

ENERGY CONSERVATION

(Government Regulation of the Republic of Indonesia Number 70 Year 2009
dated November 16, 2009)

BY GRACE OF GOD THE ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

That in order to implement the provision of Article 25 paragraph (5) of Law Number 30 Year 2007 on Energy, it's necessary to stipulate a government regulation concerning Energy Conservation;

In view of:

1. Article 5 paragraph (2) of the Constitution of 1945;
2. Law Number 30 Year 2007 (*BN No. 7609 pages 7A-18A*) on Energy (Statute Book of the Republic of Indonesia Year 2007 Number 96, Supplement to Statute Book of the Republic of Indonesia Number 4746);

DECIDES:

To stipulate:

THE GOVERNMENT REGULATION ON ENERGY CONSERVATION.

CHAPTER I

GENERAL

Article 1

Referred to in this government regulation
as:

1. Energy Conservation shall be systematic, concerted and integrated efforts to conserve domestic energy resources and enhance efficiency in the utilization thereof.
2. Energy shall capability of working, which may be in the form of heat, light, mechanical, chemical and electromagnetic.
3. Energy Source shall be something capable of producing energy, directly or through conversion or transformation.
4. Energy Resource shall be natural resource usable as a source of energy or energy.
5. Business Entity shall be a company in the form of legal entity, which conducts business permanently, continuously and is established in accordance with legislation as well as works and is domiciled in the territory of the Unitary State of the Republic of Indonesia.
6. Permanent Establishment shall be a business entity established as and having statutory body outside the territory of the Unitary State of the Republic of Indonesia, which conducts activities and is domiciled in the territory of the Unitary State of the Republic of Indonesia and is obliged to abide by legislation in force in the Republic of Indonesia.
7. Entrepreneur shall be individual, business entity, permanent establishment that manages energy, including producer of equipment utilizing energy.

8. Energy Utilization shall be an activity to utilize energy directly or indirectly from energy source.
9. Producer of Energy Saver Equipment shall be individual or business entity undertaking business activity to produce and/or provide energy saver equipment.
10. Energy User shall be individual, business entity, permanent establishment, government institution, and non-government institution utilizing energy to produce products and/or services.
11. User of Energy Source shall be individual, business entity, permanent establishment, government institution and non-government institution using energy source.
12. Energy Saver Equipment shall be apparatus or instrument or facility which in the operation thereof utilizes energy economically in accordance with the stipulated energy saver benchmark.
13. Equipment utilizing Energy shall be apparatus or instrument of facility which in the operation thereof utilizes energy source or energy.
14. Energy Audit shall be evaluation of energy utilization and identification of energy saving possibilities as well as recommendation about the enhancement of efficiency in energy user and user of energy source in the framework of energy conservation.
15. Central Government, hereinafter called the Government shall be the President of the Republic of Indonesia holding the executive power of the Unitary State of the Republic of Indonesia as referred to in the Constitution of 1945.
16. Regional Government shall be governor, regent or mayor and regional authorities as components of regional administrator.
17. Minister shall be the Minister in charge of energy affairs.

CHAPTER II

RESPONSIBILITY OF GOVERNMENT, REGIONAL GOVERNMENT, ENTREPRENEUR AND COMMUNITY

Part One

General

Article 2

- (1) National energy conservation shall become responsibility of the government, provincial governments, regental/municipal governments, entrepreneurs and communities.
- (2) The responsibility as referred to in paragraph (1) shall be executed on the basis of the master plan of national energy conservation.

Article 3

- (1) The master plan of national energy conservation shall be formulated and stipulated by the Minister.
- (2) The master plan of national energy conservation shall contain at least target, principles of policy, programs, energy conservation measures.
- (3) The master plan of national energy conservation shall be formulated by:
- a. referring to the national energy general plan;
 - and

- b. on inputs from related institutions, regional governments, entrepreneurs and communities.

(4) The master plan of national energy conservation shall be prepared for a period of 5 (five) years and may be reviewed every year in accordance with the need.

Part Two

Responsibility of Government

Article 4

The government as referred to in Article 2 shall be responsible nationally for:

- a. formulating and stipulating energy conservation policies, strategies and programs;
- b. developing qualified human resources in the energy conservation field;
- c. socializing thoroughly and comprehensively the utilization of technology applying energy conservation;
- d. assessing, formulating and stipulating policies as well as allocation of funds in the framework of implementing energy conservation programs;
- e. facilitating and/or providing incentives in the framework of implementing energy conservation program;
- f. providing technical counseling related to energy conservation for entrepreneurs, users of energy sources and energy users;
- g. implementing the stipulated energy conservation programs and activities; and
- h. fostering and supervising the implementation of energy conservation programs.

Part Three

Responsibility of Regional Government

Article 5

The provincial governments as referred to in Article 2 shall be responsible by virtue of their authority in the said province for:

- a. formulating and stipulating energy conservation policies, strategies and programs;
- b. developing qualified human resources in the energy conservation field;
- c. socializing thoroughly and comprehensively the utilization of technology applying energy conservation;
- d. allocating funds in the framework of implementing energy conservation programs;
- e. facilitating and/or providing incentives in the framework of implementing energy conservation program;
- f. providing technical counseling related to energy conservation for entrepreneurs, users of energy sources and energy users;
- g. implementing the stipulated energy conservation programs and activities; and
- h. fostering and supervising the implementation of energy conservation programs.

Article 6

The regental/municipal governments as referred to in Article 2 shall be responsible by virtue of their authority in the said regency/city for:

- a. formulating and stipulating energy conservation policies, strategies and programs;

- b. developing qualified human resources in the energy conservation field;
- c. socializing thoroughly and comprehensively the utilization of technology applying energy conservation;
- d. allocating funds in the framework of implementing energy conservation programs;
- e. facilitating and/or providing incentives in the framework of implementing energy conservation program;
- f. providing technical counseling related to energy conservation for entrepreneurs, users of energy sources and energy users;
- g. implementing the stipulated energy conservation programs and activities; and
- h. fostering and supervising the implementation of energy conservation programs.

Part Four

Responsibility of Entrepreneur

Article 7

- (1) The entrepreneurs as referred to in Article 2 shall be responsible for:
 - a. implementing energy conservation in every phase of business operation; and
 - b. using energy efficient technology; and/or
 - c. producing energy saver products and/or services.
- (2) Further provision on the energy efficient technology as referred to in paragraph (1) letter b shall be governed by a regulation of the Minister.

Part Five

Responsibility of Community

Article 8

The communities as referred to in Article 2 shall be responsible for supporting and implementing energy conservation programs.

CHAPTER III

REALIZATION OF ENERGY CONSERVATION

Part One

General

Article 9

- (1) The implementation of energy conservation shall cover all phases of energy management.
- (2) The management of energy as referred to in paragraph (1) shall cover the following activities:
 - a. energy supply;
 - b. energy exploitation;
 - c. energy utilization; and
 - d. energy resource conservation.

Part Two

Conservation in Energy Supply

Article 10

- (1) Individuals, business entities and permanent establishments shall be obliged to implement energy conservation in the supply of energy.
- (2) The implementation of energy conservation in the supply of energy shall covers:
 - a. planning which orientates to the utilization of energy efficient technology;
 - b. selection.....

- b. selection of infrastructure, facility, material and process using efficient energy directly or indirectly; and
- c. operation of energy efficient system.

Part Three

Conservation in Energy Exploitation

Article 11

- (1) Individuals, business entities and permanent establishments shall be obliged to implement energy conservation in the exploitation of energy.
- (2) The exploitation of energy as referred to in paragraph (1) shall cover the exploitation of energy resources, energy sources and energy.
- (3) The implementation of energy conservation in the exploitation of energy as referred to in paragraph (1) shall be done through the application of energy efficient technology complying with the standards in accordance with the provisions of legislation.

Part Four

Conservation in Energy Utilization

Article 12

- (1) Users of energy sources and energy users shall be obliged to utilize energy economically and efficiently.
- (2) Users of energy sources or energy users that use energy sources and/or energy bigger or equal to 6,000 (six thousand) equivalent tons of oil per annum shall be obliged to undertake energy conservation through energy management.

- (3) The energy management as referred to in paragraph (2) shall be done by:
 - a. appointing energy manager;
 - b. formulating energy conservation program;
 - c. conducting energy audit periodically;
 - d. recommending result of energy audit; and
 - e. reporting the implementation of energy conservation every year to the Minister, governor or regent/mayor by virtue of their authority.

Article 13

- (1) The energy audit as referred to in Article 12 paragraph (3) letter c shall be done by internal energy auditor and/or accredited institution.
- (2) The energy management as referred to in Article 12 paragraph (3) letter a and energy auditor as referred to in paragraph (1) shall have competence certificate in accordance with the provision of legislation.
- (3) The energy conservation program as referred to in Article 12 paragraph (3) letter b shall be formulated by users of energy sources and energy users and minimally contain information about:
 - a. plan which will be executed;
 - b. kind and consumption of energy;
 - c. utilization of energy saver equipment;
 - d. energy conservation measures; and
 - e. quantity of the produced products or provided services.
- (4) Report on the implementation of energy conservation as referred to in Article 12 paragraph

~~(3)~~ letter e shall be formulated on the basis of the energy conservation program as referred to in paragraph (3).

~~(5)~~ Further provision on procedures for formulating program and reporting result of the implementation of energy conservation as referred to in paragraph (3) and paragraph (4) shall be governed by a regulation of the Minister.

Part Five

Conservation of Energy Resources

Article 14

(1) The Minister shall stipulate a policy on conservation of energy resources.

~~(2)~~ The policy on the conservation of energy resources as referred to in paragraph (1) shall cover but shall not be limited to:

- a. energy resources having management and/or supply thereof prioritized;
 - b. quantity of energy resources which can be produced; and
- limitation of energy resources which cannot be managed in a specified period.

CHAPTER IV

STANDARD AND LABEL

Article 15

(1) Energy efficient technology shall be applied through the stipulation and enforcement of standard of energy performance in equipment utilizing energy.

~~(2)~~ The standard as referred to in paragraph (1) shall be stipulated in accordance with the provision of legislation.

Article 16

(1) The application of standard of energy performance to the equipment utilizing energy as referred to in Article 15 paragraph (1) shall be done by affixing label of energy efficiency level.

(2) The affixing of label of energy efficiency level shall be done by producers and importers of equipment utilizing energy in equipment utilizing energy gradually in accordance with labeling procedure.

(3) Further provision on the phasing, labeling procedure and kinds of equipment utilizing energy as referred to in paragraph (2) shall be governed by a regulation of the Minister.

CHAPTER V

FACILITY, INCENTIVE AND DISINCENTIVE

Part One

Facility and Incentive

Article 17

The government and/or regional governments shall grant facility to domestic energy users and producers of energy saving equipment that undertake energy conservation, to obtain:

- a. access to information about energy saver technology and specification thereof, and energy saving methods/measures, and
- b. consultation service related to energy saving methods/measures.

Article 18

The government and/or regional governments shall grant incentives to:

- a. energy users using energy bigger or equal to 6,000 (six thousand) equivalent tons of oil per annum as referred to in Article 12 paragraph (2); and
- b. producers of energy saver equipment in the country, that are successful to undertake energy conservation in a specified period.

Article 19

- (1) The energy users as referred to in Article 18 letter a shall be deemed complying with the success criteria for the implementation of energy conservation in the case of in a specified period, the following aspect decreasing:
 - a. consumption of specific energy; and/or
 - b. elasticity of energy consumption.
- (2) The producers of energy saver equipment as referred to in Article 18 letter b shall be deemed complying with the success criteria for the implementation of energy conservation if the producers in a specified period can:
 - a. produce energy saver equipment having energy efficiency higher than the stipulated benchmark; and
 - b. affix label of energy efficiency level in accordance with the effective standard.
- (3) Further provision on the success criteria for the implementation of energy conservation as referred to in paragraph (1) and paragraph (2) shall be governed by a regulation of the Minister.

Article 20

- (1) The incentives granted to the energy users as

referred to in Article 18 letter a may be in the form of:

- a. taxation facility for energy saver equipment;
 - b. the granting of regional tax deduction, relief and exemption to energy saver equipment;
 - c. import duty facility for energy saver equipment;
 - d. low interest-rate funds for the need of investment in energy conservation in accordance with the provisions of legislation; and/or
 - e. energy audit in the partnership scheme financed by the government.
- (2) The incentives granted to the producers of energy saver equipment as referred to in Article 18 letter b may be in the form of:
 - a. taxation facility for components/spare parts and raw materials used for producing energy saver equipment;
 - b. the granting of regional tax deduction, relief and exemption to components/spare parts and raw materials used for producing energy saver equipment;
 - c. import duty facility for components/spare parts and raw materials to be used for producing energy saver equipment; and/or
 - d. low interest-rate funds for the need of investment in the framework of producing energy saver equipment in accordance with the provisions of legislation.
 - (3) Application for incentives may be submitted by energy users in the event that the result of evaluation of report on the implementation of energy conservation as referred to in Article

12 paragraph (3) letter e in accordance with the provision as referred to in Article 19 paragraph (1), shows the success of implementation of energy conservation.

(4) Application for incentives may be submitted by domestic producers of energy saver equipment in the even that verification of the success criteria as referred to I Article 19 paragraph (2) shows the successful implementation of energy conservation.

(5) The taxation facilities as referred to in paragraph (1) letter a and paragraph (2) letter a shall be granted in accordance with the provisions of taxation legislation.

(6) The regional tax deduction, relief and exemption as referred to in paragraph (1) letter b and paragraph (2) letter b shall be granted in accordance with the provisions of regional tax legislation.

(7) The import duty facilities as referred to in paragraph (1) letter c and paragraph (2) letter c shall be granted in accordance with the provisions of customs legislation.

Article 21

(1) The incentive in the form of energy audit in the partnership scheme as referred to in Article 20 paragraph (1) letter e may be granted to energy users using energy less than 6,000 (six thousand) equivalent tons of oil per annum that are successful to implement energy conservation, besides the energy users as referred to in Article 18 letter a.

(2) Further provision on the requirements and criteria for the energy users as referred to in paragraph (1) shall be governed by a regulation of the Minister.

Part Two

Disincentive

Article 22

(1) The users of energy resources and energy users as referred to in Article 12 paragraph (2) not executing energy conservation through energy management shall be subject to disincentive by the Minister, governor or regent/mayor by virtue of their authority.

(2) The disincentive as referred to in paragraph (1) may be in the form of:

- a. written warning;
- b. announcement in mass media;
- c. fine; and/or
- d. reduction of energy supply.

Article 23

The written warning as referred to in Article 22 paragraph (2) letter a shall be granted 3 (three) times maximally at a time interval of one month respectively.

Article 24

In the event that users of energy sources and energy users already reminded 3 (three) times as referred to in Article 23 do not implement energy conservation, the Minister, governor of regent/mayor by virtue of their authority

shall announce names of the users of energy sources and energy users in mass media.

Article 25

- (1) In the case of energy conservation not executing energy conservation on one month following the announcement of names of users of energy sources and energy users in mass media as referred to in Article 24, the users of energy resources and energy users shall be subject to fine.
- (2) The fine as referred to in paragraph (1) shall be imposed as much as 2 (two) times the value of energy squandering that arise from the users.
- (3) The proceeds of the fine as referred to in paragraph (2) shall be remitted to state/regional cash in accordance with the provisions of legislation.

Article 26

- (1) In the case of users of users of energy sources and energy users not paying fine in one month following the imposition of the fine, the Minister, governor or regent/mayor by virtue of their authority shall stipulate the reduction of energy supply to the said users.
- (2) In stipulating the reduction of energy supply as referred to in paragraph (1), governor or regent/mayor shall secure approval from the Minister.
- (3) The reduction of energy supply as referred to in paragraph (1) shall not abolish the obligation of users of energy sources and energy users to pay fine.

Article 27

Further provision on procedures for imposing the disincentive as referred to in Article 22 up to Article 26 shall be governed by a regulation of the Minister.

CHAPTER VI

FOSTERING AND SUPERVISION

Article 28

- (1) The government and regional government shall foster and supervise the implementation of energy conservation by virtue of their authority.
- (2) The fostering as referred to in paragraph (1) shall be done through:
 - a. education and training;
 - b. technical guidance;
 - c. counseling;
 - d. dissemination of information through printed media, electronic media, forums or exhibitions; and
 - e. support and/or facilitation of research and development of energy conservation technology.
- (3) The supervision as referred to in paragraph (1) shall be directed to:
 - a. the appointment of energy manager;
 - b. the formulation of energy conservation program;
 - c. the implementation of energy audit periodically; and
 - d. the implementation of recommendation about result of energy audit.

(4) The funding needed for the fostering and supervision carried out by the government as referred to in paragraph (1) shall be charged with the State Budget of Revenue and Expenditure.

(5) The funding needed for the fostering and supervision carried out by regional governments as referred to in paragraph (1) shall be charged with Regional Budget of Revenue and Expenditure.

CHAPTER VII

TRANSITIONAL PROVISION

Article 29

In the even that the national energy general plan as referred to in Article 3 paragraph (3) letter a has not been stipulated, the master plan of national energy conservation may be formulated by on inputs from related institutions, regional governments, entrepreneurs and communities.

CHAPTER VIII

CONCLUSION

Article 30

With the enforcement of this government regulation, Presidential Decree Number 43 Year 1991 on Energy Conservation shall be revoked and declared null and void.

Article 31

This government regulation shall come into force as from the date of promulgation.

For public cognizance, the government regulation shall be promulgated by placing it in Statute Book of the Republic of Indonesia.

Stipulated in Jakarta

On November 16, 2009

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

sgd

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta

On November 16, 2009

THE MINISTER OF LAW AND HUMAN RIGHTS OF THE

REPUBLIC OF INDONESIA,

sgd

PATRIALIS AKBAR

STATUTE BOOK OF THE REPUBLIC OF INDONESIA

YEAR 2009 NUMBER 171

ELUCIDATION

ON

GOVERNMENT REGULATION OF

THE REPUBLIC OF INDONESIA

NUMBER 70 YEAR 2009

ON

ENERGY CONSERVATION

I. GENERAL

Energy plays very important role and becomes a basic need in sustainable national economic-development. In relation thereto, energy must be used economically, rationally and wisely so that the need of energy in the present time and in the future could be fulfilled. In view of the importance of economical, rational and wise utilization of energy, the government needs to

formulate a government regulation in the framework of ruling the utilization of energy resources, energy sources and energy through the application of energy efficient technology, utilization of energy efficiently and rationally and application of energy saver culture to guarantee the availability of environmentally sound national energy.

This government regulation rules:

1. responsibility of the government, regional governments, entrepreneurs and communities;
2. realization of energy conservation covering the whole phases of energy management, including energy supply, energy exploitation, energy utilization and conservation of energy resources;
3. standard and label;
4. facility, incentive and disincentive; and
5. fostering and supervision.

II. ARTICLE BY ARTICLE

Article 1 up to Article 6

Self explanatory

Article 7

Paragraph (1)

Self explanatory

Paragraph (2)

The regulation of minister as referred to in this provision rules, among others, the use of en-

ergy efficient technology, starting from upstream to downstream, namely: as from the process of provision, transmission, distribution to the utilization.

Article 8

The responsibility of communities in this provision is intended to create energy saver culture.

Article 9 up to Article 11

Self explanatory

Article 12

Paragraph (1)

"Economical" in this provision is related to effective and efficient energy-utilization behavior.

"Efficient" in this provision means the maximal value resulting from the ratio of output and input of energy in energy user equipment.

Paragraph (2)

The stipulation of the 6,000 (six thousand) limit is done on the basis of consideration that energy users with consumption bigger or equal to 6,000 (six thousand) equivalent tons of oil per annum are not too numerous but their total energy consumption accounts for 60% (sixty percent) of the national energy consumption.

In the other word, in the case of energy conservation measures being applied successfully to the group, the impact of economization nationally would be significant.

Equivalent to one ton of oil is the same as:

- 41.9 giga joule (GJ);
- 1.15 kilo liters of petroleum (kl petroleum);
- 39.68 million British Thermal Unit (MMBTU); or
- 11.63 mega watt hour (MWh).

Paragraph (3)

The energy management means an integrated activity to control energy consumption to ensure effective and efficient utilization of energy so as to result in maximal output through structured and economical actions to minimize the utilization of energy, including energy used for production and minimize consumption of raw materials and supporting materials.

Article 13

Paragraph (1)

Internal energy auditor means auditor working with users of energy source and energy users.

Paragraph (2) up to Paragraph (5)

Self explanatory

Article 14

Paragraph (1)

Self explanatory

Paragraph (2)

Letter a and Letter b

Self explanatory

Letter c

Restriction of energy resources in this

provision is applied to non-renewable energy resources.

Article 15

Self explanatory

Article 16

Paragraph (1)

Label of efficiency level contains information about the utilization rate of energy by energy user equipment.

With the presence of the label, communities obtain information about the energy utilization rate of the said energy user equipment.

Paragraph (2)

The energy user equipment is mainly equipment using electrical energy, such as refrigerator, lamp, iron, air conditioner, rice cooker, electric motor and other.

Paragraph (3)

Self explanatory

Article 17 and Article 18

Self explanatory

Article 19

Paragraph (1)

Letter a

"Specific energy consumption" means the quantity of energy used for producing one unit of product or output.

The decrease in specific energy consumption must be compared in the same output rate, such as kWh/ton, kWh/m², liter/kWh.

Letter b

"Elasticity of Energy Consumption" is the ratio of growth of energy consumption to the growth of product or output (energy consumption versus product or output).

Paragraph (2)

Self explanatory

Paragraph (3)

The regulation of the successful implementation of energy conservation covers, among others:

- a. success criteria (energy saving benchmark, percentage of decrease in intensity, elasticity, period and downward trend); and

- b. procedures for evaluating the success.

Article 20 up to Article 23

Self explanatory

Article 24

The announcement in mass media as referred to in this provision is done minimally in one printed or electronic media.

Article 25 up to Article 31

Self explanatory

SUPPLEMENT TO STATUTE BOOK OF
THE REPUBLIC OF INDONESIA NUMBER 5083

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