

Draft Government Regulation Provides Incentives to New and Renewable Energy Producers

The government is currently drafting a Government Regulation to implement Article 22 and 30 of Law No. 30 of 2007 on Energy, regarding utilization of 'new energy' and 'renewable energy' sources. The latest, August version of the Draft Government Regulation sets out a series of incentives to businesses that produce and utilize such types of energy.

'New energy' is defined as originating from 'new technologies,' including those producing energy from nuclear, hydrogen, coal bed methane, liquefied coal, and gasified coal. 'Renewable energy' is that which has an energy source that is sustainable, including geothermal, wind, biological, solar, and hydrodynamic sources.

The Draft goes on to set out incentives for providers of such energy sources, including the provision of technology and human resources, capital injection in the form of soft loans, reduced or eliminated tariffs on imported goods used for operations, and various tax preferences. It also calls for streamlined licensing procedures.

Meanwhile, the Draft addresses research and development of renewable and new energy sources, as well as various provisions around provision and utilization of that energy.

The date of issuance is unclear: although the Draft Government Regulation is reported to have been forwarded to the Ministry of Energy and Mineral Resources, many more steps are required.

This Indonesian Legal Brief is based upon research conducted by the *hukumonline* team.

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