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Expanding Indonesia's Electrical Infrastructure: A New Step on the Road to Economic Development

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OVERVIEW

Demand for energy, especially electricity, is undoubtedly growing and electrical power is an integral part of most people's daily needs. However, demand for power across Indonesia is currently outstripping supply. Indeed, demand for oil in the country increased from 79 million tons per year in 2003 to 134 million tons in 2013, which represents a hike of 5.5% per annum.[1] Moreover, this demand is projected to increase to 587 million tons by 2030.[2]

With 96% of power plants across Indonesia being fired by fossil fuels,[3] which are obviously being depleted year on year, new alternative and renewable sources electrical energy will have an increasing role to play in Indonesia's energy security, be it geothermal, hydroelectric, biomass, wind, or even nuclear-based energy.

Indonesia has a huge potential supply of new and renewable energy at its disposal however. Specifically 450 megawatts of hydroelectric power, 50 gigawatts of biomass power, 4.80 kilowatt/hour/m^2/day of solar power delivered through solar panels, 3-6 meters/second of wind power, and 3 gigawatts of nuclear energy will all have their part to play in Indonesia's energy future.

[1] Ministry of Energy and Natural Resources, *Kajian Indonesia Energy Outlook*, 2014, p. 3.
[2] *Ibid.*, p. 2.
[3] Ministry of Energy and Natural Resources, *Kajian Indonesia Energy Outlook*, 2013, p. 2.

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Existing power-plant projects, such as the geothermal power plants located in Sibayak in North Sumatra and Salak in West Java, and the hydroelectric power plants located in Singkarak in West Sumatra's and Larona in South Sulawesi, as well as the wind farm located in Samas in Bantul are but a handful of examples of the kinds of power plants that Indonesia can utilize in order to generate electricity from new and renewable sources.

Unfortunately however, demand for electricity currently remains far greater than the amount that state power company *(PT Perusahaan Listrik Negara* – **"PLN"**) is able to supply. Indeed, some 87.69 million people across the country still do not have access to electricity,[4] be it due to geographical factors such as being located in remote areas, PLN's limited financing capabilities or several other issues which are presently hampering the fair and equitable distribution of electricity at a national scale.

Purpose

With the final objective in mind of meeting the energy needs of the general population, the government had set out a bold plan to produce some 35,000 megawatts of electricity, which will prioritize the use of new and renewable resources. This electricity is to be distributed through a 46,000-kilometer-long transmission network. Moreover, the regulatory framework which is the basis for this plan has already been issued, specifically Presidential Regulation No. 4 of 2016 on the Acceleration of the Construction of Electrical Infrastructure **("2016 Regulation")**.

This week's edition of Indonesian Law Digest (ILD) will be aiming to analyze the various issues relating to the implementation of the 2016 Regulation on Electrical infrastructure. This analysis will confine itself to the following topics:

a. The Construction of Electrical Infrastructure (*Pembangunan Instalasi Ketenagalistrikan* – "**PIK**") in General;

b. The Preparation Stage
   - Delivery Mechanism
   - Licensing and Non-licensing

c. The Implementation Stage
   - Utilization of New and Renewable Energy
   - Obligation to Use Domestic Goods/Services
   - Spatial Planning
   - Land Procurement; and
   - Dispute-Resolution Mechanisms

PIK

The construction of Electrical Infrastructure (*Pembangunan Infrastruktur Ketenagalistrikan* – **"PIK"**) is an activity that comprises of planning, procurement, and building stages, and which encompasses the

[4] *Ibid*.

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construction of power plants, electrical power-transmission grids, electrical master stations, and other supporting facilities.[5]

Indonesia's central government has assigned PLN with the task of implementing new PIK projects.[6] In this task, PLN will be supervised along the way by the Minister of Energy and Mineral Resources (who will be offering technical supervision) and the Minister of State Enterprises (who will be offering cooperation and management supervision).[7]

PREPARATION STAGE

Delivery Methods

Under the 2016 Regulation, PIK can be implemented via two methods, namely:[8]

a. Self-management by PLN; and
b. Cooperation with: **1)** foreign business entities (through PLN subsidiary companies), or **2)** Power-Plant Developers (*Pengembang Pembangkit Listrik* – **"PPL"**).

1. Self-management

PIK projects able to be undertaken using the self-management delivery mechanism include the construction of power plants and their transmission networks.[9] However, this type of delivery mechanism can only be initiated under the following circumstances:[10]

a. If PLN has sufficient financial capacity, as well as the necessary access to cheap financing;
b. If the relevant PIK project is considered low risk;
c. If there is a sufficient supply of fuel available in order to fulfill the ultimate goal of generating electrical power;
d. If peaking power plants are available – these are power plants which operate only during peak hours in order to supplement the existing supply of electricity being generated by base-load power plants; and/or
e. If isolated systems are available – these are power plants erected specifically for use by isolated communities and which are located in areas which have been deemed too remote for the plant to be connected to the national grid.

When employing this type of delivery scheme, PLN will receive financial support from the government through the following schemes:[11]

a. State-capital participation;
b. Channeling of foreign/domestic loans;

[5] Art. 1 (1) and (2), 2016 Regulation.
[6] Art. 3 (1), 2016 Regulation.
[7] Art. 3 (2) and (3), 2016 Regulation.
[8] Art. 4 (1) and (2), 2016 Regulation.
[9] Art. 5 (2), 2016 Regulation.
[10] Art. 5 (1), 2016 Regulation.
[11] Art. 6 (1), 2016 Regulation.

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c. Loans from financial institutions;
d. Income-tax exemption facilities after asset revaluation; and/or
e. Other lawful financing facilities.

Loans disbursed by the financial institutions mentioned in part (c) are to be guaranteed by the central government.[12] In cases where the lenders are state-owned banks, the Minister of State Enterprises may ultimately create a banking syndication in order to provide the relevant loan.[13]

In order to obtain a government guarantee, the President Director of PLN must submit a request to the Minister of Finance.[14] The Minister of Finance will then give principal approval within 25 business days of receiving a request which is supported by the necessary documents.[15]

For a more detailed explanation of government guarantees, see Minister of Finance Regulation No. 260/PMK.011./2010 on Implementing Guidelines for Infrastructure Guarantees for Cooperation Between the Government and Business Entities, as amended by Regulation No. 8/PMK.08/2016 (collectively referred to as the "**Government Guarantees Regulation"**).

In addition to this, in order to increase its financial capabilities, PLN may also undertake the following steps:[16]

a. Financial restructuring, through optimization of PLN's financial assets;
b. Hedging, in accordance with risk profile of foreign currency in PLN;
c. Refinancing; and/or
d. Utilization of corporate profits, by minimizing the dividend payout ratio.

2. *Cooperation with PLN Subsidiary Companies*

Cooperation with PLN subsidiary companies can be engaged in if foreign business entities are involved.[17] However, the 2016 Regulation states that no foreign business entity may either directly or indirectly have a stake in any PLN subsidiary company of more than 51%, as PLN must remain the majority shareholder in its subsidiaries.[18]

If it is to enter into a cooperation agreement with a subsidiary company, a foreign business entity should be of strategic value to PLN in terms of a given PIK project as regards:[19]

a. The provision of financial support, as needed by PLN; and or
b. The ability to supply adequate energy, as will be used during a given PIK project.

[12] Art. 7 (1) and (2), 2016 Regulation.
[13] Art. 8, 2016 Regulation.
[14] Art. 7 (3), 2016 Regulation.
[15] Art. 7 (4), 2016 Regulation.
[16] Art. 6 (2), 2016 Regulation.
[17] Art. 9 (1), 2016 Regulation.
[18] Art. 9 (3), 2016 Regulation.
[19] Art. 9 (2), 2016 Regulation.

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Under this type of scheme, any cooperation can also be guaranteed by the government. Such a guarantee will encompass PLN's financial capacity to purchase the supplied electrical power pursuant to an electrical-power purchase agreement being entered into before a PIK project gets underway.[20] In order to obtain a government guarantee, the President Director of PLN must submit a request to the Minister of Finance prior to any PIK procurement process.[21] This is to be followed by the Minister of Finance providing principal approval within 25 business days.[22] A more detailed explanation of the concept of government guarantees can be found in the Government Guarantees Regulation.

3. *Cooperation with PPLs*

Meanwhile, cooperation with PPLs for the implementation of PIK can only be engaged in under the following conditions:[23]

a. If large amounts of funding will be required;
b. If a given project involves a high-risk construction process, particularly scenarios involving new sites and land-relinquishment processes;
c. If the energy supply for the PIK is not stable;
d. If the project involves the generation of renewable energy
e. If the project involves the expansion of existing PPLs
f. If power plants are being developed by several PPLs across a certain area.

Furthermore, as with the two previous mechanisms, government guarantees can also be provided for this type of delivery mechanism.[24] A government guarantee is to be granted based on an electrical-power purchase agreement which is entered into before a PIK project commences.[25]

Licensing and Non-Licensing

PLN, its subsidiary companies, and/or PPLs should clear the necessary licensing and non-licensing hurdles before commencing work on any PIK project. Licenses can be obtained from the One-Stop Integrated Service (*Pelayanan Terpadu Satu Pintu* – **"PTSP"**) facility at the Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* – **"BKPM"**).[26]

Presidential Regulation No. 97 of 2014 on PTSP **("PTSP Regulation")** states that all licensing and non-licensing processes which fall within the authority of central and regional government are to be conducted by the PTSP.[27] Furthermore, the 2016 Regulation also states that ministers and heads of institutions should delegate authority as regards licensing and non-licensing processes to the central PTSP, while governors/regents/mayors should delegate the same authority to the relevant PTSP at the

[20] Art. 10 (1) and (2), 2016 Regulation.
[21] Art. 10 (3) and (4), 2016 Regulation.
[22] Art. 10 (5), 2016 Regulation.
[23] Art. 11, 2016 Regulation.
[24] Art. 12 (1), 2016 Regulation.
[25] Art. 12 (2), 2016 Regulation.
[26] Art. 19 (1), 2016 Regulation.
[27] Art. 4, PTSP Regulation.

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provincial/city/regency level.[28] Consequently, licensing and non-licensing for the implementation of PIK will always be conducted by the relevant PTSP, dependent on its authority.

A number of license and non-license documents are required in order to commence construction on a PIK project, namely:[29]

a. A business license for the supply of electricity;
b. A location permit;
c. An environmental license;
d. A forestry borrow-to-use permit;
e. A Building-Construction Permit *(Izin Mendirikan Bangunan* - "**IMB**");
f. A nuisance permit;
g. An approval-of-building technical plan; and
h. Non-licensing.

It should be noted that, specifically where points (b), (e), (f) and (g) are concerned, any technical requirements will be set by the relevant minister/president/governor/regent/mayor, dependent on their authority **("Technical Requirements")**.[30] Subsequently, PLN, its subsidiary companies, and/or PPL must submit a commitment to comply with the technical requirements to a PTSP at the central/provincial/city/regency level.[31]

The various required licensing and non-licensing documents break down as follows:

a. *Business licenses for the supply of electricity*

This license is regulated under Minister of Energy and Mineral Resources Regulation No. 35 of 2013 on Licensing Procedures for Electricity Businesses **("2013 Regulation")**. In order to secure this license, an applicant should satisfy various administrative (*e.g.* company profile of the applicant, taxpayer identification number, and so forth),[32] technical (*e.g.* installation location, construction schedule, and so forth),[33] and environmental requirements.

Any applications to secure this type of license must be submitted to the central PTSP on behalf of the Minister of Energy and Mineral Resources.[34] Finally, this license will be issued by the central PTSP within five working days of a completed application being received.[35]

b. *Location permits*

This type of license is issued by:

[28] Art. 28 (1) and (2), 2016 Regulation.
[29] Art. 19 (2), 2016 Regulation.
[30] Art. 20 (1), 2016 Regulation.
[31] Art. 20 (3) and (4), 2016 Regulation.
[32] For a complete list of administrative requirements, see Art. 6 (2), 2013 Regulation.
[33] For a complete list of technical requirements, see Art. 6 (3), 2013 Regulation.
[34] Art. 6 (8), 2013 Regulation.
[35] Art. 19 (7), 2016 Regulation.

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a) PTSPs at the city/regency level, if a PIK project is located across several sites lying within a single regency/city;[36]
b) PTSPs at the provincial level, if a PIK project lies across several regencies/cities within a single province;[37] and
c) The Central PTSP, if a PIK project is located across provincial borders.[38]

A location permit will be issued by the relevant PTSP (dependent on its authority) within five working days of a completed application being received.[39] Note that it is not necessary to secure a location permit if PLN or PPL have already secured the relevant land rights or a forestry borrow-to-use permit.[40]

Furthermore, a location permit will be issued based on technical recommendations from the relevant land office.[41] Once a technical recommendation has been made, then PLN or a PPL must submit a commitment to comply with the Technical Requirements as previously explained in order to secure the location permit.[42]

c. *Environmental licenses*

This type of license is regulated under Government Regulation No. 27 of 2012 on Environmental Licenses **("Environmental Regulation")**.[43] An environmental license is a license issued to an individual who is planning to engage in a business activity that requires the completion of an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan* – **"AMDAL"**) or Environmental Management Effort and Environment Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidupdan Upaya Pemantauan Lingkungan Hidup* – **"UPL & UKL"**).[44]

In order to secure an environmental license, PLN or a PPL must submit an application to a PTSP at the provincial/city/regency level (dependent on its authority) on behalf of the Minister of Environmental Affairs/governor/mayor/regent.[45] This application must also enclose AMDAL documents, UKL & UPL forms, a company charter, and a company profile.[46] An environmental license will then be issued by the relevant PTSP within 60 working days of a completed application being received.[47]

d. *Forestry borrow-to-use permit*

[36] Art. 23 (1), 2016 Regulation.
[37] Art. 23 (2), 2016 Regulation.
[38] Art. 23 (3), 2016 Regulation.
[39] Art. 21 (1), 2016 Regulation.
[40] Art. 21 (2), 2016 Regulation.
[41] Art. 21 (3), 2016 Regulation.
[42] Art. 22 (1), 2016 Regulation.
[43] For more information on the Environmental Regulation, see ILB No. 1870.
[44] Art. 1 (1), the Environmental Regulation.
[45] Art. 42 (1), the Environmental Regulation.
[46] Art. 43, the Environmental Regulation.
[47] Art. 19 (9) (a), 2016 Regulation.

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This permit is regulated through Ministry of Forestry Regulation No. P.16/MENHUT-II/2014 on Guidelines for the Forestry Borrow-to-Use Permit **("Forestry Regulation")**.[48] A Borrow-to-Use Permit is required for activities involving the utilization of government-owned production and protected forest areas. Such activities include mining activities and the construction of public facilities (electricity installations, telecommunication networks, and road and transportation infrastructure).

A party intending to secure a Borrow-to-Use Permit must first secure a Principal License by submitting an application to the central PTSP and by satisfying the various administrative requirements (recommendation from the corresponding regional government authority, a notarial deed certifying the documents submitted with the application, and so forth)[49]and technical requirements (work plans, satellite imagery of the intended work area, environmental licenses, and so forth).[50]

The application will be assessed by the Director General of Forestry Planning within 15 working days of a completed application being received.[51] If approved, the central PTSP will issue a Principal License within 15 working days of receiving the review from the Director General of Forestry Planning.[52]

After a Principal License has been secured, an applicant must meet several obligations, such as the obligation to establish the boundaries of any working area in accordance with the Principal License, as well as the obligation to secure a notarial deed indicating their willingness to abide by all of the prevailing laws and regulations.[53] The applicant may only proceed to apply for a Borrow-to-Use Permit after these various obligations have been fulfilled. Finally, a Borrow-to-Use permit will be issued by the Central PTSP within 30 working days of a completed application being received.[54]

e. *Building Construction Permits (IMB)*

IMBs are regulated under Ministry of Interior Affairs Regulation No. 32 of 2010 on Guidelines for the Issuance of Building Construction Permits ("**2010 Regulation")**. In order to secure an IMB, PLN or a PPL is required to submit a number of administrative documents (*e.g.* land situation, information regarding ownership, and so forth)[55] and technical plans (*e.g.* pictures/plans of a building's architecture, pictures/plans of any utility systems, and so forth)[56] to the PTSP at the provincial/city/regency level (dependent on its authority) working on behalf of a regent/mayor.

Subsequently, the relevant regent/mayor will determine the IMB levies which must be paid by PLN or a PPL.[57] PLN or a PPL must then submit proof of retribution payment, as well as a commitment

[48] For more information on the Forestry Regulation, see ILB No. 2367
[49] For a complete list of administrative requirements, see Art. 16 (1), Forestry Regulation.
[50] Arts. 14 (2) and 15 (1), Forestry Regulation. For a complete list of technical requirements, see Art. 17 (1), Forestry Regulation.
[51] Art. 19 (1), Forestry Regulation.
[52] Art. 19 (5), Forestry Regulation.
[53] Art. 20 (1), Forestry Regulation.
[54] Art. 19 (9) (b), 2016 Regulation.
[55] Art. 9 (2), 2010 Regulation.
[56] Art. 9 (2), 2010 Regulation.
[57] Art. 10 (3), 2010 Regulation.

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to comply with the various Technical Requirements, to the relevant PTSP as has been previously explained.[58] The IMB will be issued by the relevant PTSP on behalf of regent/mayor within seven working days of proof of levies payment being received.[59]

f. Nuisance permits

Nuisance permits are regulated under Minister of Interior Affairs Regulation No. 27 of 2009 on Guidelines for Nuisance Permits **("2009 Regulation")**. The 2009 Regulation states that the requirements and issuance procedures for nuisance permits are set out under regional regulations.[60] Nuisance permits are to be issued by the relevant PTSP (dependent on its authority) on behalf of the relevant regent/mayor or governor, with the exception of DKI Jakarta province.[61]

In the province of DKI Jakarta, nuisance permits are to be issued within 15 business days of a completed application being received.[62] Meanwhile, in Malang, nuisance permits are also to be issued within 15 business days of a completed application being received.[63] Ultimately, each region has its own regulations relating to the issuance of nuisance permits.

Note that PLN or PPL must also submit a commitment to comply with the various Technical Requirements for nuisance permits to the relevant PTSP (dependent on its authority) as mentioned above.

g. Approval-of-building technical plans

Under Government Regulation No. 36 of 2005 **("2005 Regulation")** on the Implementing Regulation of Law No. 28 of 2002 **("2002 Law")** on Buildings, technical building-plan documents comprise of technical architectural plans; structure and construction information; mechanical and electrical information; landscaping information; indoor spatial plans in the form of blueprints; implementing details; working plans; administrative requirements; general and technical requirements; and financial planning and/or planning reports.[64]

Technical building plans are drawn up by construction planners and are to be based on plans which are first approved by the relevant district/city government responsible for a PIK project's [65] technical building plans.[66] Finally, PLN or a PPL must also submit a commitment to comply with the Technical Requirements set out in a technical building plan to the relevant PTSP, as mentioned previously.

h. Non-licensing

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[58] Art. 20 (3) and (4), 2016 Regulation and Art.11 (2), 2010 Regulation.
[59] Art. 12, 2010 Regulation.
[60] Art. 2 (1), 2009 Regulation.
[61] Art. 7 (1), (2), and (3), 2009 Regulation.
[62] http://www.jakarta.go.id/v2/news/2009/11/UUGHO#.VtkNX_mLSCg.
[63] Malang City Regulation No. 8 of 2013 on the Implementation of Nuisance Permits.
[64] Art. 63 (5), 2005 Regulation.
[65] Elucidation of Art.15 (1) (c), 2005 Regulation.
[66] Art.40 (2) (c), 2002 Law.

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Non-licensing, as set out under the 2016 Regulation, consists of all types of services, be they fiscal, data, or information facilities.[67] Applications for non-licensing facilities are to be addressed to a PTSP which has been granted the specific authority to approve non-licensing requests. Non-licensing requests which fall within the authority of the central PTSP are to be issued no later than five business days after a completed application has been received.[68] However, in the case of non-licensing issues which relate to fiscal facilities (*i.e.* tax facilities and/or value-added tax), the whole PTSP process will take 28 business days.[69]

Any above-mentioned licenses and non-licenses which are set to expire can be extended by submitting an application to a relevant PTSP (dependent on its authority).[70] It should be noted that the extension process must not result in any delays being caused to the implementation of any PIK projects.[71] The relevant PTSP is required to deal with an extension request within five working days of a completed application being received.[72] If a respective PTSP fails to deal with an extension request within five working days, then the extension request will be granted by default.[73]

And last but not least, the implementation of any PIK projects can commence after the following licenses have been secured, at the least:[74]

a. Location permit;
b. Environmental license;
c. IMB; and
d. Forestry borrow-to-use permit (if the PIK is located within a forested area).

IMPLEMENTATION STAGE

Primary Electrical Power and the Utilization of New and Renewable Forms of Energy

The Minister of Energy and Mineral Resources is prioritizing the use of primary electrical power for PIK operational purposes and will determine the sale price of primary electrical power for power-plant operations.[75]

Additionally, PIKs must prioritize the use of new and renewable energy in order to generate electricity.[76] Central and/or local government may also provide support relating to the utilization of

[67] Art. 1 (5), 2016 Regulation.
[68] Art. 19 (5), 2016 Regulation.
[69] Art. 19 (9) (c), 2016 Regulation.
[70] Art. 27 (2), 2016 Regulation.
[71] Art. 27 (1), 2016 Regulation.
[72] Art. 27 (3), 2016 Regulation.
[73] Art. 27 (4), 2016 Regulation.
[74] Art. 26 (1), 2016 Regulation.
[75] Art. 13, 2016 Regulation.
[76] Art. 14 (1), 2016 Regulation.

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new and renewable energy after taking account of the technical and economic viability of a PIK.[77] Support from central and/or local government can be provided in the form of:[78]

a. Tax incentives;
b. Licensing and non-licensing facilities;
c. Determination of electrical-power purchase prices for different types of new and renewable energy;
d. Establishment of new business entities for the supply of electrical power to PLN; and/or
e. Subsidies.

Obligation To Use Domestic Products for Goods and Services

In undertaking PIK projects, the priority use of domestic goods and services has to be taken into consideration, and encompasses PLN business activities, as well as technical and financial capabilities relating to the construction of PIK projects.[79] This obligation is to be ensured through the implementation of the following processes:[80]

a. Application of open-book systems;
b. Provision of price preferences; or
c. Reverse engineering.

It should be noted that PLN, its subsidiaries, and/or PPLs may cooperate with foreign business entities which are committed to developing equipment and electrical components, developing local human resources, and the transfer of technology with the ultimate goal of increasing the use of domestic products in goods and services which are related to the execution of PIK projects.[81] Cooperation with foreign business entities is carried out via government-to-government cooperation schemes.[82] It also needs to be remembered that the development of equipment and electrical components by foreign business entities must be carried out within Indonesia.[83]

The specifications and prices of standard components are already stipulated under Ministry of Industry Regulation No. 54/M-IND/PER/3/2012 on Guidelines for the Use of Domestic Products in the Construction of Electrical Infrastructure.

Spatial Planning

Any PIK erections should always be constructed in accordance with Spatial Planning Regulations *(Rencana Tata Ruang Wilayah)*, Regional Spatial Planning Details *(Rencana Detail Tata Ruang Daerah)*,

[77] Art. 14 (3), 2016 Regulation.
[78] Art. 14 (2), 2016 Regulation.
[79] Art. 15 (1), 2016 Regulation.
[80] Art. 15 (2), 2016 Regulation.
[81] Art. 16 (1), 2016 Regulation.
[82] Art. 16 (3), 2016 Regulation.
[83] Art. 16 (2), 2016 Regulation.

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and Spatial Planning for Coastal Areas and Small Islands *(Rencana Zonasi Wilayah Pesisir dan Pulau-Pulau Kecil)* (collectively referred to as **"Spatial Planning"**).[84]

It is important to note that if the location of a PIK is not in accordance with the relevant Spatial Planning guidelines, and it is technically impossible to relocate the project in question, then PLN, its subsidiary companies, or PPLs may propose to the relevant ministry/institution and/or local government that the existing Spatial Planning Regulation be revised.[85]

More specifically, if a Spatial Planning revision request involves forested areas which will see their designation and function being changed, and if this has not been approved by the Minister for the Environment and Forestry, then the issue will be resolved through the application of a holding zone.[86]

Land Procurement

PIK projects are classified as projects carried out in the public interest,[87] and responsibility for the acquisition of land for PIK projects lies with PLN, its subsidiaries or PPLs. The procurement of land for PIK projects falls under the domain of Law No. 2 of 2012 on Land Procurement in the Public Interest; and Presidential Regulation No. 71 of 2012 on Facilitating Land Acquisition for Public Project Purposes.[88]

For the purposes of efficiency, PLN, its subsidiary companies, or PPLs can procure land directly, so long as it is not greater than 5 hectares in area, via any of the following transactions: purchase, the offering of land replacements, lease, borrow to use, or other lawful methods.[89]

Another feature of the 2016 Regulation is that PIKs located within forested areas controlled by surrounding communities allow for PLN or PPLs to request that the National Land Agency **("BPN")** clarify the ownership of the land in question.[90] PLN or a PPL may clear the forestry land-procurement process through a forestry borrow-to-use permit if the surrounding community is deemed to have no rights over the area, according to the BPN.[91] PLN or a PPL should also take account of the needs of the surrounding communities, as well as the social impacts that any project will have.[92]

The government may also offer support for the land-procurement process in form of:[93]

a. Land-procurement priority;
b. Cooperation as regards the utilization of state/regional assets in form of land; and/or
c. Cooperation as regards procurement of state/regional infrastructure in the form of land.

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[84] Art. 31, 2016 Regulation.
[85] Art. 31 (2), (3), and (4), 2016 Regulation.
[86] Art. 32 (2), 2016 Regulation.
[87] Art. 33 (1), 2016 Regulation.
[88] Art. 33 (2), 2016 Regulation.
[89] Arts.34 (1) and 35, 2016 Regulation.
[90] Art. 36 (1), 2016 Regulation.
[91] Art. 36 (3), 2016 Regulation.
[92] Art. 36 (4), 2016 Regulation.
[93] Art. 37 (1) and (2), 2016 Regulation.

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Dispute Resolution Mechanisms

The head of PLN, the heads of PLN subsidiary companies, or the heads of PPLs, should assess and draw up follow-up reports covering the impact on the public of the implementation of any PIK project.[94] If a report relates to the government's authority, then the head of PLN, the heads of its subsidiary companies, or the heads of any PPLs are required to forward the report to the relevant authorities set out below:[95]

a. The Minister of Energy and Natural Resources, if the report relates to the technical implementation of a PIK; or
b. The Minister of State Enterprises, if the report relates to a corporation and the management of any PIK implementation (collectively referred to as **"Authorities"**)

Subsequently, if a report from the public is addressed to the Attorney General's Office or the police relating to alleged abuses of power regarding the implementation of a PIK project, then it should be resolved by prioritizing the administrative process, as regulated under Law No. 30 of 2014 on Government Administration.[96] Such a report should also be forwarded by the Attorney General's Office or police to the Authorities.[97]

The Authorities should assess all reports from the public within five business days of them being received.[98] If there are indications than an abuse of power has occurred, then the Authorities may request that the Government Internal Supervisory Apparatus conduct a further investigation within 30 working days.[99] There are three possible verdicts for such investigations, specifically:[100]

a. Administrative errors which are not causing any losses to the state (which are to be resolved by administrative improvements being made within 10 working days of receipt of an investigation report);[101]
b. Administrative errors which are causing losses to the state (which are to be resolved by an administrative improvement and indemnification process carried out within 10 working days of receipt of an investigation report);[102] and
c. Criminal acts (an investigation report in this case is to be forwarded by the Authorities to the Attorney General's Office or the police within five working days for further investigation).[103]

CONCLUSION

The project to accelerate the construction of electrical infrastructure (PIK) is an important step towards boosting national economic development. PLN has been appointed by the government to

[94] Art. 41 (1), 2016 Regulation.
[95] Art. 41 (2), 2016 Regulation.
[96] Art. 42 (1), 2016 Regulation.
[97] Art. 42 (2), 2016 Regulation.
[98] Art. 43 (1), 2016 Regulation.
[99] Art. 43 (2), 2016 Regulation.
[100] Art. 43 (3), 2016 Regulation.
[101] Art. 43 (4), 2016 Regulation.
[102] Art. 43 (5), 2016 Regulation.

implement PIK projects, and this is not without grounds, as the constitution allows for such monopolies after all. Through the two different delivery mechanisms for initiating PIK projects though, the road to making electrical power available across the entire archipelago now seems more viable than making PLN do everything by itself.

Delivery mechanisms of PLN's choosing encompass financial support, government guarantees, licensing and non-licensing facilities, the prioritization of primary electrical power, and spatial-planning measures, and these demonstrate the government's commitment to realizing the 35,000 MW target to be delivered across a 46,000 KM long power grid. Although a number of nagging doubts still surround this brave project, the path to making electricity available across the entire nation, even the most secluded areas, is now more than just policy and is set to become a concrete reality.

[103] Art. 43 (7), 2016 Regulation.

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