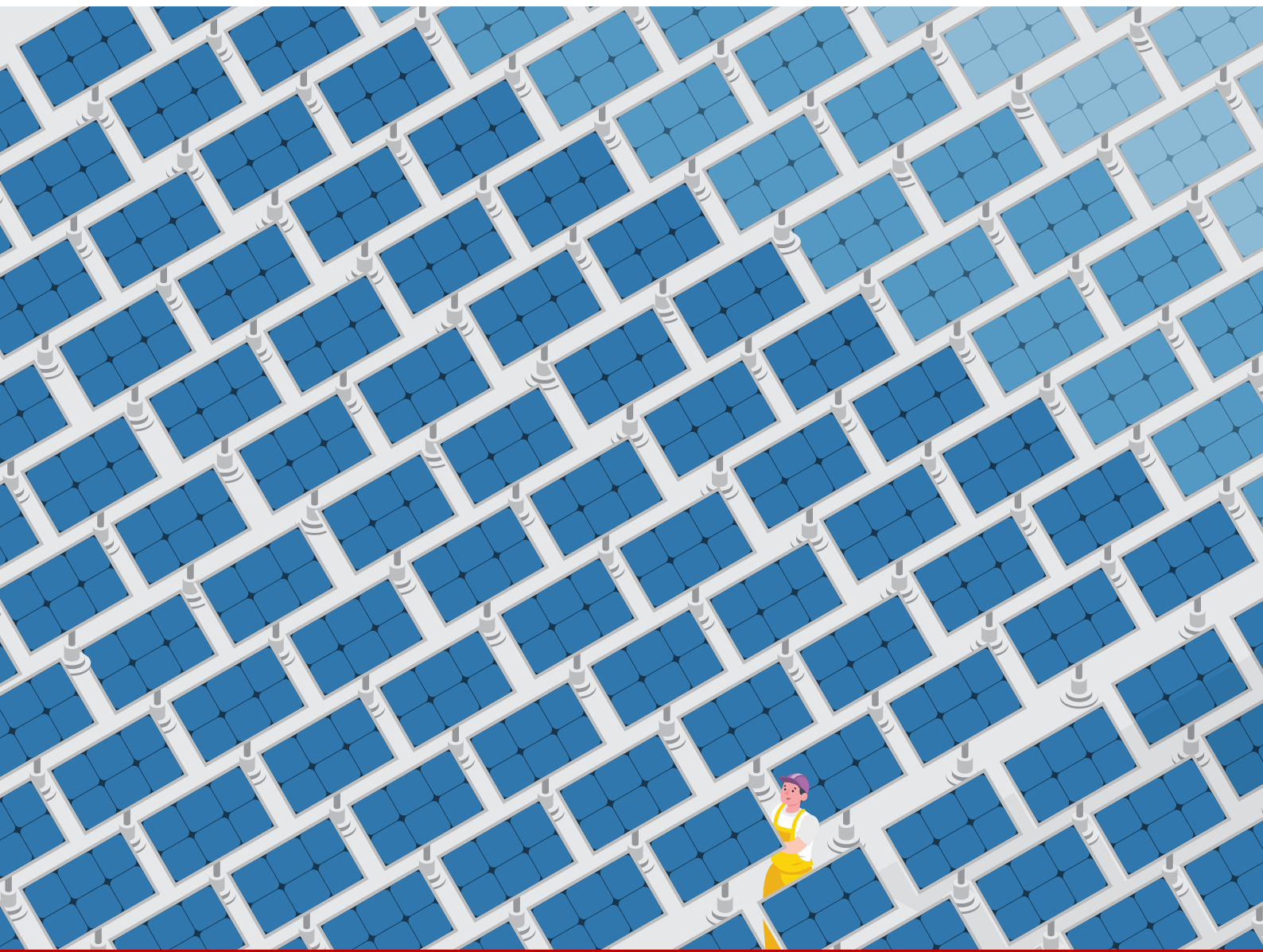
It also has been reported that MEMR intends to use electricity power grid rental scheme to support the implementation of cross-border electricity trade using transmission and/or distribution owned by private sector, e.g., electricity sales to Singapore, to fulfill electricity supply adequacy in North Kalimantan. Electricity power grid rental scheme may be created to encourage private sectors to build more electricity power grids so that it can be used for the electricity distribution and/or transmission to Singapore and electricity supply to Kalimantan.

However, MEMR Reg 10/2022 still has not addressed the main issues which have long become the bottleneck for the implementation of power wheeling regulations in Indonesia, e.g., (i) tariff formula; (ii) risk allocation amongst the parties (the power plant owner, the transmission line owners and the end-users), and (iii) the risk of grid disturbance as the result of the power wheeling activities (in particular due to the intermittence source of power). Further, as MEMR Reg 10/2022 uses the term rental instead of grid joint utilization, further clarity is needed as to whether the Government intends to differentiate rental instead vs grid joint utilization and if it does, how the licensing, tariff formulation and tariff approvals would be affected by such differentiation.

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