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Legal framework for hybrid power plants under Ministry of Energy and Mineral Resources Regulation No. 19 of 2025

I. Background

The issuance of Ministry of Energy and Mineral Resources (MEMR) Regulation No. 19 of 2025 on Hybrid Power Plants (**MEMR 19/2025**), dated 29 December 2025, aims to strengthen electricity provision in remote areas and support Indonesia's de-dieselisation programme. Approximately 5,200 diesel power plants (PLTD) facilities are planned to be converted in order to accelerate the national energy mix targets by reducing reliance on **PLTDs**, and replacing them with facilities powered by new and renewable energy.[1] Furthermore, MEMR 19/2025 establishes a framework for hybrid power plants (***PLT hibrida***) and sets technical requirements, provides legal certainty, and outlines electricity procurement mechanisms by focusing on small-scale systems.

II. Key points of MEMR Regulation 19/2025

A. Definition of *PLT hibrida* and battery energy storage system (BESS) under MEMR Regulation 19/2025

PLT hibrida is defined as a power generation facility that combines renewable energy sources with multiple power generation technologies and/or a battery energy storage system, all operated simultaneously at a single grid connection point. Furthermore, MEMR 19/2025 also provides a definition for **BESS**, which is described as an energy storage system that utilises battery cells or other chemical compounds, where the stored energy can be converted into electrical energy when needed.[2]

Based on the definitions outlined above, as regulated by MEMR 19/2025, *PLT hibrida* and BESS are now formally recognised within Indonesia's power infrastructure.

1. Article 1 number 1 of MEMR Regulation 19/2025.
2. Article 1 number 5 of MEMR Regulation 19/2025.

B. Power plant combinations and configurations of *PLT hibrida*

As outlined in the background of this legal alert, *PLT hibrida* integrates multiple generation technologies within a small-scale system. The permitted combinations involve renewable energy paired with:[3]

1. Renewable energy power plants, which consist of photovoltaic (solar) power plants, wind power plants, hydroelectric power plants, and biomass power plants
2. New energy power plants, referring specifically to hydrogen power plants
3. BESS
4. Non-renewable energy power plants already in operation, specifically diesel-powered plants or other power plants that use diesel as fuel

The above combinations are operated simultaneously at a single connection point in the electric power network under specific configurations. Article 3 of MEMR Regulation 19/2025 sets out the permissible configurations, which include:

1. Renewable energy with renewable energy
2. Renewable energy with BESS
3. Renewable energy with renewable energy and BESS
4. Renewable energy with new energy and BESS
5. Renewable energy with non-renewable energy
6. Renewable energy and BESS with non-renewable energy

Based on the permissible configurations above, the configurations eligible for sale are as follows:

1. Photovoltaic solar power plant (PLTS) with biomass power plant (PLTBm);
2. Hydropower plant (PLTA) with PLTS;
3. PLTS with BESS;
4. PLTBm with PLTS and BESS;
5. Wind power Plant (PLTB) with Photovoltaic Solar Power Plant (PLTS) and BESS;
6. Photovoltaic Solar Power Plant (PLTS) with Hydrogen Power Plant and BESS;
7. PLTD with Hydrogen Power Plant and BESS; or
8. other types of power plants as determined by the Minister.

It is important to note that the list of configurations eligible for sale above is reviewed by the Minister every two years or as needed. The list also demonstrates that configurations classified as *PLT hibrida* are not limited to combinations of only two power plant units. Instead, they may consist of: (i) a single power plant combined with a battery system, (ii) two power plants, or (iii) two power plants combined with a battery system.

3. Article 2 of MEMR Regulation 19/2025.

C. Operational boundaries under system reliability and energy management system obligations

Pursuant to the foregoing configuration, the obligations to fulfil system reliability are governed by the provisions set forth in Article 4 of MEMR Regulation 19/2025, as follows:

System reliability aspect		
Flexibility	:	The system's capability to manage uncertainties, including variations in electricity generation and electricity demand.
Frequency control stability	:	The system's capability to maintain frequency within the specified operating limits.
Voltage control stability	:	The system's capability to maintain voltage levels within the specified operating limits.

In addition to fulfilling the system reliability requirements outlined above, *PLT hibrida*, utilising BESS must implement an energy management system. This system serves as an information and control mechanism that regulates the operational coordination between power generation units and BESS to ensure a balance between electricity supply and demand, optimise operational costs, and maintain the quality of frequency and voltage.

D. Electricity purchase mechanism from *PLT hibrida*

In the electricity purchase mechanism for *PLT hibrida*, PLN conducts a direct selection process that particularly prioritises grouping several locations within the same small power system. This process must be completed within a maximum period of 180 calendar days, from the date of announcement of the direct selection until the signing of the Power Purchase Agreement (**PPA**).[4] The purchase of electricity from *PLT hibrida* for all generation capacities is carried out into one configuration system that cannot be separated.

E. Commercial pricing structure for electricity purchases

The electricity purchase price from *PLT hibrida* applies the highest benchmark price as the upper limit and the lowest benchmark price as the lower limit, which will be regulated under a ministerial decree that has not yet been issued. This benchmark price is reviewed every two years, considering the average PLN contract prices and current market conditions. This purchase price is the rate applied in the PPA and becomes effective as of the Commercial Operation Date (COD). The pricing regulations include the following key provisions:[5]

i. The price is fixed for the entire duration of the PPA and is not subject to escalation.
ii. The bid price must incorporate the project location factor as specified in the ministerial decree.
iii. The purchase price is regarded as the approval by the Minister.
iv. Should the purchase price result in an increase in PLN's Cost of Supply (*Biaya Pokok Penyediaan* or **BPP**), PLN shall be entitled to compensation from the Government, subject to the state's financial capacity.
v. The electricity purchase price is calculated at the connection point between the electrical equipment of the PLT hibrida installation and the electrical equipment of the electricity distribution installation, excluding electricity network facility charges.

4. Article 7 of MEMR Regulation 19/2025.
5. Article 10 of MEMR Regulation 19/2025.

vi. The price of the electricity network facilities shall be determined based on the agreement of the parties at a maximum of 5% of the electricity purchase price, and the agreed price shall constitute approval of such price by the Minister. In the event that the price of electricity network facilities exceeds 5% of the electricity purchase price, the business entity must obtain approval of the electricity purchase price from the Minister.

F. Transitional provisions

In regard to the ongoing projects at the time of the enforcement of MEMR Regulation 19/2025, Article 22 stipulates that for procurement processes that have been completed with prices agreed upon between the business entity and PLN but have not yet received ministerial approval, electricity purchases shall continue at the agreed price if it is below the local PLTD BPP. However, if the agreed price exceeds the referenced local PLTD BPP, the electricity purchase for that particular location shall be cancelled. This article also indicates that certain hybrid power plants are already in operation. Accordingly, it may be interpreted that existing power plants can potentially be utilised and classified as *PLT hibrida*, provided that they comply with the configuration requirements or other conditions stipulated in this regulation.

III. Conclusion

MEMR Regulation 19/2025 establishes the legal framework for the development and operation of *PLT hibrida* as part of Indonesia's energy transition agenda. Although the regulation does not expressly regulate the inclusion of existing power plants within *PLT hibrida* configurations, the transitional provisions may be interpreted as allowing existing generation assets to be incorporated and classified as *PLT hibrida*. However, the regulation does not set out clear procedures, approval mechanisms, or pricing parameters for such reclassification, resulting in regulatory uncertainty for project developers and investors. Further ministerial decree is expected, particularly in relation to the benchmark pricing mechanism.

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