

Strengthening an Inclusive, Green and Effective Just Energy Transition: A Call from CSOs in Indonesia



This joint-recommendation for the
JETP CIPP document is prepared by:



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Executive Summary

Context

The Just Energy Transition Partnership (JETP) represents an agreement that combines public and private financing to accelerate Indonesia's energy transition. Through the JETP Secretariat in Indonesia, the Comprehensive Investment and Policy Plan (CIPP) was launched to facilitate this agreement. Hence, after careful review by a community of Civil Society Organizations ("CSOs") passionate about keeping JETP inclusive, effective, and accountable, this document seeks to provide a nuanced view of both its positive points as well as criticism of the CIPP. Furthermore, this document will propose recommendations that can strengthen the CIPP to maximize its implementation.

Assessment (Chapter-by-Chapter)

This review from a community of CSOs committed to maximizing JETP has assessed the document through the form of a table, which breaks down what CSOs are happy about, hoping what can be improved as well as recommendations that can be brought forward. Hence, **readers are invited to look through the table and specifically at comments chapter-by-chapter within the table in the Annex.** However, to ensure clarity and readability, a summary of the comments can be found following this.

02 | CIPP Overview

The CIPP was able to highlight the importance of Just Transition measures to bring innovation opportunities through industry and develop quality green jobs. Furthermore, the CIPP Overview has also placed attention that communities affected directly and indirectly need to be supported by this shift in workforce.

03 | Achieving Decarbonization Vision of Indonesia Through JETP

The CIPP document has accelerated the net zero emission target by ten years (2050). In addition, the related policy instruments that support JETP have been placed (regardless of whether or not such policies can be entirely effective) which can provide the government with an outlook for the decarbonization, power, and energy sectors. However, the General Regional Energy Plan (RUED) has been ignored, and so policies at the provincial level have not been affirmed. This would sideline regional governments within the implementation of JETP, which is not only exclusive at the national level. Besides this, no connection nor analysis has been made yet on how JETP is able to fulfill NDC commitments.

04 | Impact on Indonesia's Economy: A Case for Energy Transition

The CIPP has also established in light that communities might be phased out from the Just Transition. The importance of strengthening the labor force and providing social protection is highlighted. Understanding that the JETP might result in job losses as well as bringing in new jobs, the amount of job loss to the number of jobs created has not been articulated.

05 | The JETP Pathway and Portfolio of Programs

Within the JETP scenario, renewables will take the largest share of the generation mix, with a rise in variable renewables expected to rise. Furthermore, the CIPP document includes a technical pathway for an on-grid system with a 250 MT target for the on-grid power system in 2030. This extent needs to be further explored by the JETP Secretariat. There also needs to be further assurances that such achievements within RE developments are feasible, while also ensuring that new energy initiatives are clean, support environmental sustainability, and that communities are empowered.

06 Ensuring a Just Energy Transition

The CIPP has shown that the definition of a Just Transition takes into account principles of the International Labour Organization, taking into account decent work and leaving no one behind.

07 Financing the Just Energy Transition

The CIPP has put the importance of being aware of ESG principles and an improvement of the Green Taxonomy at the ASEAN level. However, the document needs to expand on specificity regarding the debt financing model, grants that should be able to cover early retirement of coal-fired power plants, as well as US Non-concessional loans. In addition, there needs to be other sources of finance to fund JETP which includes measures from the European Union (EU) as well as through alternative funding.

08 Enabling Policies for JETP

The CIPP document brought forward initiatives that can assist JETP, such as establishing an e-waste management mechanism. However, several nuances need to be expanded, including the coal phase-out strategy, reducing the exploitation of critical minerals, policy reform of Domestic Price Obligation (DPO)-Coal, strengthening of legal frameworks, and the acceleration of policy roadmaps. Local government involvement should also be at the forefront to enable policies at the regional level. Specifically on the acceleration of the coal phase-out, we believe that a much higher target for coal retirement by 2030 in the current CIPP is feasible. We have listed potential coal-fired power plants that can be considered for different scenarios.

09 JETP Implementation and Governance

We include some recommendations to further strengthen the CIPP document.

Recommendation Highlights

A list of detailed recommendations can be found within the annex, but to summarize, proposed recommendations include (but are not limited to) the following

Putting Inclusivity at the Forefront, Empowering Regional Governments

The CIPP document is non-binding, but can serve as solid recommendations for the National Energy Transition Task Force, specifically when it comes to bringing forward a “whole-of-government” approach that prioritizes diverse stakeholder involvement, community empowerment and guidance for regional governments to manage JET. This must be translated to policy mapping that trickles down to the regional level. The implementation of GEDSI can serve as the foundation that prioritizes a diverse pageant of vulnerable groups and affected communities.

Expelling the False Solution

Several forms of technology in the energy transition such as nuclear, large scale hydro power, biomass, CCUS/CCS, hydrogen and geothermal need to be considered for exclusion from the CIPP JETP document due to various problems such as expensive investment costs, and poses high risk to socio-environmental impacts for local community.

Transitioning into Quality Green Jobs

The CIPP document has acknowledged both the creation of new jobs and the losses of other jobs because of JET. This needs to be further calculated. In addition, current government initiatives to advance Green Jobs in Indonesia need to be incorporated within national and regional policy to ensure that existing policy levers are utilized

Strengthening and Diversifying Financing for JET

There needs to be more pathways for alternative financing to be brought forward. IPG countries need to reduce the portion of non-concessional loans and be resolute in providing financial commitments, including utilizing direct funding from state budgets and alternative levies from MNCs. Alternative financing must also be increased. Furthermore, fair mechanisms need to be put in place that ensures the willingness of IPG and GFAZ to equally share the burden of any excess cost of projects. Ensuring the transparency of financing schemes is also equally important and thus, the financing scheme of projects should be part of the public domain.

Raising the Bar on Early Coal Retirement

JETP should be built based on ambitious coal retirement goals. To do this, IPG countries should follow the Indonesian Government’s initiatives in phasing out old power plants and provide clearer schemes in termination schemes. Immediate retirement of 4.5 GW “low-hanging fruit” plants needs to be considered as well.

Prioritizing Good Governance

Recognizing that the journey to develop Renewable Energy is critical, the affirmation of socio-economic safeguards must be highlighted. This includes ensuring that procurement practices are transparent. In addition, Indonesia should rely on clean energy as a competitiveness-enabling tool that can help heighten corporate standards and provide more value.

CIPP Feedback Form

No.	Chapter	What we are happy about CIPP	Our critics on CIPP	Our specific Recommendations or Feedback
Chapter 1. Executive Summary comments and remarks				
1	N/A			
Chapter 2. CIPP Overview				
1	Objective and Guiding Principles	The CIPP has stated that the importance of just transition measures brings about opportunities for innovation through the industry to create quality green jobs where all communities are affected directly and indirectly (page 10).		Understanding that the CIPP is not a binding document and subject to approval and further deliberation of the National Energy Transition Task Force (SATGAS TEN), the CIPP should adopt a “whole-of-government” approach that maps out relevant government programs, initiatives, and plans and pinpoints where government programs at the ministerial and regional government level can fit within the Just Energy Transition Partnership.

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Chapter 3. Achieving Decarbonization Vision of Indonesia Through JETP				
1	Indonesia's Climate Target	Indonesia will accelerate its zero emission target by ten years by 2060 (page 20).		
2		JETP will indeed be used for the decarbonization of the electricity sector.	Implementing JETP poses challenges in quantifying its impact on achieving the National Determined Contributions (NDC) targets in the energy sector. While international funding can support certain aspects of JETP, it remains to be seen how much the government needs to independently raise to meet the overall NDC targets in the energy sector. Specifically, suppose international assistance contributes to meeting NDC targets in some energy sectors. In that case, there is a need for clarity on the amount of funding required from the government to achieve the broader NDC target	The CIPP document should assess the implementation of JETP and its ability to fulfill the commitment.
3	Indonesia's Regulatory and Institutional Landscape on Energy Transition	Describe the policies produced to support JETP implementation. Whether we agree with this policy is another matter, but in this chapter, we can see an overview of government policy regarding the decarbonization of the energy sector.	Ignoring RUED (General Regional Energy Plan) policies. Provincial-level regional governments have energy policies that need to be confirmed in the discussion in Chapter 3. RUED should be an integrated policy in the energy transition policy so that regional governments that are ready can be involved in the energy	There must be involvement of local governments or at least open space for participation in the generation of renewable energy or implementation of JETP in their region. Whether the project is in RUPTL or not, ensuring it is in RUED is vital.

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<p>transition to renewable energy based on RUED. This is an essential consideration because the list of projects to be implemented in JETP is not only within the central government's authority.</p> <p>The involvement of local governments is crucial because it can be a supporting factor for community involvement in generating electricity from renewable energy.</p>				
<p>Chapter 4. Impact on Indonesia's Economy: A Case for The Energy Transition</p>				
<p>1</p>	<p>Job Creation and Employment Impacts</p>	<p>The CIPP has also established that the labor force and social protection intervention needs to be contextualized and tailored towards communities being phased out. This shows that the Just Energy Transition Partnership (JETP) displays an understanding that the energy transition period needs to have the necessary contingencies. (page 32)</p>	<p>The CIPP acknowledges that the decarbonization of Indonesia's power sector will lead to the duality of the creation of new jobs and a negative impact on employment where existing jobs will be lost (page 29). However, calculating jobs lost and job creation is unclear, and the CIPP document does not provide a pathway to address this. Furthermore, no action plan addresses how those who will lose their jobs can transition into green jobs.</p> <p>The CIPP document does not adequately define, assess, or place the word "green jobs"</p>	<p>There needs to be a clear strategy that shows how the CIPP aims to facilitate the workforce into employment in Green Jobs. Although there is an understanding to provide on-the-job training, capacity building, and vocational training (among others) this does not consider current government policies such as the Occupational Mapping (Peta Okupasi) delivered through the National Planning Agency (BAPPENAS)</p> <p>We need a clear strategy on this, i.e the need to finance proposals for social protection for the impacted groups.</p>

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<p>context, nor is this integrated as a way to facilitate a Just Transition, when the International Labour Organization has a close relationship understanding of green jobs to be in line with “decent work”.</p>				
<p>Chapter 5. The JETP Pathway and Portfolio of Programs</p>				
<p>1</p>	<p>Clean Energy Transition Pathway for the On-grid Power Sector</p>	<p>In the JETP scenario, renewables will be the largest share of the generation mix, accounting for 44% of total power generation by 2030 and rising to over 75% by 2040 and over 90% by 2050.</p> <p>The share of variable renewable energy (VRE) is projected to rise from less than 1% today to 14% by 2030, 25% by 2040, and 36% by 2050.</p>	<ul style="list-style-type: none"> While RE development targets increase by 44%, we are yet to see a feasible roadmap and timeline for at least the first 12 months of implementation. Also, coal derivatives considered “New Energy” (energi baru) are still mainly included. Has consultations with main stakeholders such as PLN and MEMR been done? As we can see in the 1st Chapter, key principles include “Maintaining long-term financial stability for PLN and its subsidiaries.” This will have implications for the increased 44% RE target. Hydropower (+9 GW) and geothermal (+4 GW) lead the way for dispatchable RE until 2030. Big emphasis on hydropower development, most notably in 2036-2040. 	<ul style="list-style-type: none"> The next steps of RE development are very critical. Outlining the 44% renewables target requires the Government of Indonesia (GoI) to focus on immediate targets and progress - for shorter targets instead of long-term targets. Enhance the procurement process and a thorough assessment of social-environmental risks and safeguards during the pre-development stage. Improved tender and procurement processes, enhanced domestic manufacturing, and Free Prior Informed Consent (FPIC) for land acquisition The JETP Secretariat and other key stakeholders must ensure communications between JETP (or the task force), PLN, and MEMR must run smoothly to ensure that we can hit the 44% RE target by 2030

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Chapter 5. The JETP Pathway and Portfolio of Programs				
			<ul style="list-style-type: none"> • Bioenergy represents a contribution (+3 GW) with biomass co-firing contributing to the overall generation mix. • The CIPP draft has identified the risk of the biomass feedstock but has not yet included a detailed explanation of the utilization strategy of locally sourced biomass feedstock, as well as the intersection with land-use and deforestation issues. • While the ambition to increase renewables share by 2030 is welcomed, there is an excessive focus on biomass and hydropower and overly conservative limits on solar power expansion. There is no reason why Indonesia cannot pursue more than 32 GW of solar to be installed before 2030, based on experiences from China among others. China has successfully installed 130 GW of solar power in the first 9 months and is 	

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			<p>expected to install 200 GW this year alone (Source: CREA).</p> <ul style="list-style-type: none"> ● CIPP ignores community-based renewable energy development. Community-based renewable energy opens up access to electricity for poor people, especially those in remote rural areas. Poor people's access to electricity is their right to development (economic, social, and cultural/ecosoc rights). The state must fulfill this right. Without paying attention to community-based renewable energy development, JETP has ignored the values of justice. ● There is no further explanation of how this significant increase in RE share (i.e. 44 percent of total power generation by 2030) will be strategically achieved in the current sluggish RE development and the significant overcapacity of power. 	

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			<ul style="list-style-type: none"> ● Nuclear part of CIPP JETP scenario generation by technology to push for energy transition (pages. 44). ● Many countries have abandoned nuclear power including Japan, which closed many nuclear plants after the Fukushima incident. Does Indonesia still have the ambition to pursue high-risk nuclear technology? ● By today's standards and technology, building a nuclear power plant is more expensive than a RE plant. 	
2			<ul style="list-style-type: none"> ● Geothermal investment per kW 4,000 USD (page 40). ● Geothermal is estimated to be a high cost of technology with a high scale of social conflict and deforestation. JETP needs to consider carefully when pursuing Geothermal as a viable energy project 	
3			<p>CCUS/CCS</p> <ul style="list-style-type: none"> ● The CIPP JETP shows that the cost of adding CCUS will reach 1,950 USD per kW in 2020, and 1,790 USD per kW is more expensive than 	<p>CCUS/CCS</p> <ul style="list-style-type: none"> ● The false solution form of CCUS/CCS needs to be excluded from the CIPP JETP discussion.

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			<p>other technologies, especially solar PV which is 790 USD per kW.</p> <ul style="list-style-type: none"> By including CCUS in the CIPP JETP document it opens up opportunities for expensive investments and maintaining the coal power plant in the long term. JETP will include the CCS as an additional coal power, as seen in select technology investment cost assumptions (page 40). 	
4			<ul style="list-style-type: none"> Ammonia and Hydrogen are still included in the investment area (page 141). Fossil energy is still used in "clean" energy generation. Coal will be used to produce ammonia, while gas will be used to produce hydrogen. 	
5			<p>Natural gas Increase Significantly 2040-2045</p> <ul style="list-style-type: none"> There is no detailed explanation for why the JETP scenario in 2040-2045 saw such a high spike in natural gas use from 19.8 TWh to 68.4 TWh (page 44). Gas as fossil energy, which contributes to the increase in 	

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			<p>carbon emissions still plays an essential part in the problematic energy transition. Using gas directly or as hydrogen/ammonia material raises concerns about an energy transition that accommodates false solutions.</p>	
6			<ul style="list-style-type: none"> ● In the JETP scenario, the role of bioenergy co-firing in coal power plants also increases, with the share of co-firing rising to 7% in 2030 and 9% after 2040. (page 69). ● Biomass and low-emission fuels co-firing at existing thermal power plants is a possibility to increase the share of renewables in the power system while providing flexibility from existing assets (page 60). ● Research estimates that the energy plantation area required for 18 GWh capacity is at least 2.33 million hectares. In 2019, 38% of the total energy plantation came from natural forest deforestation. It is not impossible that emphasizing 	

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			<p>the proportion and expanding the implementation of biomass co-firing in the energy mix scheme could threaten forest sustainability in the future.</p> <ul style="list-style-type: none"> Land expansion for ultra-massive energy procurement, on a national scale, impacts the loss of the environment and ecosystems that support every form of life. Along with escalating environmental degradation, which eventually leads to the climate crisis, it raises the chance of structural poverty. Converting land to energy plantations will alienate local communities that used to rely on local forests or plantations to access their daily needs. 	
7		<p>Ongrid vs Captive Coal:</p> <ul style="list-style-type: none"> The 2023 version of the CIPP would only have an on-grid emissions target and pathway. The CIPP includes a technical pathway for the on-grid system with a 250 MT target for the on-grid power system in 2030. 		

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		<ul style="list-style-type: none"> • More time is needed to understand the current online and planned captive coal extent, develop strategies to manage better industrial energy demand (including energy efficiency), set out viable alternatives to meet this demand without coal and determine an ambitious off-grid emissions target. • The JETP Secretariat will begin conducting an extensive explorative study around the off-grid systems to provide a better understanding of the captive decarbonization strategies to conclude the study within six months of starting this work. Like the CIPP, the study will provide some form of a target for the captive sector and recommend the concrete steps the Indonesian government can take to limit captive emissions. 		
8		<ul style="list-style-type: none"> • The JETP scenario projected that out of the 265 GW of solar PV capacity needed by 2050, a potential of around 75 GW could be achieved through distributed rooftop installations. 	<ul style="list-style-type: none"> • Recent findings show difficulties caused by a certain level of capacity limitation by PLN distribution units on rooftop solar permits, even though MEMR Regulation 26/2021 allows rooftop solar installation up to 100% of the connected electricity capacity. 	<p>This CIPP document gives up when dealing with PLN even though it should be able to provide recommendations on what should be done so that PLN no longer hinders the development of Rooftop PLTS.</p> <p>This rooftop PLTS is the entry point for public participation in generating electricity from renewable energy. Therefore, this document needs to contain a roadmap for</p>

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				<p>implementing Rooftop PLTS, which includes policy changes and reforms within PLN so that it no longer hinders the accelerated growth of Rooftop PLTS. Even though 75 GW is not ambitious, it could be the minimum size that must be achieved. If obstacles from PLN are overcome, this minimum target will be easier to achieve.</p>
9			<p>On captive coal power plants The CIPP document excludes captive power plants for industry from the plan. The government considered coal energy a competitive enabling tool in investment and trade, especially downstream (critical mineral industry).</p> <p>The world is now shifting towards cleaner energy. The competitiveness of dirty energy will decline. Large companies with high standards prefer countries with clean energy.</p> <p>By relying on dirty energy, Indonesia will actually lose its competitiveness among high-standard large company.</p>	<p>On captive coal power plants Therefore, we recommend that all captive power plants be included in the zero emissions plan. Indonesia should rely on clean energy as a competitiveness-enabling tool, to attract high standards companies that make high value-added as well.</p>

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			<p>Meanwhile, those companies generally have greater economic value-added, including paying higher wages. By relying on coal energy, Indonesia will only attract low-standard industries which generally also have lower economic value added, including paying cheaper wages.</p>	
Chapter 6. Ensuring a Just Energy Transition				
1	Guiding Principles and Approach to a Just Transition	<p>The CIPP has highlighted the definition of a Just Transition in Indonesia by considering the principles of the International Labour Organization (ILO) which considers decent work and leaves no one behind. (page 110)</p>		
2				<p>Participation and Inclusion One aspect that becomes an essential issue in the Just Energy Transition is the GEDSI (Gender Equality, Disability, and Social Inclusion) aspect. Bad practices of energy governance in Indonesia often affect vulnerable groups such as women, disabilities, indigenous groups, and other groups. The energy transition must also ensure that every process and result is fair, equitable, and beneficial for all people, especially these vulnerable groups. Access, Control, Participation, and Benefits (ACPB) parameters must be well implemented to ensure this</p>

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Chapter 7. Financing the Just Energy Transition				
1	JETP Financing Principles and Approach	Indonesia will accelerate its zero emission target by ten years by 2060 (page 20).	<ul style="list-style-type: none"> The debt financing model, whether in the form of concessional loans or commercial loans, raises concerns about the burden of JETP funding on Indonesia's fiscal space. The additional portion of the grant should be able to cover early retirement for coal-fired power plants, as part of the responsibility of developed countries towards historical debt on climate. Apart from that, developed countries, by the Paris Agreement, should provide larger grants based on the principle of "common but differentiated responsibilities". 	
2			<p>US Non-concessional loan</p> <ul style="list-style-type: none"> US\$1 billion of US Non-concessional loans raises questions about IPG's commitment to funding with a more affordable cost of financing. amidst rising global interest rates (page 136). Based on the short definition, non-concessional 	<p>Finance</p> <ul style="list-style-type: none"> IPG countries should reduce the portion of non-concessional loans, especially when market-based loans for local currency have a 10-year yield of 6.83%, while the US Treasury market yield for 10 years as a risk-free asset is 4.54%. If the US\$1 billion non-concessional is imposed, then the GoI will have to pay annual interest of at least US\$68.3 million to fund the energy transition.

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Chapter 7. Financing the Just Energy Transition				
			<p>loans are loans typically used for MDBs, with a market-based interest rate and substantially less generous terms than concessional loans.</p>	
3	Breakdown of Available JETP Funding		<p>MDBs Guarantee</p> <ul style="list-style-type: none"> The United Kingdom and the United States have each committed to providing guarantees for US\$1 billion in support of lending from the International Bank of Reconstruction and Development (IBRD) for this JETP. These guarantees are made available in addition to IBRD’s Single Borrower Limit (SBL) for Indonesia. (page 134). Although the MDBs guarantee is an alternative way to mobilize funds for the energy transition to developing countries, it has a weak funding commitment, which means that IPG countries do not provide Indonesian funds (escrow account). Lobbying MDBs to provide more guarantees of riskier assets is not new. It has been happening for a long time. The scenario of 	<p>Finance</p> <ul style="list-style-type: none"> IPG must be firmer and have a detailed commitment regarding direct funding from the IPG state budget as well as alternative levies on multinational companies in the fossil sector that operate in Indonesia and create historically many financial benefits for the IPG country

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Chapter 7. Financing the Just Energy Transition				
			<p>using MDB guarantees raises concerns about the lack of clarity regarding the technical realization of the IPG direct funding in JETP.</p>	
4			<p>The EU is not keen to finance early retirement CFPP The EUR 1 billion loan includes sovereign and non-sovereign loans, which financing terms might vary project by project. This loan can be used for all JETP Investment Focus Areas except IFA2 Early Retirement of CFPP (page 139).</p>	<p>The EU funding commitment for the early retirement of CFPP is very weak and does not provide significant support for Indonesia. The EU can include some of the funds from the CBAM (Carbon Border Adjustment Mechanism), which has the potential to reach EUR 1.5 billion per year until 2028. Some of the funds from the carbon tax in the EU can also be used to fund the early retirement of CFPP in Indonesia.</p>
5	Financing Structure Options	<p>The Capacity building to raise awareness of ESG investment and standardize sustainability guidelines should be introduced by having public ESG data and impact platforms (page 150).</p>		
6		<p>The proposed improvement of THI 1.0 will be aligned at least with the second version of the ASEAN Taxonomy for Sustainable Finance v2 (ASEAN Taxonomy Board, 2023) a common basis to classify sustainable finance in the region. Financing an early phase-out of coal-power plant operations is now being considered as an eligible</p>		

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		sustainable activity if the plant's commercial operation period is capped at 35 years, with the expectation that the early retirement effort will facilitate the diversity of the energy transition pathways of ASEAN member countries (page 155).		
7			<p>Lack of alternative financing Apart from carbon financing, philanthropy, and banks, the CIPP JETP document does not include potential alternative funding, including the Loss and Damage Fund in financing CFPP early retirement, RE deployment, and just aspects.</p>	The revised CIPP JETP needs to include alternative funding potential, especially in the form of a climate debt framework from IPG, which could be loss and damage funds channeled directly to GoI and affected communities.
8			<p>On Project Financial Feasibility:</p> <ul style="list-style-type: none"> ● CIPP does not include a fair mechanism if there is an unexpected increase in the cost of new projects (IFA1, IFA3, IFA4) funded using commercial rate loans so that the financial feasibility of the project becomes uncertain. ● Ensuring the financial feasibility of the projects is essential to protect the welfare of the general public (saving taxpayers money). 	<p>On Project Financial Feasibility: A fair mechanism to ensure the financial feasibility of new projects (IFA1, IFA3, IFA4) should include the willingness of IPG and GFANZ to equally share the burden of any excess cost of the projects by giving grant for 50 percent of the total amount of extra cost. While the Government of Indonesia will absorb 50 percent of the remaining excess cost.</p> <p>On Financing Scheme Transparency: As part of transparency, the financing scheme for each project should be announced to the public in addition to the project's financial feasibility.</p>

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			financing scheme negotiated with IPG and GFANZ. The general public needs transparency on the financing details since less than 3% of the total fund will be a Grant, while the rest (97%) will be offered as a (commercial) loan.	Negotiation on the financing scheme between JETP/Gol and IPG/GFANZ (or other financial institutions) should consider the general public's welfare.
Chapter 8. Enabling Policies for JETP				
1	Retirement and Managed Phased-out		<p>Coal Phase-out:</p> <ul style="list-style-type: none"> 1.7 GW coal early retirement is not ambitious nor aligns with the Paris Agreement - (9.2 GW needs to be closed by 2030) and even more by 2040. This is also much lower than the target of South Africa's JETP, which targeted CPP early retirement at 6 GW with significantly lower funding. In the CIPP document, only some coal power plants in the pipeline are canceled. Most of them continue. Meanwhile, the government plans to close several power 	<p>Early Coal Retirement</p> <p>Two coal power plants are being proposed to be retired under the JETP scheme (ETM funded), which are:</p> <ul style="list-style-type: none"> - Cirebon 1 (660 MW) - Pelabuhan Ratu (1050 MW). <p>Total: 1710 MW.</p> <p>We envision a much higher target for coal retirement by 2030 than in the current CIPP is feasible. Based on an IESR and UMD analysis, Indonesia must retire at least 9.2 GW by 2030 to align with the 1.5 scenario and to make room for renewables, particularly in oversupplied markets like Java and Sumatra. According to IESR, canceling CFPP in the pipeline could be the cheapest mitigation action, estimated to be around 0.5-0,8 USD/ton CO2.</p>

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			<p>plants early (early retirement). From our perspective, building new power plants and early retirement are two activities that cancel each other out. This mutual-cancelling-out action is expensive with zero results.</p> <ul style="list-style-type: none"> Five Investment Area Focus (IFAs) does not seem to focus on the closure of Coal-Fired Power Plants (CFPPs), only on grid and RE expansion. 	<p>JETP should be built to finance an ambitious coal retirement pathway and abandon the new coal power. IPG should include funding for the retirement of younger coal plants for early retirement and supporting Gol's plan to phase out old power plants to ensure a significant emission cut that we can benefit from.</p> <p>We encourage all JETP stakeholders to support the closure of the old CFPPs which can take the form of direct IPG and MDBs grants to PLN and technical assistance in reforming legal and policy aspects to prevent state loss. JETP needs to encourage a clearer IPG commitment to phase out the old CFPPs (natural retirement), and we see so far the funds provided in the JETP CIPP by IPG partners are not yet included in the schemes of termination of the old CFPPs.</p> <p>According to Paris Agreement Article 9 (3), "As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments, and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts." The term progression beyond</p>

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				<p>previous efforts should include funding commitment through various sources, and JETP is still not finding a new one, especially for CFPP termination. JETP needs to be clear about historical climate debt from developed countries that address the need to help Gol push for an ambitious CFPP retirement pathway.</p> <p>Here are old coal plants that should be retired naturally (natural retirement) and should not burden the JETP investment since they were planned to retire before the JETP was agreed upon. Usually, the coal power plant lifespan is 30 years if we refer to the maximum PPA between IPP and PLN, in which they will lose their market value once their PPA contract is finished.</p> <ul style="list-style-type: none"> - Paiton 5 (612,5 MW) - Paiton 6 (612,5 MW) - Suralaya 3 (400 MW) - Suralaya 4 (400 MW) - Suralaya 5 (600 MW) - Ombilin 1 (100 MW). <p>Total: (2,725 MW).</p> <p>In addition, here is a list of coal power plants that are old, dirty, inefficient, and facing resistance from the local community that have the potential to be retired by 2030. Immediate retirement of 4.5 GW of "low-hanging fruit" plants, which are older, dirtier, and more inefficient can reduce emissions by 28.8 MtCO2 per year</p>

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				<p>and help improve air quality, public health, and watersecurity. The data compiled from IESR's research and modeling and the Sumatera CSO coalition (STUEB):</p> <ul style="list-style-type: none"> - Pacitan (630 MW) - Suralaya 8 (625 MW) - Paiton 9 (660 MW) - Adipala (660 MW) - Bukit Asam 1 (65 MW) - Bukit Asam 2 (65 MW) - Bukit Asam 3 (66 MW) - Labuhan Angin 1 (115 MW) - Labuhan Angin 2 (115 MW) - Nagan Raya 1 (110 MW) - PLTU Sulut 4 (100 MW) - PLTU Sulbagut 1 (100 MW) - PLTU MSW (60 MW) - Tanjung Power Indonesia (200 MW). <p>Total: 3,671 MW.</p> <p>And here is the additional list of further coal power plants that should be considered for early retirement:</p> <ul style="list-style-type: none"> - PLTU Jawa 7 Unit 1 (1050 MW) - PLTU Jawa 7 Unit 2 (1050 MW) - PLTU Labuan 1 (300 MW) - PLTU Labuan 2 (300 MW) - Pangkalan Susu 1 (200 MW) - Pangkalan Susu 2 (200 MW) - PLTU Tarahan 3 (100 MW) - PLTU Tarahan 4 (100 MW) - PLTU Banjarsari 1 (135 MW) - PLTU Banjarsari 2 (135 MW). <p>Total: 3,570 MW.</p>

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2	Strengthening Domestic Supply Chain of Renewable Energy by Reforming Local Content Requirement (LCR)	<p>E-waste management: Establish proper mechanisms for collection, recycling, and safe disposal of e-waste including local recycling facilities for PV panels (page 173).</p>	<p>Critical Minerals: The need to reduce the level of exploitation of critical minerals is very urgent, especially for battery (storage) needs. The CIPP JETP document only discusses limited solar PV recycling.</p>	<p>Transition energy also means reducing dependency on extractive sectors. It is important not only for PV waste, but other e-waste programs must be expanded to all components requiring critical minerals (nickel, bauxite, etc). It needs to be stated clearly the recycling target in the CIPP JETP. For instance, 15-20% of solar PV components and EV batteries will come from recycling in 2030. As a comparison, the EU Critical Mineral Act plan states an effort to reach at least 15% of the EU's annual consumption for recycling in 2030. Apart from clear targets, it is necessary to encourage fiscal and non-fiscal incentives to increase domestic capacity in encouraging the recycling industry.</p>
3	Supply Side Incentives		<p>Policy Reform DPO-Coal</p> <ul style="list-style-type: none"> On the risk mitigation regarding the policy reform, CIPP JETP stated that PLN's financials could be negatively impacted by the taking out of the DPO which would cause fuel cost increase. In addition, PLN faces liquidity risks relative to the time needed to receive compensation payments. Furthermore, dispatch decisions may result in prioritizing lower-carbon fuels such as 	<p>DPO There needs to be caution in eliminating coal DPO, and it would be better to reform policy by eliminating coal DPO through a more in-depth study process.</p>

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			<p>natural gas, impacting PLN's costs (page 182).</p> <ul style="list-style-type: none"> Excessive concerns that changes to the DPO policy will only hamper the reform process in the electricity sector and the coal phase-out. So far, the DPO policy has benefited the domestic supply of coal companies, especially when international coal prices slump. Changing the DPO policy incentivizes coal companies and damages PLN's financial stability. The removal of the coal price cap could incentivize future investment and the production of coal might be a drawback in achieving JETP's target. 	
4	Procurement Processes Improvement		<p>Lack of Acceleration Roadmap</p> <ul style="list-style-type: none"> In the policy reform roadmap, we have not yet found the transfer of fossil subsidies and fiscal incentives to RE, implementing a carbon tax, and regulatory reform efforts to revise PPAs with IPPs (page 190) 	<p>Bolder fiscal reforms that need to be implemented in the short term by reallocating incentives and spending on energy subsidies, implementing a windfall profit tax for fossil companies. At the same time, the GOI can increase fiscal space by implementing a carbon tax. Without bold fiscal reform, it is difficult to hope that fiscal space will be available while providing incentives for the RE sector to achieve the 44% energy mix target in 2030.</p>

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			<ul style="list-style-type: none"> Indonesia could raise IDR 166 trillion (USD 11.5 billion) by reforming transport fuels and coal subsidies and subsequently taxing them according to their actual costs to society (Sumarno & Sanchez, 2021). If the current amount of taxes raised from these fuels is added, the amount goes up to IDR 261 trillion (USD 18.1 billion). This is more than half the investment needed to achieve the 23% target, according to several estimates, and more than is what is needed for PT PLN's distribution investment needs (IISD, 2022). 	
5			<p>Unclear Legal Framework The governance and scenario for the Accelerated Termination of the CFPP Operational Period Program in the CIPP file still uses Presidential Decree 112/2022 which is normatively problematic.</p> <p>Various explanations on pages 22, 183, 189, 190, and 204, CIPP documents describe Perpres 112/2022 as a normative basis for developing scenarios for energy transition programs and accelerated programs for ending</p>	

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			<p>the operational period of CFPPs. The Type of Law in the Program for Accelerating the Termination of the CFPP Operational Period is still unclear, and there is potential for excessive “discretion” by the Minister</p> <p>Article 3 paragraph (1) of Presidential Decree No. 112/2022 regulates that the Minister must prepare a road map for accelerating the end of the CFPP operational period as outlined in the sectoral planning document. This provision shows that the granting of authority by the President to the Minister is like a legal policy (discretion) because it does not state that the road map must be regulated by what type of legal product (decree/regulation). This can lead to excessive discretion and not provide legal certainty.</p> <p>Meanwhile, the action to end the operational period of the CFPP is a very strategic program and has a broad impact on society, which should be stated in the regulations.</p> <p>Decrees of Perpres 112/2022 certainly have many weaknesses compared to regulations, because they are often subjective and not strictly regulated by law.</p>	

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			<p>Discretion provides flexibility in the determination process because it does not require a long and strict formal process. There is no obligation to involve many parties. This is different from regulations whose formation is bound by strict and standard procedures, so public control is still open, and many legal measures can be taken if the regulations have problems (judicial review mechanism).</p> <p>The lack of clarity on the legal basis for establishing an accelerated end to the operational period of CFPPs ultimately makes various energy transition programs directionless and poorly managed. This means that the JETP program does not have a strong legal basis so the continuation of this program is very dependent on the commitment of officials and JETP's unclear and ambiguous institutional governance. That is why a clear regulatory framework needs to be in place to ensure that governance and programs accelerate the end of the operational period of CFPPs, both ad hoc (ETM/JETP) and permanent, run in a more focused and clear manner.</p>	

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			<p>For instance, the policy to accelerate the termination period of CFPP in Germany uses clear regulations in the form of a law (the coal phaseout law) to end coal-fired power plants, on July 3, 2020.</p> <p>Non-Specific Time Determination for Preparing a Roadmap to Accelerate the Termination of CFPP Operations</p> <p>The Presidential Decree does not set a time limit for compiling or publishing this roadmap. The RUPTL (National Electricity Plan) that has been prepared by PLN has determined a time period, namely 2021-2030, so the planned road map also needs to have a time limit. The absence of a time limit to determine a roadmap for accelerating the termination of CFPP operations creates uncertainty, both for CFPPs, which will soon end their operations, and for the type of Renewable Energy which will replace the role of CFPPs.</p>	

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6			<p>On Local Government Involvement: JETP has not discussed the position of local government in the planning process, project selection, and mitigating socio-economic and environmental risks from the energy transition.</p>	
Chapter 9. JETP Implementation and Governance				
1	JETP Governance Structure			<p>Local Government Participation Learning from South Africa, one of the transformations made to accelerate the development of renewable energy is to authorize sub-national governments, especially districts/cities to develop or purchase power plants by referring to the Integrated Resource Plan (or in the Indonesian context, the National Electricity General Plan). Given that in the Indonesian context, energy and electricity planning is also mandated up to the local level, it is crucial to be able to strengthen the process and governance of this planning, so that planning can be done by genuinely considering the needs and uniqueness of the region, not just referring to the national planning.</p>

Strengthening an Inclusive, Green and Effective
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