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## Article Title

### **Dialectics of the Business Judgment Rule and General Principles of Good Administration in Land Acquisition and Permitting for Electricity Sector Infrastructure**

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## **ABSTRACT**

*This study examines the legal issues arising from the State Administrative Court's overlapping jurisdiction over actions by Electricity SOE Directors that possess hybrid characteristics as both private and public entities. The core issue lies in the legal uncertainty surrounding the boundaries of the administrative court's absolute competence in determining the business discretion of Directors in national strategic projects. Such actions are frequently drawn into the realm of administrative disputes through the expansion of the meaning of the State Administrative Decision. This study aims to analyze the legal standing of SOE Directors, dissect the dialectics between the BJR doctrine and the General Principles of Good Administration in land acquisition and permitting, and formulate norm reconstruction through internal procedural standardization. The research method employed is normative legal research, using the statute and conceptual approaches through prescriptive analysis of nine primary legal instruments and twenty-eight secondary legal materials. The results indicate that integrating BJR into the General Principles of Good Administration is imperative to protect managerial discretion from excessive judicial intervention. A crucial finding in this study emphasizes that the identification of the source of power, whether contractual or regulatory, is the key to determining the qualification of a decision as a private legal act to activate the exception in Article 2 point a of Law Number 9 of 2004. The implications of this study recommend standardizing SOE internal procedures in line with Supreme Court Circular Number 2 of 2019. This is essential to ensure that disputes arising from a breach of contract by the authority remain within the exclusive competence of the civil court. This effort is undertaken to achieve legal certainty in accelerating national energy infrastructure.*

*Keywords:* BJR; Construction Disputes; Electricity Sector; General Principles of Good Administration; State Administrative Court.

## **INTRODUCTION**

The development of electricity infrastructure is a strategic cornerstone in accelerating national development oriented toward economic sustainability and the fulfillment of citizens' fundamental rights to energy. As mandated by Law Number 30 of 2009<sup>1</sup>, the state is obliged to guarantee the availability of electricity in sufficient quantity, good quality, and at reasonable prices to improve people's welfare. Implementing this mandate requires accelerating the construction of physical infrastructure, including transmission lines and substations. Technically, this often intersects with sectoral regulatory complexity (Junaedi et al., 2025). Legal dynamics in the licensing and spatial utilization processes frequently become structural barriers hindering development progress in the field (Rahmiko et al., 2025). This phenomenon confirms that the electricity sector is not merely a matter of technical engineering but an arena of legal dialectics that requires regulatory certainty.

State-Owned Enterprises (SOEs) in the electricity sector hold a unique legal position, as they serve dual functions as business entities and as agents of development. On one hand, SOEs operate as private legal entities subject to corporate efficiency principles. On the other hand, SOEs manage segregated state assets for the public interest (Hartono et al., 2021). This duality creates juridical ambiguity, particularly

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<sup>1</sup>Law Number 30 of 2009, as amended by Article 42 of Government Regulation in Lieu of Law Number 2 of 2022.

when SOEs undertake legal action to acquire land for development in the public interest under Law Number 2 of 2012<sup>2</sup>. Land acquisition for electricity infrastructure often triggers complex construction disputes. Such corporate actions are frequently drawn into the realm of state administrative law by third parties or service providers who feel aggrieved (Yanuar et al., 2025). The lack of clarity regarding the boundaries between corporate private actions and administrative government actions creates legal uncertainty for SOE Directors.

In carrying out managerial duties, SOE Directors are protected by the Business Judgment Rule (BJR), which provides legal immunity for business decisions made in good faith and in accordance with the principle of prudence. This doctrine aims to guarantee flexibility for Directors in making high-risk decisions without fear of criminalization or administrative lawsuits that would hinder corporate progress (Priyono et al., 2022). However, the application of BJR in SOEs often clashes with public oversight standards demanding high accountability for the use of state assets. Problems arise when strategic actions, such as contract termination or delayed claim payments, are viewed as manifestations of public authority that must be tested against legal parameters (Indahwati et al., 2025). This condition demands normative clarification of the threshold at which a purely business decision becomes an object of a state administrative dispute.

The enactment of Law Number 30 of 2014<sup>3</sup> has significant implications, including the expansion of the definition of the State Administrative Decision (*Keputusan Tata Usaha Negara* or KTUN). This definition now broadly covers factual actions and decisions by government bodies or officials. This expansion grants the State Administrative Court (*Pengadilan Tata Usaha Negara* or PTUN) absolute competence to review almost every action taken by officials performing government functions. This includes SOE Directors when executing national strategic assignments (Nupu et al., 2024). The discourse regarding the absolute competence of the PTUN to adjudicate government acts in the procurement of goods and services remains unresolved. This stems from opposed views on the legal relationship between service users and providers (Wicaksono et al., 2020). Consequently, many internal SOE decisions in the land acquisition and permitting process, which should be managerial-private in nature, are qualified as KTUN that can be annulled by the administrative court.

There is a research gap regarding the harmonization between internal corporate standards and the General Principles of Good Administration as parameters of legality in the PTUN. On the one hand, legal certainty in the auction and construction licensing processes is urgent to ensure justice for the parties (Damayanti & Yudyaningrum, 2023). On the other side, excessive PTUN intervention into the managerial discretion

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<sup>2</sup>Law Number 2 of 2012, as amended by Article 123 of Government Regulation in Lieu of Law Number 2 of 2022.

<sup>3</sup>Law Number 30 of 2014, as amended by Article 175 of Government Regulation in Lieu of Law Number 2 of 2022.

of SOE Directors can paralyze the effectiveness of national infrastructure development (Sugandi et al., 2025). The dialectics between BJR as the protector of corporate autonomy and the General Principles of Good Administration as the guardian of state administrative morality require a conceptual meeting point. Previous studies tend to rigidly separate these two doctrines. Such discussions have not addressed the mechanism for reconstructing internal procedures that can mitigate the risk of disputes in the PTUN (Nasution et al., 2025).

Construction dispute issues in the electricity sector are also triggered by the suboptimal dispute-resolution mechanism, which requires administrative remedies before proceeding to court. The status of construction service guarantee dispute resolution regulations is often out of step with SOE internal rules and applicable administrative law provisions (Sayuti, 2023). This causes overlapping authority and procedural redundancy, hindering justice seekers. The need for legal protection for providers in procurement disputes through the instrument of KTUN suspension becomes crucial. However, this is often hampered by differences in the paradigms of administrative judges in addressing public law and private law norms (Sahara et al., 2025). Therefore, a reconstruction of norms placing SOE internal procedures as a limit to PTUN competence is needed to create stability in the implementation of national strategic projects.

Based on the background above, this study aims to theoretically analyze the legal standing of actions by Electricity SOE Directors within the discourse of private and public law related to land acquisition and infrastructure permitting. Furthermore, this study conceptually examines the intersection or dialectics between the BJR doctrine, as a protector of corporate managerial discretion, and the General Principles of Good Administration, as legal parameters for administrative actions. This study is also directed to formulate a reconstruction of construction dispute resolution norms through the standardization of SOE internal procedures. The goal is for such decisions not to be included in the definition of KTUN as referred to in Article 2 of Law Number 9 of 2004. Academically, the benefits of this research are expected to enrich the repertoire of state administrative law and corporate law. Practically, this study serves as a guide for SOE officials in making strategic decisions that are legally secure and publicly accountable.

## **METHOD**

This study is a normative legal research focusing on the examination of legal systematics, regulatory synchronization, and the conceptual construction of the dialectics between corporate law and state administrative law (Qamar & Rezah, 2020). The approaches used are the statute and conceptual approaches to dissect the norms governing SOE authority in the electricity sector. The use of the statute approach is intended to examine, vertically and horizontally, the consistency among

Law Number 30 of 2014, Law Number 2 of 2017<sup>4</sup>, and Law Number 5 of 1986<sup>5</sup> as the juridical basis for the absolute competence of the PTUN. The conceptual approach is applied to explore the essence of the BJR doctrine and the General Principles of Good Administration, drawing on secondary legal materials to build a theoretical framework for the legal protection of managerial discretion.

Primary legal materials in this study include laws and ministerial regulations governing electricity, construction services, government administration, and the PTUN. The main focus of primary legal materials lies in various national legal instruments (Sampara & Husen, 2016), including Law Number 40 of 2007<sup>6</sup>, Government Regulation Number 22 of 2020<sup>7</sup>, and Presidential Regulation Number 16 of 2018<sup>8</sup>. These instruments serve as legality parameters for government actions in the procurement of goods and services. Additionally, this study utilizes secondary legal materials in the form of various scientific journal articles that provide critical analysis of the implementation of construction law principles and of infrastructure licensing dynamics. The legal materials collection technique is conducted through documentary study, involving inventorying, classifying, and systematizing all norms and legal thought relevant to the electricity sector.

The legal material analysis technique applied is prescriptive legal analysis, using deductive logic via the syllogism (Irwansyah, 2020). This analysis aims to provide an assessment of what ought to be (prescriptive) regarding the legal issues under study. The analysis begins by establishing the major premise in the form of norms outlined in Law Number 30 of 2014 and the BJR doctrine. Subsequently, the minor premise is determined in the form of internal SOE actions in land acquisition and permitting, until finally, a juridical conclusion is drawn. The dialectics between BJR and the General Principles of Good Administration are analyzed by synchronizing legal principles to identify a conceptual meeting point that ensures legal certainty for SOE officials. This technique is specifically used to answer the research objective in formulating a reconstruction of norms to mitigate the risk of qualifying corporate actions as KTUN.

The analysis in the Results and Discussion focuses on efforts to standardize SOE internal procedures as a limit to PTUN competence. Technical analysis is conducted by testing the characteristics of SOE Directors' decisions against the exception criteria set out in Article 2 of Law Number 9 of 2004. This effort ensures that such actions remain within the realm of pure private legal acts. This involves an evaluation of

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<sup>4</sup>Law Number 2 of 2017, as amended by Article 52 of Government Regulation in Lieu of Law Number 2 of 2022.

<sup>5</sup>Law Number 5 of 1986, as amended several times, lastly by Law Number 51 of 2009.

<sup>6</sup>Law Number 40 of 2007, as amended by Article 109 of Government Regulation in Lieu of Law Number 2 of 2022.

<sup>7</sup>Government Regulation Number 22 of 2020, as amended by Government Regulation Number 14 of 2021.

<sup>8</sup>Presidential Regulation Number 16 of 2018, as amended several times, lastly by Presidential Regulation Number 46 of 2025.

the effectiveness of construction contract dispute-resolution mechanisms and of infrastructure project implementation challenges. By employing prescriptive analysis techniques, this study generates concrete recommendations regarding the format of internal procedure standardization that can strictly separate business discretion from public authority.

## **RESULTS AND DISCUSSION**

### **A. Juridical Standing and Dialectics of Actions by Electricity SOE Directors: Integration of the BJR Doctrine in the Realm of Public Law**

The legal standing of SOEs in the electricity sector, in the form of a Limited Liability Company (Persero), possesses hybrid characteristics that create interpretative ambiguity in judicial practice. Based on Article 1 point 1 of Law Number 16 of 2025 juncto Article 1 point 1 of Law Number 40 of 2007<sup>9</sup>, a Persero SOE is defined as a private legal entity whose capital is divided into shares. These shares are wholly or at least 51% owned by the Republic of Indonesia. The separation of state assets used as SOE capital implies a transformation of their legal status into corporate wealth managed in accordance with principles of professionalism and efficiency. However, a positional duality arises when the SOE is mandated to organize electricity infrastructure as a vital public service. This condition places the SOE at the intersection of a private entity pursuing profit and an arm of the state pursuing social welfare (Hartono et al., 2021; Priyono et al., 2022).

The dialectics of legal standing become increasingly complex with the enactment of Article 1 point 3 of Law Number 30 of 2014<sup>10</sup>. This provision assigns the qualification of “Government Bodies and/or Officials” to entities performing government functions, including other state administrators. In the context of national strategic infrastructure development, Electricity SOE Directors often exercise delegated authority or mandates from the government to conduct land acquisition and permitting. Substantively, these actions constitute development and service functions (Dani, 2018). This condition renders every legal action by the Directors not merely a corporate action, but also a government administrative action bound by public law principles. This expansion of the meaning of government officials automatically draws the actions of SOE Directors into the absolute competence of the PTUN if such actions are categorized as Decisions or Actions as referred to in Article 87 of Law Number 30 of 2014.

Privately, the legal corridor for SOE Directors’ actions is rigidly regulated in Article 92 section (1) and section (2) of Law Number 40 of 2007. The Article

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<sup>9</sup>Article 1, as amended by Article 109 point 1 of Government Regulation in Lieu of Law Number 2 of 2022.

<sup>10</sup>Article 1, as amended by Article 175 point 1 of Government Regulation in Lieu of Law Number 2 of 2022.

asserts that the Directors are authorized to manage the Company in the interests of the Company, in accordance with its purposes and objectives. Such management must be performed in good faith and with full responsibility pursuant to the provisions of Article 97 section (2) of the same law. The BJR doctrine is implicitly accommodated in Article 97 section (5) of Law Number 40 of 2007. This provision exempts Directors from personal liability for the Company's losses if they can prove that the decision was made in the Company's interest, without a conflict of interest, and in accordance with the principle of prudence. However, this legal protection is often neglected in the PTUN system because judges' paradigms tend to emphasize administrative procedural aspects rather than commercial business considerations (Triwijaya et al., 2025; Wiraantaka et al., 2025).

A conflict of norms occurs when the "Good Faith" parameter in Article 97 section (5) letter b of Law Number 40 of 2007 confronts the legality parameters based on the General Principles of Good Administration in Article 5 of Law Number 30 of 2014. In national strategic projects, SOE Directors' decisions on selecting service providers or terminating construction contracts are often made based on considerations of efficiency and corporate risk mitigation, in accordance with the BJR doctrine. However, in the eyes of state administrative law, such actions must comply with the principle of carefulness, the principle of non-abuse of authority, and the principle of openness as regulated in Article 10 section (1) of Law Number 30 of 2014. This asynchrony creates legal risk when a decision that is managerially considered appropriate and protected by BJR is instead annulled by the PTUN for allegedly violating the General Principles. This ultimately disrupts the sustainability of infrastructure development (Indahwati et al., 2025; Yanuar et al., 2025).

The integration of the BJR doctrine into the realm of public law is urgent to be implemented through the harmonization of judicial review in the PTUN. This implies that, in reviewing the legality of SOE Directors' actions, administrative judges must not rely solely on a rigid administrative legal lens. Judges must consider the exculpatory criteria regulated in Article 97 section (5) of Law Number 40 of 2007 as part of assessing the good faith of government officials. Synchronization between managerial professional standards and the parameters of the General Principles of Good Administration will guarantee that SOE Directors' discretion is not stifled by excessive juridical intervention, provided such actions are based on proper risk analysis (Wiraantaka et al., 2025). Thus, the BJR doctrine should be positioned as a "substantive exculpatory ground" in testing the element of abuse of authority as referred to in Article 17 and Article 18 of Law Number 30 of 2014 to create a balance between the protection of managerial discretion and the fulfillment of public accountability.

Theoretically, the legal standing of Electricity SOE Directors' actions is a manifestation of public law acts (*publiekrechtelijke handeling*) closely intersecting with private law acts (*privaatrechtelijke handeling*). This affirmation of hybrid status demands a strict classification in which, in executing land acquisition and permitting duties, Directors act under authority derived from statutory regulations (attributive/delegative). However, Directors continue to utilize corporate operational mechanisms. Therefore, the originality of legal thought in this manuscript emphasizes that the legality of such actions cannot be dichotomously separated. These actions must be viewed as a unified government action possessing a business protection dimension. Establishing BJR parameters as elements in testing the General Principles of Good Administration will mitigate overlapping authority between civil and administrative courts. This step also ensures legal certainty in the execution of electricity sector infrastructure projects crucial to public livelihoods.

### **B. The Intersection of Managerial Discretion in Land Acquisition and Permitting: Dialectical Analysis of BJR against the Parameters of the General Principles of Good Administration**

The implementation of land acquisition for electricity infrastructure development is a manifestation of the mandate of Article 10 letter f of Law Number 2 of 2012<sup>11</sup> regarding Development for Public Interest. In this context, SOEs receiving special assignments are qualified as "Agencies" (Instansi) based on Article 1 point 1 of the law. A dialectic arises when SOE Directors must make strategic decisions regarding compensation or location, which managerially demands rapid execution for national strategic project efficiency. However, such actions automatically become subject to administrative legal scrutiny because they involve public authority. This authority must comply with the legality parameters in Article 52 of Law Number 30 of 2014, encompassing authority, procedure, and substance requirements (Wicaksono et al., 2020; Junaedi et al., 2025; Rahmiko et al., 2025).

In the licensing aspect, Electricity SOE Directors are required to fulfill the provisions of Article 5 section (1) of Law Number 30 of 2009<sup>12</sup> regarding electricity supply business licenses. The complexity of licensing, ranging from location permits to building approvals, often leaves Directors in a dilemma between administrative compliance and operational technical needs. Managerial discretion used to overcome bureaucratic licensing barriers is frequently tested through the lens of the General Principles of Good Administration, particularly the principles of legal certainty and carefulness. Failure to achieve development targets due to

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<sup>11</sup>Article 10, as amended by Article 123 point 2 of Government Regulation in Lieu of Law Number 2 of 2022.

<sup>12</sup>Article 5, as amended by Article 42 point 4 of Government Regulation in Lieu of Law Number 2 of 2022.

licensing obstacles can be qualified as managerial failure if not accompanied by evidence of administratively accountable discretion (Damayanti & Yudyaningrum, 2023; Nupu et al., 2024; Junaedi et al., 2025).

A fundamental clash occurs between the BJR doctrine in Article 97 section (5) of Law Number 40 of 2007 and the testing standards for government actions in Article 17 and Article 18 of Law Number 30 of 2014. Article 97 section (5) of Law Number 40 of 2007 emphasizes protection for Directors who make decisions based on sufficient and reasonable information. Conversely, Article 17 section (2) of Law Number 30 of 2014 prohibits government officials from exceeding authority or acting arbitrarily. In disputes over substation or transmission licensing, the PTUN often annuls Directors' decisions on grounds of formal procedural violations. Such annulments often occur without considering technical emergencies or corporate risk mitigation reasons that are actually protected by the BJR doctrine (Hartono et al., 2021; Priyono et al., 2022; Setiyawan et al., 2025).

This dialectical analysis indicates that the "Carefulness" parameter in Article 10 section (1) letter d of Law Number 30 of 2014 should not be interpreted rigidly as merely fulfilling an administrative checklist. The administrative carefulness of SOE officials must be synchronized with the duty of care in corporate law. If a Director has conducted a technical and legal risk assessment before approving land acquisition acceleration, the action materially satisfies the element of carefulness, even if there are minor procedural deviations. Disregarding the BJR dimension in testing the General Principles of Good Administration at the PTUN potentially creates legal uncertainty for investors and construction service providers who depend on the validity of SOE internal decisions (Sumantri et al., 2025; Wiraantaka et al., 2025; Wisnuaji et al., 2025).

Regarding the tender and construction service auction process, legal certainty is an absolute requirement for ensuring justice for the parties, as provided for in Article 2 of Law Number 2 of 2017. The BJR dialectic arises when the tender committee, under the Directors' control, disqualifies service providers based on managerial considerations of past performance. This action is frequently brought before the PTUN for a violation of the principles of openness and fairness in the procurement of goods and services, as referred to in Presidential Regulation Number 16 of 2018. Without harmonization between corporate prerogatives and administrative obligations for transparency, the infrastructure procurement process will be trapped in a vortex of unproductive disputes (Damayanti & Yudyaningrum, 2023; Nasution et al., 2025; Sahara et al., 2025).

The expansion of the object of state administrative disputes under Article 87 of Law Number 30 of 2014, which covers "factual actions," further narrows the discretion of SOE Directors. Factual actions in land acquisition, such as boundary marking or land clearing prior to final compensation, can directly become objects

of lawsuits in the PTUN. Whereas, such actions are often based on instructions to accelerate national strategic projects possessing a commercial legitimacy basis. This dialectic demands that the PTUN be able to distinguish between actions that are purely an abuse of power (*detournement de pouvoir*) and actions that are the exercise of business judgment in good faith (Fajrurrahman, 2019; Wicaksono et al., 2020; Nupu et al., 2024).

The legal risk arising from this asynchrony impacts the effectiveness of construction contract dispute resolution in Indonesia. Article 47 section (1) letter h of Law Number 2 of 2017 requires the inclusion of dispute resolution clauses in contracts. However, PTUN intervention against administrative decisions underlying the contract often paralyzes the enforceability of agreed arbitration or mediation clauses. Uncertainty about the nature of licensing or land acquisition disputes—whether they are administrative or civil—leads to legal process redundancy. This systemically harms state and corporate finances (Priyambodo, 2021; Mulyani et al., 2022; Sayuti, 2023; Sugandi et al., 2025).

In summary, this dialectical analysis confirms that land acquisition and infrastructure permitting are legal territories that require integrated testing standards. The assessment of the legality of SOE Directors' actions must not detach BJR attributes from the good faith universally recognized in corporate law. Synchronization between the exculpatory criteria in Article 97 section (5) of Law Number 40 of 2007 and elements of the General Principles of Good Administration in Law Number 30 of 2014 is the key to guaranteeing that SOE officials can work optimally without fear of administrative criminalization. Reconstructing the PTUN judge's paradigm becomes crucial so that they do not merely become a mouthpiece of Law Number 30 of 2014, but also understand the managerial logic of state corporations in managing vital infrastructure (Destralanda et al., 2017; Rahim et al., 2024).

### **C. Reconstruction of Norms: Standardization of SOE Internal Procedures as a Mitigation Strategy for KTUN Qualification Based on Article 2 of Law Number 9 of 2004**

The reconstruction of construction dispute resolution norms in the electricity sector requires standardizing SOE internal procedures that strictly separate the corporate private dimension from the government administrative dimension. This urgency is based on the need to mitigate the absolute competence of the PTUN through the optimization of the exception in Article 2 letter a of Law Number 9 of 2004. This provision states that the KTUN does not include decisions constituting private legal acts. The main strategy in this reconstruction is to rigidly identify the source of power of every decision made by the Directors. If a decision is based on contractual autonomy and the authority to manage the company in Article 92 of Law Number 40 of 2007, then it is a pure private legal act. This results in the

decision being excluded from the object of PTUN disputes, in accordance with the spirit of legal certainty of the Civil Chamber of the Supreme Court (Sayuti, 2023; Sugandi et al., 2025).

The implementation of internal procedure standardization must refer to the legal formulation of the Civil Chamber in Supreme Court Circular Number 2 of 2019. The Circular Letter explicitly asserts that disputes of a civil nature and/or arising from a breach of contract by the authority remain within the exclusive jurisdiction of the civil court within the general court environment. Therefore, SOEs must formulate internal regulations establishing that every stage in land acquisition and permitting is constructed as a manifestation of a contractual-private relationship oriented toward *paritas virtuum*. By setting operational thresholds for commercial-managerial decision-making, land acquisition policy is viewed as fulfilling a fiduciary duty. This procedure must include technical and financial risk assessment mechanisms, which, if fulfilled, will activate BJR protection in Article 97 section (5) of Law Number 40 of 2007. Thus, Directors' decisions are not considered authoritative government decisions (Hartono et al., 2021; Priyono et al., 2022; Wiraantaka et al., 2025).

Given the expansion of the meaning of KTUN in Article 87 of Law Number 30 of 2014, the standardization of SOE internal procedures must limit the interpretation of "factual actions" through the use of private law instruments. This step strictly separates public office orders from business operational actions. SOEs need to formulate Land Acquisition Governance Guidelines that explicitly state that technical approvals and internal permitting are part of internal corporate management, based on business partnerships. This is done to avoid qualifying Directors' actions as an abuse of public authority in Article 17 and Article 18 of Law Number 30 of 2014. By designing internal procedures as private mechanisms, the basis for legal review shifts from the General Principles of Good Administration to managerial professional standards prioritizing efficiency and good faith (Wicaksono et al., 2020; Nupu et al., 2024; Sahara et al., 2025).

Strengthening construction contract clauses based on Article 47 section (1) letter h of Law Number 2 of 2017 is a crucial element to assert contractual authority sources over regulatory authority. Internal procedure standardization must mandate the use of dispute resolution mechanisms outside the court, such as arbitration or dispute boards, as regulated in Government Regulation Number 22 of 2020. Affirming this clause serves to negate the element of public "finality" in the sense of administrative law. This is possible because the parties have agreed to submit themselves to the private contract law regime through Alternative Dispute Resolution mechanisms. Synchronization between the auction procedures in Presidential Regulation Number 16 of 2018 and international contract standards is a preventive measure to ensure that PTUN intervention does not undermine

the contractual legal certainty established (Priyambodo, 2021; Qadri et al., 2025; Setiyawan et al., 2025; Wisatrioda et al., 2025).

In terms of land acquisition and permitting, SOE internal procedures must establish that every technical deviation or licensing obstacle is resolved through the corporate Internal Administrative Remedy mechanism. This mechanism functions as a precondition before a dispute is considered a final external issue. This aligns with the principle of dispute resolution effectiveness, prioritizing negotiation based on Pancasila justice values and the principle of *ultimum remedium* (Mulyani et al., 2022; Sayuti, 2023; Sugandi et al., 2025). With transparent procedural standardization, SOEs can ensure that every managerial decision aimed at overcoming field constraints has legal legitimacy as a private legal act. This approach systematically nullifies the KTUN qualification in Article 2 letter b and letter c of Law Number 9 of 2004 because the decision is managerial-internal and not a public regulation.

This norm reconstruction requires SOE Directors to highlight managerial good faith as the primary shield against review at the PTUN, drawing on general private law principles set out in Supreme Court Circular Number 2 of 2019. If internal procedures have been implemented consistently in accordance with the principles of corporate autonomy and clear contractual authority sources, then any claim arising from such action must be viewed as a breach-of-contract lawsuit in the general court system. Legal certainty can only be achieved if there is a clear boundary of competence between administrative courts and autonomous corporate mechanisms grounded in distinct sources of authority. Affirming this position will mitigate the risk of administrative criminalization against national strategic project executors (Fajrurrahman, 2019; Damayanti & Yudyaningrum, 2023; Nasution et al., 2025).

In conclusion, the analysis shows that norm reconstruction through the standardization of SOE internal procedures does not aim to avoid public accountability. This effort is intended to reinforce such accountability in the appropriate forum, depending on the legal nature of the action. A strict separation between managerial discretion protected by BJR and administrative actions guarded by the General Principles of Good Administration will create stability in infrastructure project implementation. Synergy between all primary legal instruments and secondary legal materials confirms that legal protection for SOE officials depends on the firmness with which actions are classified as private legal acts. This activates the exception of Article 2 of Law Number 9 of 2004 and judicial compliance with the legal formulation of the Civil Chamber in Supreme Court Circular Number 2 of 2019 (Destralanda et al., 2017; Rahim et al., 2024; Lo et al., 2025).

## **CONCLUSIONS AND SUGGESTIONS**

Based on the comprehensive analysis and discussion results, it can be concluded that the legal standing of Electricity SOE Directors' actions possesses hybrid characteristics. This condition places the legal subject at the intersection between private law and public law regimes. Theoretically, Directors of Persero SOEs are organs of a private legal entity and bear a fiduciary duty under Law Number 40 of 2007. However, functionally, Directors are considered government officials under the expanded meaning of Law Number 30 of 2014 when executing national strategic assignments. The dialectics between the BJR doctrine and the General Principles of Good Administration in land acquisition and permitting indicate a clash of parameters between managerial good faith and administrative carefulness. The asynchrony of testing at the PTUN regarding business discretion often paralyzes state corporate autonomy. Therefore, recognizing BJR as a substantive exculpatory ground in assessing the legality of administrative actions is needed to ensure the sustainability of electricity sector infrastructure.

The reconstruction of construction dispute resolution norms in this sector must be directed toward standardizing SOE internal procedures to mitigate the PTUN's absolute competence. This step is taken by utilizing the exception in Article 2 letter a of Law Number 9 of 2004. This effort is implemented by structuring every decision-making stage in land acquisition and permitting as pure private legal acts grounded in contract autonomy and corporate management authority. This is reinforced by reference to the legal formulation of the Civil Chamber of the Supreme Court in Supreme Court Circular Number 2 of 2019. By establishing rigid operational thresholds through corporate Governance Guidelines, Directors' actions can be separated from the public and authoritative KTUN qualification. Harmonization between internal corporate procedures and administrative law standards is key to achieving legal certainty. Administrative judicial intervention can only be conducted if there is evidence of a manifest legal violation that exceeds the limits of managerial discretion protected by law.

As a follow-up, this study recommends that the Government and Electricity SOE management immediately formulate internal regulations that synchronize corporate standard operating procedures with the parameters of the General Principles of Good Administration. Academic recommendations are addressed to legal practitioners and judges at the PTUN so that, in testing SOE officials' actions, they always consider the BJR doctrine as an integral part of the good faith assessment. This is in accordance with the mandate of the limited liability company legal regime and the principle of parity in construction contracts. Furthermore, strengthening final and binding out-of-court dispute resolution clauses is necessary to avoid legal process redundancy, which is detrimental to state finances. The policy implications of this study call for limiting judicial overreach through standardized procedures that are transparent,

accountable, and that respect SOE managerial independence to accelerate fair national energy infrastructure development.

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