



ADVISORY
MAKARIM & TAIRA S.
COUNSELLORS AT LAW

Rewiring the Power Sector: Indonesia's Upcoming Regulation on the Electrical Power Supply Business

Issue 15, March 2026

To support Indonesia's goal of accelerating the energy transition and encourage the development of renewable energy-based power plants, the Ministry of Energy and Mineral Resources ("**MEMR**") is currently drafting a new government regulation on the electrical power supply business (the "**Draft Regulation**").

Once enacted, the Draft Regulation will significantly reshape the regulatory framework governing Indonesia's power sector. In particular, it will repeal and replace Government Regulation No. 14 of 2012 on Electrical Power Supply Business Activities (as amended) ("**GR 14/2012**") and amend several provisions of Government Regulation No. 25 of 2021 on the Organization of the Energy and Mineral Resources Sector ("**GR 25/2021**").

Because the Draft Regulation addresses a broad range of issues affecting the power sector, this article focuses on several key new features introduced under the Draft Regulation, namely:

- (i) amendments to the provisions defining which operations fall within the scope of the electrical power supply business;
- (ii) the introduction of "environmental attributes" as an incentive to promote a more environmentally sustainable power sector; and
- (iii) notable changes to the administrative sanctions applicable to participants in the electrical power supply business.

Each of these developments is discussed in more detail below.

A. A Clarified and Expanded Scope for Electrical Power Supply Business Activities

While the Draft Regulation retains the existing classification of electrical supply businesses, namely those operating for the public interest and those operating for self-use, it provides clearer explanations of each category.

Article 2(3) of the Draft Regulation stipulates that electricity supply businesses operating for the public interest are intended to meet the electricity needs of consumers. Conversely, Article 2(4) provides that electricity supply businesses operating for self-use are intended to:

- (a) benefit a single entity;
- (b) facilitate energy exchange; and
- (c) support affiliated entities within integrated ecosystems and/or designated downstream areas (for example, areas developed to increase the economic value of natural resources).

The Draft Regulation also formally introduces electric vehicle ("**EV**") charging businesses as part of the electricity supply business.

These businesses may be carried out by both government entities and private entities. Government participants include state-owned enterprises, regionally owned enterprises, and national or regional government agencies. Private participants include companies, individuals, and social, educational, or cultural institutions.

Article 13 of the Draft Regulation further classifies EV charging businesses into two categories:

- (a) Electrical power recharging services, that provide recharging facilities and include:
 - (i) private electrical power installations; and (ii) public electric-vehicle charging stations (*Stasiun Pengisian Kendaraan Listrik Umum* – "**SPKLU**"); and
- (b) Battery exchange businesses

The Draft Regulation also introduces licensing facilitation for EV charging businesses. Article 16(1) exempts these businesses from the requirement to obtain a designated business area or to prepare an Electricity Supply Business Plan (“**RUPTL**”), both of which are normally required for electricity supply businesses operating for either for the public interest or self-use.

Furthermore, Article 16(4) provides that EV charging businesses located within another’s operational area may rely on that operator’s basic licensing approvals, including spatial planning approval, environmental approval, and building approval.

B. Environmental Compliance Framework Update and the Introduction of Environmental Attributes as an Incentive

Under the existing framework of GR 14/2012, environmental obligations are largely limited to compliance with the general environmental requirements necessary to obtain an electricity power supply business licence. However, these requirements are not elaborated in detail. Article 29(4) of GR 14/2012 simply states that environmental requirements must follow the applicable laws and regulations on environmental protection and management.

The Draft Regulation introduces a more detailed framework for environmental compliance in the electricity supply business. Article 56(2) specifies several key aspects which must comply with environmental laws and regulations, namely:

- (i) environmental approval;
- (ii) water pollution management;
- (iii) air pollution management;
- (iv) management of hazardous and toxic waste; and
- (v) management of non-hazardous waste

The Draft Regulation also introduces a new reporting requirement. Article 56(3) requires holders of business licences for the supply of electricity for public use (*Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Umum* – “**IUPTLU**”) and licences for self-use supply (*Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Sendiri* – “**IUPTLS**”) to submit reports on their environmental compliance and greenhouse gas emissions. These reports must be submitted through the online information system administered by MEMR.

In addition to strengthening environmental compliance requirements, the Draft Regulation introduces a new environmental incentive referred to as an “environmental attribute”.

Article 49(1) provides that holders of IUPLTU or IUPTLS licenses that operate new and renewable energy-based power plants, or other power plants which implement climate change mitigation measures, may receive environmental attributes in the form of:

- (i) carbon credits;
- (ii) renewable energy certificates;
- (iii) green labels; and
- (iv) other tradeable rights

Further provisions on environmental attributes will be regulated under a future MEMR regulation.

C. Broadened Scope of Administrative Sanctions

Both Government Regulation No. 14 of 2012 (GR 14/2012) and the Draft Regulation provide that violations of their respective provisions may result in administrative sanctions, including written warnings, temporary suspension of operations, and/or revocation of the relevant licence. The Draft Regulation expands this framework by introducing administrative fines as an additional category of sanctions.

The Draft Regulation also differentiates the amount of fines based on the type of license held by the violator and the specific nature of the violation. These include:

- (i) conducting an electrical power supply business without a valid license - up to IDR1 billion in administrative fines for businesses supplying electricity for the public interest, or IDR750 million for businesses supplying electricity for self-use;
- (ii) failure to report the provision of electric power for self-use generators with a capacity between 10 kilowatts (“kW”) and 500 kW - up to IDR50 million in administrative fines;
- (iii) failure of holders of IUPTLU or IUPTLS licenses to submit mandatory reports to the Minister - up to IDR1 billion;
- (iv) failure of IUPTLU or IUPTLS license holders, or supporting entities, to comply with transmission line path inspections requirements - up to IDR1 billion;
- (v) violations of electrical power safety standards that affect the continuity of electricity supplies - up to IDR500 million;
- (vi) violations of electrical power safety standards that result in power outages and cause losses to the public - up to IDR2.5 billion;
- (vii) operating electrical installations without a valid Certificate of Operational Worthiness (*Sertifikat Laik Operasi* – **SLO**) - up to IDR250 million;
- (viii) Operating electrical installations without a valid SLO where the violation results in casualties - up to IDR250 million

Conclusion

Overall, the Draft Regulation reflects the government’s effort to modernize the regulatory framework governing Indonesia’s power sector. By clarifying the scope of the electricity supply business, introducing environmental incentives, and strengthening the administrative sanctions regime, the Draft Regulation aims to support the energy transition while enhancing regulatory oversight and compliance across the sector.

MAKARIM&TAIRA S.

COUNSELLORS AT LAW

MORE INFORMATION



Rahayu Ningsih Hoed

Partner

rahayu.hoed@makarim.com



Dante Deva Daniswara

Associate

dante.daniswara@makarim.com



M&T Advisory is a digital publication prepared by the Indonesian law firm, Makarim & Taira S. It informs generally on the topics covered and should not be treated as legal advice or relied upon when making investment or business decisions. Should you have any questions on any matter contained in M&T Advisory, or other comments in general, please contact us at the emails provided at the end of this article.