

Launching of Ministry of Energy and Mineral Resources Ministerial Regulation No. 27/2014

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MEMR Ministerial Regulation Number 27 of 2014

Regarding to Biomass Power Plant and Biogas Power Plant Electricity Power Purchasing by PT. PLN (Persero)

Directorate General of New and Renewable Energy and Energy Conservation – Ministry of Energy and Mineral Resources will be held launching of Ministerial Regulation Number 27 of 2014 of Ministry of Energy and Mineral Resources about purchasing of electricity power of Biomass Power Plant (a.k.a PLTBm) and Biogas Power Plant (a.k.a PLTBg) by PT.PLN (Persero) on October 22nd, 2014 at Borobudur Hotel, Jakarta. The Ministerial Regulation is the revision of previous Ministerial Regulation, which is, Ministerial Regulation Number 4 of 2012, as incentives form to encourage the investor interest in biomass and biogas-based power plant development

Since the launching of Ministerial Regulation of MEMR No. 4 of 2012 on February 2012, private investment rates for electric power supply of biomass and biogas – based on grid still low. One of the reasons is depreciation of the rupiah against the dollar and the rising price of biomass. Furthermore, electric supply of PLTBg and PLTBm have been dominated by the excess power sales scheme not by the development of new power plant which is dedicated to supply the electric power (a.k.a Independent Power Producer-IPP) to PLN system. So the Ministerial Regulation of MEMR No.4 of 2012 needs revision and replace with Ministerial Regulation of MEMR No. 27 of 2014.

Regulation of the Minister of Energy and Mineral Resources, as mentioned above, in principle, to encourage the utilization of biomass and biogas potential to reduce the utilization of fossil energy, especially fuel oil (BBM) in areas that have a dependency on fuel and island areas that still have low electrification ratio.

On 2013, Indonesia has 32,654 MW of biomass potential and 1,716.5 MW has been developed. The development of bioenergy-based power plant (on grid) until 2013 achieved 90.5 MW, and development of bioenergy-based power plant (off grid) achieved about 1,626 MW, which is the power plants are biomass, biogas, and municipal waste-based. Bioenergy - based power plant also has potential in remote areas which is derived from forestry waste, agricultural waste, palm oil industry, paper industry, tapioca industry, and other industries.

Many efforts have done to develop the new and renewable energy (a.k.a EBT) for biomass and biogas-based electric power on grid, for examples, the responsibility of PT. PLN (Persero) to purchase electric power, the policy for priority provision of the local new and renewable energy development, revenue tax incentives for renewable energy investment, free import duty new and renewable energy, and ease for procedure permission. The government also set the selling price of electricity (feed in tariff) for biomass and biogas-based electricity

power. In Ministerial Regulation of MEMR No. 27 of 2014, basic price Feed in Tariff (a.k.a FiT) biomass power plant (a.k.a PLTBm) and biogas power plant will be increase if interconnected to the medium voltage network or interconnected to the low voltage network.

There is an additional price through incentives to the region in the form of regional scale factor F (base price multiplier factor) with a range from 1.00 up to 1.60. There are also incentives for PLTBm and PLTBg which being utilized following to the load demand in local electricity system (load follower) with a calculation of each kWh. The Ministerial Regulation also gives a chance to business entities that has been running (a.k.a PLT existing) to negotiate with PT. PLN (Persero) for using FiT scale as references for the highest price.

The other things that stipulated in the Ministerial Regulation of MEMR are procedures and requirements determination of biomass energy and biogas energy management for power plant and PLN responsibility to arrange the standard model of electricity purchasing agreement.

DGNREEC will be held launching on October 22nd, 2014 at Borobudur Hotel, Jakarta and Socialization at Medan on November 5th, 2014, at Balikpapan on November 18th, 2014, at Makassar on November 25th, 2014, and at Mataram on December 2nd, 2014, to encourage investment in biomass and biogas power plant. DGNREEC invites the stakeholders to attend the launching and socialization with give confirmation of attendances by email to rizka.devriyani@gmail.com.