

 CLIMATE POLICY IMPLEMENTATION CHECK

January 30, 2024

POLICY ASSESSMENT RENEWABLE ENERGY DEVELOPMENT IN INDONESIA'S POWER SECTOR

THE CLIMATE POLICY IMPLEMENTATION CHECK

How the 'Check' complements the GST

GAP

- GST asks for status of climate policy implementation, but only globally
- NDCs focus on countries' future ambition, less present-day implementation
- NDC implementation dependent on the implementation of sectoral policies to reach over-all goal



→ *Are national policies implemented in a way that leads to the intended results?*

HOW THE 'CHECK' CLOSSES THE GAP

- Assesses and provides learnings about implementation status of sectoral policies
- Easy-to-Use concept: 8 questions in 4 categories
- Independent assessments by in-country experts, for selected national policies
- Colour rating allows for at-a glance understanding of results



The 'Check' in a nutshell



Oversight

[Q6] Have any monitoring results been made public?

[Q7] Does the latest monitoring report indicate that the policy's goal will be achieved on time?

[Q8] Is there a process of evaluation to assess the quantitative outcome of the policy instrument?



Legal Status:

[Q1] Is there a legal basis for the implementation?



Institutions & Governance

[Q2] Are there institutional bodies tasked with implementation of the policy instrument and its laws and regulations?

[Q3] Are the rules and regulations clear and credible to meet the policy objective?



Resourcing

[Q4] If the policy instrument has budgetary implications, does the budget include it and/or is the cost recovery mechanism clear?

[Q5] Are the implementing bodies well-resourced and existing at the appropriate level?



KEY

- Frontrunner
- Medium
- Strong
- Weak
- NR = Not rated yet or
NA = Not applicable



Category Rating



Overall Rating



POLICY ASSESSMENT SCORECARD

INDONESIA

IMPLEMENTING THE ENERGY TRANSITION

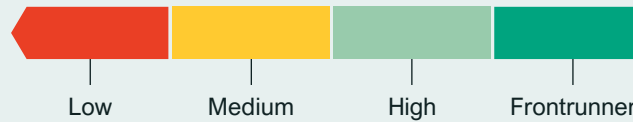
Energy Transition Policies in Indonesia

AMBITION CHECK



MEDIUM

KEY



- Target: 23% renewable energy in power sector by 2025

IMPLEMENTATION – INDONESIA

- The renewable energy target in power sector is enforced through the National Electricity Plan (RUKN) 2018-2038
- The RUKN provides a framework for energy-related plans, such as the Electricity Power Supply Business Plan (RUPTL)



IMPLEMENTATION CHECK: LEGAL STATUS

The National Electricity Plan (RUKN) 2019-2038

POLICY INSTRUMENT

The National Electricity Plan (RUKN) 2019-2038

- Enacted through the Minister of Energy and Mineral Resources Decree No.143/2019

RATING

STRONG



KEY

- | | |
|--|--|
| ● Frontrunner | ● Weak |
| ● Medium | ● NR = Not rated yet or
NA = Not applicable |
| ● Strong | |

IMPLEMENTATION CHECK: INSTITUTIONS & GOVERNANCE

The National Electricity Plan (RUKN) 2019-2038

POLICY INSTRUMENT

The National Electricity Plan (RUKN) 2019-2038

RATING

MEDIUM



KEY

- | | |
|--|--|
| ● Frontrunner | ● Weak |
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NA = Not applicable |
| ● Strong | |

- PLN and other utility business area holders (PPU/IUPTLS) are the implementing institutions for RUKN 2019-2038
- Obligated to submit their electricity business plan to MEMR
- However, electricity business plan other than PLN is not publicly available

IMPLEMENTATION CHECK: RESOURCES

The National Electricity Plan (RUKN) 2019-2038

POLICY INSTRUMENT

The National Electricity Plan (RUKN) 2019-2038

RATING

MEDIUM



KEY

- | | |
|--|--|
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NA = Not applicable |
| ● Strong | |

- The investment needs USD 483 billion (USD 217 billion USD for generation), USD 28.5 billion/year
- For the fiscal year 2023, only USD 57.6 million allocated by government for electricity infrastructure
- PLN's internal budget is currently limited
- However, the private sector investment still low

IMPLEMENTATION CHECK: OVERSIGHT

The National Electricity Plan (RUKN) 2019-2038

POLICY INSTRUMENT

The National Electricity Plan (RUKN) 2019-2038

RATING

MEDIUM



KEY

- | | |
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- As of now, RE development has fallen below the MEMR's target of only reached 13.15% by December 2023
- Historically, the yearly RE share target never met the yearly target since 2018
- Publicly available annual report, but only limited to PLN's business area

IMPLEMENTATION CHECK SUMMARY

The National Electricity Plan (RUKN) 2019-2038

POLICY INSTRUMENT

The National Electricity Plan (RUKN) 2019-2038

RATING

MEDIUM



KEY

- | | |
|--|--|
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- Despite, the RE development target has a strong legal basis, the implementation still faces several roadblocks.
- Recommendation
 - Advancing supporting law to create better enabling environments
 - Providing a clear and comprehensive apparatus from planning, procurement, and reporting process, especially for business area holders other than PLN
 - A new revenue model for PLN should be consider in the future
 - Improving PLN's sustainable finance framework to incentives more sources of financing



1.5°C COMPATIBLE INDONESIA'S POWER SECTOR

IMPLEMENTATION CHECK SUMMARY

1. 5°C COMPATIBLE INDONESIA'S POWER SECTOR

	Current Condition (December 2023)*	IEA	Climate Analytics	IESR*	Climate Action Tracker
RE share by 2030 (%)	13.15	57	70-75	45	55-82
Coal share by 2030 (%)	67.66	20	0-16	39	7-16
Power sector peak emission	-	2030	-	2025	2030
Annual investment needs by 2030 (USD bn/yr)	-	25	10-27	15	-



THANK YOU