

FACT SHEET: U.S.-Indonesia Energy Cooperation

Office of the Press and Secretary

For immediate release

October 26, 2015

Expanding U.S.-Indonesia Cooperation for Energy Development and Energy Security

Recognizing that sustainable development and energy security are fundamental to economic prosperity and national welfare, Indonesia and the United States have committed to expand their partnership on energy development. Building on the success achieved under the U.S.-Indonesia Comprehensive Partnership, the United States and Indonesia will partner to promote clean energy technologies and policies to help meet Indonesia's growing energy demands, improve energy access, and reduce energy-sector greenhouse gas emissions to mitigate the global threat posed by climate change. Expanding U.S.-Indonesia cooperation covers a range of energy goals and involves a range of U.S. agencies and companies, with a focus on clean energy, the power sector, responsible oil and gas development and energy security.

U.S. support for energy development in Indonesia includes, among other investments:

- the Millennium Challenge Corporation (MCC) \$332.5 million Green Prosperity Program;
- the U.S. Agency for International Development (USAID) has provided nearly \$18 million for Clean Energy Development and to build Indonesian capacity to reduce carbon in land use and energy; and
- the U.S. Department of Energy's \$1.2 million Sustainable Electricity for Remote Indonesian Grids program.

In addition, the U.S. Embassy in Jakarta also has organized the U.S. Power Working Group for Indonesia, allowing the U.S. private sector and U.S. government to work together to help Indonesia achieve its power generation goals.

On October 23, 2015, U.S. Secretary of Energy Moniz and Indonesian Minister of Energy and Mineral Resources Sudirman Said signed a Memorandum of Understanding to expand existing energy cooperation focused on remote and off-grid renewable energy; assistance with the establishment of a Clean Energy Center of Excellence in Bali; strategic petroleum reserves; and collaboration on carbon capture, utilization and storage.

Millennium Challenge Corporation (MCC): Green Prosperity

The MCC compact with Indonesia's Green Prosperity Program invests in renewable energy and land-based greenhouse gas emissions reductions through innovative public-private partnerships that leverage additional investment. The MCC compact with Indonesia is a cornerstone of U.S. support to the Jokowi administration's goals of reducing greenhouse gases and generating 19% of the country's energy from renewable sources by 2019. The compact committed over \$145 million for renewable energy projects that will mobilize up to \$400 million in private financing. A \$15 million facility currently is supporting the professional preparation of 40 renewable energy projects—totaling approximately 100 megawatts (MW)—in partnership with the private sector and local governments.

U.S. Power Working Group for Indonesia

Indonesia has set an ambitious target of adding 35 gigawatts of power generation capacity by 2019, including 25% from renewable sources. This would provide the affordable and reliable power that Indonesia needs as a backbone to grow the economy.

The U.S. Power Working Group for Indonesia, launched in September 2015, represents a full "Team U.S.A." approach toward helping Indonesia achieve its power generation targets, partnering closely with Indonesia's Ministry of Energy and Mineral Resources and National Electric Company. The group includes about 60 company members and 11 U.S. government agencies and departments. The engagement of the Power Working Group is a key component in helping Indonesia boost its utilization of clean and renewable energy sources.

U.S. Agency for International Development (USAID): Accelerating Development of Renewable Energy and Energy Efficiency

Looking Ahead: USAID works with the key Indonesian stakeholders, including the Ministry of Energy and Mineral Resources (ESDM), the National Planning Agency (BAPPENAS) and the Financial Services Authority (OJK), to promote and accelerate development of renewable energy and energy efficiency as part of Indonesia's plan to meet energy demand and achieve greenhouse gas (GHG) emission reduction targets. USAID recently launched the second phase of the Indonesia Clean Energy Development (ICED II) Project in May 2015. The project will run through 2020 with the goal to assist the government of Indonesia (GOI) in establishing an effective policy, regulatory and incentive environment for low-emission growth in the energy sector, while simultaneously attracting public- and private-sector investment in clean energy

development and increasing human resource capacity in technology and innovation. Through technical assistance activities to government and private sector counterparts, the project is expected to achieve: (1) 4.5 million tons of greenhouse gas emission reduced or avoided; (2) \$800 million of private and public investment mobilized; (3) an additional 5 million people with access to clean energy, (4) twenty institutions with improved capacity to address climate change issues, and (5) twenty laws, policies, strategies, plans, or regulations addressing climate change mitigation officially proposed, adopted, or implemented.

Results to Date: USAID's future engagement in the clean energy sector builds upon the success of several programs conducted from 2010 to early 2015. In total, USAID's \$18 million in technical assistance mobilized approximately \$269 million of private and public financing for commercial-scale clean energy projects. This investment represents approximately 181 MW of potential power capacity, sufficient to electrify more than 300,000 households and provide energy for 1.2 million people. In addition, as of early 2015, USAID assisted in the completion of four small-scale hydropower plants and 10 community-scale clean energy pilot projects with a total capacity of 21.84 MW. These projects generate electricity for 202,400 people and have reduced GHG emissions by 75,600 tons CO₂e to date. USAID programs also contributed to the reduction of \$3.28 million in subsidies to the power sector.

To achieve these results, USAID trained approximately 5,200 people and helped 24 local institutions improve their understanding and capacity on clean energy project development and climate change mitigation.

U.S. Department of Energy: Sustainable Energy for Remote Indonesian Grids

The U.S. Department of Energy (DOE) is funding the three-year Sustainable Energy for Remote Indonesian Grids (SERIG) initiative to support Indonesia's efforts to develop clean energy and increase access to electricity in remote locations across the country. A collaboration between the National Renewable Energy Laboratory (NREL) and Winrock International, SERIG has two primary components:

Pilot Studies: SERIG conducted technical and economic analyses of renewable energy and hybrid systems to reduce reliance on diesel generation on selected Indonesian grids. The project identified three pilot locations in which hybrid systems make technical and economic sense. SERIG now aims to provide these site analyses for others to develop as proof-of-concept demonstration projects.

Nationwide Replication: The next goal of SERIG is to offer strategies for accelerating nationwide development of renewable energy in remote grids. With input from local partners, SERIG aims to draw upon experience and lessons learned to facilitate more widespread deployment of renewable energy.

U.S. Department of State: Climate Benefits of Geothermal Energy Development

To increase our cooperation on climate change and bolster Indonesian energy security, the United States and Indonesia will collaborate on financing structures and adequate project risk mitigation tools to accelerate the pace of geothermal investments in Indonesia. Indonesia has approximately 29 gigawatts of geothermal resources that, if fully realized, could help to avoid yearly release of .73 gigatons of CO₂e.

The Indonesia Ministry of Finance established a geothermal fund for risk sharing with more than \$300 million in funding to mitigate resource risks in early stage geothermal development. In addition, the World Bank has raised \$150 million for the Global Geothermal Development Plan. The Department of State has proposed a geothermal risk reduction program that seeks to utilize these idle funds to support exploration drilling and insurance instruments for geothermal production drilling risk to accelerate the financing of geothermal projects in Indonesia.