NEW PRESIDENTIAL REGULATION ON WASTE TO ENERGY

November 2025

Given the urban waste emergency/crisis that has led to serious environmental pollution and the detriment to public health, the Government has recently issued PR 109 of 2025[1] which provides a renewed regulatory framework in handling and processing urban waste to become renewable energy through the application of environmentally friendly technologies. It renews and replaces the ineffective predecessor regulation, Presidential Regulation No 35 of 2018 ("**PR 35 of 2018**").[2]

PR 109 of 2025 is intended to encourage the accumulation and processing of waste to become renewable energy by utilizing environmentally friendly technologies ("**PSE**") and through the promotion of waste management based on the polluter pays principle.[3]

PSE is to be carried out through (a) waste processing to become electricity ("**PSEL**"), (b) waste processing to become biomass and/or biogas ("**PSE Bioenergy**"), (c) waste processing to become renewable fuels ("**PSE BBM Terbarukan**"), (d) waste processing to become other by-products ("**PSE produk ikutan lainnya**")[4]. PR 109 of 2025 focuses on PSEL, while on the other three PSE methods are referred to only as terms to be detailed in the further implementing regulations to be issued by the Minister of Energy and Mineral Resources ("**MEMR**").[5]

The key points of PSEL are:

1. Qualified municipalities/regencies for PSEL locations are those which meet the following criteria[6]:
    a. Availability of at least 1,000 tons of waste daily to be supplied to PSEL by the relevant regional government during its operational period;
    b. Availability of Regional Revenue and Expenditure Budget (*Anggaran Pendapatan Dan Belanja Daerah* – "**APBD**") to be allocated and expended for waste

[1] Presidential Regulation No 109 of 2025 dated 10 October 2025 on Handling of Urban Wastes Through Processing to Become Renewable Energy with the Application of Environmental Friendly Technologies (*Penanganan Sampah Perkotaan Melalui Pengolahan Sampah Menjadi Energi Terbarukan Berbasis Teknologi Ramah Lingkungan* – "**PR 109 of 2025**")
[2] See considerations 'a' 'b' 'd' and Article 32.
[3] See Articles 1.5 and 2(b)(c).
[4] See Articles 1.6, 1.7, 1.8 and 3.
[5] See Articles 27 (4), 28 (5) and 29
[6] See Articles 1.1, 1.2 and 4.

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management, covering collection and transporting of waste from sources to PSEL locations;

c. Site availability for both waste management and the construction of PSEL facilities (the site should be available under a lend-use scheme and free of charge during the construction and operational periods of the PSEL); and

d. A commitment to enact/draft a regional regulation on sanitation service fees.

2. BPI Danantara through its investment and operational holdings and/or state-owned enterprises ("**BUMN**") and/or subsidiaries of BUMN are tasked[7] with:
   a. selecting business entities to develop and manage PSELs ("**BUPP PSEL**"); and/or
   b. carry out investments in PSEL that are feasibly.

   PT PLN (Persero) is tasked[8] with the purchase of power generated by a PSEL.

3. PSEL consists of the following stages:
   a. Planning[9]
      (i) Designating of regency/municipality;
      (ii) Selection (competitive bidding) of BUPP PSEL, and direct designation mechanisms in a special circumstance[10];
      (iii) Entry into cooperation agreements[11];
      (iv) Obtaining of relevant permits prior to the construction of PSEL facilities; and
      (v) Entry into power purchase agreements ("**PPA**")[12]

   b. Implementing[13]

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[7] See Articles 1.10, 1.11, 1.12, 1.13, 1.14 and 5(1).
[8] See Article 5(2).
[9] See Articles 7 through 20
[10] Article 15(3) lists the following special circumstances:
   a. There only one qualified participant/bidder;
   b. Minister of Environment decreeing location of waste emergency/crisis and required prompt action; and/or
   c. There is a regional government's designated PSEL developer prior to PR 109 of 2025 and such designation has been final and binding terminated.
[11] Among others, covering compensation in the event minimum delivery of waste is not fulfilled and status of asset post cooperation agreement. See Article 17.
[12] Among others, tariff is US$ 0.20 per kilowatt-hour (kWh) for all capacities (no longer progressive tariff as in PR 35 of 2028, i.e. up to 20MW – 13.35 cents/kWh and above 20MW with formula USD cents/kWh = 14,54 – 0,076 x capacity), and excluding procurement costs of power infrastructure provided by PLN and may be further reviewed by MEMR under certain circumstances. No take-and-pay concept should be imposed if the power capacity stated in the PJBL is not
met due to technical issues beyond the control of BUPP PSEL and the adequacy of the regional government waste supply. Must be dispatched as per annual contracted energy. See Article 19.
[13] See Articles 21 through 24.

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(i) Construction;
(ii) Securing of relevant permits during and/or after the construction of PSEL facilities is completed; and
(iii) Operation of the PSEL

4. Transitional provisions
   A PSEL carried out prior to PR 109 of 2025 will continue under the former PR 35 of 2018 in the event that:
   a. A bidder has been designated as the successful bidder for the PSEL by the regional government;
   b. There is a signed cooperation agreement; and/or
   c. There is a signed PPA.

   However, if following the above designation and/or signing of a cooperation agreement, there has been:

   a. A technological inability to successfully implement WtE processing;
   b. a failure to significantly reduce waste volume; and/or
   c. a failure to significantly reduce waste processing time

   through the use of proven and environmentally friendly technology, then the respective regional government, PSEL developer and/or PLN can be subject to the terms of PD 109 of 2025 upon final and binding mutual termination of pre-existing stages under PR 35 of 2018.[14]

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[14] See Article 31.