



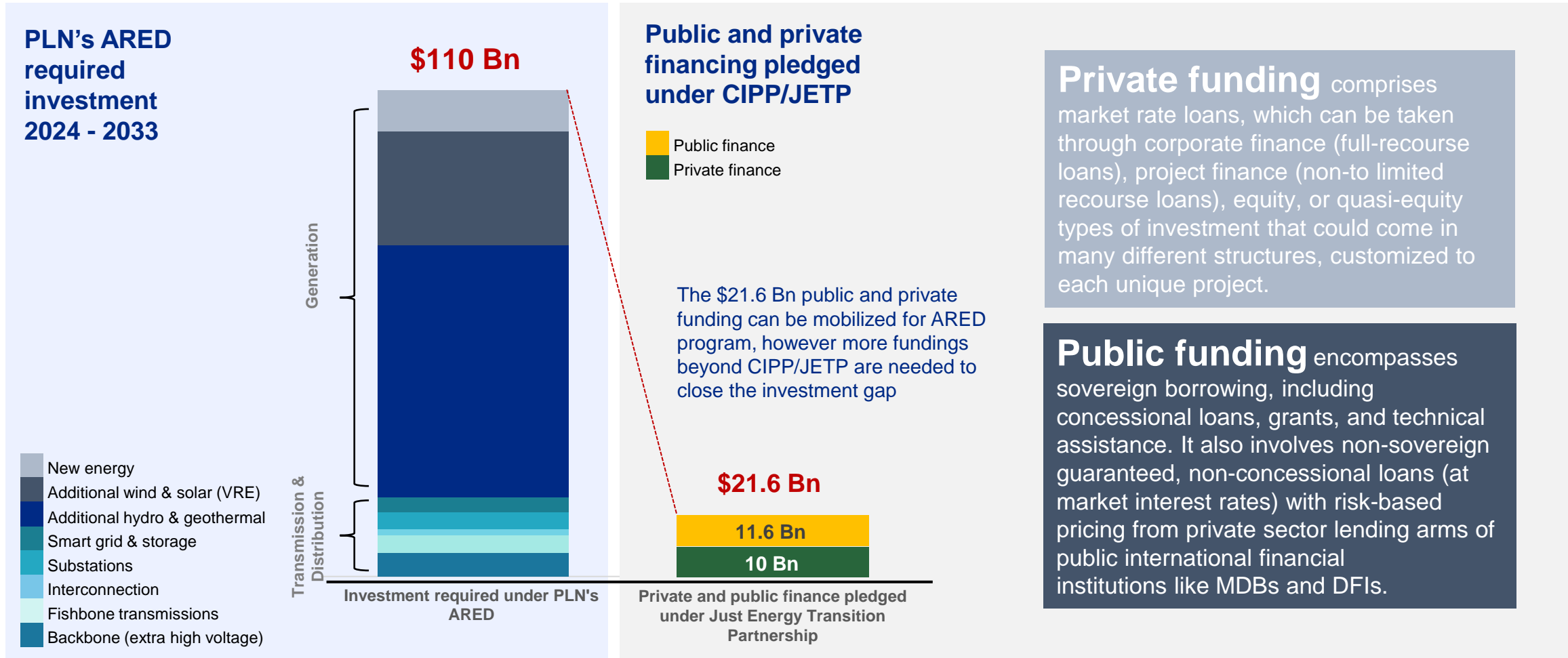
Utilizing Digital Technology to Facilitate Renewable Energy Investment in Indonesia

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Indonesia's energy transition requires a lot of investment- JETP funding won't be enough



There are challenges that may pose risks to the acceleration of energy transition



Most IFI financing packages require sovereign guarantee. It will increase GoI fiscal burden.



Most concessional financing are sovereign lending that may have concentrated beneficiary. Sovereign lending typically could only be access by Government or SOEs, hence potential limiting the access for private entities.



Prevailing FX risks exposure due to non-local currency-denominated facilities. Introduction of local currency financing options would eliminate most FX risks.



The **lack of standardized** definition and operationalization of E&S safeguard. Complex environment of safeguard policy leads to **high cost of E&S safeguarding**, e.g., application of specific provisions across different intermediaries.



Most concessional financing often target projects with **specific ticket size** i.e., large-scale projects. This may **limit financing access** for community-based projects.



All entities should work together to:

- 1** Explore innovative schemes that promote acceleration and inclusion.
- 2** Go beyond BAU to make blended finance work.

Incentives provided by the government for businesses to support the implementation of the energy transition (1/3)

1

MoF Regulation No. 21/PMK.011/2010

tax and customs incentives for entities engaged in the utilization of renewable energy sources

2

MoF Regulation No. 188/PMK.010/2015 on the Second Amendment to MoF Regulation No. 176/PMK.011/2009

Exemption of import duties on machinery, goods, and materials originating from Free Trade and Free Port Zones, Special Economic Zones, or Bonded Warehouses

3

MOF Regulation No. 66/PMK.010/2015

exemption on import duty on machinery, goods, and materials for the construction and development of power plant industries for public interest

4

MOF Regulation No. 172/PMK.010/2016

the reduction of Land and Building Tax in this case is given at 100% of the outstanding Geothermal Land and Building Tax, to taxpayers who fulfill the applicable provisions as in the regulation.

5

MOF Regulation No. 34 /PMK.010/2017

income tax exemption on imports for geothermal activities

6

Presidential Regulation No. 55 of 2019

import duty, luxury goods sales tax, central and regional tax exemption, export financing incentives, parking rate incentives, etc.

7

MOF Regulation No. 135/PMK.08/2019

government's support of the Business Feasibility Guarantee Letter (BFGL) related to Accelerate the Development of Electricity Infrastructure

8

MoF Regulation No. 218 of 2019

import duty, VAT, or VAT and luxury goods tax exemption for the import of specified goods used in geothermal activities

9

MoF Regulation No. 128 of 2019

Domestic Corporate Taxpayers incurring expenses for on-the-job training, internships, and/or educational programs aimed at developing human resources with competencies in new and renewable energy may claim a gross income deduction of up to 200% of the incurred expenses

10

MOF Regulation No. 130/PMK.010/2020

Corporate Income Tax Deduction Facility (Tax Holiday)

Incentives provided by the government for businesses to support the implementation of the energy transition (2/3)

11

MOF Regulation No. 130/PMK.010/2020
Corporate Income Tax Deduction Facility (Tax Holiday)

12

Presidential Regulation No. 98 of 2021
provides a basis for the implementation of carbon pricing and to be a guideline on GHG emission reduction through policies, measures, and activities to achieve NDC target and to control GHG emissions in the national development

13

Presidential Regulation No. 112 of 2022 incentive from the government in calculating the purchase price of electricity from power plants that utilize renewable energy sources by taking into account the location factor (F).

14

MOF Regulation No. 172/PMK.04/2022
exemption from Import Duties and/or No Tax In The Imports Framework on Imports of Goods for Geothermal Implementation

15

MOF Regulation No. 80/PMK.08/2022
geothermal development support for geothermal exploration activities

16

MEMR Regulation No. 16 of 2022

- establishment of Technical Approval for Greenhouse Gas (GHG) Emission Limits for power plants and Technical Approval for GHG Emission Limits for Power Plant Business Actors;
- preparation of a GHG Emission monitoring plan for power plants and reports for power plants;
- carbon trading

17

Financial Service Authority (OJK) Regulation No. 14 of 2023

guidelines on the issuance, generation, trading, and monitoring of emissions certificates and offset carbon credits, to be traded domestically or internationally, in either compliance or voluntary carbon markets

18

Presidential Regulation No. 79 of 2023

tax incentives for the electric vehicle industry such as import duty, luxury goods tax, and local tax reduction for battery electric vehicles.

19

MOF Regulation No. 103 of 2023

funding and financing mechanisms (including blended) finance and financing framework

Incentives provided by the government for businesses to support the implementation of the energy transition (3/3)

20

MEMR Regulation No. 2 of 2024

elimination of capacity fees for all types of PLN customers.

21

Presidential Regulation No. 14 of 2024

for Contractors: tax incentives in accordance with the provision of laws and regulations on taxation treatment for Upstream Oil-and-Gas Business activities, non-taxation incentives; for holders of Exploration Permits, holders of Carbon Transportation Permits, and/or holders of Storage Operation Permits: tax and non-tax incentives

22

MEMR Regulation No. 11 of 2024

special provision for power infrastructure projects funded by foreign loans or grants and relaxation from the LCR for specific solar power plant projects that meet certain conditions

23

MEMR Decree No. 191.K/EK.01/MEM.E/2024

new minimum combined local content thresholds which establishes a more suitable minimum LCR threshold for electricity infrastructure

24

Mol Regulation No. 34 of 2024

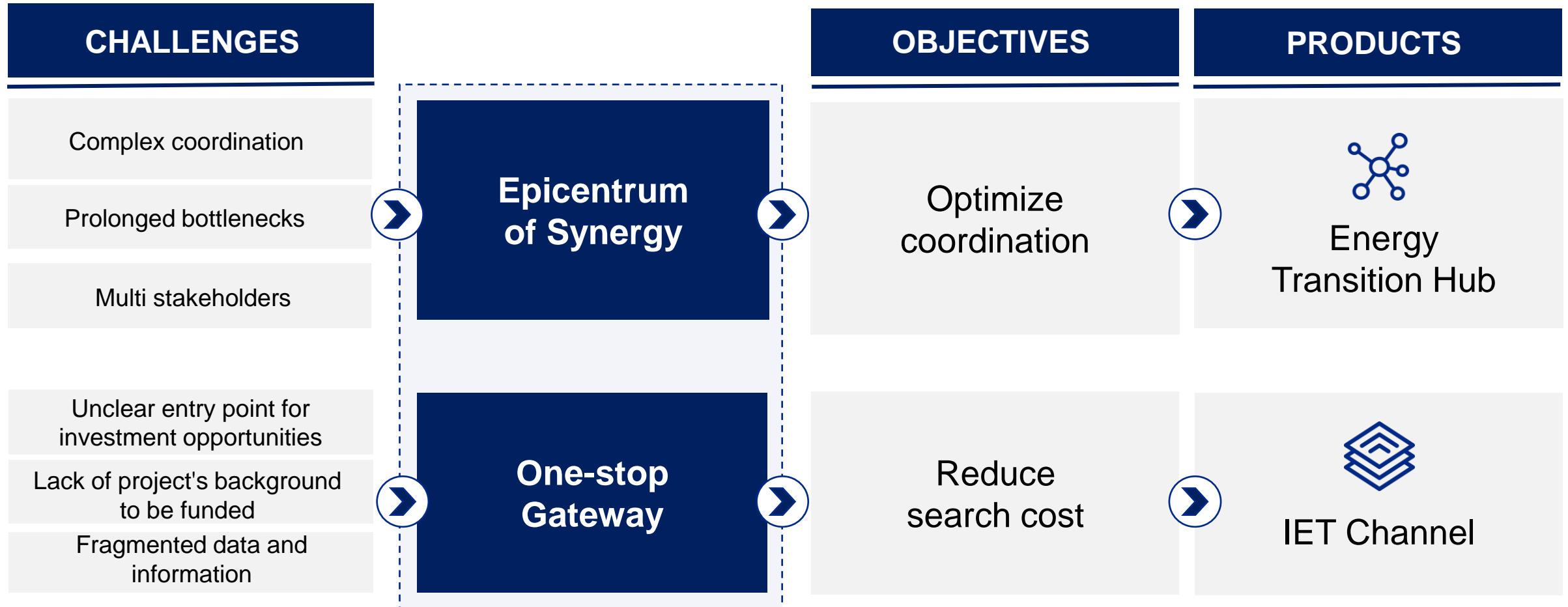
local content value for solar modules is calculated based on production factors: (i) direct materials which are given a weighting of 91% of the value (ii) direct workers which are given a weighting of 5% of the value and based on the percentage of local workers in the total direct workforce (iii) factory overhead which is given a weighting of 4% of the value

Key elements to ensure the acceleration of energy transition

Key Elements		Explanation	Examples
Policy and Regulatory Frameworks	➤	Establish strong, clear and supportive policies, including attractive tariffs, incentives, and long-term energy plans to guide investment and encourage private sector participation.	GOI has issued MEMR Regulation No. 11/2024, MEMR Decree No. 191.K/2024, and MOI Regulation No. 34/2024 related to the use of domestic products for the development of electricity infrastructure. These regulations support the acceleration of RE projects development by introducing special provision for electricity infrastructure projects funded by foreign loans/grants, relaxation from the local content requirements for specific solar power plant project, and new thresholds for RE projects.
Access to Financing and Blended Finance Mechanisms	➤	Utilize blended finance and sustainable finance mechanism to de-risk investments and scale up RE projects investment. Also, creating schemes to allow non-traditional financing.	The use of blended finance mechanisms by combining concessional funding with commercial funding to support the development of transmission infrastructure in Indonesia. This type of funding is crucial for projects that offer long-term economic and environmental benefits but have high upfront costs.
Technological Innovation and Capacity Building	➤	Invest in local capacity building and technology innovation to scale up renewable energy investment by reducing search costs.	Digital platforms , such as project matchmaking tools, provide transparent, real-time data on renewable energy projects, attracting investors by clearly outlining potential, risks, and funding needs. Such platforms shall enhance credibility, align with national energy policies, and boost investor confidence. By reducing search costs , these initiatives optimize cost of funding and expedite energy transition program.

About IET Joint Office

IET Joint Office plays roles as an Epicentrum of Synergy to optimize coordination and a One-stop Gateway to reduce search costs



IET Channel

As a One-stop Gateway, IET Joint Office is developing a channel to reduce search cost in energy transition project investment

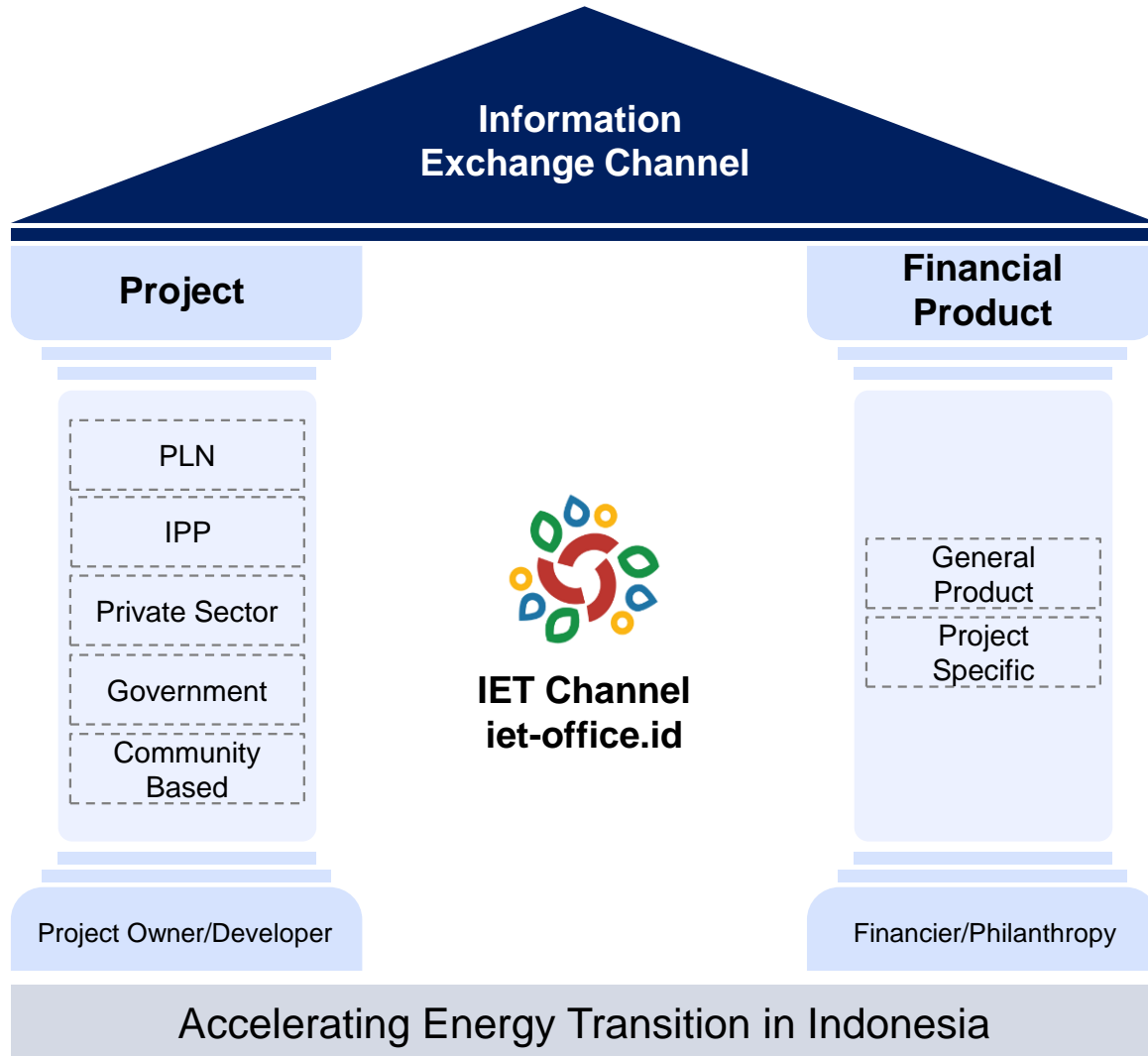


Progress and Timeline Agenda

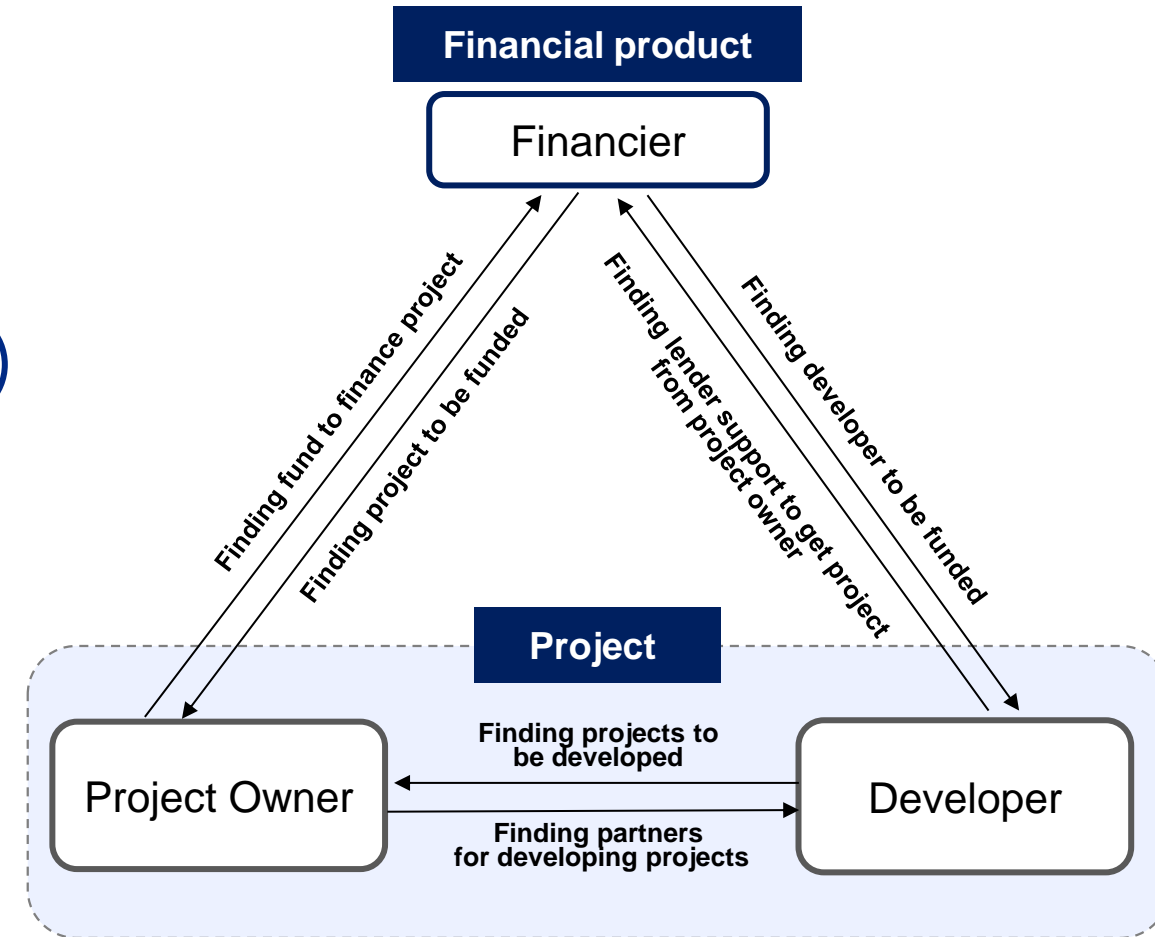


IET Channel

Enables the information exchange between the Project Owners, Financiers, and Developers



Project owners could either cooperate with the developers and create SPC to construct a project **OR** construct the project by themselves



The IET Joint Office has introduced the IET Channel during Electricity Connect 2024, held at the JCC Senayan (Jakarta)

At the Electricity Connect 2024 event, a **teaser exhibition** of the IET Channel was featured at the booth, aimed as introduction and gathering valuable feedback. The event also featured remarks from Burhanuddin Abdullah, President Commissioner of PLN, who commended the **collaborative efforts** of the IET Joint Office, PT PLN, PT SMI, and the Ministry of Energy and Mineral Resources in driving Indonesia's energy transition.

This event, part of the Electricity Connect 2024 series, underscores the IET Joint Office's dedication to **fostering innovation, synergy, and transparency** within Indonesia's renewable energy ecosystem.





**INDONESIA
ENERGY
TRANSITION**

Implementation Joint Office

Thank You

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