

## Summary Policy Dialogue 2:

# Public and Private Financing Opportunities for Just Energy Transitions

Australia-Indonesia Energy Transition Policy  
Dialogue

Second meeting:  
9 March 2023  
Jakarta and online

# Introduction to the Australia-Indonesia Energy Transition Policy Dialogue

## Purpose and background

- An informal ‘Track 1.5’ forum for collaboration between key actors & experts across government, business and non-government sectors on accelerating the clean energy transition in both countries.
- The initiative builds on collaborative work between the Centre for Policy Development (CPD), Climateworks Centre, the Institute of Essential Services Reform (IESR), Indonesia Research Institute for Decarbonization (IRID) and the International Institute for Sustainable Development (IISD) to convene successful G20 Seminar Series in Jakarta in July 2022.
- The G20 Seminar was convened in partnership with the G20 Energy Transition Working Group, and featured keynote remarks from Indonesian Vice President Ma’ruf Amin, Finance Minister Sri Mulyani Indrawati, Energy and Mineral Resources Minister Arifin Tasrif and Mahendra Siregar, Chairman of the Board of Commissioners, Financial Service Authority (OJK).
- The Policy Dialogue met again in hybrid format in December 2022 to discuss ‘infrastructure and just transition’ and ‘governance and financing’, and reflect on the momentum from the G20, and the role of governments, private sector and civil society in supporting continued just transition.

## Objectives of the March 2023 meeting

- This meeting of the Policy Dialogue discussed public and private financing opportunities to scale up the clean energy transition in Australia and Indonesia.
- The first session of the dialogue discussed two specific financing opportunities: namely the Indonesian Energy Transition Country Platform, and the Australia-Indonesia Climate and Infrastructure Partnership.
- The second session focused on identifying specific and concrete areas where public and private financing can add the most value in the energy transition, and ways of working together on these going forward.

# Discussion Session 1: Finance Opportunities

*There are immense opportunities presented by public and private financing in the just energy transition space for Australia and Indonesia.*

## Indonesia Energy Transition Country Platform

- Participants heard an update on the development and purpose of the Energy Transition Country Platform and how it is intended to support Indonesia's energy transition
- One challenge will be how to mobilise financing to its full capacity, when massive investment is needed in renewable energy, but the progress is slow.
- The support needed for Indonesia's energy transitions program are fundraising opportunities, carbon market framework, and a transition taxonomy to scale up a private sector participation.
- Other low hanging fruit may include converting diesel power plants and scaling up coal phase out.

## Australia-Indonesia Climate and Infrastructure Partnership

- Participants heard an update on the development of the partnership, including the proposed pillars and focus areas for the partnership going forward.
- The partnership is now in the formal design phase, which is expected to conclude in the middle of this year.
- The partnership aims to improve the policy and regulatory environment in Indonesia, increase the speed of Indonesia's inclusive energy transition, and make it easier for Indonesia to attract private investment.
- The partnership also wants to explore how to provide funding to increase the amount of high-quality climate finance in Indonesia and crowd in private sector investment.

# Discussion Session 1: Finance Opportunities continued...

*There are immense opportunities presented by public and private financing in the just energy transition space for Australia and Indonesia.*

Building the enabling environment is critical to mobilising financial and other resources to support the just energy transition

- Participants agreed that both markets and the political context are changing rapidly with the introduction of renewables, and it is important to think through policy sequencing.
- Supportive and strong policy and regulatory frameworks are needed to give investors the confidence to invest, and there is a role for public financing in this discussion.
- Indonesia has almost two dozen investment projects currently ready for investment, with five projects specifically related to renewable energy, including biofuel, solar panel plants, solar panel industry, and electric vehicles. More data could be gathered on which private investors are most interested in these opportunities, identify challenges they may face, and tailor approaches to the needs of Asian and Australian investors specifically.
- In some ways there's been a head start in improving financing strategies, but there are range of other policy barriers, such as contracts and permitting, that still need to be addressed.
- When starting something new, we need to think about how to measure success. In this case, this should include assessment metrics that will enable us to ensure that no one is left behind.

## Discussion Session 2: Concrete ideas

*We all recognise the high-level opportunity, but what about the concrete ideas for where public and private financing can add the most value in a just energy transition?*

- There is a real need for **skills and talent growth** in the renewable energy space, especially across supply chains, manufacturing, built projects, and capability to design and build new systems. There needs to be a longer conversation around skills, and reciprocal arrangements between countries, particularly in light of the recent US Inflation Reduction Act impacts.
- Help governments identify priorities and mitigate potential social tension that might arise from the transition, eg. coal phase out in regions that mostly rely on coal. This could be done through **developing provincial place-based approaches** to the transition.
- **Critical mineral supply chain development** is crucial, and would benefit from a regional policy mechanism that could not only talk about market access but also settings and policy.
- As grids in all countries were not designed with renewable energy power in mind, transmission is becoming the real pinch point now that we have established supply. We need to **elevate transmission to the top of the to-do list**, as it's really an inhibitor to what we want to achieve.

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## Discussion Session 2: Concrete ideas continued...

*We all recognise the high-level opportunity, but what about the concrete ideas for where public and private financing can add the most value in just energy transition?*

- From a policy perspective, there is a need to help governments **assess the impacts of existing regulations**, in order to identify any areas to improve or anticipate need.
- **Establishment of a coordination mechanism** at all levels, and development of showcase projects.
- Be aware of the upcoming Indonesian national elections and assist bureaucracies to prepare, regardless of the outcome.
- Pick areas where can start early and **show what good looks like**. Get industry players involved early in the design phase.
- Support development of an investment plan for **Just Energy Transition Partnership (JETP) industrial decarbonisation**
- **Create an enabling ecosystem** to allow Indonesian companies to execute their net zero roadmaps through many workstreams.
- Prioritise needs measuring with SAVi (Sustainable Asset Valuation) tools to help **identify the sustainability of proposed infrastructure projects**.
- Indonesia could consider developing a carbon market as a way to reach net zero.



## Summary of ideas from Roundtable 1

In our first dialogue we asked for ideas for future themes.  
This is what we heard:

- Distributed, renewable energy-based systems
- Repurposing fossil fuel subsidies for clean energy
- Skills and capability building in sectors supporting the transition
- Scaling up carbon and natural capital markets
- Electrification of hard-to-abate sectors (eg heavy transport and industry)
- Investment support policies and project piloting
- Repurposing fossil fuel infrastructure for renewables
- Coal worker and local government transition support
- Building just transition frameworks ‘along the supply chain’
- Electric vehicle and battery manufacturing.

*We are undergoing a process to sequence and distill these themes. If any are of particular interest to you please let us know.*



## Next steps:

## Future areas of focus

The Australia-Indonesia Energy Transition Policy Dialogue is more than just convening meetings. The work also continues in between meetings, connecting participants with each other for smaller, more targeted conversations. We also develop policy proposals to input into formal processes at the national and regional level.

The dialogue co-convenors are looking at the following future areas of focus to benefit Australian and Indonesian energy transition:

1. Developing proposals for workforce skill and talent growth and potential reciprocal arrangements between Australia and Indonesia
2. Exploring provincial place-based approaches to just transition in Indonesia based on lessons learned in Australia
3. Analysing the policy and enabling environment to identify remaining barriers to boosting green investments and how these can be addressed.

If you are interested in working together on the above ideas, please contact us.



## Next steps:

# ASEAN Engagement

We also have a **unique and time-bound opportunity** to support Indonesia during its ASEAN Chairmanship this year.

In discussion with our partners we have come up with a series of ideas for ways to **contribute to positive progress in ASEAN**, which will benefit the whole region.

These include:

- Holding a side event for the Senior Officials Meeting on Energy in June in Bali on the topic of Sustainable Finance for Energy Transition
- Developing a policy brief to contribute to the ASEAN Long-Term Renewable Energy Roadmap
- Holding a private sector event on ASEAN Interconnectivity and Electricity Trading

We would also like to propose focusing our next Australia-Indonesia Energy Transition Policy Dialogue on emerging best practice in ASEAN energy transition, likely in August 2023. Please get in touch with us if you would like to discuss further.

# Thank you, and we look forward to seeing you at the next dialogue.



Please don't hesitate to contact us with feedback, ideas, inquiries, or for support:

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