

The Coordinating Ministry for Economic Affairs of the Republic of Indonesia and the Southeast Asia Energy Transition Partnership Host a Final Dissemination Event on Innovative Incentive Mechanisms for Energy Transition Projects

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Press Release

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The Coordinating Ministry of Economic Affairs, in collaboration with the Southeast Asia Energy Transition Partnership (ETP), a programme of the United Nations Office for Project Services (UNOPS), convened a Project Dissemination session, on 17 December 2025, at Grand Mercure Jakarta Harmoni. This event marked the culmination of the collaborative project ‘*Innovating New Incentive Mechanisms for Energy Transition Projects*’, which aimed to accelerate renewable energy

development and support coal phase-down initiatives in Indonesia.

In his opening remarks, Mr Sunandar, Assistant Deputy for Electricity and Geology Development of the Coordinating Ministry for Economic Affairs, emphasised the importance of policy innovation to support Indonesia's energy transition. He stated, *“Strengthening the policy framework for renewable energy and coal transition is imperative, not only to meet national climate commitments but also to enhance energy security and economic competitiveness. Collaborative work with ETP has produced actionable documentation to accelerate investment and implementation in the energy sector.”*



The project recommended several key changes to accelerate Indonesia's energy transition: adjusting renewable energy prices to reflect lower technology costs, streamlining the bidding and approval processes for new projects, and building transmission lines near renewable sources to reduce risks. The analysis also suggested evaluating a shift to market-based coal pricing (using resulting revenues for compensation) to boost renewable competitiveness and introducing a mechanism to allow earlier coal plant retirement while maintaining grid stability.

Reflecting on the partnership, Mr John Cotton, Deputy Director of ETP, stated, *“When ETP was given the opportunity to support the Coordinating Ministry for Economic Affairs through this project, I must admit that I felt both excited and nervous. This is precisely the type of project that ETP seeks to support, one with the potential for deep lasting impact on the energy sector. At the same time, we fully recognise the complexity and risks involved, as well as the heavy responsibility borne by governments in designing fiscal and policy instruments that will shape Indonesia's future economy.”*

The event concluded with a forward-looking discussion involving policymakers, utilities, financial institutions, and industry representatives, exploring the practical steps needed to operationalise the proposed incentive mechanisms and align them with Indonesia's evolving policy landscape.



About the Project: Innovating New Incentive Mechanisms for Energy Transition Projects

The project aimed to drive investment in renewable energy and expedite the early retirement of coal-fired power plants in Indonesia by identifying effective incentive mechanisms and removing disincentives to support energy transition projects across three focus areas: (i) renewable energy development, (ii) early retirement of coal-fired power plants, and (iii) coal phase-down projects. The final report consolidated the proposed policy options, providing actionable recommendations to strengthen Indonesia's policy framework for a just and sustainable energy transition.
