



**SPEECH  
WEBINAR EVENT :  
"INDONESIA'S SUCCESSES WITH FOSSIL FUEL SUBSIDY REFORM  
AND CLEAN ENERGY TRANSITION "**

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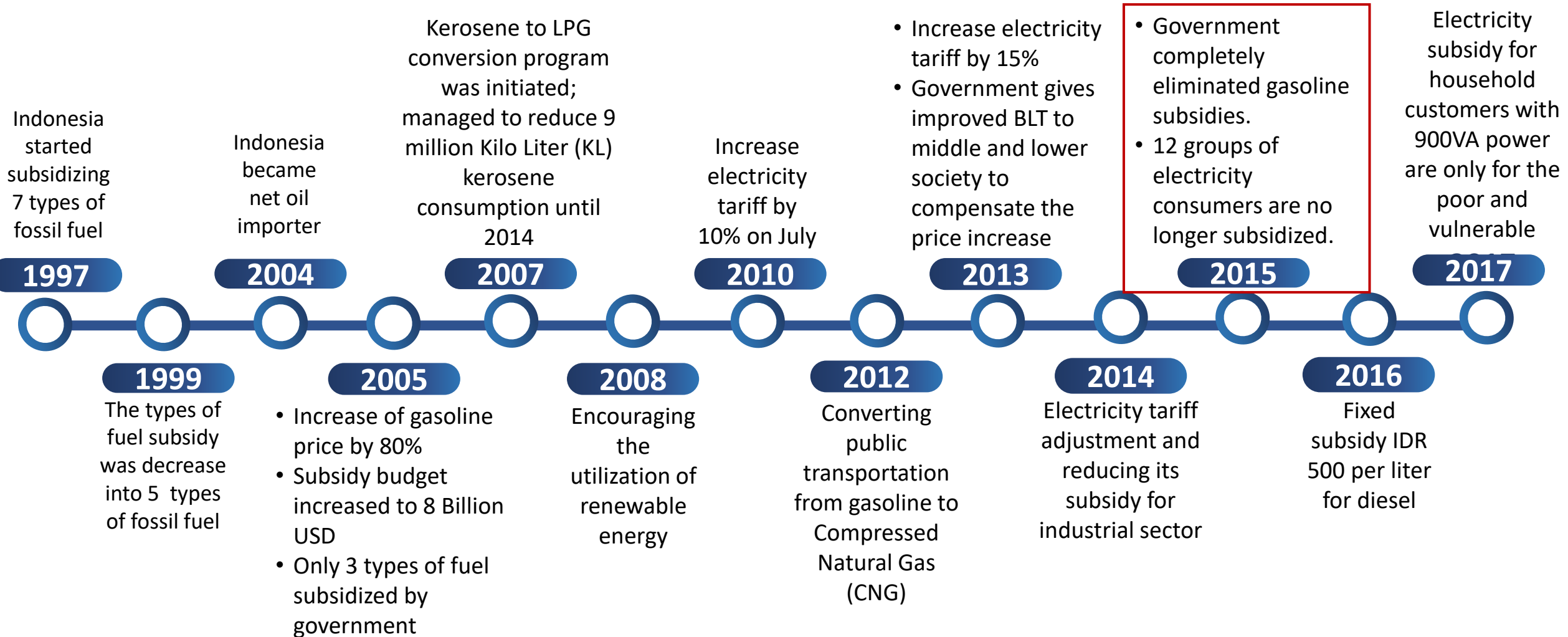
**DEPUTY MINISTER FOR MARITIME AFFAIRS AND NATURAL RESOURCES  
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# Timeline of Energy Subsidies Policy in Indonesia

This is the general timeline of petroleum products and electricity subsidy reform. *2015 was marked as a reform of fossil fuel subsidies.*



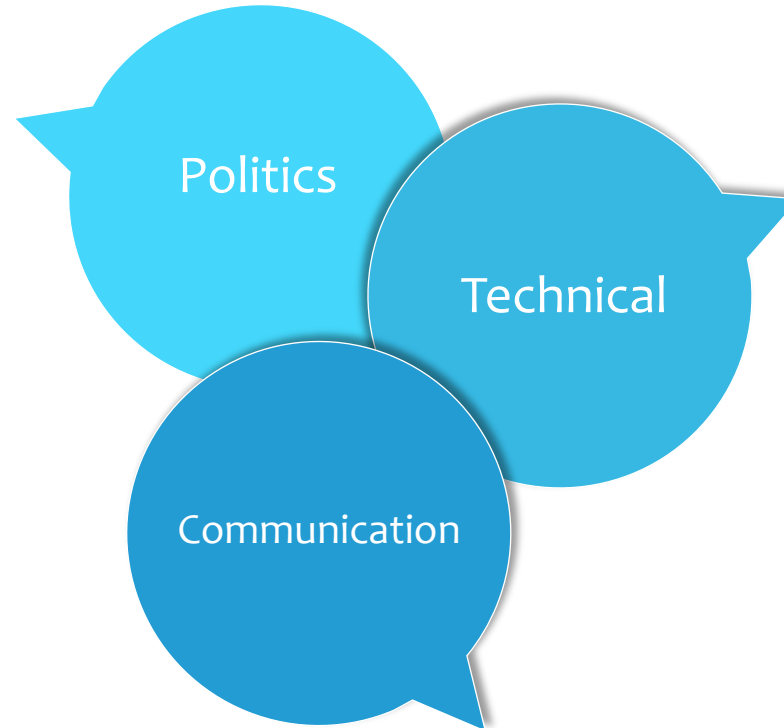


# Risk Mitigation of Energy Reform

Three critical aspects of risk mitigation to be taken into consideration for success of energy reform

## Political Dimension

Subsidies reform is very unpopular publicly. The Government has to deal with multiple stakeholders including members of parliament, informal leaders, and public figures.



## Technical Administration

Technical administration process that involve the compensation related to eligibility identification of the beneficiaries whom are affected by the removal of subsidies.

## Public Communication

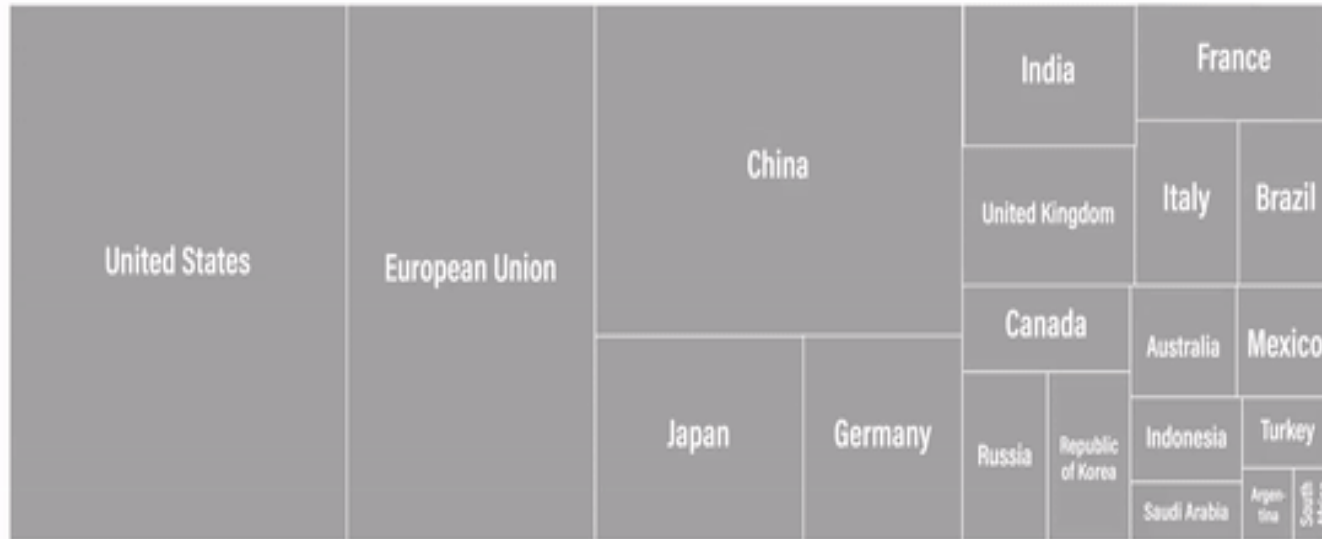
Public communication is a key role in ensuring successful reform. Media becomes very important in the discussions on subsidy issues.



# Net-zero Emission Commitment By Countries

## G20 Countries Getting Behind Net-Zero Targets (sized by 2019 GDP)

■ No net-zero target      ■ Political pledge to reach net-zero      ■ Net-zero target set in law or policy

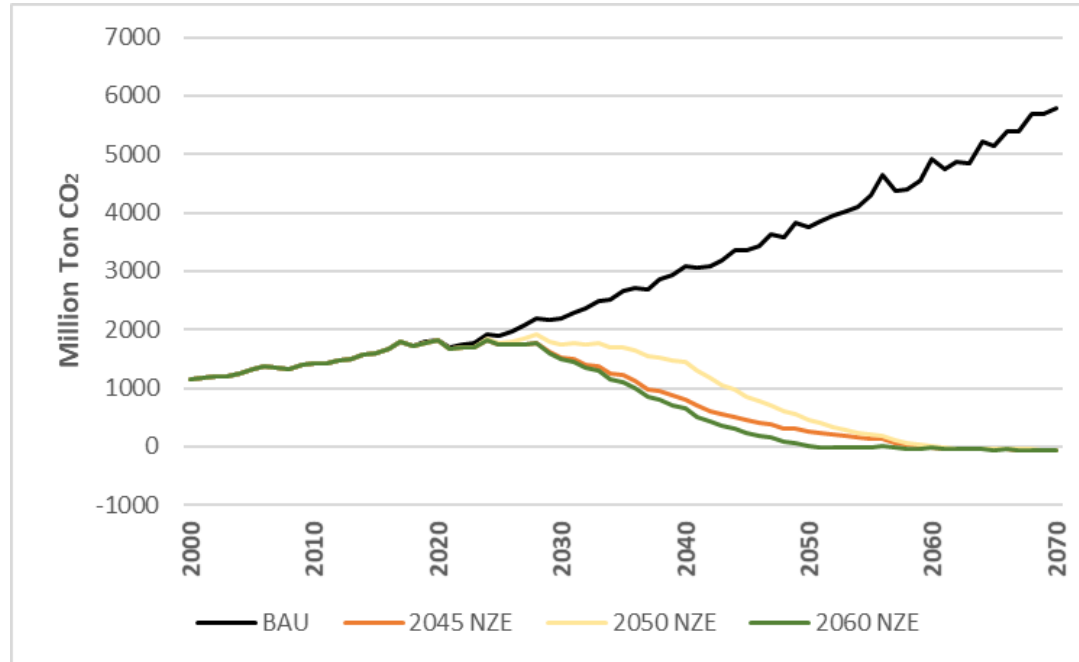


- More than half of G20 countries have already stipulated their commitment to net-zero emission: EU, UK, Brazil, France, US, Japan, China, German, etc.
- Net-zero targets will have implications to strategic sectors, such as economy and industrial process

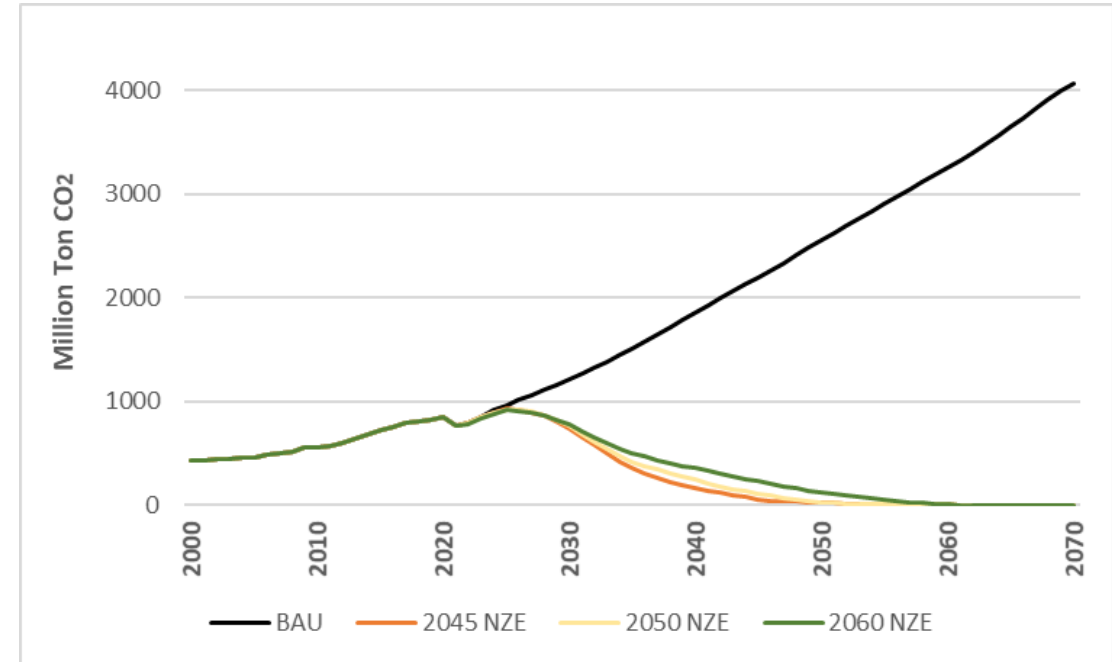


# Indonesia's Net-zero Emission Draft Scenarios

## Total GHG Emission (All Sectors)



## Energy Sector GHG Emission



Source: Bappenas Study, 2021

**BAU: Business as usual**

**NZE: Net-Zero Emission**

Each of NZE scenario will have different policy implications.  
The more ambitious scenario requires more stringent policy measures.

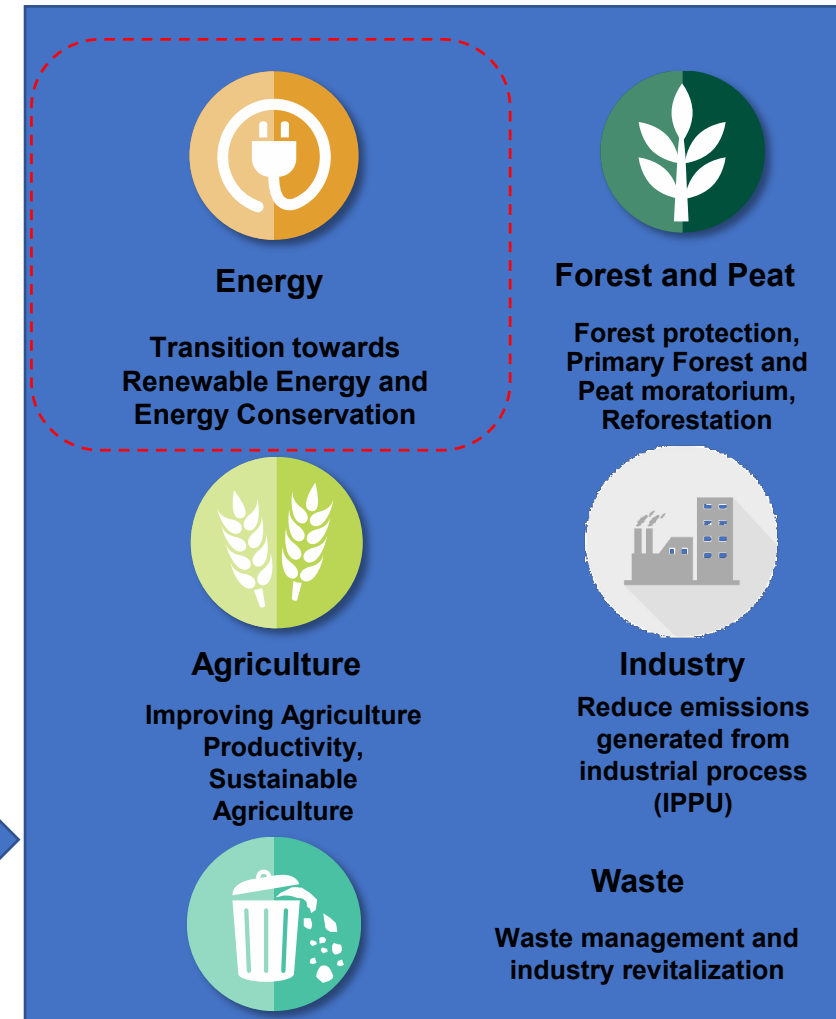


# Low Carbon Development Indonesia (LCDI) As Development Framework

## LCDI DEVELOPMENT FRAMEWORK



## LCDI POLICY SCENARIO



Mainstreaming

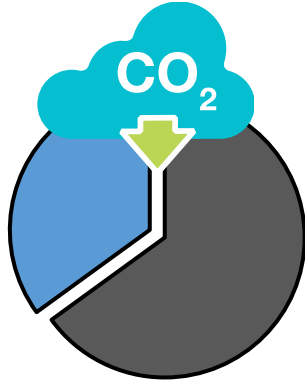
National Mid-term  
Development Plan (RPJMN)  
2020 – 2024

Policy Translation



# Three Expected Benefits On Energy Transition

## 1 Tackling Climate Change



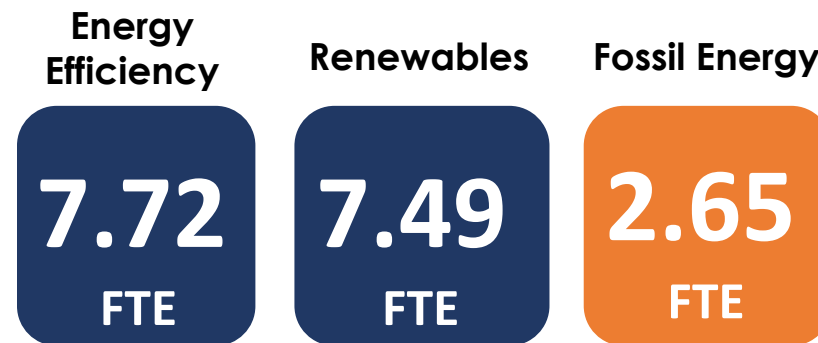
65% of GHG Emission is from energy sector in 2060

## 2 Improving Energy Security



Massive utilization of electric vehicles can reduce import dependence

## 3 Creating More Green Jobs



per USD 1 million of investment

Activities from RE and EE create more full-time employment (FTE) compared to fossil energy





# The Enablers

## **Regulatory Framework**

- Acceleration of NRE price fixing with an attractive and fair scheme.
- Acceleration of the ratification of the Renewable Energy Law (RUU ET) to ensure the guidelines and investment laws.
- Establishment of a Special Zones of Renewable Energy Based Industry (REBID) to increase demand for RE
- Optimization of fiscal incentives such as tax allowances, import duty facilities, and tax holidays for RE investors
- Adjustment of fossil energy policy (e.g subsidy, DMO (Domestic Market Obligation), etc)

## **Institutional Framework**

- Establishment of Special Agency for Renewable Energy.
- Establishment of national financing institution capable of channeling aid funds from foreign countries (i.e. eximbank in China and India).
- Strengthening local institutions such as the Regional Energy Agency (Badan Energi Daerah) and BUMDes that will manage the utilization of EBT at the provincial and / or rural level (off-grid).

## **Funding Framework**

- Simplification of the (collateral) guarantee system for the development of RE Power Plant.
- Mobilization of private (bank) funding for renewable energy by optimizing OJK Regulation No. 51/POJK.03/2017.
- Establishment of local (regional) KPBU scheme
- Exploring Innovative Blended Finance Scheme



# Thank you!

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