

## Electricity policy jakarta

In this article, we offer ten strategic initiatives that could help to speed up green growth in Indonesia, each of which could realize significant emissions reductions while maximizing economic value, job creation, and environmental protection.

Jakarta 22 November 2024 - The Journey to achieve Indonesia's energy independence and security could be supported through utilization of renewable energy as one of the sources of electricity supply. Through President Prabowo's directives mentioned during his Inauguration Speech (20/10/2024), Indonesia will focus on renewable energy management to achieve energy independence and security ...

JAKARTA, June 26, 2023 - The World Bank today approved a new program to increase access to sustainable and lower-cost electricity in eastern Indonesia. The program will also strengthen infrastructure resilience and support communities' ability to adapt to climate change.

**POLICY DIRECTION FOR ELECTRICITY SUPPLY DEVELOPMENT** Source: National Electricity Master Plan 2019 - 2038

- o Minimum share of RE 23% by 2025.
- o Diesel generation is only for emergency and temporary power supplies such as crisis areas.
- o GTPP/CC/GE/CCGE platform.
- o CFPP uses Clean Coal Technology (CCT).
- o Utilization of local primary

The decree sets the electricity price depending on the type of energy source (such as hydro, geothermal, solar cells and other sources), the capacity of the power plant (power plants with a larger capacity get lower prices) and location of the power plant (eastern parts of Indonesia enjoy higher prices than Java).

We highlight two issues in the decree: the maximum price policy and PLN's purchasing price for renewable electricity from independent power plants (IPPs), both of which are key to promoting more investment in renewable energy.

For the first issue, we find the maximum price policy is a bit strange. The reason is that the electricity market structure in Indonesia is monopsony. This means there is only a single buyer of electricity in the market. In Indonesia, this is PLN that buys electricity from the IPPs.

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If there is only a single buyer in the market, we do not need a maximum price policy to protect the buyer. The single buyer already has strong market power. Conversely, we think the appropriate policy should be to set a floor price to protect sellers, the electricity producers, from PLN as the powerful single buyer.

According to the Ministry of Energy and Mineral Resources (MEMR), Indonesia owns a vast potential of renewable energy, reaching a massive 3,668 GW. Evenmore, a study by the Institute for Essential Services Reform (IESR) indicates an even larger potential of over 7,800 GW, with solar energy covers for more than 75% of that potential. Despite these large numbers, renewable energy, especially in remote areas, is significantly overlooked.

Although Indonesia"s electrification ratio almost approaches 100%, there are several challenges, including: uneven quality of electricity services across the country, high dependency on fossil fuels, insufficient exploration of local renewable energy resources and a spatial mismatch between renewable resources and areas with high energy demand.

According to the (MEMR), until November 2024, there are 86 villages without access to electricity. Therefore, promoting the development of renewable plants based on local potentials of each region, rural electrification and constructing distributed and isolated grids are essential.

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