

Indonesia



All Indonesian business executives polled welcome the prospect of removing coal and other fossil fuels from the national grid, with the majority (88%) wanting a transition to renewables by 2035 or before.

Nearly nine in ten (88%) of Indonesian business leaders polled want to see the country's electricity supply shift towards renewables and away from coal and other fossil fuels by 2035. At present, coal plays the predominant role in Indonesia's national grid, providing over three-fifths (62%) of all electricity generation.¹ This is largely due to the country's large volume of proven coal reserves, which stand at more than 31 billion tonnes.² Contrary to the desire expressed by most Indonesian-based corporate executives for a rapid transition to renewables, the production of coal-fired electricity actually increased almost fivefold between 2002 and 2022, from 52 gigawatt hours (GWh) to 249 GWh per year. Those in business most frustrated by this expansion of coal come from the cohort who want their government to prioritise renewables in all new investments; of these, 95% favour exiting coal altogether by 2035 or before. To achieve this time-bound goal, Indonesia would need

to reverse its current construction of new coal capacity, estimated at 9,815 MW—the highest volume in the world after China and India.³ The same can be said for calling time on fossil fuel subsidies (which amounted to 2% of total GDP in 2022)⁴ and for withdrawing plans for repurposing coal plants through ammonia and biomass co-firing.⁵

More than seven in ten (72%) business executives advocate for a direct jump straight from coal-fired electricity to exclusively new renewables, grids, and storage, avoiding the need to use fossil gas as an interim fuel. Momentum is gradually building for the expansion of renewables-generated electricity. At around 8%, hydropower leads the way, followed by geothermal and biofuels.⁶ At just 0.2%, however, solar and wind are struggling to get a foothold.⁷ The replacement of coal-fired electricity with renewables-based electricity is seen by two-thirds of those polled (69%) as

¹ As of 2024, 62% of the country's on-grid and off-grid electricity comes from coal; with coal power capacity doubling since Indonesia signed the Paris Agreement in 2016. <https://energyandcleanair.org/president-prabowos-fossil-power-phase-out-vision-requires-more-robust-clean-energy-targets-and-investment/>

² <https://perbanas.id/2025/01/30/energy-security-warning-indonesias-coal-proven-reserves-are-less-than-50-years/>

³ <https://globalenergymonitor.org/pt/coalwire/coalwire-542-december-5-2024/>

⁴ <https://www.worldbank.org/en/country/indonesia/publication/indonesia-economic-prospects-iep-june-2022-financial-deepening-for-stronger-growth-and-sustainable-recovery>

⁵ Indonesia is under pressure from Japan to adopt ammonia as a means of supposedly "clean coal". <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2338194-japanese-firms-eye-blue-ammonia-co-firing-in-indonesia>

⁶ <https://ember-energy.org/countries-and-regions/indonesia/>; <https://www.iea.org/countries/indonesia/energy-mix>

⁷ The proportion of solar and wind electricity generation in Indonesia's grid is far below the global average of 13% and well behind even low performing regional peers such as the Philippines (4%) and Thailand (5%). <https://ember-energy.org/countries-and-regions/indonesia/>

helping mitigate climate change. Executives in public-sector businesses (80%) are more likely to hold this view than those in private companies (68%) and state-owned enterprises (63%). Indonesia is highly vulnerable to climate hazards such as drought, floods, landslides, and sea level rise.⁸ In 2015, for example, severe forest and peatland fires caused US\$15 billion in damages and lost productivity.⁹

Electricity policy

Indonesia's Just Energy Transition Partnership (JET-P) proposes a route to "at least" 44% renewables in its electricity generation by 2030,¹⁰ yet many business executives (55%) worry about the finance available for renewables-based electricity projects. Solar is a case in point. Over the last four years, Indonesia has succeeded in locking in only a tiny fraction of the US\$14.4 billion required to increase its solar capacity in line with its overall 2025 goal for renewables.^{11,12}

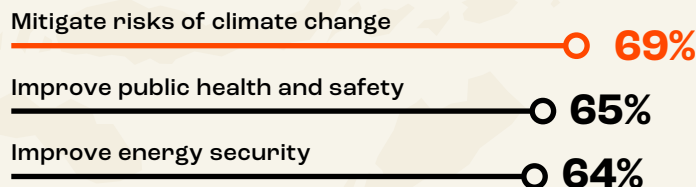
Business 'asks'

Business executives associate a renewables-based power system with lower electricity bills for companies and consumers (76%). A similarly large proportion (78%) associated

renewable energy with providing stable electricity prices. This echoes the conviction of almost two-thirds (64%) of corporate executives who believe that a renewables-based electricity system would be beneficial for energy security due to the reduction in fossil fuel imports that it offers. Such potential is premised not only on a rapid phase-out of fossil fuels, but also on a connected build-out of new renewables, grids and storage. For this to happen, around half of business leaders (52%) agree the government should streamline permitting and planning processes to accelerate the rollout of renewables, and a similar proportion (51%) want the government to accelerate planning and investment in modernising the grid.

Finally, more than half (53%) of corporate executives would like to see the government take proactive steps to reskill workers for sustainable jobs in the renewables sector. It is estimated that Indonesia's pledged pipeline of 21GW in new renewable electricity capacity between now and 2030 has the potential to provide almost 100,000 jobs and attract investments of up to US\$4.3 billion.¹³ Workers currently employed in the fossil fuel industry and other carbon-intensive sectors would be ideally placed to take advantage of these employment opportunities, but success here rests on the initiation of a long-term policy of education, training, and reskilling by the government.

Top benefits to your country for transitioning away from fossil fuels (% who chose the following)



⁸ <https://climateknowledgeportal.worldbank.org/country/indonesia/vulnerability>

⁹ <https://www.adb.org/sites/default/files/publication/700411/climate-risk-country-profile-indonesia.pdf>

¹⁰ <https://jetp-id.org>

¹¹ Indonesia has a target of 23% of its power coming from renewables by the end of 2025. The role of solar in this pathway would require 18 GW in new capacity between 2021-2025. <https://www.statista.com/statistics/993191/indonesia-investments-in-energy-sector/>

¹² https://assets.bbhub.io/professional/sites/24/BNEF-IESR-Scaling-Up-Solar-in-Indonesia_FINAL.pdf n invested in Indonesian PV deployments over 2005-20.

¹³ Industry analysts calculate that the 2.7GW expansion in renewable power generation in the coal-producing regions of East Kalimantan, South Kalimantan, and South Sumatra — as outlined in the government's 2021-2030 Electricity Procurement Plan — could alone create up to 96,000 new jobs. <https://ember-energy.org/latest-insights/indonesias-expansion-of-clean-power-can-spur-growth-and-equality/>; <https://www.petromindo.com/products/detail?id=438#:~:text=The%20new%20RUPTL%202021%2D2030,average%20of%204.9%25%20per%20year.>