

# What is preventing Indonesia from meeting its 23% target for new and renewable energy?

1

## Price of Renewable Energy

Renewable energy prices in Indonesia are required to be lower than coal, giving little incentive for investment.



2

## Policies and Regulations

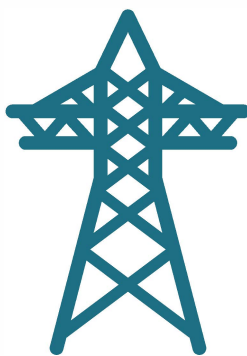
Frequent policy changes, difficulties in the negotiation of power purchase agreements and other regulatory issues increase project costs, create additional risks for developers and render projects unviable.



3

## Technical Constraints

Intermittency of renewable energy, grids scattered across Indonesia's Islands, location of resources vs. population, and the limited capacity of electricity grids are constraints that developers face.

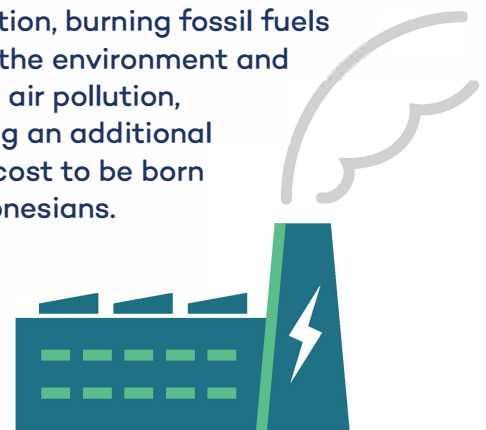


4

## Subsidies and Externalities of Fossil Fuels

Government financial supports to fossil fuel-based electricity generators make it hard for renewable energy technologies to compete.

In addition, burning fossil fuels harms the environment and causes air pollution, creating an additional social cost to be born by Indonesians.



5

## Off-Grid Fossil Fuel Use



Expensive diesel generators are still seen as the preferred option for rural electrification, despite the potential for renewables to be cheaper in remote areas.