

Navigating the new landscape of rooftop solar power: Key changes and implications under MEMR Regulation No. 2 of 2024 ^{P1}

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Back in late January 2024, the Minister of Energy and Mineral Resources (MEMR) issued Regulation No. 2 of 2024 on Rooftop Solar Power Plants Connected to the Grid of the Holder of Electricity Supply Business License for Public Interest - IUPTLU ("MEMR 2/2024"). The regulation marked significant departures from the previous regulation that it replaced among others:

- (i) Export import system is no longer available and therefore any surplus of electricity cannot be used to reduce electricity bill charged by PLN;
- (ii) Although there is no installation capacity limit of maximum 100% of the connected power as previously ruled out, this regulation set up the development of quotas to be suggested by holders of IUPTLU and approved by the MEMR. As such installation of new roof top solar system can only be carried out if there is available quotas;
- (iii) Application for license to install the rooftop power system is limited to two period of time (i.e. January and July) each year; and
- (iv) The carbon credit ownership remains unclear.

Key highlights of MEMR 2/2024 are below:

1. **Quota for development of rooftop solar:**
IUPTLU holders must submit proposed quotas by 30 April 2024 for MEMR's approval. MEMR will then assess and determine the quotas. For this year, MEMR approved quotas for PT PLN (Persero) from 2024 – 2028 by virtue of Directorate General of Electricity Decree No. 279.K/TL.03/DJL.2/2024. The quotas are set to be regularly increased year by year which is in line with the objective of MEMR to promote renewable energy.

2. **No export import system and selling restriction:**
Any excess electricity generated by the rooftop solar power system that is fed into the grid of IUPTLU holders will no longer be considered when calculating the electricity bill. Furthermore, it is prohibited to sell the electricity generated from the rooftop solar system to other parties.
3. **Approval for construction and installation:**
Rooftop solar system customers can apply for approval in January or July to the IUPTLU holders. The IUPTLU holder shall give the approval or rejection no later than 30 days from the end of the application period.
4. **Licensing and SLO requirements:**
For installation of rooftop solar systems using inverters with a capacity of more than 500kW, the customer is required to obtain electricity supply business license for private interest (known as IUPTLS). Whereas for inverters with a capacity less than 500kW, customers have the obligation to report it. The regulation states clearly that construction and installation of rooftop solar systems must be carried out by licensed electricity supporting business companies. A Commissioning Certificate (*Sertifikat Laik Operasi* - SLO) must be obtained for those with a capacity of >500kW or up to 500kW if the control panel is a non-integral part.
5. **Parallel operation costs and sanctions:**
Rooftop solar systems that are built and installed by customers are not subject to parallel operation fees. Administrative sanction can be imposed to the customers, among other things, if they: (i) do not pay attention to the operational security and reliability of the grid of IUPTLU Holders, (ii) do not follow Indonesian national standards and/or international standards for the installation, (iii) do not own IUPTLS, (iv) do not report the installation to the Minister or Governor, (v) do not own SLO and (vi) trade the electricity generated from the rooftop solar systems.
6. **Transitional provisions:**
 - Rooftop solar systems that are already operational and connected, using the export-import energy calculation mechanism and capacity charge provisions, will remain valid for 10 years from the date of approval by the IUPTLU.
 - PLTS rooftop customers who have received approval from the IUPTLU but have not yet started operating will have their export-import energy calculation and capacity charge provisions valid for 10 years from the date of approval.

Despite the view of many players that the regulations at the time of issuance seemed unattractive, the fact remains that the quota allocated for the installation of new rooftop solar systems was almost fully absorbed. Applications for new licenses for installing rooftop solar systems will be reopened in January 2025. So far, approvals for construction and installation have been granted.

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