

MEMR REGULATIONS SIMPLIFIED TO IMPROVE BUSINESS AND INVESTMENT GROWTH

On 5 March 2018, the Ministry of Energy and Mineral resources ("MEMR") issued Press Release No. 00022/04/SJI/2018 to continue arranging dozens of overlapping regulations and permits ("Simplification"). So far, 90 regulations and 96 certifications/recommendation/permits ("Regulations") have been revoked. The series of revocations of regulations in the MEMR sector have started since 22 January 2018.

These 90 Regulations comprise 18 Regulations in the Oil & Gas ("*Migas*") Subsector, 20 Regulations in the Electricity ("*Listrik*") Subsector, 32 Regulations in the Minerals & Coal ("*Minerba*") Subsector, 5 Regulations on New & Renewable Energy Resources ("*EBTKE*") and 3 SKK Migas Regulations. The 96 certifications/recommendation/permits comprise 23 from Migas, 64 in the Minerba Subsector and 5 from EBTKE.

The main objectives of the Simplification are to end the duplication of certificates, reduce bureaucracy and reduce the complexity of the regulatory regime. For example, under MEMR Regulation No. 2 of 2018 on the Enforcement of Indonesian National Standards in the Electric Power Sector, the MEMR has revoked 11 regulations and issued one regulation on National Standards in the Electric Power sector. To reduce bureaucracy, Migas and EBTKE have removed the obligation to obtain a Recommendation for RPTKAs (*Rencana Penggunaan Tenaga Kerja Asing*) and IMTAs (*Ijin Menggunakan Tenaga Kerja Asing*). In addition, in the Minerba sector the 5-year reclamation guarantee has been removed which in the past was required along with a post-mining guarantee.

The highlights of the Simplification in each sector are the following:

Migas

1. simplify the Fuel and LPG Management System;
2. simplify Regulations on Oil & Gas Support Businesses;
3. legal certainty of Post-Operation Activities;
4. simplify Masterlist Verification;
5. simplify the Safety Check Procedures through Operation-Worthy Approval;
6. removal of the RPTKA Recommendation requirement;
7. removal of the Fuel Distributor Certificate requirement;
8. removal of the Support Business Registration Certificate requirement;
9. removal of the Equipment Utilization Worthiness Certificate (*Sertifikat Kelayakan Penggunaan Peralatan* or SKPP);
10. removal of the Installation Utilization Worthiness Certificate (*Sertifikat Kelayakan Penggunaan Instalasi* or SKPI requirement).

Electric Power

1. accelerate the Redeployment Inspection Dwelling Time;
2. standardize the Electric Power Equipment Product Classifications;
3. clarify the Electric Power Equipment Product Classifications to Ease Supervision.

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Minerba

1. simplify the MEMR Regulation on Significant Matters regarding Territories, Permits, and Reports on Mineral and Coal Business Activities;
2. simplify the MEMR Regulation on Significant Matters regarding Mineral and Coal Mining Business Activities;
3. simplify the MEMR Regulation on Significant Matters regarding the Supervision of Mining Business Activities;
4. a Single Reclamation Guarantee to Cover all Mining Business Activities;
5. removal of the Technical Labor, Clear and Clean Certificate (CNC), Equipment and Installation Worthiness certificate requirements;
6. removal of the Forest Area Borrow-to-Use Permit (*Ijin Pinjam Pakai Kawasan Hutan* or IPPKH) Recommendation requirement;
7. removal of the RPTKA Recommendation requirement;
8. removal of the Registration Identification requirement;
9. removal of the Approval for an Exploration Report requirement;
10. removal of the Registration Certificate requirement.

EBTKE

1. synchronize electric power from Renewable Energy Power Plants;
2. reduce Bureaucracy;
3. removal of the Warehouse Utilization for Geothermal Explosives Permit requirement;
4. removal of the Recommendation to Buy and Utilize Geothermal Explosives requirement;
5. removal of the RPTKA Recommendation requirement;
6. removal of the IMTA Recommendation requirement;
7. removal of the Equipment and Installation for Geothermal Utilization Worthiness Certificate requirement;
8. removal of the Geothermal Support Services Business Certificate requirement.

SKK MIGAS

reducing Bureaucracy for:

- a. Direct Land Tenders;
- b. easing the supervision, monitoring and evaluation of upstream sector operational reliability;
- c. managing Special Terminals (*Terminal Khusus* or Tersus and Own-Interest Terminals (*Terminal untuk Kepentingan Sendiri* or TUKS) regarding government regulations issued by the central government or the Minister of Communications;
- d. easing the supervision, monitoring and evaluation of the Work Health, Safety of Environmental Protection (*Keselamatan Kesehatan Kerja Lindung Lingkungan* or K3LL) downstream sector;
- e. easing the supervision, monitoring and evaluation of downstream sector operational reliability.

This Simplification implements President Jokowi's plan to make Indonesia friendlier for business and investment and thereby, creates more jobs and increases economic growth. The above simplifications came into effect on the date of issuance of the revoking regulations. If you have any questions about the above simplification or its impact on your business, please do not hesitate to contact us.

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