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Fabby Tumiwa delivered his speech at the Shine Bright: Advancing G20 Solar Leadership event

Jakarta, 27 October 2022 - To achieve the target of a 23% renewable energy mix by 2025 and the energy system’s decarbonization by 2060 or earlier, Indonesia needs to seriously improve and implement policies that encourage the development of renewable energy, especially solar energy. The utilization of solar energy is believed to be fast and strategic to achieve these targets. Presenting the complete review of the development of solar energy throughout 2022 and providing a projection in 2023, the Institute for Essential Services Reform (IESR) published the flagship report, Indonesia Solar Energy Outlook (ISEO) 2023.

Arifin Tasrif, Minister of Energy and Mineral Resources of Indonesia on the event of Shine Bright: Advancing G20 Solar Leadership organized by IESR, said that based on IRENA data, the cost of electricity (Levelized cost of electricity/LCOE) has decreased significantly by 88% between 2010 and 2021, from USD 41.7/kWh to USD 4.7/kWh.

“But based on current practice in the industrial sector, we get offers of up to USD 3/kWh, including USD 4/kWh battery costs,” said Arifin at the Shine Bright: Advancing G20 Solar Leadership event organized by IESR with support from Bloomberg Philanthropies, and in collaboration with the International Solar Alliance, and the Indonesian Solar Energy Association.

Furthermore, he explained that based on the energy transition roadmap in Indonesia, solar energy plays an important role in electricity in Indonesia with 421 GW of 700 GW coming from solar.

"We need support from local producers and industries to fulfil local requirement content (LCR), considering that Indonesia has mineral potential and critical material for solar PV, battery, and electricity network, Besides, the aspect the easy access to cheap financing, incentive, and other financing facilities is very important to provide a financial feasibility study and increase renewable energy investment such as solar energy, “explained Arifin.

Fabby Tumiwa, Executive Director of IESR, said that in general, Indonesia made some progress since 2018, although it is relatively slow in encouraging the development of solar energy. According to him, some reforms are needed in regulations and their implementation, especially before the deadline for realizing the target, which is only three years left.

"Rooftop solar power plants that have the potential of 655 GW for building only, can be built quickly and involve community investment, without overburdening the government. Moreover, to expect additional

renewable energy generation capacity from the implementation of PLN’s Business Plan (RUPTL) 2021-2030, rooftop solar power plants can meet a renewable energy mix target of 3 to 4 GW in 2025,” said Fabby.

Fabby added that the government and PLN need to allow permits for rooftop solar power plant installation.

"Availability of soft loan funds from financial institutions can support the adoption of household-scale PV mini-grid. Also, encouraging the adoption of solar PV in industrial areas, and non-PLN business areas needs to be done,” suggested Fabby.

ISEO 2023 stated that the progress of Indonesia’s solar energy can be seen from the decline in the price of solar electricity obtained through a power purchase agreement (PPA) made by PT PLN (Persero) with Independent Power Producers (IPP). Between 2015 and 2022, solar PPA prices declined by 78%, from $0.25/kWh to $0.056/kWh.

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