



INDONESIA GEOTHERMAL DEVELOPMENT: Opportunities and Challenges

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Current Updates of Geothermal Development

- Current installed capacity at 2,130.6 MW and expecting additional installed capacity of 150 MW before end of year
- Investor's high expectation on the issuance of Presidential Decree for Renewable Energy; hoping this decree provides strong support to accelerate Indonesia geothermal development post pandemic
- The presence of Covid-19 pandemic delays the COD of some geothermal projects and holding up decision of new investment.
- Government drilling 'de risking' program soon to commence



Current Challenges in Geothermal Exploration and Development

- Tariff gap between buyer's affordability and developer's expected return
 - Government's strategic policy
 - Technology
- Frequent changes in regulation; create uncertainties and risks to the investors
- Single Buyer - State Owned Utility Company
- Long lead development time



Government's Current Initiatives

1. Simplify and shorten bureaucratic of all permits
2. Combine Energy Pricing policy with fiscal incentives
3. Low cost financing available for Exploration through PT. SMI
4. Improve data quality by promoting Government exploration drilling program 'de risking"
5. Open the door for improvement:
 - Fair Tariff to commensurate the risk of projects with Energy Pricing strategy that would attract investor
 - Clear Regulatory frame work (regulations/Legal certainty) to support investment



Investment Opportunities

- Abundance geothermal resources of 23,9 GWH with Government's ambitious development target in 2025 of 7,2 GWH, 10 GWH in 2030 and 17 GWH in 2050.
- High growth energy consumption supported by high economic growth
- Strong Government Political will to develop Renewable Energy Resources : Sustainability and Emission Reduction
- Relatively conducive investment climate; Political stability



What required to succeed?

1. Good local knowledge and networking
2. Strong equity
3. Patience, commitment and determination

Thank you