

# Analysis of Minister of Energy and Mineral Resources Regulation Number 2 of 2024 on The Implementation of Rooftop Solar-Power Plants Connected to Electrical Power Networks of Holders of IUPTLU

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## A. Key Takeaways

Minister of Energy and Mineral Resources (“MEMR”) has issued the regulation number 2 of 2024 regarding the implementation of rooftop solar power plants/rooftop PLTS (*Pembangkit Listrik Tenaga Surya Atap*) connected to electrical power networks of holders of Business License for The Provision of Electrical Power for Public Interests (“*Izin Usaha Penyediaan Tenaga Listrik/IUPTLU*”) (“MEMR Regulation 2/2024”). The main points of the MEMR Regulation 2/2024 that needs to be considered among others are as follows:

1. Quota for the development of rooftop PLTS systems. The capacity installation of rooftop PLTS is determined based on the quota for the development of rooftop PLTS systems prepared by IUPTLU holders for each electrical power system for a period of 5 years;
2. Advanced Meter. Export and import calculations for electrical energy as regulated in the previous regulations is replaced by advanced meter installed by IUPTLU holders for prospective customers of rooftop PLTS who have fulfilled the mandatory SLO;
3. Licenses. MEMR Regulation 2/2024 regulates in more detail regarding licenses for customers of rooftop PLTS, specifically regarding the obtainment of Certificate of Operational Worthiness (*Sertifikat Laik Operasi/SLO*) where there are further consequences if the SLO has not been obtained but approval from the IUPTLU holder has been obtained,

in which such points will be elaborated further in this Article.

## B. Background

The provisions relating to rooftop PLTS connected to electrical power networks of holders of IUPTLU have previously been regulated in a MEMR Regulation number 26 of 2021 on Rooftop Solar-Power Plants Connected To Electrical Power Networks of Holders of Business Licenses For The Provision of Electrical Power For Public Interests (“MEMR Regulation 26/2021”) and the basis for implementation is based on the “parallel operation” as regulated in a MEMR Regulation number 11 of 2021 on the implementation of electricity business (“MEMR Regulation 11/2021”). The parallel operation is a cooperation between holders of business licenses in fulfilling the quality and reliability standards for the electricity system.<sup>1</sup>

This article will examine further the mechanisms, licensing and other requirements relating to rooftop PLTS connected to electrical power networks of holders of IUPTLU based on the MEMR Regulation 2/2024, as well as a comparison of the differences in material provisions regarding rooftop PLTS between MEMR Regulation 2/2024 and MEMR Regulation 26/2021.

## C. Rooftop Solar Power Plants in General

Rooftop solar power plant system is the process of electricity generation using photovoltaic modules which are installed and placed on rooftops, walls or other parts of buildings which are owned by customers of rooftop PLTS as well as that are distributing electrical energy through the electrical connection system for customers of rooftop PLTS.<sup>2</sup>

<sup>1</sup> MEMR Regulation 11/2021, Article 45 paragraph (1).

<sup>2</sup> MEMR Regulation 2/2024, Article 1 point 1.

The utilization of rooftop PLTS systems aims to save electricity bills of customers of rooftop PLTS, generate electricity from renewable energy sources, and/or contribute to reduce greenhouse gas emissions.<sup>3</sup> Any person or entity that install rooftop PLTS systems which are connected to the electrical power system of holders of IUPTLU is called “customers of rooftop PLTS”.

Rooftop PLTS systems shall include solar modules, inverters, electrical connections, and safety systems and must be equipped with “advanced meter”, which provided and installed by the IUPTLU Holders on installations owned by customers of rooftop PLTS that can conduct two-way communication and measurement. The advanced meter will be further explained in Section E below.<sup>4</sup>

Rooftop PLTS systems may be equipped with batteries or other electrical energy storage media while still fulfilling provisions on the electricity safety and shall be in accordance with the installation diagram and standard technical specifications of rooftop PLTS systems as set out in Attachment I of the MEMR Regulation 2/2024.<sup>5</sup>

With regards to the parallel operation as specified above, MEMR Regulation 2/2024 stated that the rooftop PLTS systems which is constructed and installed by the customers of rooftop PLTS is free of parallel operation fee.

By stated further in the MEMR Regulation 2/2024, the following provisions need to be considered in the implementation of rooftop PLTS connected to electrical power networks of holders of IUPTLU:

1. Construction and installation of rooftop PLTS systems must be carried out in accordance with the provisions of laws and regulations in the electricity sector, as well as the provisions of laws and regulations in the electricity safety sector.<sup>6</sup>
2. Carbon economic value from the utilization of rooftop PLTS systems shall be implemented in accordance with the provisions of laws and regulations, or such carbon economic value shall belong to the government in the event the laws and regulations do not regulate it.<sup>7</sup>

3. Customers of rooftop PLTS are prohibited from trading the electricity generated from the rooftop PLTS systems.<sup>8</sup>
4. Customers of rooftop PLTS from tariff class for industrial purposes with rooftop PLTS systems capacity larger than 3 MW, must provide weather forecast database arrangements which are integrated with the Supervisory Control and Data Acquisition (SCADA) system or smart grid distribution owned by IUPTLU holders.<sup>9</sup>
5. Rooftop PLTS systems which have been operating in a connected manner with the network of IUPTLU holders before the MEMR Regulation 2/2024 comes into force and have not been reported to the IUPTLU holder, within a maximum period of 3 months since the MEMR Regulation 2/2024 is promulgated, the customers of rooftop PLTS shall report it to the IUPTLU holders and fulfill the provisions of laws and regulations in the electricity sector.<sup>10</sup>
6. Rooftop PLTS systems which have been operating in connected manner to the network of IUPTLU holders before MEMR Regulation 2/2024 comes into force and which have used the mechanism to calculate the export-import of electricity and the provision on capacity charge, shall be declared to remain valid for 10 years since obtaining approval from the IUPTLU holder.

#### **D. Application and Licensing for The Construction and Installation of Rooftop Solar Power Plant to the IUPTLU Holders**

Prospective customers of rooftop PLTS shall submit an application for the construction and installation of rooftop PLTS systems to the IUPTLU holders with a copy to the Director-General of EBTKE and Director-General of Electricity, which shall be submitted in January or in July every year. If the submission is conducted for the first time since the issuance of the MEMR Regulation 2/2024, the application shall be submitted within a maximum period of 1 month after the publication of the quota for the development of rooftop PLTS systems based on clustering as referred to in Section E below.<sup>11</sup>

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<sup>3</sup> MEMR Regulation 2/2024, Article 3.

<sup>4</sup> MEMR Regulation 2/2024, Article 4 paragraph (1) and (2).

<sup>5</sup> MEMR Regulation 2/2024, Article 4 paragraph (3) and (4).

<sup>6</sup> MEMR Regulation 2/2024, Article 21

<sup>7</sup> MEMR Regulation 2/2024, Article 40.

<sup>8</sup> MEMR Regulation 2/2024, Article 41.

<sup>9</sup> MEMR Regulation 2/2024, Article 42.

<sup>10</sup> MEMR Regulation 2/2024, Article 46 paragraph (1).

<sup>11</sup> MEMR Regulation 2/2024, Article 14.

IUPTLU holders must approve or reject the application within a maximum period of 30 calendar days since the application deadline as referred to in previous paragraph above elapsed. In the event that the application is approved, the Minister through the Director-General of EBTKE shall deliver the notification of approval to the IUPTLU Holder. Otherwise, in the event that the application is rejected, the prospective customer of rooftop PLTS may re-submit the application.<sup>12</sup>

**Note:**

To the best of our knowledge, MEMR Regulation 2/2024 does not specified further the deadline for Director-General of EBTKE to deliver the notification of approval to the IUPTLU Holder.

The application shall apply as an application to change the payment mechanism of prepaid electrical power tariff to postpaid, if the payment of electrical power tariffs for prospective customers of rooftop PLTS use the prepaid mechanism, in which the IUPTLU holders must approve the application for changes to the payment mechanism of electrical power tariff.<sup>13</sup>

In respect to the licenses, prospective customers of rooftop PLTS who construct and install rooftop PLTS systems with a total capacity of more than 500 kW connected in 1 electricity installation system, must have a business license for the provision of electrical power for personal interests (***Izin Usaha Penyediaan Tenaga Listrik Untuk Kepentingan Sendiri***/IUPTLS) granted by the minister or governor in accordance with the provisions of laws and regulations in the electricity sector. While for the rooftop PLTS systems with a total capacity of up to 500 kW which are connected in 1 electricity installation system, must fulfill the obligation of business licensing for the activities of providing electrical power for personal interests in the form of a report to the Minister or governor.<sup>14</sup>

In addition with the IUPTLS or report obligation as specified above, rooftop PLTS systems with a total capacity of more than 500 kW connected in 1 electrical power installation system, and up to 500 kW with the technical specifications of the control panel being 1 integral part, must obtain the SLO, issued by the technical inspection agency in accordance with the provisions of laws and regulations in the electricity sector.<sup>15</sup>

MEMR Regulation 2/2024 also obliged the IUPTLU holders to submit a report on the utilization of rooftop PLTS systems to the Minister through the Director-General of EBTKE with a copy to the Director-General of Electricity for each tariff class in each Electricity System area.

**E. Comparison of the Material Provisions Regarding Rooftop Solar Power Plant Between MEMR Regulation 2/2024 and MEMR Regulation 26/2021**

Under the MEMR Regulation 2/2024 and MEMR Regulation 26/2021, MEMR Regulation 2/2024 has added and changed several material provisions regarding rooftop solar power plant in MEMR Regulation 26/2021, including but not limited as follows:

No.	Provisions	MEMR Regulation 26/2021	MEMR Regulation 2/2024
1.	Quota for the Development of Rooftop PLTS Systems	-	<p><i>Article 7 – Article 11</i></p> <p>MEMR Regulation 2/2024 stated that the IUPLTU holders must prepare a quota for the development of rooftop PLTS systems for each electrical power system for a period of 5 years, considering (i) direction of national energy policy; (ii) plan and realization of electrical power supply business plan; and (iii) reliability of the electricity system in accordance with the provisions in the grid code of IUPTLU holders.</p> <p>Such quota shall be proposed to the Director-General of Electricity with a copy to the Director-General of EBTKE no later than October before the current year.</p> <p>The Director-General of Electricity shall stipulate a quota for the development of rooftop PLTS systems and shall be submitted to IUPTLU holders. IUPTLU holders shall prepare a quota for the development of rooftop PLTS systems based on clustering with further detailed in Article 9.</p>

<sup>12</sup> MEMR Regulation 2/2024, Article 15.

<sup>13</sup> MEMR Regulation 2/2024, Article 16.

<sup>14</sup> MEMR Regulation 2/2024, Article 17 and 18.

<sup>15</sup> MEMR Regulation 2/2024, Article 24.

No.	Provisions	MEMR Regulation 26/2021	MEMR Regulation 2/2024
2.	Capacity Installation of Rooftop PLTS	<p><u>Article 5</u></p> <p>Rooftop PLTS systems that will be installed by prospective customers of rooftop PLTS in business areas of State-Owned Enterprises that are IUPTLU holders, their capacity shall be limited to a maximum of 100% of the connected power of rooftop PLTS customers.</p> <p>For prospective customers of rooftop PLTS in business areas of IUPTLU holders other than State-Owned Enterprises, the capacity of rooftop PLTS systems to be installed shall be limited by local electricity systems which are declared by IUPTLU holders.</p>	<p><u>Article 12</u></p> <p>The quota for the development of rooftop PLTS systems is the basis for the capacity installation of rooftop PLTS system by prospective customer of rooftop PLTS.</p>
3.	Advanced Meter	<p><u>Article 6</u></p> <p><u>Export and Import Calculations for Electrical Energy</u></p> <p>Exported electrical energy of rooftop PLTS customers shall be calculated based on the Export kWh value which is recorded in Export-Import kWh Meters multiplied by 100% and conducted on a monthly basis based on the difference between Import kWh values and Export kWh values.</p> <p>In the event that the amount of exported electrical energy is greater than the amount of imported electrical energy on the ongoing month, the excess shall be accumulated and calculated as a reduction in the electricity bill for the following month.</p>	<p><u>Article 28</u></p> <p>IUPTLU holders must provide and install Advanced Meter for prospective customers of rooftop PLTS who have fulfilled the mandatory SLO. The instalment of Advanced Meter shall be conducted no later than 15 business days since the SLO issued by technical inspection agency, or the proof of issuance of a registration number as referred in Article 25 paragraph (5) of the MEMR Regulation 2/2024.</p> <p>The cost of providing and installing the Advanced Meter shall be borne by the IUPTLU holder.</p>
<p><b>Additional note:</b> It is understood that the Export-Import kWh Meters in the MEMR Regulation 26/2021 is replaced with Advanced Meter in the MEMR Regulation 2/2024. The Advanced Meter is not specified further regarding the calculation of the dispatched electrical energy and its relevancy to the electricity bill, in which are regulated under the MEMR Regulation 26/2021 for the Export-Import kWh Meters.</p>			

No.	Provisions	MEMR Regulation 26/2021	MEMR Regulation 2/2024
4.	Un-obtainment of the approval from IUPTLU Holder before Operating Connected	-	<p><u>Article 23</u></p> <p>In the event that it is found that rooftop PLTS systems is operating connected to the IUPTLU holder networks before obtaining approval from the IUPTLU holders, the IUPTLU holders shall deliver a notification to the customer of IUPTLU holder to cut off rooftop PLTS systems from the network of IUPTLU holders and pay a penalty to the IUPTLU holder based on the calculation of the total capacity of the inverter multiplied by 240 hours and multiplied by the electricity tariff. Such obligation of customer of the IUPTLU holder may be subject to a temporary termination of customer service.</p>
5.	Un-obtainment of SLO or registration number	-	<p><u>Article 26</u></p> <p>In the event that prospective customers of rooftop PLTS have not obtained SLO within a maximum period of 6 months after obtaining approval from the IUPTLU holder, or have not obtained a registration number from the Minister as referred to in Article 25 paragraph (5) within a maximum period of 3 months after obtaining approval from the IUPTLU holder, therefore IUPTLU holders shall cancel the approval submitted by the prospective customers of rooftop PLTS.</p>

## F. Electronic Application and Complaint Center of Rooftop Solar Power Plant System

Director-General of EBTKE shall develop an electronic application for the integrated service and reporting system of rooftop PLTS systems for the following:<sup>16</sup>

- a. application for rooftop PLTS systems by prospective customers of rooftop PLTS;
- b. granting of approval and rejection by the IUPTLU holder;
- c. information on the fulfillment of business licensing obligations for the activities providing electrical power for personal interests;
- d. reporting on the utilization of rooftop PLTS systems by IUPTLU holders; and
- e. access to electricity production data of rooftop PLTS systems owned by customers of rooftop PLTS.

Such application shall be integrated with the other electronic application developed by PT PLN (Persero) for the purposes of customers of PT PLN (Persero), and digital-based application for the utilization of rooftop PLTS systems integrated with the Supervisory Control and Data Acquisition (SCADA) system or smart grid distribution, with the functions as further detailed in the Article 32 of MEMR Regulation 2/2024.<sup>17</sup>

Business entities who construct and install the rooftop PLTS system shall provide an application of the monitoring system of electricity production of rooftop PLTS systems which can be integrated with the electronic application of the integrated service and reporting system of rooftop PLTS systems.<sup>18</sup>

In terms of complaint center, it is established by the Minister to receive and follow up on complaints from customers of rooftop PLTS or IUPTLU holders in the implementation of rooftop PLTS systems program, with the domicile or location in the Directorate-General of New, Renewable Energy and Energy Conservation. In supporting the implementation of the rooftop PLTS system complaint center, the Minister may establish a rooftop PLTS system complaint center team.<sup>19</sup>

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<sup>16</sup> MEMR Regulation 2/2024, Article 30.

<sup>17</sup> MEMR Regulation 2/2024, Article 31.

<sup>18</sup> MEMR Regulation 2/2024, Article 33.

<sup>19</sup> MEMR Regulation 2/2024, Article 35.

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*The article above was prepared by Dentons HPRP's lawyers*

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