



ITB-IPB-IDDRI Contribution to JETP CIPP Consultation:

1. National ownership of the JETP process

JETP Indonesia is a partnership between international governmental partners and the Government of Indonesia (GoI) in order to provide international finance to support the achievement of national climate target goals. Two key characteristics of the deal as stated in the Comprehensive Investment and Policy Plan (CIPP) are: (1) the financial support is predominantly based on loans and de-risking instruments (about 1% is grant-based finance) and (2) the execution of the energy transition underpinning these goals critically needs domestic policy reforms. However, it is written in this document that the preparation of CIPP has been conducted by the JETP Secretariat constituted by Working Groups each led by international agencies. For the energy transition to be country-led and country-owned, as envisioned by the CIPP, one would have expected the GoI or designated local institutions to lead these Working Groups, with international agencies in a supporting role. The success of the implementation of the CIPP will depend on the capacity on the Indonesian side to implement the policy plan, to develop a socially-acceptable and bankable project pipeline, and as a living document, to periodically evaluate and revise the CIPP (where needed). This rationally calls for an irrefutable steering by the GoI.

2. Consistency between the JETP objectives and the decarbonization strategies set by national processes

Indonesia has a number of national processes relevant to the decarbonization of the energy sector. The Long-Term Strategy for Low Carbon and Climate Resilience (LTS-LCCR) was completed in 2021 and endorsed by the President of the Republic as the instrument to provide response to the country's commitment to the Paris Agreement and the state obligation to guarantee decent life and healthy environment for all citizens. The *LTS-LCCR plays a central role in: (i) aligning the climate goals and targets with national, sub-national and international objectives including SDGs; (ii) engaging non-party stakeholders (NPS), (iii) enhancing opportunities for innovation, and (iv) enabling communities to earn benefits of early actions. Furthermore, the LTS-LCCR will also strengthen the vision of One Hundred Years Indonesia (Visi Indonesia 2045) towards a developed and prosperous Indonesia.* Internationally, Long Term Strategies (LTS) are designed to play the role of setting country visions for the structural transformations required to meet the long-term goals of the Paris Agreement at country-level, and thus, operate as central compasses to support coherent decision-making. Continuous revisions of LTS are expected in order to remain an up-to-date strategic vision.

Indonesian LTS-LCCR was submitted in 2021 after an extensive stakeholder engagement process. It does not only stipulate the net-zero emissions target by 2060 or sooner, but also

spells out the national approach to reach this goal. The LTS reflects the detailed strategic visions supporting the emission pathways which reveal the required efforts for the national low-carbon transition and highlights the key domestic and international enablers. National energy roadmaps under development are being discussed in terms of coherence with LTS-LCCR (and its expected revision).

The extent to which JETP CIPP is grounded on LTS-LCCR could be made explicit in order to support consistency with the decarbonization strategies set by country-led national processes. Furthermore, it would be beneficial to set specific measures to strengthen alignment of these two processes going forward. This will help anchor the JETP in the wider national transition to a low-carbon economy and avoid implementation hurdles by a lack of a whole-of-Government approach. In the short term, the Indonesian Government's Second NDC is expected to be submitted to the UNFCCC by 2025, possibly guided by a revised LTS. On one hand, the LTS update would need to integrate JETP. On the other hand, JETP CIPP's living document could further detail the project's prioritization criteria based on the country's economy-wide vision to meet the long-term climate and development objectives.

3. Consistency with national roadmaps & policies

Despite the fact that a number of assumptions underlying the main scenario informing JETP scenario are not consistent with other policy documents under use by the GoI, consistency of JETP with national processes is possible by strengthening JETP CIPP implementation governance, notably through the National Energy Transition Taskforce. In this document, it is written that proposed CIPP will determine the target and roadmap of on-grid GHG emissions. It should be noted that the Directorate General of Electricity (DJK) in MEMR is preparing the roadmap of the power sector for Enhanced NDC as well as NZE 2060. Therefore, CIPP should be in line with those currently prepared by DJK MEMR under ENDC and NZE2060. Beyond the headline targets, it is important to emphasize the need to create the space for technical exchanges to unpack in a nuanced way the differences in both expected drivers of emissions and policy mitigation strategies underpinning these targets.

4. Importance of the increasing energy demand and of the transport sector in energy sector scenarios

In the document, the narratives of the energy transition put the emphasis on the power sector and the energy used in the industrial sector.

For Indonesia, the development of transport will significantly increase electricity demand, therefore the document should provide more elements on the energy used in the transport sector. Indeed, despite the deployment of other structural measures to reduce mobility needs and promote non-private transport modes, transport decarbonization will rely on the electrification of vehicles. In the past, the passenger transport sector relied on IC engines. In the future, DDP scenarios show the use of biofuel will decrease due to removal of oil fuel in transport that is usually used as a mixture with biofuels (maximum B-40). The growth of transport demand and the associated energy demand combined with massive shift to electricity will cause a high increase of electricity demand.

In addition, in the future many industries will be incentivized to reduce their product carbon footprint. The use of low-emission electricity will be one of the key levers, but the current

power supply in many industrial areas rely on their own coal and gas power production assets, independent from PLN. Thus, to be able to supply the low carbon electricity, they will either need to change their own power generation facilities, or to purchase electricity from PLN that is expected to have a low carbon emission factor.

Therefore, the power sector in the JETP should cover those issues, i.e. high demand of electricity coming from all demand-side sectors and increase of low carbon generation sources for PLN and for independent producers.

5. “Just” aspect of the CIPP

JETP CIPP places emphasis on the “just” aspect of the energy transition, namely introducing a Just Transition Framework, which notably includes “robust stakeholder engagement”.

In addition to this, an overall ex-post assessment of how “just” the projects implemented actually are will be necessary to provide possible adjustments to the framework.

Furthermore, the principles highlighted in the document which are not necessarily implemented for other projects, should be mainstreamed. Indeed, the JETP should be a launching pad for all decarbonization actions to take place in Indonesia to also be just. The potential revision of LTS-LCCR could consider the integration of the Just Transition Framework.

6. JETP as a way to develop in-country capacities

JETPs in South Africa and Senegal have shown the capacity to contribute to building in-country capacities, which are indispensable for any transformation (Sokona, 2021; Torres Gunfaus, 2023). Indonesia already has strong local scenario development capacities and JETP can be used to further mobilize and strengthen them. To advance local modeling approaches, and therefore independent analytical capacities to inform implementation of JETP CIPP and broadly the acceleration of the energy transition, in-country experts need to be able to have higher spatial or temporal granularity, to expand the scope of their analysis to cover key aspects of a Just Transition, such as evaluating the impact on the income of mining workers, or the skills required to transform employment, or the macro-economic implication of renouncing to extract and use underground fossil fuel resources. Generating data has been a huge challenge across all countries, also in Indonesia. This Indonesian JETP process should therefore explicitly be used to develop such capacities.