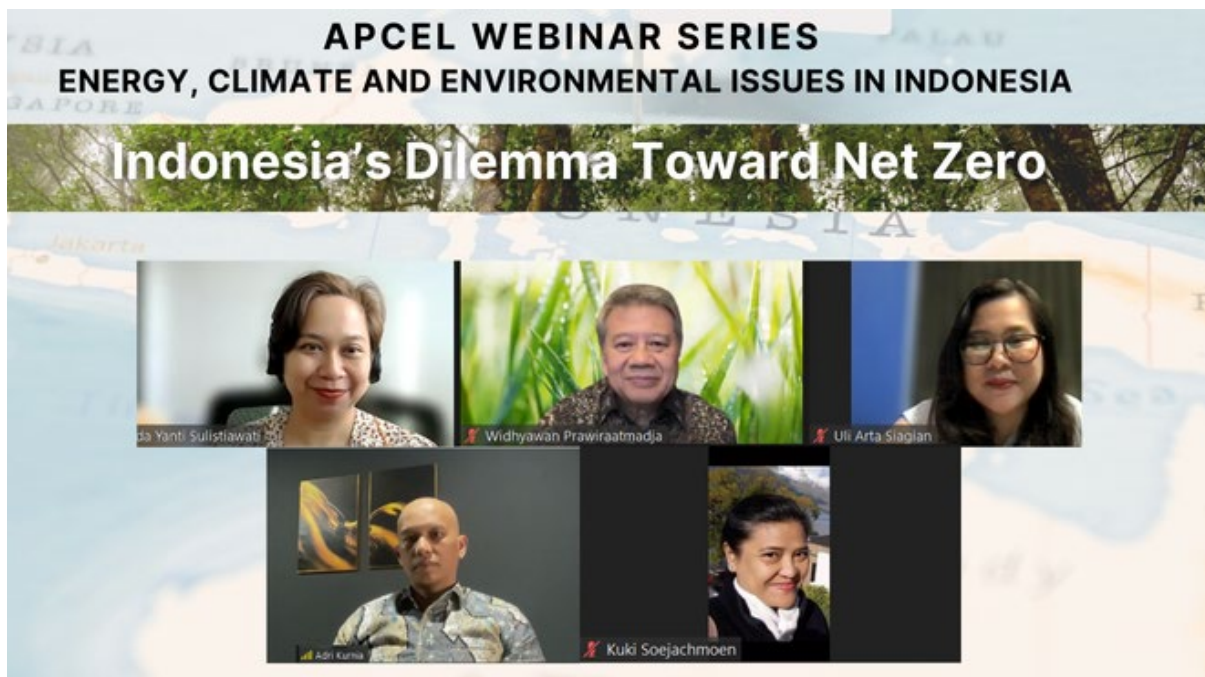


On 26 March 2024, APCEL held a webinar on Indonesia’s Dilemma Toward Net Zero, discussing coal dependency issues in Indonesia. This webinar is the first of a three-webinar series on energy, climate and environmental issues in Indonesia.

The focus on Indonesia is apt given that it is the country with the third-largest area of tropical forest with 90 million hectares of forest cover, and it is the second largest coal exporting country in the world, with the value of coal exports reaching 3 billion US dollars per month. Currently, more than 50 per cent of the country’s electricity is powered by coal, though Indonesia plans to phase out coal-fired power plants by 2056. Electricity demand is high, and growing, with Indonesia’s population moving towards 300 million.

During the webinar, participants heard a variety of industry and NGO perspectives from four Indonesian panelists. In general, the panelists were of the view that moving towards renewable energy and phasing out coal in Indonesia is difficult for now, because there is no comprehensive plan and strategy on replacing the energy generated by coal. The difficulties include energy transmission and distribution to households and industries, and fossil fuel subsidies that the government would not want to reduce or remove, for fear of political backlash.



(From top left: Dr. Linda Yanti Sulistiawati, Dr. Ir. Widhyawan Prawiraatmadja, Uli Arta Siagian
From bottom left: Adri Kurnia, Kuki Soejachmoen)

Uli Arta Siagian, Campaign Manager Forest and Plantation, WALHI / Friends of the Earth Indonesia, spoke fervently against the use of coal. Uli highlighted that in many areas where coal power plants

have been dismantled, people are displaced, and the environment is damaged. These issues beg the question of whether coal-powered electricity is democratic and fair. The net zero concept – where emissions can be balanced with carbon absorption – is debatable because this concept does not answer the problem of high emissions which can exacerbate conflict in society. Therefore, the building of new coal power plants must be stopped, transitioning to renewable energy immediately is a necessity, and high carbon taxes must be implemented. She also highlighted that this is not a dilemma, the State does not have to choose between development that pollutes the environment and the welfare of the people and the environment.

Adri Kurnia, Managing Partner, Adri Kurnia & Co, shared that as Indonesia is very dependent on coal, and renewable energy is not ready to replace all of the energy that coal is producing, Indonesia has no choice but to continue with coal consumption. Adri also shared that businesses and individuals in Indonesia are not too concerned with whether something is environmentally friendly. He argued that most people in Indonesia lack awareness of the importance of the environment, and consequently, efforts must be made to increase their level of awareness.

Dr. Ir. Widhyawan Prawiraatmadja, Advisory Board, Pertamina Energy Institute and Pertamina University, offered the view that the move towards renewable energy is complicated by the fiduciary duties of energy companies in Indonesia. PLN has the duty to ensure that every light can be switched on in every household – i.e., there must be energy security. Pertamina is obliged to fulfil the demand for oil and gas as long as there is demand. Nevertheless, Pertamina is trying to work on carbon capture and sequestration, including in depleted aquifers. He added that both state-owned companies have agreed to the 2060 energy sector roadmap for Indonesia to reach net zero.

Kuki Soejachmoen, Co-Founder and Executive Director, Indonesia Research Institute for Decarbonization (IRID), raised that any replacement strategy for coal needs to be comprehensive and multi-sectorial, and will require time. Even developed countries which have renewable energy in their energy mix do not stop using coal fired power plants, because there is already a sunk cost in coal assets. Kuki explained that theoretically, it is possible for Indonesia to reach net zero by 2060, but in reality, it will take a lot of work and coordination between government, business, and stakeholders to really reach this goal.

Participants posed a variety of questions ranging from geothermal energy to the involvement of local stakeholder and financial institutions to the decentralisation of energy, which made for an active Q&A session.

Our next webinar will be on Indonesian State-Owned Companies and GHG reduction targets on 12 June 2024, 5 to 6 p.m. (SGT). More details are available [here](#).