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## Article Title

### Effectiveness of the BANI Binding Opinion in the Resolution of Construction Contract Interpretation Disputes: A Case Study of the Kalimantan Steam Power Plant (2x5 MW) Project

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## **ABSTRACT**

*Construction disputes in Indonesia are often rooted in differences in the interpretation of contract clauses. This is reflected in the dispute between PT PLN (Persero) and PT XXX over the Kalimantan Steam Power Plant (2x5 MW) development project, regarding claims for an extension of time and additional cost compensation due to social access obstacles. This research aims to conduct a juridical analysis of problems in the interpretation of contract clauses. Additionally, this research constructs the legal basis for granting EoT and real cost compensation, and evaluates the effectiveness and executive power of the BANI Binding Opinion as an instrument of legal certainty. The research method used is normative juridical, through the statute and case approaches to the BANI Binding Opinion Number: XX/BO-BANI/2017 document, and the conceptual approach. The research results reveal that the interpretational deadlock was triggered by the parties' failure to reach an agreement regarding the allocation of external obstacle risks beyond the contractor's control. Therefore, BANI determined that a time extension and cost compensation should be granted using the actual implementation cost difference method, based on the principles of propriety and contractual justice, to restore the service provider's economic position. It is concluded that the BANI Binding Opinion is a highly effective, efficient dispute resolution solution, and possesses stable executive power as regulated in Article 52 and Article 53 of Law Number 30 of 1999. This instrument provides the parties with final and binding legal certainty. This mechanism also mitigates the risk of project termination by registering the decision at the district court without going through an adversarial adjudication process.*

*Keywords:* BANI Binding Opinion; Construction Contract; Extension of Time; Interpretation Dispute; Real Cost Compensation.

## **INTRODUCTION**

The development of electricity infrastructure is a strategic pillar in supporting national economic growth and fulfilling the energy needs of Indonesian society. PT PLN (Persero), as the state representative in electricity provision, continues to accelerate the construction of power plants. This includes cooperation schemes with private construction service providers. The sustainability of this infrastructure development relies heavily on legal certainty and effective contract governance to minimize the risk of project failure (Junaedi et al., 2025). In the context of construction law, energy infrastructure projects are highly complex, both technically and from a licensing perspective. These conditions often trigger disputes between project owners and contractors (Rahmiko et al., 2025). Therefore, a comprehensive understanding of legal dynamics in the execution of construction contracts becomes imperative to ensure the continuity of investment and national development (Yanuar et al., 2025).

The legal relationship between service users and service providers in the construction industry is formally embodied in a construction work contract that is juridically binding. Based on the *pacta sunt servanda* principle set out in Article 1338 of the Civil Code, a legally binding agreement serves as law for the parties who make it (Wiraantaka et al., 2025). However, in implementation, the construction contract not only regulates rights and obligations but also serves as a complex instrument for risk allocation (Indahwati et al., 2025). The application of legal principles such as good faith and proportionality is crucial to maintaining the balance in contractual

relationships, especially when unforeseen obstacles arise. Ambiguity in formulating contract clauses, particularly regarding risk mitigation for *force majeure* or social obstacles, often leads to differences in interpretation that hinder completion of the work (Lo et al., 2025; Triwijaya et al., 2025).

The main problem frequently arising in construction work contracts in Indonesia is disputes over work delays, which involve Extension of Time (EOT) claims and additional cost compensation. Differences in interpretation regarding scheduling clauses and changing field conditions often trigger debates concerning the party responsible for such delays (Wisnuaji et al., 2025). The phenomenon of concurrent delay has become a complex legal issue. Determining a contractor's rights to price adjustments or overhead cost compensation requires a thorough legal analysis of the contract documents (Qadri et al., 2025; Sumantri et al., 2025). Interpretation gaps between service users and service providers regarding real cost compensation rights during the time extension period often become a deadlock. This halts physical project progress in the field (Yanuar et al., 2025).

A concrete case that underscores the urgency of resolving these contract-interpretation differences occurred in the Kalimantan Steam Power Plant (2x5 MW) Project between PT PLN and PT XXX. The agreement, signed on December 17, 2013, encountered significant obstacles due to social constraints on road access and community rejection, beyond the contractor's control. Although there were, in fact, obstacles that extended the project duration from 36 months to 60 months, there was an interpretational deadlock regarding PT PLN's obligations. This relates to granting contract amendments concerning time extensions and additional cost compensation. Contractor actions unilaterally stopping work to mitigate further losses, as well as the project owner's rejection of compensation claims, created a construction dispute requiring a final legal resolution (Sebastian et al., 2025). This issue becomes more complex when change orders are not followed by adequate contract value adjustments (Setiyawan et al., 2025).

In the legal temporality dimension, the dispute in the Kalimantan Steam Power Plant (2x5 MW) project is subject to the regime of Law Number 18 of 1999, which was in effect at the time the contract was signed. However, the discourse on dispute resolution remains relevant within the current legal transformation of construction services through Law Number 2 of 2017<sup>1</sup>. Construction law reform in Indonesia explicitly encourages the use of non-litigation mechanisms to achieve fair and sustainable settlements (Waisapi, 2024; Yanuar et al., 2025). Mitigation strategies for time impacts through the selection of appropriate dispute resolution methods are key to maintaining time and cost performance in large-scale construction projects (Barnado & Karim, 2024; Wisatrioda et al., 2025).

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<sup>1</sup>Law Number 2 of 2017, as amended by Article 52 of Government Regulation in Lieu of Law Number 2 of 2022.

As a solution to this interpretational deadlock, the parties agreed to pursue the Binding Opinion mechanism through the BANI Arbitration Center (*Badan Arbitrase Nasional Indonesia* or BANI). This mechanism is based on the mandates set forth in Article 52 and Article 53 of Law Number 30 of 1999. These articles authorize arbitration institutions to provide legal opinions on specific legal relationships (Lannyati & Sami'an, 2025). Unlike the conventional arbitration process, which is confrontational, the Binding Opinion offers a consensual approach aimed at legal certainty in interpreting disputed contract clauses (Safnul et al., 2024; Indahwati et al., 2025). Although the dispute board instrument is increasingly being introduced as a preventive alternative in recent regulations, the existence of the BANI Binding Opinion remains an efficient resolution mechanism for ongoing contracts (Samsiati et al., 2022; Wisatrioda et al., 2025).

The importance of this study lies in the need to evaluate the effectiveness of the Binding Opinion as an instrument of legal certainty in the highly dynamic construction industry. Amidst the risk of arbitration award annulment by the district court as stipulated in Article 70 of Law Number 30 of 1999, the characteristics of the Binding Opinion based on the joint request of the parties provide more stable moral and juridical strength. Analysis of the dispute between PT XXX and PT PLN provides valuable lessons regarding the ability of professional institutions like BANI to provide technical-juridical solutions to overhead and time extension claims (Lo et al., 2025; Qadri et al., 2025). This is often not accommodated in the general court system (Pertiwi et al., 2024; Ervianti et al., 2025). This research attempts to fill the literature gap regarding the actual implementation of the Binding Opinion in resolving contract interpretation deadlocks in national strategic projects.

Based on this background, this research has three main objectives that are systematically interrelated. First, to conduct a juridical analysis of the problems in interpreting construction contract clauses triggering disputes in the Kalimantan Steam Power Plant (2x5 MW) project between PT PLN and PT XXX. Second, to construct the legal basis underlying the granting of time extensions and real cost compensation by BANI based on principles of contractual justice and legal propriety. Third, to evaluate the effectiveness and executorial power of the BANI Binding Opinion as a solution for resolving contract interpretation disputes in the Indonesian construction services industry. The benefits of this research are expected to contribute academically to the development of construction contract law. Additionally, this research provides practical guidance for business actors and policymakers in optimizing non-litigation mechanisms to ensure legal certainty and the continuity of infrastructure investment in Indonesia.

## METHOD

This research employs a normative juridical research method. This method is a scientific procedure for discovering material truth by examining positive legal norms, legal principles, and the synchronization of regulations relevant to the research object (Qamar & Rezah, 2020). The selection of the normative juridical method is based on the need to deeply dissect the primary legal document in the form of BANI Binding Opinion Number: XX/BO-BANI/2017 as a legal product born from the interpretation of construction contract clauses. This research is descriptive-analytical, aiming to provide a comprehensive and systematic overview of contract interpretation issues in the Kalimantan Steam Power Plant (2x5 MW) Project. Furthermore, this research analyzes the effectiveness of its resolution mechanism based on the perspectives of contract law and arbitration.

The research approaches used include the statutory, case, and conceptual approaches. The statute approach is conducted by reviewing Law Number 18 of 1999, Law Number 2 of 2017, Law Number 30 of 1999, and the Civil Code. The case approach is applied through an analysis of the legal considerations (*ratio decidendi*) within the BANI Binding Opinion to understand the legal construction of granting time extensions and real cost compensation. Meanwhile, the conceptual approach is used to build legal arguments based on contract law doctrines. These doctrines include the principles of good faith, propriety, and contractual justice, which serve as the foundation for BANI's interpretation of the dispute.

The legal materials in this research are classified into primary and secondary legal materials (Sampara & Husen, 2016). Primary legal materials consist of national regulations, the construction work contract between PT PLN and PT XXX, and the authentic document of the BANI Binding Opinion. Secondary legal materials include legal literature, research results in relevant national and international scientific journals, and the views of construction law experts. Data collection is conducted through a documentary study of all available legal materials. Each document is verified for authenticity and temporally synchronized to ensure the accuracy of the analysis of legal events under the regime of Law Number 18 of 1999, which differs from that of Law Number 2 of 2017.

The data analysis technique used is descriptive-analytical, with a deductive reasoning method (legal syllogism) (Irwansyah, 2020). The analysis process is conducted by applying major premises in the form of positive legal norms and contract law principles to minor premises consisting of legal facts in the Kalimantan Steam Power Plant (2x5 MW) dispute. This analysis technique is directed to answer the first and second research objectives, namely by dissecting the problems of interpreting time extension clauses and additional cost compensation. The analysis uses the lens of Article 1338 and Article 1339 of the Civil Code, as well as provisions on claims in Indonesian construction law. Through this technique, the legal construction developed

by BANI will be critically evaluated to assess its consistency with construction industry standards and its protection of the parties' rights.

Evaluation of the effectiveness and executorial power of the BANI Binding Opinion, which is the third research objective, is conducted using a normative evaluation technique based on legal certainty parameters. The analysis focuses on the legal standing of the Binding Opinion within the Indonesian arbitration procedural law system, particularly its final and binding nature as stipulated in Article 52 and Article 53 of Law Number 30 of 1999. This technique also involves a comparative study of other dispute resolution mechanisms, such as negotiation and dispute boards. This is done to determine the superiority of the Binding Opinion as a fast-track solution for contract interpretation deadlocks. Thus, the entire sequence of these methods is designed to produce legal conclusions that are objective, valid, and contribute to the development of construction dispute resolution practices in Indonesia.

## **RESULTS AND DISCUSSION**

### **A. Juridical Analysis of Construction Contract Clause Interpretation Disputes in the Kalimantan Steam Power Plant (2x5 MW) Project**

The construction work contract between PT PLN and PT XXX for the Kalimantan Steam Power Plant (2x5 MW) development project is a manifestation of the *pacta sunt servanda* principle, as stipulated in Article 1338, section (1), of the Civil Code. Under the law, the contract has the force of law for the parties involved. Therefore, every right and obligation contained therein must be executed in good faith following the mandate of Article 1338 section (3) of the Civil Code. However, disputes arose when differences in interpretation emerged over technical and administrative clauses, as the project faced significant field obstacles ([Indahwati et al., 2025](#); [Wiraantaka et al., 2025](#)). This phenomenon confirms that the validity of a construction contract lies not only in fulfilling the agreement's validity requirements but also in the clarity of its clauses to avoid ambiguity that could hinder completion of the work ([Triwijaya et al., 2025](#)).

The interpretation problem in this case stems from the lack of clarity regarding risk allocation for road access obstacles and social rejection from the local community. Based on the legal facts, PT XXX faced obstacles beyond the contractor's control, resulting in a delay in completing the remaining 29.79% of the work, even though physical progress had reached 70.21% at the end of the initial contract period. From a civil law perspective, this situation requires the application of Article 1342 and Article 1343 of the Civil Code. If the words in the agreement give rise to doubt, the parties' intention in binding themselves must be investigated rather than adhering strictly to the literal grammatical meaning ([Sumantri et al., 2025](#)). This dispute over interpretation reflects the parties' failure to reach a meeting of the minds regarding the status of these social constraints.

This concerns whether social constraints are categorized as obstacles to granting a time extension or as operational risks for the service provider (Sebastian et al., 2025; Wisnuaji et al., 2025).

In the dimension of construction service law, Article 1 section (5) of Law Number 18 of 1999 defines a construction work contract as the entire document regulating the legal relationship between the service user and the service provider. The provisions of Article 22 section (1) and section (2) of the Law require construction work contracts to contain provisions regarding dispute resolution and proportional rights. However, in the Kalimantan Steam Power Plant (2x5 MW) project, there was an interpretational gap regarding the mechanism for additional cost compensation arising from the project duration extension from 36 months to 60 months. The unpreparedness of contract clauses to anticipate extreme changes in field conditions often makes the service user rigid about amendments. Legally, such an attitude can be viewed as a disregard for the principle of propriety stipulated in Article 1339 of the Civil Code (Junaedi et al., 2025; Rahmiko et al., 2025; Sebastian et al., 2025).

Critically, PT PLN's failure to respond to the contract amendment and time extension request submitted by PT XXX on December 1, 2016, is the central point of this dispute. Although change orders were often given informally in electricity infrastructure projects, the absence of formal adjustments to the contract value created legal uncertainty (Setiyawan et al., 2025). Analysis of Article 47 of Law Number 2 of 2017, which aligns with the spirit of the old law, asserts that changes to work must be followed by cost and time adjustments to maintain contractual balance. Failure to legalize these changes makes the real cost compensation claim a highly debated issue. This is considering the burden of overhead costs that continue to be incurred without any payment guarantee from the project owner (Lo et al., 2025; Qadri et al., 2025).

The impact of this interpretational deadlock led PT XXX to unilaterally halt work on October 5, 2017, to mitigate further financial losses. This action, through the lens of contract law, is a manifestation of self-protection against the service user's failure to provide legal certainty regarding the extension of the implementation period. This is closely related to the risk of building failure and time performance analyzed in various recent construction law studies (Barnado & Karim, 2024; Wisatrioda et al., 2025). Without alignment on the interpretation of sanction clauses and delay fines, the work stoppage sharpened the dispute. This condition caused each party to accuse the other of defaulting on the initial contract provisions (Sebastian et al., 2025).

A multi-layered analysis of the contract documents shows that this dispute concerns not only the delay figures but also the right to extend the bank guarantee and Erection All Risk (EAR) insurance. The contractor's obligation to continuously

extend financial guarantees during the period of contract amendment uncertainty is a material burden that juridically violates the principle of commutative justice (Yanuar et al., 2025). The service user tends to interpret risk clauses extensively to impose all time-impact costs on the contractor. Meanwhile, the service provider interprets that every road access obstacle is the project owner's responsibility in accordance with land availability guarantees (Sumantri et al., 2025). This fundamental difference proves that the independent interpretation mechanism by the parties has failed, thus requiring the intervention of a third party possessing technical-juridical expertise (Indahwati et al., 2025).

In summary, the contract clause interpretation dispute in the Kalimantan Steam Power Plant (2x5 MW) project is a direct result of the asynchrony between field facts and rigid contract documents. The application of norms, particularly those in Article 1342 to Article 1351 of the Civil Code regarding the interpretation of agreements, ultimately failed to provide a practical solution. This is due to the sharp disparity between PT PLN's achievement of the COD (Commercial Operation Date) target and the continuity of PT XXX's cash flow. This juridical deadlock confirms that in complex construction contract disputes, legal certainty cannot be achieved solely through administrative correspondence. Such a process requires a formal legal product capable of objectively bridging these interpretational differences (Lo et al., 2025; Sebastian et al., 2025; Setiyawan et al., 2025; Triwijaya et al., 2025). This situation underscores the urgency for the parties to file a request for a Binding Opinion with BANI to resolve the interpretational uncertainty that has hindered completion of the strategic project.

## **B. Construction of the Legal Basis for Extension of Time (EoT) Claims and Real Cost Compensation Based on the Principle of Contractual Justice**

The granting of an Extension of Time (EoT) to PT XXX in the Kalimantan Steam Power Plant (2x5 MW) dispute is based on the legal principle that an agreement binds not only to matters explicitly stated therein. The agreement also binds to everything required by propriety, custom, or statute according to the nature of the agreement as stipulated in Article 1339 of the Civil Code. Juridically, the extension of the project duration from 36 months to 60 months is a logical consequence of external non-contractual obstacles beyond the service provider's control. From a construction law perspective, the right to a time extension arises if the delay is caused by the actions or negligence of the service user, or by events whose risks are borne by the project owner (Barnado & Karim, 2024; Indahwati et al., 2025). PT PLN's refusal to formally grant a time amendment constitutes a disregard of the principle of balance, which is the lifeblood of construction service contracts (Sebastian et al., 2025; Wiraantaka et al., 2025; Wisatrioda et al., 2025).

The legal construction of real cost compensation in this dispute stems from the parties' obligation to execute the agreement in good faith under Article 1338,

section (3), of the Civil Code. When an anomaly in the implementation duration exceeds twice the initial schedule, the unit prices or lump-sum values agreed upon in 2013 juridically lose their relevance for application during the extension period (Yanuar et al., 2025). The determination of compensation based on the difference between actual implementation costs and initial contract costs is a means of protecting the contractor's economic rights against unfair loss (*unjust enrichment* for the project owner). This aligns with the doctrine of price adjustment in long-term contracts. This doctrine emphasizes that infrastructure sustainability can only be achieved through cost allocation that reflects economic reality at the time the work is completed (Sumantri et al., 2025; Wisnuaji et al., 2025).

Claims for overhead costs resulting from the project's duration extension require proof of the service provider's actual loss. Based on Article 23 section (1) and section (2) of Law Number 18 of 1999, the implementation of construction work must meet engineering standards and reasonable costs. Critically, overhead costs that continue to run during the suspension or temporary cessation of work constitute a fixed cost burden that must be compensated. This applies if the delay is not caused by the service provider's fault (Qadri et al., 2025). BANI, pursuant to its authority under Article 52 of Law Number 30 of 1999, quantified these losses by reference to PT XXX's actual expenditure evidence. This action is juridically an effort to restore the contractor's financial position in accordance with the principle of indemnity in the law of obligations (Lo et al., 2025; Triwijaya et al., 2025).

In the dimension of construction service regulation, the legal basis for contractors to obtain additional compensation is reinforced in Article 22 section (2) point g and point h of Law Number 18 of 1999. This provision mandates the inclusion of clauses regarding default and dispute resolution. This provision is sustainable under Article 47, section (1), point d, of Law Number 2 of 2017, which emphasizes that construction work contracts must include provisions on the equal rights and obligations of the parties. PT PLN's refusal to provide additional cost compensation for change instructions or changed conditions contradicts the spirit of legal certainty in national strategic project governance (Junaedi et al., 2025; Setiyawan et al., 2025). Therefore, the BANI Binding Opinion serves as an instrument to fill the void left by an agreement that failed to be reached through negotiation. This is done by giving legal force to mature financial rights (Safnul et al., 2024; Rahmiko et al., 2025).

The principle of contractual justice demands that risks arising in project implementation be distributed proportionally. Bearing the Erection All Risk (EAR) and bank guarantee costs that swelled during the project duration extension must not be fully borne by the contractor if the root cause of the delay originates from the project owner's failure (Wiraantaka et al., 2025). Juridically, this risk distribution is part of the implementation of Article 1339 of the Civil Code. Propriety requires

an adjustment of contract value if there is a drastic change in scope or time (Sumantri et al., 2025). BANI, in its deliberations, prioritized legal utility to ensure the Kalimantan Steam Power Plant (2x5 MW) project would not be abandoned. This attitude aligns with efforts to mitigate time impacts by selecting a claim resolution strategy that is fair to both parties (Barnado & Karim, 2024; Sebastian et al., 2025; Wisatrioda et al., 2025).

BANI's determination of the real cost calculation method is a legal breakthrough in resolving the deadlock in quantifying complex construction claims in Indonesia. By referring to the difference in cost realization up to the Taking Over Certificate (TOC) stage minus the remaining initial contract value, BANI applied a concrete and measurable indemnity principle. This analysis strengthens the position of arbitration institutions in providing legal protection for service providers against the potential arbitrariness of service users who refuse amendments even though the claim basis has been fulfilled (Indahwati et al., 2025; Lannyati & Sami'an, 2025). The effectiveness of this calculation is supported by the fact that, in the construction industry, cost estimation accuracy is often distorted by external factors that are unpredictable at the time of contract signing (Safnul et al., 2024; Yanuar et al., 2025).

As an analytical conclusion, the legal basis for PT XXX's right to an extension of time and real cost compensation is valid. This is based on the synergy between the principle of propriety (Civil Code), the principle of proportionality (Law Number 18 of 1999), and the attributive authority of arbitration institutions (Law Number 30 of 1999). BANI's courage in determining real cost compensation reflects a shift from the rigid *pacta sunt servanda* paradigm toward the paradigm of substantial justice in business contracts. This provides a valuable lesson for construction law practice that every project execution obstacle that is not the contractor's fault must be followed by time and cost adjustments. Such action is taken to prevent performance inequality detrimental to one party (Samsiati et al., 2022; Pertiwi et al., 2024; Waisapi, 2024; Ervianti et al., 2025). Thus, the financial and time rights granted in the BANI Binding Opinion are a tangible manifestation of upholding the rule of law in construction service contracts in Indonesia.

### **C. Effectiveness and Executorial Power of the BANI Binding Opinion as an Instrument of Legal Certainty**

The effectiveness of the BANI Binding Opinion in resolving the Kalimantan Steam Power Plant (2x5 MW) project dispute relies on the attributive mandate granted by Article 52 of Law Number 30 of 1999. Juridically, this instrument provides space for arbitration institutions to provide final legal opinions on the interpretation of disputed contract clauses. This process is carried out without recourse to adversarial adjudication. The advantage of this mechanism lies in its consensual nature, where PT PLN and PT XXX voluntarily bind themselves to comply

with the legal opinion issued by BANI. This reflects an advanced implementation of the *pacta sunt servanda* principle regulated in Article 1338 section (1) of the Civil Code (Safnul et al., 2024; Waisapi, 2024; Lannyati & Sami'an, 2025).

The executive power of the Binding Opinion is limited in Article 53 of Law Number 30 of 1999. The article states that no legal recourse can be taken against the Binding Opinion. This provision provides much greater legal certainty than ordinary arbitral awards, which still have legal loopholes for annulment proceedings (Pertwi et al., 2024; Ervianti et al., 2025; Indahwati et al., 2025). In this case, BANI ordered the registration of the authentic copy of BANI Binding Opinion Number: XX/BO-BANI/2017 to the Clerk's Office of the East Jakarta District Court. This procedure complies with the national arbitral award registration mechanism, as regulated by Article 59 to Article 64 of Law Number 30 of 1999. This registration is crucial for granting formal executive power to PT XXX to demand the execution of time extension rights and real cost compensation payments.

Critically, the effectiveness of the Binding Opinion is also tested through its ability to mitigate the risk of award annulment based on Article 70 of Law Number 30 of 1999. Although there is a tendency for district courts to annul arbitral awards on technical grounds, the characteristics of the Binding Opinion born from a joint request minimize the possibility of arguments of fraud or deceit. Such arguments are frequently used as reasons for annulment in other arbitration cases (Pertwi et al., 2024; Ervianti et al., 2025). This juridical analysis strengthens BANI's position as a fast-track solution capable of cutting construction dispute resolution time. The average time to dispute resolution through litigation is 16.38 months (Barnado & Karim, 2024). Thus, the effectiveness of this mechanism is measured not only by its duration and speed but also by its ability to provide objectively acceptable technical-juridical interpretations to sustain national strategic projects (Sebastian et al., 2025; Wisatrioda et al., 2025).

In the landscape of construction law reform, the use of the Binding Opinion aligns with the spirit of Article 88 of Law Number 2 of 2017, which prioritizes tiered dispute resolution stages. Although recent regulations encourage the establishment of a Dispute Board as a preventive mechanism considered effective (Samsiati et al., 2022; Wisatrioda et al., 2025), the BANI Binding Opinion remains juridically urgent for projects that have entered the open dispute phase. This mechanism offers legal certainty comparable to Dispute Board decisions. Its advantage lies in its executability through official registration at the district court, which effectively guarantees contractors' rights protection against potential continuous default (Waisapi, 2024; Yanuar et al., 2025).

The existence of BANI as a professional institution providing legal opinions contributes significantly to maintaining the balance between project time and cost performance. From the project owner's perspective, resolution through a Binding

Opinion helps mitigate delays that lead to power plant operational losses (Barnado & Karim, 2024). Analysis of Article 1339 of the Civil Code on the principles of propriety and custom in the construction industry served as the primary analytical tool for the Drafting Team at BANI. They determined that overhead claims and bank guarantee extensions are real losses that must be restored (Qadri et al., 2025; Wisnuaji et al., 2025). This effectiveness demonstrates that the Binding Opinion can serve as a legal bridge, filling the gap in the parties' agreement without damaging long-term commercial cooperation (Junaedi et al., 2025; Rahmiko et al., 2025; Sebastian et al., 2025).

Systematically, the integration between contract interpretation, dispute facts, and legal instruments in Law Number 30 of 1999 shows that the BANI Binding Opinion is a coherent solution. PT XXX's success in obtaining legitimacy for real cost compensation rights through this mechanism provides a juridical precedent for resolving similar cases in the future. A critical analysis of the legal strength of this BANI product closes the gap in preventing deadlocks when implementing change order instructions, which are often ignored by service users (Lo et al., 2025; Setiyawan et al., 2025; Triwijaya et al., 2025). The appropriate use of this instrument is proven capable of restoring contract validity in accordance with expected contractual justice standards (Sumantri et al., 2025; Wiraantaka et al., 2025).

As a conclusion of the effectiveness evaluation, BANI Binding Opinion Number XX/BO-BANI/2017, related to the Kalimantan Steam Power Plant (2x5 MW) contract interpretation dispute, serves not only as a dispute resolution mechanism. The instrument also functions as a binding instrument of legal certainty with tangible execution power. By applying Article 52 and Article 53 of Law Number 30 of 1999 in synergy, this mechanism can provide a definitive answer to differences in interpreting time extension clauses and additional costs. This success confirms that, in the Indonesian construction law ecosystem, strengthening the role of arbitration institutions is the most effective strategy for mitigating dispute risk. This is done to ensure infrastructure development continuity and the protection of juridical rights of the parties involved.

## **CONCLUSIONS AND SUGGESTIONS**

Based on the research results and in-depth juridical analysis, it can be concluded that the dispute over the interpretation of the contract clause in the Kalimantan Steam Power Plant (2x5 MW) development project is a manifestation of the parties' failure to reach an agreement on risk allocation. This problem is rooted in the interpretational ambiguity regarding social obstacle and road access clauses, which led to operational deadlock. Juridically, this dispute proves that the principle of *pacta sunt servanda* cannot be enforced rigidly when there is a disregard for the principles of good faith

and propriety by the service user. Therefore, the reconstruction of interpretation must always rely on the parties' intentions to ensure the balance of contractual relationships in the national construction service ecosystem.

The granting of an extension of time and real cost compensation to the service provider has a strong and valid legal basis in the principles of contractual justice and propriety norms. The legal construction indicates that any delay not attributable to the service provider entitles the contractor to a duration adjustment and additional costs. Determining the real cost calculation method is a legal instrument to prevent economic injustice and unjust enrichment by the project owner. This confirms that, in construction business contracts, protecting the service provider's economic rights is a necessary condition for achieving legal utility and sustainable national strategic infrastructure.

The evaluation of the resolution mechanism through BANI Binding Opinion Number XX/BO-BANI/2017 demonstrates that this instrument is a highly effective, efficient dispute-resolution solution with stable legal certainty. The executive power of the Binding Opinion, which is final and binding, limits the scope for protracted legal resistance. This capability mitigates the risk of project termination. The legal standing of the BANI product registered at the District Court provides a tangible execution guarantee for the parties without going through a confrontational adjudication process. The success of this mechanism provides an important precedent that arbitration professional institutions possess a superior capacity to provide fast-track resolutions compared to the general court system.

As an academic and practical suggestion, construction service industry players are recommended to explicitly include the BANI Binding Opinion clause as an early resolution mechanism to anticipate complex contract interpretation differences. Service users need to improve their responsiveness to amendment requests based on authentic field facts to avoid the escalation of disputes detrimental to national interests. Furthermore, for legal practitioners and service providers, registering the authentic copy of the Binding Opinion at the District Court Clerk's Office must be viewed as a mandatory procedure. This is done to activate the legal coercive power over every financial and time right granted. Finally, strengthening legal literacy regarding the consensual characteristics of the Binding Opinion is required so that this instrument can be optimized as a dispute risk mitigation strategy in every future infrastructure development contract.

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