

E N E R G Y

(Law of the Republic of Indonesia No. 30/2007 dated August 10, 2007)

BY THE BLESSING OF THE ONE AND ONLY GOD

To Stipulate:

THE LAW ON ENERGY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Law, what's meant by;

Considering;

- a. that the energy resources is a natural treasury as mandated in Article 33 of 1945 Constitution of the Republic of Indonesia, is controlled by the state and used for the maximum welfare of the people;
- b. that the energy's role is very important for the improvement of economic activity and national defense, so the management of energy covering its provision, utilization, and business operation must be conducted in a fair, sustainable, optimum, and integrated way;
- c. that the reserve of non-renewable energy resources is limited, thereby requiring a diversifying activity on energy resources so that the energy availability is secured;
- d. that based on the considerations as referred to in points a, b, and c it is necessary to create the law on energy;

In view of:

Article 5 paragraph (1), Articles 20, 21, and 33 of 1945 Constitution of the Republic of Indonesia (*BN No. 7152 page 14A-23A*);

By the mutual agreement between

THE HOUSE OF REPRESENTATIVE OF
THE REPUBLIC OF INDONESIA

And

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

D E C I D E S :

1. Energy is the capability to perform a work which can take the form heat, light, mechanics, chemical, and electromagnetic.
2. Source of energy is something that can produce energy, both directly and indirectly, through conversion or transformation process.
3. Energy resource is natural resources that can be utilized, both as energy source and as energy.
4. New energy source is an energy source that can be produced by new technology, both the one coming from renewable energy sources and non-renewable energy sources, among others nuclear, hydrogen, coal bed methane, liquefied coal, and gasified coal.
5. New energy is the energy coming from the new energy sources.
6. Renewable energy sources is an energy sources which is produced from the sustainable energy resources if managed well, among others earth heat, wind, bio-energy, sun ray, water flow and waterfall, as well as the movement and difference of sea layer temperature.
7. Renewable energy is the energy coming from the renewable source of energy.
8. Source of non-renewable energy is the energy sources

- which are produced from the energy resources which will be used up if exploited continuously, among others natural gas, natural gas, coal, turf, and bitumen chips.
9. Non-renewable energy is the energy coming from the non-renewable source of energy.
 10. Living environment is the space unit with all objects, power, condition, and living creatures, including human and its behavior, which affect the life continuity and welfare of human as well as other living creatures.
 11. The preservation of living environmental functions is a series of efforts to maintain the continuity of supporting power and accommodating power of living environment.
 12. Business entity is a company taking the form of legal entity who runs a kind of business which has a permanent, continuous characteristic, and which was founded according to the statutes' regulations, as well as working and domiciled within the territory of the republic of Indonesia.
 13. Permanent business form is a business entity which is founded and having a legal entity outside of the territory of the republic of Indonesia unitary state and having the domicile within the territory of the Unitary State of the Republic of Indonesia and obliged to obey the republic of Indonesia statutes' regulations.
 14. Energy buffering reserve is the quantity of energy source and energy availability saved nation-wide which is required to meet the national energy need in certain period of time.
 15. Energy provision is the activity or process of providing the energy, both from local and overseas.
 16. Energy utilization is an activity of using the energy, both directly and indirectly, from the energy source.
 17. Energy management is the operational activity of providing, business operating, and utilization of energy as well as the provision of strategic reserve and conservation of energy resources.
 18. Energy exploitation is an activity of operating the energy provision and/or utilization business.
 19. Energy service exploitation is an activity of operating a business service which is directly or indirectly related to the provision and/or utilization of energy.
 20. Energy reserve is the energy resources which have been known its location, quantity and quality.
 21. Energy diversification is the variability of energy sources utilization.
 22. Strategic reserve is the energy reserve for the future.
 23. Energy conservation is a systematic, planned and integrated effort to preserve the domestic energy resources as well as improving the efficiency on its utilization.
 24. Conservation of energy resources is the management on energy resources that guarantees its utilization and supply by still preserving and improving the quality of its value and diversity.
 25. National energy policy is the energy management policy based on the principle of fairness, sustainability and environmental insight for the achievement of national energy independence and tenacity.
 26. National Energy Council is an institution having the characteristic of national, independent and permanent who is responsible for the national energy policy.

27. Energy general plan is the energy management plan to fulfill the needs of energy in a territory, inter-territory, or national.

28. Central Government, hereinafter is referred to as government, is the President of the Republic of Indonesia who holds the governmental authority of the Republic of Indonesia as referred to in the 1945 Constitution of the Republic of Indonesia.

29. Regional government is the governor, district head, or mayor and the regional apparatus as the administrative elements of regional government.

30. Minister is the minister whose sector of duty is assuming the responsibility in energy sector.

CHAPTER II

PRINCIPLE AND OBJECTIVE

Article 3

Energy is managed on the basis of utility, rationality, fair efficiency, value added improvement, sustainability, people welfare, living environment preservation, national tenacity, and integrity principles by prioritizing the national capability.

Article 3

In the frame of supporting the sustainable national development and improving the national energy tenacity, the objectives of energy management are:

- a. the achievement of independence in energy management;
- b. the security of domestic energy availability, both from domestic and overseas sources.
- c. the availability of energy sources from domestic and/or overseas as referred to in point b for:
 1. the fulfillment of domestic energy needs;
 2. the fulfillment of domestic industrial raw material needs; and

3. the increase of state currency;

- d. the security of optimum, integrated, and sustainable management of energy resources.
- e. the efficient utilization of energy in all sectors.
- f. the achievement of increased access of poor people and/or those who live in remote area to the energy to realize the people welfare and prosperity in fair and evenly distributed way by:
 1. providing assistance to increase the availability of energy for poor people;
 2. building energy infrastructure for under-developed regions in order to reduce the inter-regional disparity.
- g. the achievement of energy industrial capability development and domestic energy services to be independent and improving the professionalism of human resources.
- h. the creation of employment opportunity; and
- i. the preservation of living environment functions sustainability.

CHAPTER III

ENERGY ARRANGEMENT

Part One

Energy Resources

Article 4

- (1) Energy resources of fossil, geothermal, big scale hydro and nuclear energy sources are controlled by the state and utilized for the maximum welfare of the people.
- (2) New energy resources and renewable energy resources are arranged by the state and utilized for the maximum welfare of the people.

(3) The control and arrangement of energy resources by the state, as referred to in paragraphs (1) and (2) are organized by the government according to the statutes' regulations.

Part Two
Energy Buffering Reserve
Article 5

(1) To secure the national energy tenacity, the government is obliged to provide energy buffering reserve.

(2) The terms on type, quantity, time, and location of the energy buffering reserve, as referred to in paragraph (1) are arranged further by National Energy Council.

Part Three
Energy Crisis and Emergency Situation
Article 6

(1) Energy crisis is an energy shortage condition.

(2) Energy emergency is a condition of disturbed supply of energy caused by the stoppage of energy facilities and infrastructure.

(3) In case the energy crisis and emergency, as referred to in paragraphs (1) and (2) causes the disturbance to governmental function, people's social living, and/or economic activities, the government is obliged to take the overcoming act required

Part Four
Energy Price
Article 7

(1) The price of energy is stipulated based on a fair economy value.

(2) Government and regional government provide subsidy fund for poor people group.

(3) Further provisions on the energy price and subsidy fund, as referred to in paragraphs (1) and (2) are arranged by the statutes' regulations.

Part Five
Environment and Safety
Article 8

(1) Any energy management activity is obliged to prioritize the usage of environmental friendly technology and meets the terms required in the legislation on living environment sector.

(2) Any energy management activity is obliged to meet the terms required in the legislation on safety sector which covers standardization, security and safety of installation, as well as occupational safety and health.

Part Six
Domestic Content Level
Article 9

(1) The domestic content level, both goods and services must be maximized in energy exertion.

(2) Government is obliged to encourage the capability of domestic goods and services provision to support the energy industry which is independent, efficient and competitive.

Part Seven
International Cooperation
Article 10

(1) International cooperation in energy sector can only be done to:

- a. secure the national energy tenacity;
- b. secure the domestic energy availability; and
- c. improve the national economy.

(2) International cooperation as referred to in paragraph (1) is implemented in accordance with the legislation.

(3) In case the government entered into an international agreement in energy sector which causes a wide and principle consequence on the people' life concerning to the state financial burden and/or requiring the amendment or creation of law, it must obtain the approval from DPR.

CHAPTER IV
ENERGY POLICY AND NATIONAL ENERGY COUNCIL

Part one
National Energy Policy

Article 11

- (1) National energy policy covers, among others:
- a. energy availability for national needs;
 - b. energy development priority
 - c. the utilization of national energy resource; and
 - d. national energy buffering reserve.
- (2) National energy policy as referred to in paragraph (1) is stipulated by government upon the approval from DPR.

Part Two
National Energy Council

Article 12

- (1) The President established National Energy Council.
- (2) National Energy Council has the tasks of:
- a. to design and formulate the national energy policy to be stipulated by the Government by the approval from DPR as referred to in Article 11 paragraph (2);
 - b. to determine the national energy general plan as referred to in Article 11 paragraph (3),
 - c. to determine the overcoming steps on the energy crisis and emergency condition; and
 - d. to monitor the implementation of policy in energy field with cross sectoral characteristic.
- (3) National Energy Council consists of leader and members.

- (4) Leaders of National Energy Council consists of :
- a. Chairman: President
 - b. Vice Chairman: Vice President
 - c. Daily Chairman: Minister of Energy sector.

- (5) The members of National Energy Council consist of;
- a. seven persons, both the minister and other government officials directly responsible for provision, transportation, distribution and utilization of energy; and
 - b. eight persons from stakeholders.

Article 13

- (1) Members of National Energy Council, as referred to in Article 12 paragraph (5) point a are appointed and terminated by President.
- (2) Members of National Energy Council, as referred to in Article 12 paragraph (5) point b are selected by the People's House of Representative.
- (3) Members of National Energy Council as referred to in Article 12 paragraph (5) point b consist of:
- a. 2 (two) persons from scholar group;
 - b. 2 persons from industrial group;
 - c. 1 person from technological group;
 - d. 1 person from living environment group; and
 - e. 2 persons from consumers group.
- (4) The government suggests the candidates of National Energy Council members as referred to in paragraph (2) to the DPR shall be 2 times of the quantity of each group of stakeholders, as referred to in paragraph (3).
- (5) The determination of candidates as referred to in paragraph (4) is done through a transparent and accountable screening process.
- (6) The members of National Energy Council as referred to in Article 12 paragraph (5) point b are assigned and terminated by President.

(7) Further provisions on the screening procedure for National Energy Council candidates as referred to in paragraph (2) are arranged by President Regulations.

Article 14

(1) The term of service of National Energy Council members coming from the minister and other government officials shall end when they no longer occupy the position as referred to in Article 12 paragraph (5) point a.

(2) The term of service of National Energy Council members as referred to in Article 12 paragraph (5) point b shall be five years.

Article 15

The budgetary cost of National Energy Council shall be imposed on the state revenue and expenditure budget.

Article 16

(1) In performing their duty, the National Energy Council is assisted by a secretariat general which is led by a secretary general.

(2) Secretary General is assigned and terminated by the President.

(3) The organizational composition and work procedure for the secretariat general of National Energy Council is further arranged by virtue of the decision of the chairman of National Energy Council.

Part Three

National Energy General Plan

Article 17

(1) The government composes the design of national energy general plan based on national energy policy.

(2) In composing the national energy general plan as referred to in paragraph (1), the government involves

the regional governments as well as paying attention to the opinion and input from the people.

(3) Further provisions on the composing of national energy general plan is stipulated by virtue of the President Regulation.

Part Four

Regional Energy General Plan

Article 18

(1) The regional government composes the regional energy general plan by referring to the national energy general plan as referred to in article 17 paragraph (1).

(2) The regional energy general plan as referred to in section (1) is stipulated by regional regulation.

Part five

People Rights and Participation

Article 19

(1) Anyone has the right to obtain energy.

(2) People, either individually or in group, can have the role in:

- a. the composing of national energy general plan and regional energy general plan and
- b. energy development for public interest.

CHAPTER V

ENERGY MANAGEMENT

Part one

Provision and Utilization

Article 20

(1) The provision of energy can be done through:

- a. inventories of energy resources
- b. increasing of energy reserve
- c. composing of energy balance
- d. diversification, conservation, and intensification of energy source and energy; and
- e. security on the smoothness of provision, transmission, and energy sources and energy saving.

(2) The

- (2) The provision of energy by government and/or regional government is prioritized in underdeveloped regions, remote area, and village regions by using the local energy sources, especially renewable energy.
- (3) The energy source producing regions get the priority to obtain the energy from the local energy source.
- (4) The provision of new energy and renewable energy is obliged to be increased by the government and regional governments according to their respective authority.
- (5) The provision of energy from new energy sources and renewable energy sources done by business entity, permanent form of business and individual might obtain facility and/or incentive from the Government and/or regional government according to their authorities for certain period until the economic value is reached.

Article 21

- (1) Energy utilization is done based on the principles as referred to in Article 2 by :
- a. optimizing all energy resources potential,
 - b. considering the technological, social, economic, conservation, and environmental aspects, and
 - c. prioritizing the fulfillment of people needs and improvement of economic activities in energy source producing region.
- (2) The utilization of new energy and renewable energy must be increased by the Government and regional government.
- (3) The utilization of energy from the new energy source and renewable energy source done by business entity, permanent business form and individual might obtain facility and/or incentive from the Government

and/or regional government according to their authorities for certain period until its economic value is reached.

Article 22

- (1) Further provisions on the providing for the facility and/or incentive by the Government and/or regional government according to their authorities, as referred to in article 20 paragraph (5) and Article 21 paragraph (3) are governed by the Government regulation and/or regional regulation.
- (2) Further provisions on the procurement and utilization of energy by the Government and/or regional government according to their authorities as referred to in Articles 20 and 21 are governed by the Government Regulation and/or regional government regulation.

Part Two Exploitation Article 23

- (1) The exploitation of energy covers the exploitation of energy resources, energy sources, and energy
- (2) The exploitation of energy can be done by business entity, permanent business form and individual.
- (3) The exploitation of energy services can only be done by business entity and individual.
- (4) The exploitation of energy services as referred to in paragraph (3) follows the provision on energy services classification.
- (5) Classification of energy services is stipulated among others to protect and give the first opportunity in the utilization of domestic energy services.
- (6) Further provisions on the classification of energy services are governed by the Government Regulation.

(7)The exploitation of energy and energy services as referred to in paragraphs (1), (2) and (3) is done according to the legislation.

Article 24

(1)The business entity who engages in energy business operation as referred to in Article 23 is obliged, among others:

- a. to empower the neighboring people,
- b. to preserve and maintain the environmental sustainability function,
- c. to facilitate the research and development activity of energy; and
- d. to facilitate the education and training in energy sector.

(2)Further provisions on the obligation of energy exploitation as referred to in paragraph (1) are governed by the Government Regulation.

Part Three

Energy Conservation

Article 25

(1)National energy conservation becomes the responsibility of the Government, regional government, business entities, and the people.

(2)National energy conservation as referred to in paragraph (1) covers all phases of energy management.

(3)Energy consumers and producers of energy efficient appliances who perform the energy conservation are given facilities and/or incentive by the Government and/or regional government.

(4)Energy sources consumers and energy consumers who do not perform the energy conservation are given disincentive by the Government and/or regional government.

(5)Further provisions on the implementation of energy

conservation as well as the provision of facilities, incentive and disincentive as referred to in paragraphs (1), (2), (3) and (4) are governed by the Government Regulation and/or regional regulation.

CHAPTER VI

THE AUTHORITIES OF GOVERNMENT AND REGIONAL GOVERNMENT

Article 26

(1)The authorities of government in energy sector, among others:

- a. the creation of statutes regulations
- b. the determination of national policy
- c. the determination and enactment of standard; and
- d. the stipulation, procedure.

(2)The authorities of provincial government in energy sector, among others:

- a. the creation of provincial regional regulation;
- b. the nurturing and supervision on the cross-district/city exploitation; and
- c. the stipulation on cross-district/city management policy.

(3)The authorities of district/municipal government in energy sector, among others:

- a. the creation of district/municipality regional regulation
- b. the nurturing and supervision on the exploitation in district/city; and
- c. the stipulation on the management policy in the district/city.

(4)The authority of provincial and district/city governments as referred to in paragraphs (2) and (3) is performed according to the legislation.

CHAPTER VII

NURTURING AND SUPERVISION

Part One

Nurturing

Article 27

The nurturing on energy resources management activity, energy sources and energy is done by the Government and regional government.

Part two

Supervision

Article 28

The supervision on the management activity of energy resources, energy sources and energy is done by the Government, regional government and the people.

CHAPTER VIII

RESEARCH AND DEVELOPMENT

Article 29

(1) The research and development on science and technology of energy provision and utilization must be facilitated by the government and regional government according to their authorities.

(2) Research and development as referred to in paragraph (1) is mainly directed for the development of new energy and renewable energy to support the development of independent national energy industry.

Article 30

(1) The funding on research and development activities as referred to in Article 29 is facilitated by the Government and regional government according to their authorities.

(2) The funding on research and development activity in energy science and technology as referred to in paragraph (1) among others coming from the state revenue and expenses budget, regional revenue and expenses budget, and funds from private sector.

(3) The development and utilization on the result of research on new energy and renewable energy is financed from the state revenue coming from the non renewable energy.

(4) The provisions on funding as referred to in paragraph (3) are governed further by Government Regulation.

CHAPTER IX

TRANSITIONAL PROVISIONS

Article 31

(1) When this Law commences to be in effect, all statutes' regulations in energy sector remain in effect as long as they do not oppose or not replaced yet based on this law.

(2) National Energy Coordinating Agency keeps performing their tasks and functions until the establishment of National Energy Council.

(3) Prior to the establishment of such National Energy Council, any policy to be issued by the national energy coordinating agency is adjusted to this law.

CHAPTER X

CLOSING PROVISIONS

Article 32

National Energy Council must have been established at the latest of 6 (six) months after this Law is enacted.

Article 33

The implementing regulations of this Law must have been stipulated at the latest of 1 (one) year after this law is enacted

Article 34

This Law shall become effective as of the date of its enactment.

For public cognizance, it is instructed to promulgate this Law by inserting the same in the Statute Book of the Republic of Indonesia.

Ratified in Jakarta

On 10th of August 2007

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,
sgd
DR. H. SUSILO BAMBANG YUDHOYONO

Enacted in Jakarta
On 10th of August 2007
THE MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA
sgd

ANDI MATALATTA

THE STATE GAZETTE OF
THE REPUBLIC OF INDONESIA OF 2007 NUMBER 96

**ELUCIDATION OF
LAW OF THE REPUBLIC OF INDONESIA
NUMBER 30 of 2007
REGARDING
ENERGY**

GENERAL

Energy resources as a natural treasury constitute the blessing of the one and only God to the people and nation of Indonesia. Besides, energy resources are strategic natural resources and very important for the people's life especially in improving the economic activities, employment opportunity, and national tenacity, therefore the energy resources must be controlled by the state and utilized for maximum welfare of the people as mandated in Article 33 of 1945 Constitution of the Republic of Indonesia.

The energy management which covers the procurement, utilization, and exploitation must be performed in fair, sustainable, rational, optimal and integrated way to give value added to the national and the Republic of Indonesia unitary state's economy.

The procurement, utilization, and exploitation of energy conducted continuously to improve the people welfare in the implementation must be in harmony, suitable and balance to the living environmental functions.

Given the importance of energy resources, it is

necessary for the Government to compose an energy management plan to fulfill the national energy needs which is based on the long term energy management policy.

Based on the foregoing, it is necessary to stipulate a Law on energy as the legal basis and guidance in the context of regulation and management in energy sector.

As for the basic material governed in this law are among others:

- a. energy arrangement which consists of control and arrangement of energy resources,
- b. energy buffering reserve in order to secure the national energy tenacity,
- c. energy crisis and emergency situation as well as energy price,
- d. government's and regional government's authorities in the arrangement of energy sector,
- e. national energy policy, national energy general plan and the establishment of National Energy Council,
- f. people's rights and role in energy management,
- g. nurturing and supervision on management activities in energy sector,
- h. research and development.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

What's meant by utility principle is the principle in energy management which must fulfill the people needs.

What's meant by fair efficiency principle is the principle in energy management which must achieve the access evenly distribution to energy with economic and affordable price.

What's meant by value added increase principle is the principle in energy management which must achieve the optimum economic value.

What's meant by sustainability principle is the principle in energy management which must secure the provision and utilization of energy for current and future generation.

What's meant by people welfare principle is the principle in energy management which must achieve the maximum people's welfare.

What's meant by living environment functions preservation principle is the principle in energy management which must guarantee the better quality of environmental functions.

What's meant by national tenacity principle is the principle in energy management which must achieve the national capability in energy management.

What's meant by integrity principle is the principle in energy management which must achieve the cross-sectoral integrated energy management.

Article 3

Points a through d

Sufficiently clear.

Point e

The utilization of energy in all sectors according to the needs based on the energy utilization standard.

Points f through i

Sufficiently clear.

Articles 4 through 6

Sufficiently clear.

Article 7

Paragraph (1)

What's meant by the fair economic value is a value/cost that reflects the energy production cost, including the environmental and conservational costs, as well as the benefit reviewed on the basis of people's capability and stipulated by the government

Paragraphs (2) and (3)

Sufficiently clear

Articles 8 through 12

Sufficiently clear

Article 13

Paragraphs (1) and (2)

Sufficiently clear

Paragraph (3)

Point a

What's meant by scholar group is the energy experts coming from university education.

Point b

What's meant by industrial group is the practitioners engaged in energy industrial sector.

Point c

What's meant by technological group is the experts in the energy technological engineering sector.

Point d

What's meant by living environmental group is the environmental experts in energy sector.

Point c

What's meant by consumers group is the people consuming energy.

Paragraphs (4) through (7)

Sufficiently clear

Articles 14 through 18

Sufficiently clear

Article 19

Paragraph (1)

Sufficiently clear

Paragraph (2)

The people involvement in this provision is giving the inputs in the form of written suggestions, data, and/or information.

Article 20

Paragraph (1)

Points a and b

Sufficiently clear

Point c

What's meant by energy balance is the reflection of a balance between supply from various energy sources and the utilization of energy within certain period.

Points d and e

Sufficiently clear

Paragraphs (2) through (4)

Sufficiently clear

Paragraph (5)

What's meant by economic value is the value formed from the balance between the management on demand and supply.

Incentive can take the form of capital, tax, and fiscal. Facilities can be in the form of simplified licensing procedure and exploitation requirements.

Articles 21 and 22

Sufficiently clear.

Article 23

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Business entity covers state-owned enterprises, region-owned enterprises, cooperative, and private enterprises.

Paragraphs (3) through (7)

Sufficiently clear.

Article 24

Paragraph (1)

Point a

The form of local people empowerment is adjusted to the needs of the people around the business premises to improve such people welfare.

Points b through d

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 25

Paragraphs (1) and (2)

Sufficiently clear.

Paragraph (3)

What's meant by producer is the domestic producers.

Paragraphs (4) and (5)

Sufficiently clear.

Article 26

Paragraph (1)

Point a

Sufficiently clear.

Point b

The stipulation of national policy is among others including the stipulation of energy price.

Points c and d

Sufficiently clear.

Paragraphs (2) through (4)

Sufficiently clear.

Article 27

The nurturing is prioritized for the development of human resources and technology.

Articles 28 through 34

Sufficiently clear.

SUPPLEMENT TO THE STATUTE BOOK OF
THE REPUBLIC OF INDONESIA NUMBER 4746

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