Indonesia 2015
In-Depth Energy Policy

Maria van der Hoeven, IEA Executive Director
Mandarin Oriental, Jakarta, Indonesia
17 February 2015
Progress comes at a price

Democracy
Economic Growth
Living Standards
Urbanisation

Energy Consumption
Institutional Overlap & Regulatory Uncertainty

There is no clear responsibility for policy formulation and implementation
The lack of road and rail infrastructure is indicative of general malaise in infrastructure investments.
Pushing Subsidy Reform

Energy subsidy expenditure

Subsidies not only drain the state budget but discourage energy efficiency and clean energy investments
Establishing a Domestic Gas Market

Connecting gas supplies to markets and establishing a competitive pricing regime is crucial for a functioning market.
Indonesia’s increasing import dependency calls for the establishment of emergency policy measures to be able to deal with supply disruptions.
Ensuring a Sustainable Coal Industry

Improving coal sector governance and ensuring the deployment of clean-coal technologies are key to a sustainable coal sector.
Limiting the growth in greenhouse gas emissions is crucial for Indonesia’s future economic development.
Power Sector

Electrification rates in 2013

This map is without prejudice to the status or sovereignty over any territory, to the delimitation of international frontiers and boundaries, and to the name of any territory, city or area.
Establish realistic targets for the deployment of modern renewable energy and fast-track investments
Energy Efficiency

Energy intensity in Indonesia and in selected IEA member countries, 1973-2012

No cost option to increase the sustainability of the energy sector, decreasing emission growth, limiting demand growth.
More and better public transport and transport ways and higher motor efficiency would support Indonesia’s pathway to sustainable growth.
Key recommendations

- Resolutely decrease fossil fuel subsidies
- Improve the energy investment framework
- Step up co-ordination in energy policy making and regulation
- Develop and implement an integrated, long-term development plan for natural gas