

Business License of Power Supply for Public Purpose

In the previous article, we had discussed regarding power supply business, which business requires a permit for power supply as a mandatory to operate such business while for its installation required Commissioning Certificate (*Sertifikat Laik Operasi – SLO*). In this article, we will deliberate more about the business license of electric power on the power supply business for a public purpose.

Referring to Article 9 of Law No. 30 of 2009 on Power Electricity, whereas every person that carries power supply business for public purpose are duly obligated to obtained Power Supply Business Permit or *Izin Usaha Penyediaan Tenaga Listrik* (“IUPTL”). The technical procedures of the permit are regulated under the regulation of the Ministry of Energy and Mineral Resources No. 35 of 2013 on Procedure on Power Electricity Licenses (“MoEMR No. 35/2013”).

Under Article 6 of the MoEMR No. 35/2013, the application of IUPTL must comply with the following requirements documents:

1. Administrative Requirements:

Every entrepreneur that apply for IUPTL should have met the administrative requirement as follows:

- a. Applicant’s identity;
- b. Validation as an Indonesian legal entity for a state-owned enterprise, a regional-owned enterprise, a private enterprise, and a cooperative, or validation as an Indonesian legal entity for a non-government organization that in the form of a legal entity;
- c. Applicant’s profile, in the form of a document of a company profile, Board of Director, Board of Commissioners, and Shareholder Composition;
- d. Tax Identity Number/*Nomor Pokok Wajib Pajak*; dan
- e. Financial Capability, a document informing the funding on business.

A company starts and run the business either from its funding (shareholders) or loan from financial companies (bank/leasing). The document which shows the information of funding and its financial capability which including in the requirement above, could be stipulated within a document as follows:

- i. Financial close/bank statement, for a newly established company; or

- ii. Financial statements (profit/loss) along with independent auditor reports, for a company that has started conducting its business.

2. Technical Requirements:

Also, to comply with the administrative requirements, the entrepreneurs must complete the technical requirements as follows:

- a. Feasibility study on power supply business, which a document in Bahasa Indonesia consists of a financial feasibility study, operational feasibility research, interconnection network study, all of them are arranged by certified company business;
- b. Installation location except for the power sales business;
- c. Location permit from authorized institution except for the power sales business;
- d. One-line diagram;
- e. Type and capacity of business that carried on;
- f. Construction Schedule;
- g. Operational Schedule; dan
- h. Approval on electricity power sales or electricity power network lease from the MoEMR, in matter the IUPTL's application were submitted for power generator, transmission, and distribution.

Yet, for certain type of business there are other technical documents required, as below details:

- i. Power sale-purchase agreement between the applicant with the potential buyer of electricity power, which applies for the power generator business.
- j. Power network lease agreement between the applicant with the potential beneficiary of the transmission network or distribution network, which applies for power transmission business and power distribution business.
- k. Work area determination and Electricity Supply Business Plan or *Rencana Usaha Penyediaan Tenaga Listrik* ("RUPTL") for a type of business on distribution, sales, or integrated electricity power supply. RUPTL arranged by considering the General Electricity Plan, which also refers to the National Electricity Master Plan and the Regional Electricity Plan.

3. Environmental Management Requirement:

The business company should obtain an environmental management/monitoring effort document that refers to the prevailing regulations on environmental management/monitoring. One certain document named AMDAL – *Analisis Mengenai Dampak Lingkungan* (Environmental Impact Analysis), which is the overall process of assessment on any proposed development that could conceivably affect the environment to determine its potential for creating significant impacts.

In an attempt to simplify the application of power business permits for the potential investors, the MoEMR Regulation No. 39 of 2018 rules that the application may carry through the electronically integrated permit system for business, known as Online Single Submission (“OSS”). Application for business on OSS is an application that lets the business company start doing business and carry out the business activities and/or operational, given an approval letter/decreed or commitment requirement issued by the OSS system on behalf of the Ministry or the governor.

The licensing process in OSS requires a Business Identification Number (“NIB” abv. for *Nomor Induk Berusaha*) which is the identity of the business entity. The business company applies for NIB by fulfilling administrative requirements as mentioned above following the electricity business. Important information to concern about applying for NIB is the code of business types. The electricity business sector was categorized with prefix code 351 on Indonesian Standard Industrial Classification (KBLI 2017 - *Klasifikasi Baku Lapangan usaha Indonesia 2017*) with its specific business types. After NIB issued, the business company proceed to obtain the business license, which is, in this case is IUPTL license.

While for the technical requirement on OSS come in the form of commitment statement from the company business to fulfill such requirements of business licenses. Afterward, the licensing procedures followed to MoEMR’s application (online system) of technical licensing, whereas the business company required to perform the commitment statement (on OSS) as mention before. The performance and execution of the commitment on MoEMR’s system including the environmental requirement. After reviewed and approved by MoEMR, the IUPTL license

become effective and the company business may continue the business as a legitimate IUPTL license holder.

Below to give a picture on IUPTL license application procedure :