



# Energy support measures in Indonesia

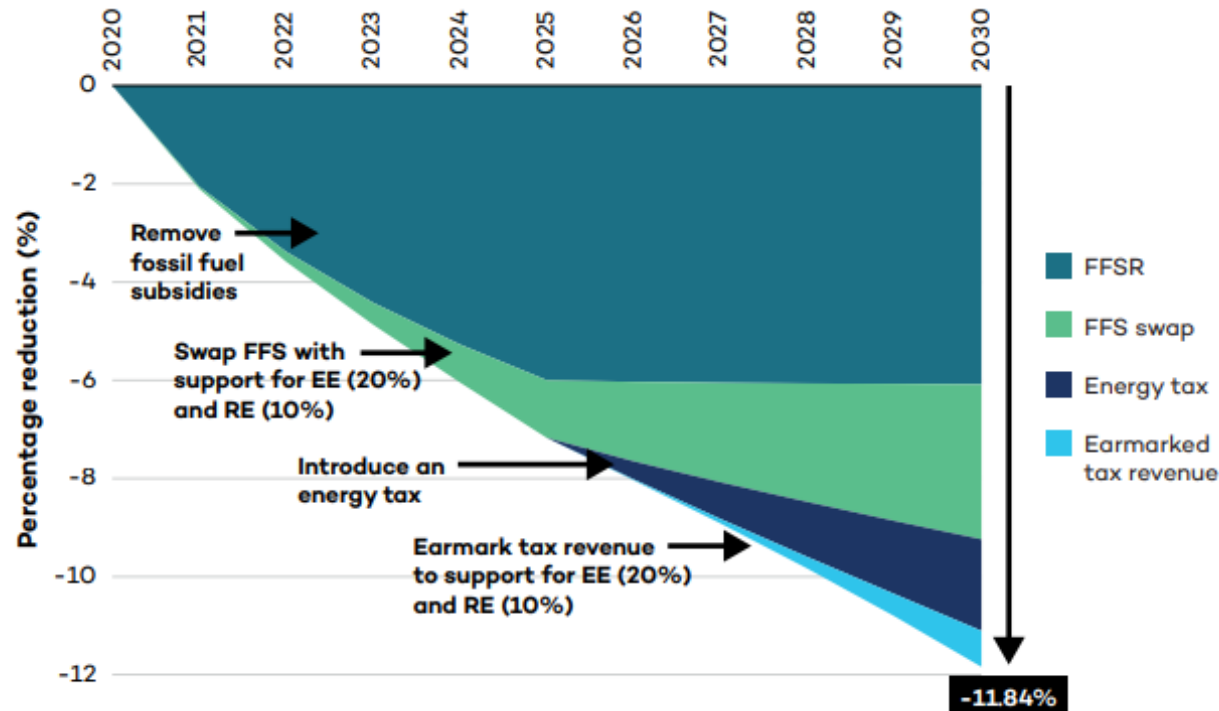
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20 June 2022

# Why this exercise?

## Transparency drives informed debate

- We know the effects of support to fossil fuels and to renewables in terms of consumption and emissions...

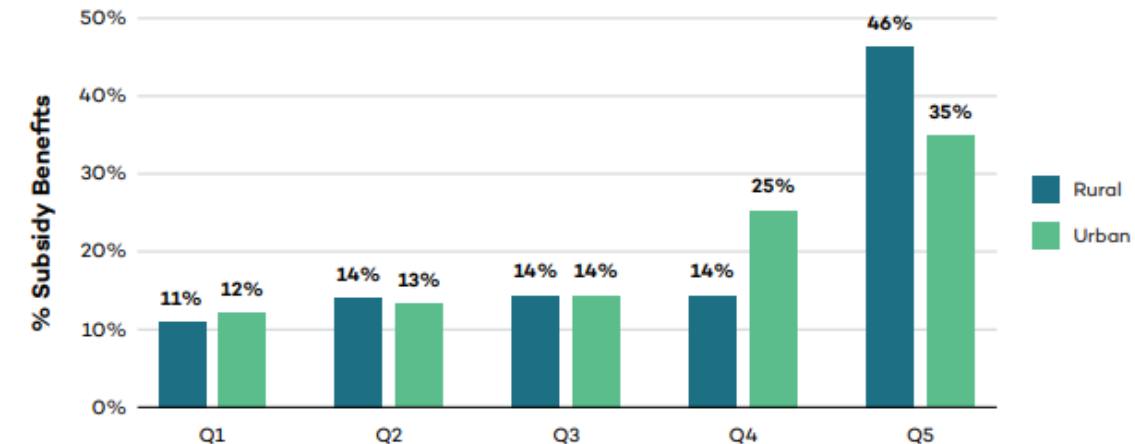
**Figure 8.** Average percentage of CO<sub>2</sub>e reductions over time from consumer FFSR and 10% energy taxation across 32 countries, with 10% of savings and revenues invested in renewable energy (RE) and 20% in energy efficiency (EE)



- ...and that the majority of the support to fossil fuels do not benefit the poor or vulnerable

### 1. Distribution of Existing Subsidies

**Figure ES1.** Distribution of total subsidies (in %) by rural and urban wealth quintiles



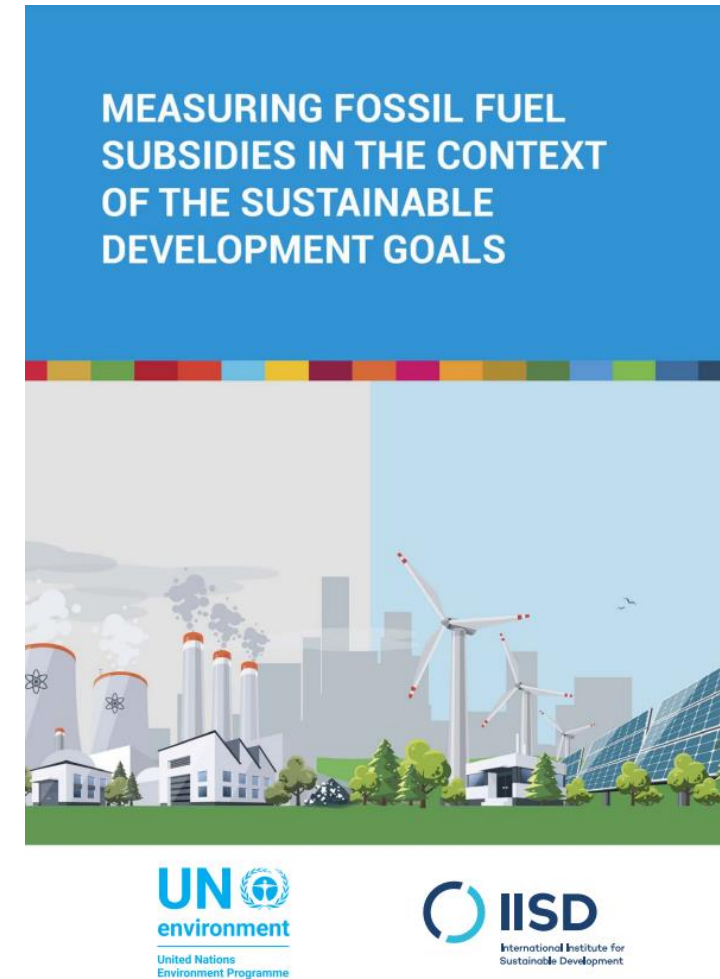
<https://www.iisd.org/publications/target-residential-electricity-subsidies-india-step-2>

<https://www.iisd.org/publications/cutting-emissions-fossil-fuel-subsidies-taxation>

# Methodology



- Considers support provided to six types of energy: 1) oil and gas, 2) coal, 3) electricity, 4) renewable energy, 5) biofuels, and 6) electric vehicles (EVs) and batteries for EV (EV and batteries).
- Covers FY 2016 – FY 2020 → Includes measures under the COVID-19 National Economic Recovery Program
- The definition of “support measure” is based on the definition of “subsidy” from the Agreement of Subsidies and Countervailing Measures of the World Trade Organization (WTO)
- The estimation methods were based on the Methodology for SDG Indicator 12.c.1 (aligned with ASCM’s definition)
- A total of 78 measures were identified. Out of those measures, about a third (29 measures) was estimated



Link to WTO’s ASCM: [https://www.wto.org/english/docs\\_e/legal\\_e/24-scm.pdf](https://www.wto.org/english/docs_e/legal_e/24-scm.pdf)

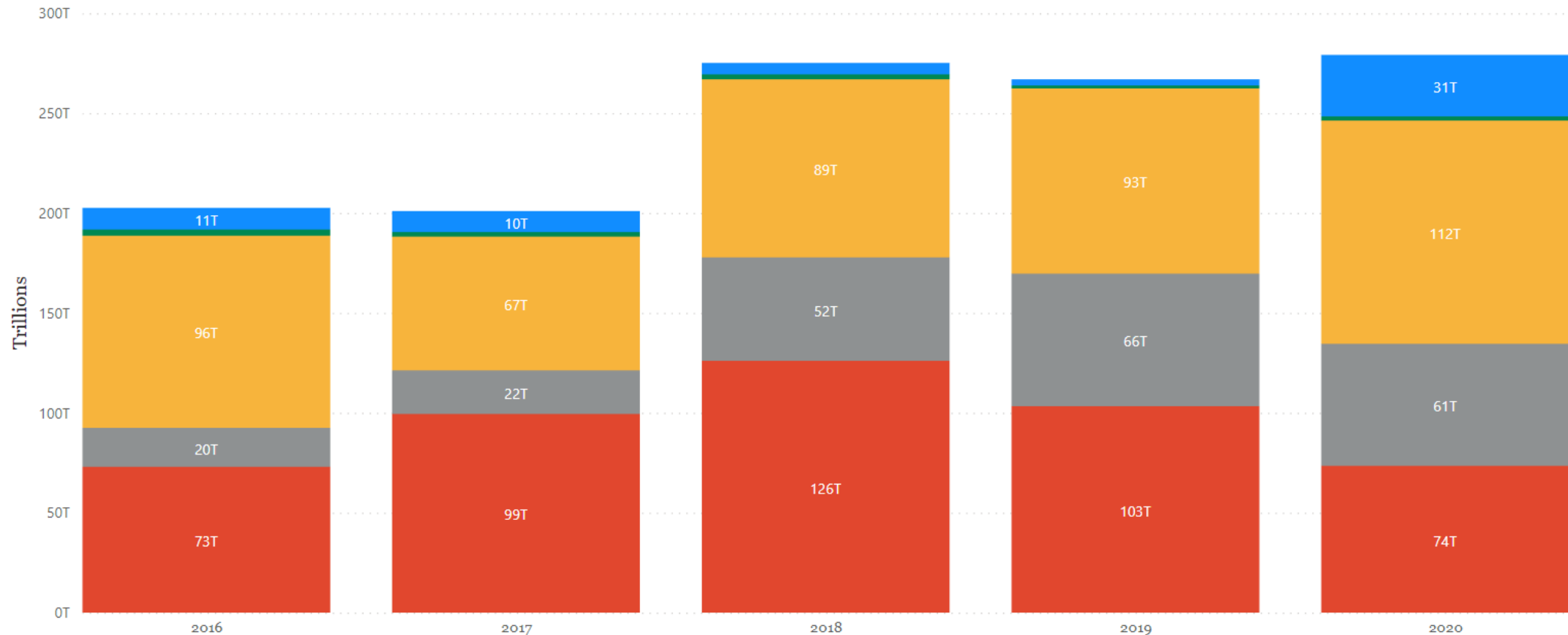
<https://www.unep.org/resources/report/measuring-fossil-fuel-subsidies-context-sustainable-development-goals>

# Key finding #1: Energy support measures disproportionately benefit fossil fuels



- Energy support measures in Indonesia rose by 38% from IDR 203 trillion in FY 2016 to IDR 279 trillion in FY 2020
- As much as 94% were allocated on average each year to support fossil fuels—coal, oil, gas, and fossil fuel-based electricity—and just 1% allocated to renewables

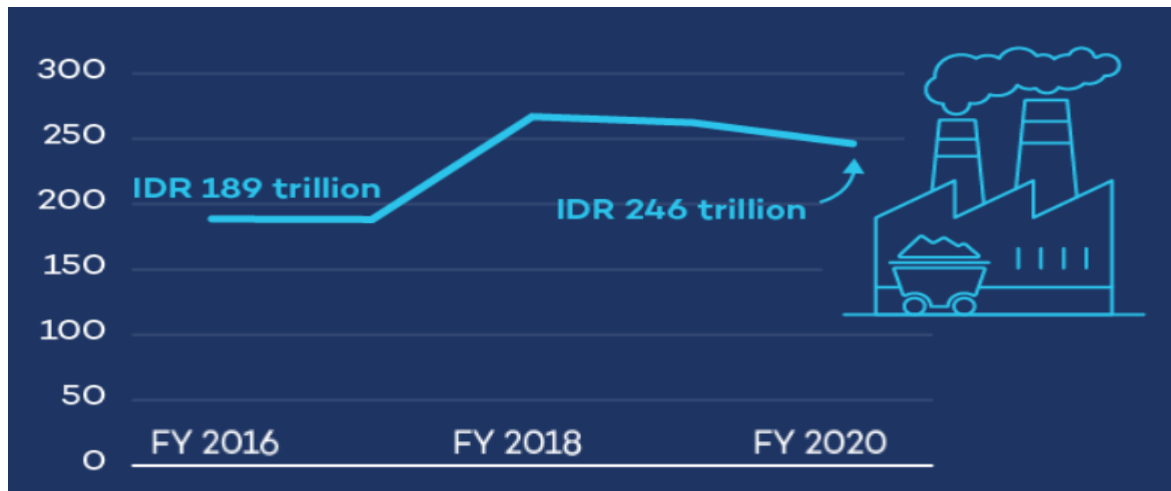
● Oil & Gas ● Coal ● Electricity ● Renewable Energy ● Biofuels ● EV and Battery



# Key finding #2: support to fossil fuels increased while support to renewables decreased



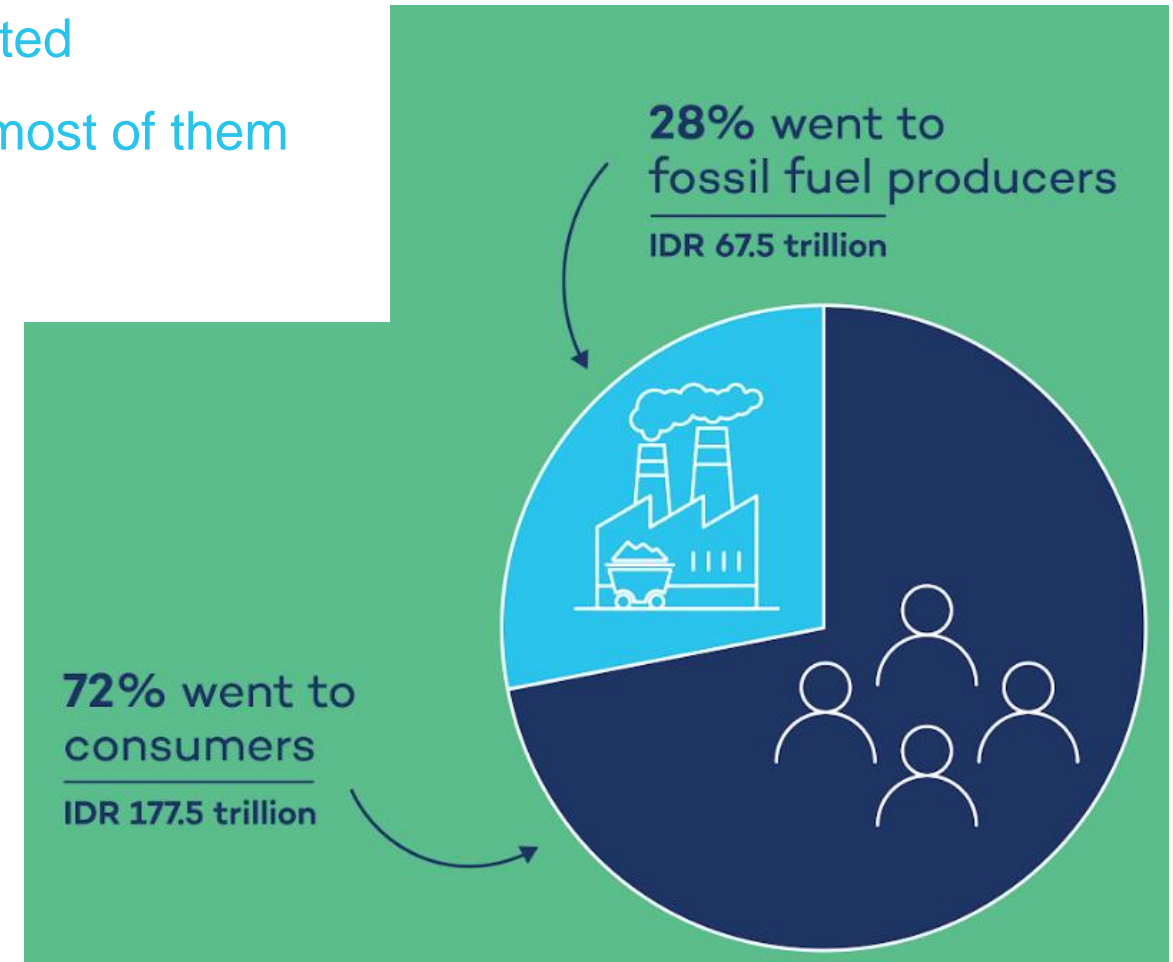
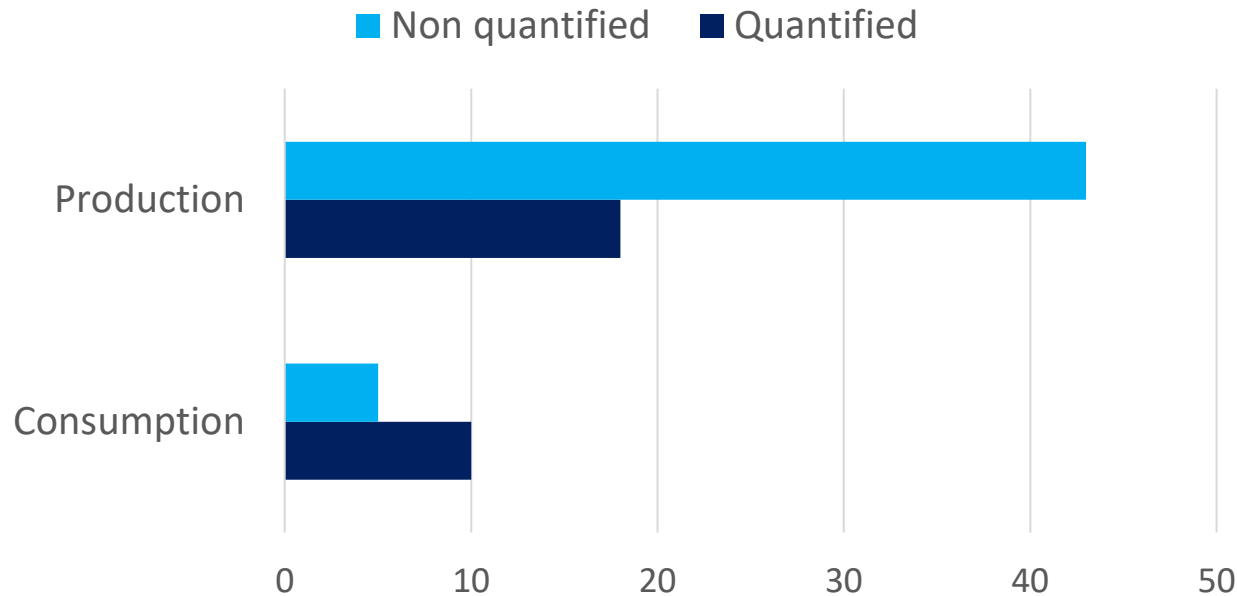
- Estimated fossil fuel incentives in Indonesia increased by 30% between FY 2016 and FY 2020 to at least IDR 246 trillion – almost half of it for fossil-based electricity
- Support for renewable energy dropped from IDR 3 trillion in FY 2016 to IDR 2 trillion in FY 2020 – mostly after the end of FiT
- At the same time, Indonesia will need to invest at least IDR 500 trillion to reach its clean energy goals. Switching support from fossil fuels to clean energy is a critical step for Indonesia to boost its renewable capacities and meet its net-zero emissions target by 2060



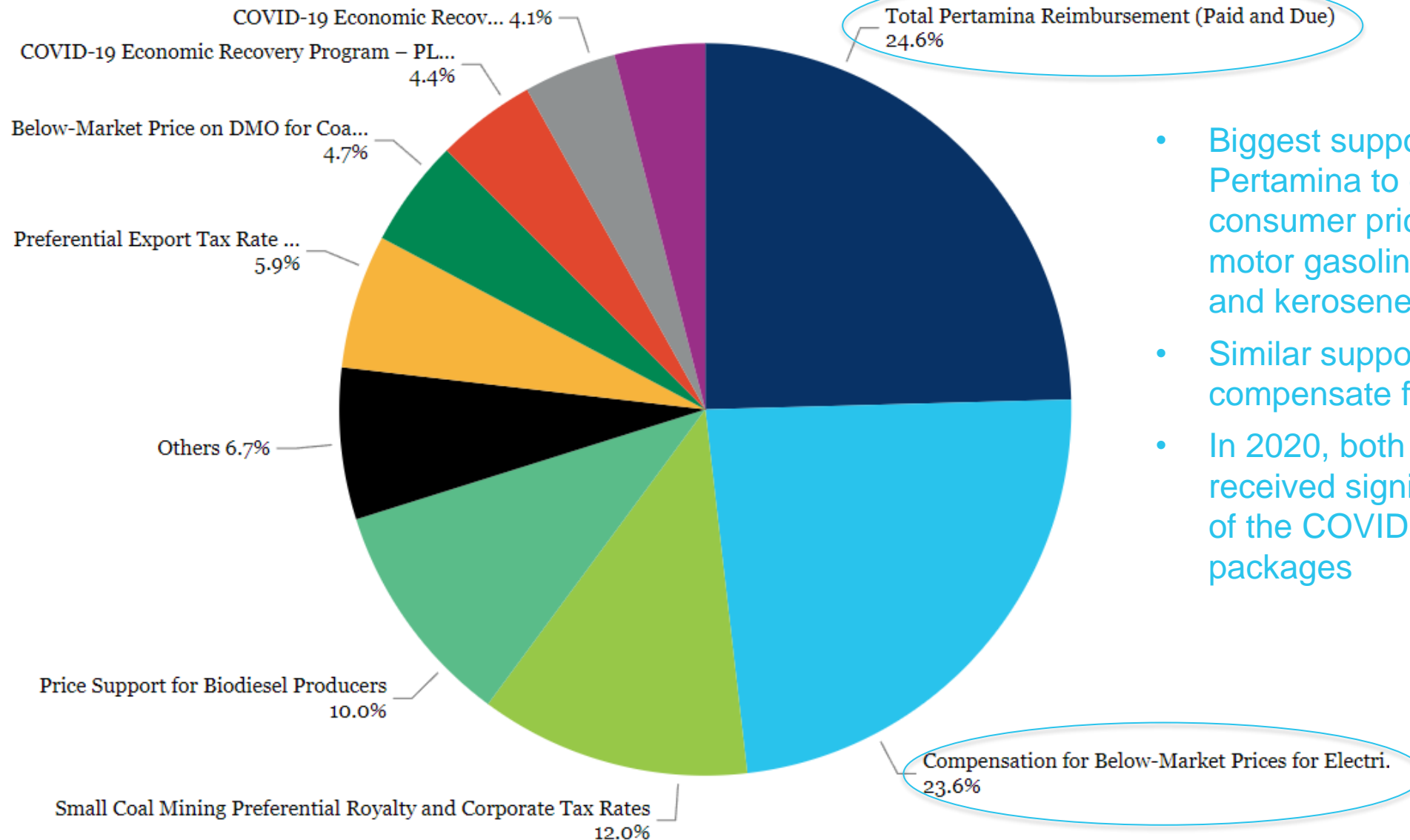
# Key finding #3: Most of the quantified support goes to energy consumers – but ...



- ... most of the measures to producers could not be quantified, so it is likely that their value is well underestimated
- In terms of the number of identified measures, most of them benefited fossil fuel producers



# Key finding #4: Indonesian SOEs receive almost half of the total quantified support



- Biggest support is conferred to Pertamina to compensate for consumer prices below cost for motor gasoline, LPG, diesel fuel, and kerosene
- Similar support is offered to PLN to compensate for lower tariffs
- In 2020, both Pertamina and PLN received significant support as part of the COVID-19 recovery packages

# Explore the data



## Indonesia's Energy Support Measures:

An inventory of incentives impacting the energy transition

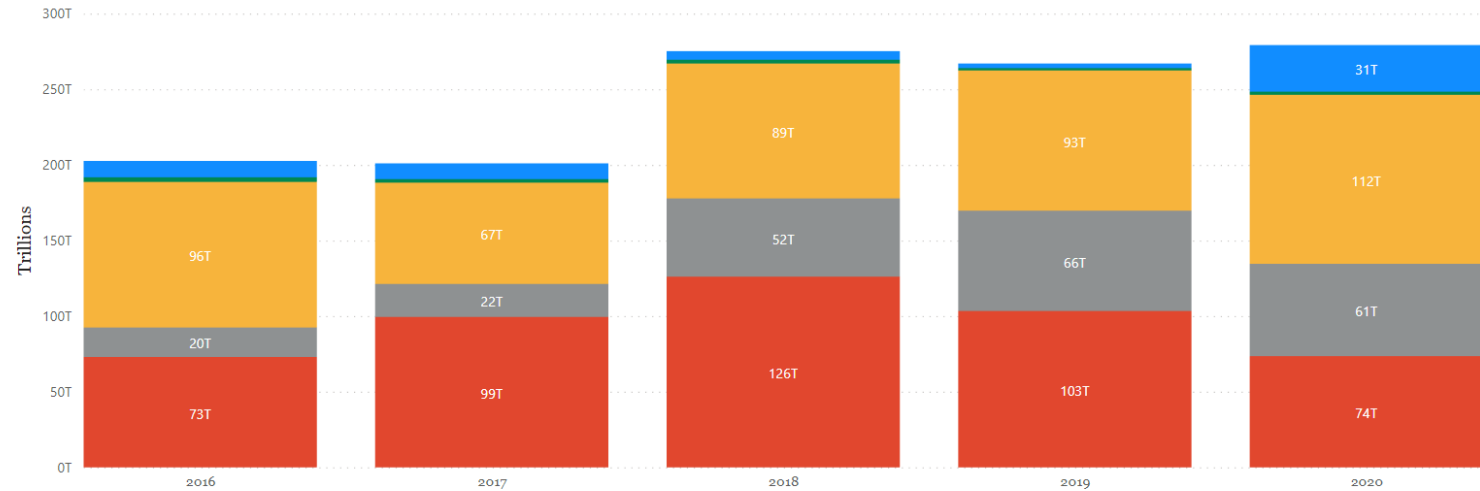
GSI REPORT



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● Oil & Gas ● Coal ● Electricity ● Renewable Energy ● Biofuels ● EV and Battery



Sector

Select all	Oil & Gas	Coal	Electricity	Renewable Energy	Biofuels	EV and Battery
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Beneficiary

Select all	Consumers	Producers	Producers and Consumers
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Type of support measure\*

Select all	Direct transfers	Induced transfers	Tax expenditures	Transfer of risk
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Select all	2016	2017	2018	2019	2020
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● IDR  
○ USD

LINK TO PUBLICATION:

<https://www.iisd.org/publications/report/indonesia-energy-subsidies>



Thank you!

