# No clear plan to rein in coal: CREA's response to Indonesia's JETP Progress Report 2025

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# No clear plan to rein in coal: CREA's response to Indonesia's JETP Progress Report 2025

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On 24 October 2025, the Just Energy Transition Partnership (JETP) Secretariat for Indonesia released the JETP Progress Report 2025 for public consultation. The report addresses specific thematic areas pursued for further scoping since the release of the Comprehensive Investment and Policy Plan in November 2023 (CIPP 2023).

A key development in the progress report was the crucial recognition of the rapid, industry-driven proliferation of captive coal power plants posing a significant challenge to Indonesia's energy transition commitment. This recognition was marked by a kick-off meeting in May 2024 for a comprehensive study of the captive power landscape, and a dedicated slide deck summarising the results of the study is now available for public review.

Another major report highlight is the refinement in JETP's Investment Focus Areas (IFAs) — a major re-prioritisation that reframes Indonesia's focus in managing its fossil power generation assets. This is represented in the addition and prioritisation of 'IFA 1: Energy Efficiency and Electrification (E3)', and the alteration and reordering of the previous 'IFA 2: Early Retirement and Managed Phase-Out of Coal-Fired Power Plants (CFPP)' into 'IFA 5: Repurposing of Coal-Fired Power Plants'.

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Following an in-depth review of the JETP Progress Report 2025 during the public consultation period, the Centre for Research on Energy and Clean Air (CREA) has identified three major points of contention for Indonesia's national strategy for energy transition that have been captured in JETP's recent updates.

**First and most urgently, the draft plan fails to address Indonesia's rapidly escalating captive coal power, and lacks an enforceable phase-out commitment.**

In a decade where many countries are making strides towards net zero commitments by reforming their energy systems, Indonesia stands as an outlier, being the only country that has allowed its captive coal power capacity to nearly quadruple between 2019 (5.5 GW) and 2025 (nearly 20 GW in the draft plan's latest tally). This rapid proliferation is expected to continue, with current pipeline projects projected to reach 31.5 GW (20.2 GW outlined to be added between 2024 and 2031). This growth is driven overwhelmingly by Indonesia's mineral processing industry, specifically nickel, accounting for roughly 85% of the total captive coal expansion in the past decade, with 2.5 GW currently being built.

Such rapid growth is facilitated by regulatory loopholes within Presidential Regulation No. 112 Year 2022 (Perpres 112/2022), which explicitly exempts captive plants from Indonesia's coal moratorium. It is also the result of Indonesia's green taxonomy classifying specific coal-based activities as 'transitional' or even 'green' under certain circumstances, allowing financial institutions to continue channeling domestic and international capital for coal power expansion.

In November 2025, a proposed revision to Perpres 112/2022 signaled a clear backpedaling on Indonesia's climate commitments, particularly those made through the JETP. The draft addition effectively dismantles the coal moratorium by creating broad loopholes that sanction the expansion of new coal capacity under the pretexts of 'system reliability' or 'industrial integration'. Furthermore, the previously set target of a 35% emission reduction within 10 years of operation is fundamentally undermined by explicitly detailing reliance on dubious mechanisms like carbon offsets, co-firing in coal plants (with the assumption this refers to biomass and other alternative fuels), and fossil-based hybrid power systems. All stakeholders involved in the JETP must recognize the severity of this clause: if implemented, it guarantees the lock-in of high-emissions assets for decades to come.

Furthermore, the draft fails to strictly address the urgent need for a clear phase-out schedule of Indonesia's captive coal capacity, opting for slow and gradual phase-down rather than accelerated action. For operational and under-construction coal plants, the JETP scenario assumes gradual emission reduction over a decade through the least stringent interventions, which will only guarantee that emissions stay at a high level throughout the rest of the decade. For pre-permitted and permitted projects, the JETP modelling aims to 'intervene' before construction starts by modeling attractive renewable energy alternatives, rather than outlining policy or financial measures that would ensure their implementation.

With regard to captive renewables integration, JETP's technical assessment presents a mixed strategy. The plan correctly recognizes the massive potential of solar power as the leading source of new capacity, projecting 40 GW addition by 2050. However, the overemphasis on bioenergy as the second-largest clean energy source must be questioned, as it risks causing significant greenhouse gas emissions through land use impacts, and offers negligible reduction in air pollutant emissions while posing risks in securing sufficient and sustained supply.

The highlighted strategy for biomass co-firing enforces the well marketed approach of Indonesia's state-owned utility, PLN, to 'greening' the grid, without making a move towards true transition — which entails a firm schedule to phase out coal and an accelerated clean energy deployment. Biomass co-firing not only presents operational and supply challenges — beyond this, the process risks increasing certain air pollutants, particularly if combustion is not optimized or moisture content of the biomass feed is higher than the ideal range. Current standards lack strict monitoring and enforcement of stringent and specific emission limits in coal power plants where co-firing is implemented.

The most grave concern is that the entire planning framework is built upon a strategically incomplete data set. The omission of the massive capacity addition of 20 GW through the decade outlined in the national electricity plan, *Rencana Umum Ketenagalistrikan Nasional* (RUKN 2024-2060), essentially neglects the true magnitude of the coal decommissioning challenge Indonesia faces. While seemingly strategic — making JETP's emissions cap and renewable energy targets seem achievable on paper, the omission fundamentally creates a critical policy disconnect and avoids revealing the financial resources necessary to address this looming challenge Indonesia faces.

**Second, the draft plan demonstrates a clear lack of commitment to accelerating coal power retirement.**

The plan shows zero reduction in grid-connected coal power capacity between 2025 and 2035, despite units reaching a typical operating lifetime cap of between 25 to 30 years in this time period. At least 7.4 GW of coal power capacity should naturally retire by 2035.

There is a significant de-prioritisation for early retirement of CFPPs, diluting fund allocation. CIPP 2023 specifically allocated financing of USD 2.4 billion by 2030 for the early retirement of 1.7 GW coal capacity from Cirebon-1 (660 MW) and Pelabuhan Ratu (1,050 MW). Meanwhile, the draft plan lists USD 1.3 billion for early retirement, and prioritises reliance on smaller grants, quoting de-risking needs over a more direct, single-line budget for the urgently needed large-scale financial package necessary to finance early retirement. Furthermore, financial availability is set as the most important criterion in a recently enforced regulatory framework on shortlisting CFPPs for early retirement.

The technical plan for coal assets in the JETP is not merely a strategic retreat but a fundamental abandonment of the 'accelerated phase-out' mandate, effectively

guaranteeing a prolonged reliance on coal. The screening serves to justify channeling the vast majority (77%) of coal capacity toward Operational Flexibility (OpFlex) deemed necessary for grid stability. Early Retirement and Reuse (ER&R) — the most impactful solution for the nation — is set as feasible for 23% of national capacity, demonstrating a lack of commitment to a firm phase-out. Most alarming is the inclusion of Lower Emissions Continuous Output (LECO) strategies that adopt technologies like Carbon Capture & Utilisation (CCUS) — which is economically unfeasible and uncompetitive against clean energy as well as biomass co-firing with questionable emission benefits.

The overall strategy risks prolonged reliance on coal power generation, especially without any clear linkage to a funded plan for renewables and clean energy storage. Beyond this, there is no comprehensive framework implied to assess the feasibility of these strategies and the broader societal costs associated with environmental degradation and air pollution-related burden across Indonesia through the transition decades — pushing the true financial burden of closure onto future decades.

**Third, the report sets overly conservative targets for high-potential solar and wind power, favouring less optimal sources such as hydropower and bioenergy instead.**

By setting conservative implementation targets for solar and wind power and favouring hydropower and bioenergy, the plan fails to remove the barriers necessary to unlock the low-cost, high-volume renewable energy capacity required to meaningfully achieve emissions reduction after 2030. This is evidenced by low technical quotas for Variable Renewable Energy (VRE), where the CIPP 2023 solar target is still five times lower than the already identified prospective projects. In the capping of high-potential VRE, the plan deliberately shows preference for more expensive and slower-to-deploy assets, namely large-scale hydropower and geothermal, to reach the 44% renewables share target.

The Indonesian energy transition is currently undermined by a stark policy inconsistency between the administration's high ambition — notably the 100 GW solar initiative and the 2040 fossil fuel phase-out pledge pioneered by President Prabowo — and the official energy planning documents released since President Prabowo's cabinet took office.

Indonesia's Second Nationally Determined Contribution (SNDC) and the current JETP targets are fundamentally misaligned with the political vision. Such conservative targets in SNDC, 19 to 23% renewables share in the primary energy mix by 2030 and energy sector emission peak year in 2038, can be considered 'business-as-usual' compared to what other major economies have achieved in advancing their energy transition agenda.

More importantly, it showcases the profound disconnect that undermines the credibility of the partnership itself, creates regulatory uncertainty for the deployment of the USD 21.6 billion in financing, and ultimately threatens the accelerated transition Indonesia envisioned with the international partner group at JETP's conception in 2022.

**CREA's recommendations to all stakeholders involved in JETP, namely the Government of Indonesia, the International Partners Group (IPG), the JETP Secretariat, and all participating financial institutions and multilateral partners:**

- **Immediately close regulatory loopholes and establish a mandatory, funded captive coal phase-out roadmap** – particularly targeting the nickel processing sector – to halt expansion and manage existing capacity.
- **Revise Indonesia's Green Taxonomy to explicitly exclude all coal-based activities (including co-firing and other LECO methods) from 'transition' or 'green' classifications**, preventing financing that perpetuates coal usage.
- **Reduce reliance on biomass co-firing and mandate a stringent, comprehensive assessment framework for any bioenergy use**, requiring verification of emissions and compliance with mandatory reporting on biodiversity impact and land-use changes throughout the entire value chain.
- **Restore dedicated funding to the original CIPP 2023 level and formally prioritize Early Retirement and Reuse (ER&R) over modification strategies (OpFlex/LECO)** that would only guarantee slow transition, thereby hindering efforts to drive genuine acceleration.
- **Remove financial availability as the primary criterion for CFPPs to be shortlisted for early retirement**, allowing technical and emissions impact to drive the decision-making process.
- **Prioritise policy alignment by aligning the SNDC and JETP targets with the high-ambition solar vision**, in order to firmly establish the necessary regulatory certainty to unlock investment in VRE and energy storage, structurally addressing the need for coal-based stability.
- **Establish alignment between JETP's goals and the national electricity plan, RUKN 2024-2060**, which currently outlines over 20 GW of fossil power expansion, to assess the true scale of the resources needed to maintain the integrity of the CO2 emission cap aim.