

# LEGAL ANALYSIS OF COOPERATION CONTRACTS FOR PROFIT-SHARING IN SOLAR POWER PLANTS (PLTS) BASED ON FIDIC PRINCIPLES AND IT'S IMPLICATIONS FOR ALTERNATIVE DISPUTE RESOLUTION IN COMMON LAW AND CIVIL LAW SYSTEMS

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## Abstract

The increasing energy crisis and globalization have underscored the importance of developing Solar Power Plants (PLTS) as a sustainable energy solution. This study analyzes the legal aspects of profit-sharing cooperation contracts for PLTS based on FIDIC principles, focusing on their implications for alternative dispute resolution within Common Law and Civil Law systems. By examining the application of FIDIC principles, the research highlights the significance of transparency, clearly defined responsibilities, and effective dispute resolution mechanisms to prevent and resolve conflicts. The findings indicate that the use of FIDIC guidelines fosters a strong foundation for collaboration while minimizing risks of disputes. However, the adaptability of these principles to varying legal contexts poses challenges that require careful consideration. Ultimately, the study aims to contribute valuable insights for legal practitioners, policymakers, and academics in formulating more effective contracts in the renewable energy sector, emphasizing the need for precise contract drafting and a thorough understanding of legal frameworks to ensure successful project implementation and stakeholder cooperation.

**Keywords:** *Cooperation Contracts for Profit-Sharing, FIDIC Principles, Implications for Alternative Dispute Resolution*

## Abstrak

Krisis energi yang meningkat dan globalisasi telah menggarisbawahi pentingnya pengembangan Pembangkit Listrik Tenaga Surya (PLTS) sebagai solusi energi berkelanjutan. Studi ini menganalisis aspek hukum dari kontrak kerjasama bagi hasil untuk PLTS berdasarkan prinsip-prinsip FIDIC, dengan fokus pada implikasinya terhadap penyelesaian sengketa alternatif dalam sistem Hukum Adat dan Hukum Sipil. Dengan memeriksa penerapan prinsip-prinsip FIDIC, penelitian ini menyoroti pentingnya transparansi, tanggung jawab yang terdefinisi dengan jelas, dan mekanisme penyelesaian sengketa yang efektif untuk mencegah dan menyelesaikan konflik. Temuan menunjukkan bahwa penggunaan pedoman FIDIC mendorong fondasi yang kuat untuk kolaborasi sekaligus meminimalkan risiko sengketa. Namun, kemampuan adaptasi prinsip-prinsip ini terhadap berbagai konteks hukum menimbulkan tantangan yang memerlukan pertimbangan yang cermat. Pada akhirnya, studi ini bertujuan untuk memberikan wawasan berharga bagi praktisi hukum, pembuat kebijakan, dan akademisi dalam merumuskan kontrak yang lebih efektif di sektor energi terbarukan, dengan menekankan perlunya penyusunan kontrak yang tepat dan pemahaman yang mendalam tentang kerangka hukum untuk memastikan keberhasilan pelaksanaan proyek dan kerja sama pemangku kepentingan.

**Kata Kunci :** *Kontrak Kerjasama Bagi Hasil, Prinsip-prinsip FIDIC, Implikasi untuk Penyelesaian Sengketa Alternatif*

## **INTRODUCTION**

In the era of globalization and the increasing energy crisis, the development of Solar Power Plants (PLTS) has become one of the attractive solutions drawing the attention of many countries. The profit-sharing concept in PLTS projects allows investors and lessees to collaborate in leveraging this renewable energy source, while simultaneously providing opportunities for both parties to share profits. However, the drafting of cooperation contracts for such projects requires meticulous attention and a deep understanding of applicable legal principles, including international provisions governed by FIDIC (Fédération Internationale des Ingénieurs-Conseils).

FIDIC provides a set of standards and guidelines for construction projects designed to support collaboration between contractors and employers. In the context of profit-sharing cooperation contracts for Solar Power Plants (PLTS), the application of FIDIC principles is crucial to ensure that the agreements reached are not only fair and transparent but also promote a better understanding of each party's responsibilities. With these guidelines, it is expected that agreements can be built on a strong foundation of cooperation and mutual benefit. Therefore, analyzing the implementation of these principles within various legal frameworks, particularly concerning Common Law and Civil Law systems, is essential to identify existing differences and their implications for the effectiveness of potential disputes.

The importance of drafting sound contracts in the renewable energy sector extends beyond business aspects to encompass the potential emergence of disputes that could disrupt project continuity. In this context, an understanding of dispute resolution mechanisms becomes critical. Alternative dispute resolution methods, such as mediation and arbitration, are increasingly favored over litigation in court, as both options offer flexibility and speed in resolving issues. Furthermore, these approaches allow parties to maintain good working relationships after disputes are resolved, which is crucial for long-term cooperation in the energy sector.

The Common Law system, recognized in many countries such as the United States and the United Kingdom, often prioritizes legal precedents as a basis for decision-making. This has implications for how disputes arising from profit-sharing contracts for PLTS can be resolved. On the other hand, the Civil Law system, which relies more heavily on codification and written rules, offers a different approach to dispute resolution. Therefore,

a thorough understanding of both legal systems will be invaluable in establishing effective contracts that can mitigate potential disputes.

This study aims to conduct a legal analysis of the drafting of profit-sharing cooperation contracts for PLTS based on FIDIC principles. Special emphasis will be placed on aspects that may influence dispute resolution among the involved parties. This analysis will examine not only how contracts are structured but also how the provisions within them can serve as instruments for preventing and resolving disputes.

In conducting this legal analysis, it is essential to consider the social, economic, and environmental contexts accompanying the implementation of PLTS projects. The influence of these factors on the application of FIDIC principles and dispute resolution will be elaborated upon in detail, providing a more comprehensive understanding of the dynamics occurring in profit-sharing cooperation contracts.

Both legal systems will be examined to determine how each can support or undermine the implementation of FIDIC principles in profit-sharing contracts. This research will also identify the challenges and advantages of each legal approach and provide recommendations to minimize potential disputes in the future.

Ultimately, this research is expected to contribute to the development of legal knowledge, particularly in the context of contracts related to renewable energy, while offering valuable insights for policymakers, legal practitioners, and academics in formulating more effective and efficient cooperation agreements.

## **RESEARCH METHODS**

This study employs a legal analysis approach with a normative legal research methodology. This approach focuses on the examination of applicable legal norms, FIDIC principles, and the documents of profit-sharing cooperation contracts for PLTS to understand their implications for alternative dispute resolution in the context of Common Law and Civil Law systems.

The sources of data used in this research include:

1. Legal Documents: Analysis of cooperation contract documents, relevant regulations, and FIDIC guidelines.
2. Litigation: Reviewing court decisions related to profit-sharing disputes and the application of FIDIC principles in respective legal systems.

3. Literature: Books, articles, and journals related to FIDIC, profit-sharing contracts, and dispute resolution mechanisms.

Operational Definitions of Variables :

1. Independent Variable: FIDIC principles adopted in profit-sharing contracts.
2. Dependent Variable: Alternative dispute resolution mechanisms available in the context of profit-sharing contracts.
3. Control Variable: Characteristics of the legal systems analyzed (Common Law and Civil Law).

Data collection in this study is conducted through:

1. Documentary Study: Collecting and analyzing relevant documents, contracts, and regulations to assess how FIDIC principles are implemented and their implications for dispute resolution.
2. Jurisprudence Analysis: Reviewing and analyzing relevant court rulings in the context of profit-sharing disputes utilizing FIDIC principles.

The collected data will be analyzed through:

1. Juridical Analysis. Analyzing the existing legal norms and principles in the context of contracts and dispute resolution, as well as identifying the extent to which FIDIC principles are integrated into the contracts.
2. Comparative Analysis. Comparing the application of FIDIC principles and alternative dispute resolution mechanisms within Common Law and Civil Law systems to discover differences and similarities in legal practices.
3. Research Contribution. Through the application of this legal analysis method, the research is expected to provide in-depth insights into the implementation of FIDIC principles in the context of profit-sharing contracts for PLTS. It will also help identify the challenges and solutions related to potential disputes that may arise, both within the frameworks of Common Law and Civil Law. The study aims to provide recommendations for better legal practices in the future.
4. Results and Discussion
5. Results Analysis
6. Summary Table of the Application of FIDIC Principles in Profit-Sharing Contracts
7. The following is a summary table indicating the application of FIDIC principles in profit-sharing contracts for Solar Power Plants (PLTS):

Tabel 1.  
FIDIC Principles

FIDIC Principle	Description of Application	Example Implementation
Transparency	Obligation to provide clear and open information	The contract mandates the contractor to submit monthly reports to the employer regarding project performance and status.
Responsibility	Clear definitions of each party's responsibilities regarding risks	The contract state that the employer is responsible for providing the location, while the contractor is responsible for the installation and operation of the PLTS.
Dispute Resolution	Provisions regarding effective dispute resolution mechanisms	The contract includes an arbitration clause requiring both parties to resolve disputes through mediation first.
Project Management	Clear procedures for efficient project management	The contract includes provisions for regular meetings between the project team and stakeholders to evaluate progress and address issues.

## RESULTS AND DISCUSSION

**Principle of Transparency** The application of the transparency principle in profit-sharing contracts for PLTS is vital to ensure that all parties receive the necessary information regarding the project's condition. In the analyzed contracts, there is a provision requiring the contractor to submit monthly reports. These reports cover technical aspects such as work progress as well as financial aspects related to project revenues and expenditures. This obligation creates accountability and allows for swift corrective actions in cases of deviations from the plan.

For instance, one contract stipulates that if two consecutive reports do not meet the target progress, the contractor must hold a meeting with the employer to discuss the reasons. This provision highlights the importance of open communication as part of joint problem-solving.

**Responsibility** The principle of responsibility in the contract is a crucial element in avoiding disputes in the future. Some analyzed contract documents provide detailed information on who is responsible in specific situations. For example, it states that the employer is responsible for ensuring that the project location is ready and meets the promised specifications, while the contractor is responsible for installation and maintenance during a specified period post-completion.

The study found that in some contracts, ambiguity in dividing responsibilities can lead to tensions between the parties. One example shows that when damage occurs to

PLTS infrastructure, there is a lack of clarity about who should bear repair costs, leading one party to feel aggrieved. Therefore, a precise and clear definition of responsibility is crucial to prevent disputes in the future.

**Dispute Resolution** The selection of dispute resolution methods is a vital element in long-term cooperation agreements. In profit-sharing contracts, two commonly used methods are mediation and arbitration. Each has its advantages and disadvantages, which can affect the relationship between the parties.

Mediation is a process in which a neutral third party helps both sides reach a mutually beneficial solution. The advantages of mediation include its faster process, lower costs, and the opportunity to avoid the tensions often associated with court proceedings. Additionally, mediation enables parties to maintain good relationships after a conflict. However, a drawback of mediation is the lack of guarantee that an agreement can be reached.

Conversely, arbitration is a formal process where the dispute is brought to a third party who will make a binding decision for both parties. The advantage of arbitration is that the decision is final and binding, avoiding lengthy litigation processes. However, the disadvantages of arbitration include higher costs compared to mediation and less opportunity for the parties to engage in the decision-making process.

In the analyzed context, some contracts that choose arbitration have been shown to reduce ambiguities in dispute resolution since the decisions made are binding. However, some parties argue that engaging in too many arbitrations may damage their established working relationships. This suggests that parties should carefully consider which dispute resolution method to agree upon and think about its long-term implications.

**Project Management** Efficient project management is key to successful project execution. For profit-sharing contracts, provisions related to project management must be clear and comprehensive. This includes setting regular meeting procedures, assigning responsibilities, and methods for progress reporting.

From the analysis conducted, it was found that some contracts include provisions that require project team meetings every two weeks to discuss progress and challenges faced. At each meeting, the project manager is responsible for reporting the latest status and evaluating risks that could affect the project's timeline. This creates a collaborative atmosphere among all parties involved.

However, some contracts fail to establish adequate project management procedures. In one project, the lack of clarity regarding the frequency of meetings and the availability of progress reports left some parties feeling neglected. Unawareness of project developments resulted in unnecessary concerns and, ultimately, tension among the parties.

Contracts that are more comprehensive in project management facilitate smoother operations. In one analyzed example, the contract specifies not only the frequency of meetings but also a detailed agenda for each gathering to ensure that all critical issues are discussed. The contract also regulates the reporting procedures and responsibilities of each team member in providing the latest information. This provision helps prevent miscommunication and enhances the effectiveness of collaboration among all team members.

## **Implications For Legal Systems**

### **1. Analysis of Common Law**

The Common Law system provides a flexible framework for applying FIDIC principles in profit-sharing contracts for PLTS. The relevance of applying FIDIC principles in this context lies in their ability to provide an adaptable framework that accommodates differences in commercial practices and local regulations.

FIDIC principles often guide parties in drafting contracts that meet international standards, which can help prevent disputes from arising at the outset. In many cases, contracts governed by FIDIC provisions also strengthen the arguments of the parties in dispute resolution in court, as existing precedents in the Common Law system often serve as references for determining decisions.

The impact of applying FIDIC principles can be seen in contract practices and dispute resolution. Contracts that follow the FIDIC framework tend to be more complete and comprehensive. For example, the inclusion of clauses that outline dispute resolution procedures through arbitration or mediation encourages quicker resolution and reduces the burden on the courts. This is particularly important in the Common Law environment, where courts often experience backlogs, and litigation processes can be lengthy.

When disputes arise, the existence of alternative dispute resolution provisions in contracts adhering to FIDIC principles can result in better outcomes for the parties

involved. Arbitration, for example, offers advantages such as confidentiality and speed, where arbitration decisions are final and can be implemented more rapidly than court rulings. However, challenges can arise if one party disagrees with the arbitrator's decision, which may lead to further disputes.

Therefore, while the application of FIDIC principles in the Common Law context can enhance the effectiveness of contractual practices and dispute resolution, it is essential for parties to have a clear understanding of their rights and obligations, as well as the agreed processes for resolving conflicts.

## **2. Analysis of Civil Law**

In the Civil Law system, typically characterized by codified laws and stricter regulations, the application of FIDIC principles also holds significant relevance. In many countries following Civil Law, contracts designed based on FIDIC principles must consider local regulations and legal norms. This requires legal practitioners to adapt clauses and provisions in contracts to ensure compliance with applicable laws, including those regarding dispute resolution.

FIDIC principles prove useful as a guide in drafting contract documents that meet international standards, thereby helping to create legal certainty. In this context, the dispute resolution through arbitration, as introduced in FIDIC, becomes an increasingly accepted alternative, even though the Civil Law system often emphasizes formal litigation processes.

The impact on contractual practices within Civil Law is observable in the implementation of more explicit provisions, where each aspect of responsibility, risk, and dispute resolution must be included in the contract. Good practices should explicitly state arbitration or mediation clauses, with explanations of the procedures to be followed if disputes arise. This is crucial for establishing legal certainty and preventing unnecessary conflicts.

One challenge often faced in applying FIDIC principles within the Civil Law system is adapting to national laws that may not fully align with the provisions. For example, some countries have strict regulations regarding arbitration, and enforcement of arbitration decisions can be complicated. Therefore, it is important for parties to carefully assess legal aspects before agreeing to the use of FIDIC principles in contracts.

### **3. Comparison Between the Two Systems**

When comparing the two legal systems, it becomes evident that each has a different approach to the application of FIDIC principles. In the Common Law system, dispute resolution methods tend to be more flexible and rely more on precedents from existing court decisions, whereas the Civil Law system emphasizes the legal certainty generated from codification and strict regulations. The adaptation of FIDIC principles in each system brings forth unique challenges and opportunities.

In the Common Law system, the application of FIDIC principles often helps create more effective clauses within contracts. A concrete example can be seen in the use of arbitration as a dispute resolution method, where arbitrators are often selected by both parties, and the process is faster than traditional litigation. This facilitates a more efficient resolution of issues, allowing parties to focus on the continuation of the project without becoming entangled in lengthy legal processes.

Conversely, in the Civil Law system, while FIDIC principles are recognized as a good model for drafting international contracts, countries with Civil Law often impose stricter procedures for arbitration processes and require specific conditions to be met before a dispute can be resolved through arbitration. This necessitates a deep understanding of the laws of the country in which the contract is made; therefore, parties must ensure that the use of FIDIC principles is well integrated into the local legal context.

This difference presents potential imbalances in applying profit-sharing contracts for PLTS. In Common Law, the flexibility and willingness to adapt legal processes often make it easier for parties to implement FIDIC principles. On the other hand, in the Civil Law system, a more rigid approach demands careful and specific planning to ensure that national laws do not obstruct the enforcement of the contractual provisions.

### **CONCLUSION**

The legal analysis of profit-sharing cooperation contracts for Solar Power Plants (PLTS) based on FIDIC principles and their implications for alternative dispute resolution in Common Law and Civil Law systems demonstrates that the application of these

principles is essential in managing collaboration and reducing the risk of disputes among the parties involved.

First, the application of the transparency principle in profit-sharing contracts for PLTS serves as a foundation to ensure all parties have equal access to information regarding the project's progress. The existence of provisions requiring the submission of regular reports creates accountability and effective communication, helping to prevent disputes early in the project. Consistent application of this principle will enhance trust among parties and encourage more productive collaboration.

Additionally, the aspect of responsibility within contracts must be clearly defined to avoid confusion in the future. Ambiguities in the division of responsibilities can lead to conflicts, especially when damages or issues arise. Therefore, clear understanding of who holds responsibility in specific situations is crucial to avoiding disputes that could hinder project execution.

Regarding dispute resolution, research findings indicate that the choice between mediation and arbitration must be carefully considered. Mediation offers a more collaborative and swift approach to conflict resolution, but there must be mutual willingness among all parties to engage in the process. Meanwhile, arbitration provides binding and final decisions, although it may add costs and time if dissatisfaction arises with the outcomes. Thus, clauses that incorporate both methods in contracts should become best practice.

In the context of law, the application of FIDIC principles within Common Law and Civil Law systems brings different implications. The Common Law system focuses on precedents and more flexible litigation processes, allowing for easier adaptation of FIDIC principles. In contrast, the Civil Law system is more codified, requiring that FIDIC principles be closely aligned with existing local regulations. Understanding this differing approach is crucial for parties to design effective contracts that comply with applicable laws.

In conclusion, the application of FIDIC principles in profit-sharing cooperation contracts for PLTS provides a framework that supports transparent, clear, and efficient collaboration in project management. An in-depth understanding of both legal systems and how they adapt FIDIC principles will further strengthen collaboration among stakeholders in the renewable energy sector. Facing existing challenges and opportunities,

this research emphasizes the importance of diligent contract drafting and careful planning to minimize future dispute risks. It is hoped that the findings of this research can contribute to the advancement of better legal practices and policies in this sector.

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