

Australia-Indonesia Energy Transition Policy Dialogue

Overview & agenda for first session (pre-read)



Hosted by



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The Australia-Indonesia Energy Transition Policy Dialogue

The Centre for Policy Development (CPD) is pleased to partner with Climateworks Centre to convene the new **Australia-Indonesia Energy Transition Policy Dialogue** as part of CPD's *Australia in the Indo Pacific Program* and building on years of work in sustainable economies and dialogues in the region. The Dialogue will be a multi-year endeavour which aims to advance progress on energy transition in Australia and Indonesia.

Role of the Dialogue

The Dialogue will be a forum for collaboration between policymakers, regulators, business and non-government experts from Australia, Indonesia and the region to discuss policy ideas and areas of potential collaboration on energy transition issues. It will create a safe space where participants from all perspectives can come on an equal playing field to discuss possibilities outside of their day-to-day roles and in a Chatham house setting.

Convenors of the Dialogue look forward to:

- convening regular Roundtable meetings (in person, virtually and in hybrid format) to discuss policy ideas and areas of collaboration;
- using evidence-based research and analysis to discuss and assess alternative energy transition models;
- supporting the implementation of the Bali Compact, and Bali Energy Transition Roadmap – for Indonesia, Australia and the region;
- leveraging agreements made at the 2022 G20 and ensure momentum is sustained into 2023 and beyond.

Dialogue members are encouraged to bring their curiosity, creativity and collegiality to the policy challenges confronting both countries, and use the roundtables to test ideas, gain insight and build collaboration. The Dialogue will not be about admiring the problem, but about developing practical, workable solutions to the energy challenges facing Australia and Indonesia. As such, topics for discussion at these meetings will be guided by participants.

This initiative builds on collaborative work between CPD, Climateworks Centre, the Institute of Essential Services Reform (IESR), Indonesia Research Institute for Decarbonization (IRID) and the International Institute for Sustainable Development (IISD), including co-convening a successful [G20 Seminar Series](#) with the Energy Transition Working Group in Jakarta in July 2022.

Our approach & initial focus

All Dialogue meetings will be invitation only and held under the Chatham House Rule of non-attribution.

The first Roundtable will take place in-person in Canberra and Jakarta on **Tuesday 6 December 2022**, shortly after the conclusion of COP27 and the G20 Leaders Summit, and before Indonesia takes over as ASEAN Chair in 2023.

This initial meeting will work to identify areas of focus for the group going forward, and we welcome your ideas and active engagement.

The next roundtable is envisaged for early 2023 with a focus on the \$200m Australia-Indonesia climate and infrastructure partnership.

Dialogue 1 Tuesday 6 December 12-2pm Jakarta time 4-6pm Canberra time

Join by zoom, or in person at one of the following locations:

- **In Jakarta:** the Purnomo Yusgiantoro Center will host at Jalan Wijaya IX, No. 12, Kebayoran Baru, Jakarta Selatan
- **In Canberra:** Indonesian Ambassador His Excellency Siswo Pramono, is kindly hosting at his residence: 16 Monaro Crescent, Red Hill, ACT, 2603.
- **Zoom:**
<https://us02web.zoom.us/j/87170206035?pwd=T3ZDRzE0enF6b0lhTWs3bjlsNm43Zz09>
Meeting ID: 871 7020 6035
Passcode: 144659

Roundtable 1 | Provisional agenda and objectives

| Agenda Item | Objective | Time (WIB) | Time (AEDT) |
|---|--|------------|-------------|
| Welcome | Set the scene and outline the agenda | 12:00pm | 4:00pm |
| INTRODUCTION <i>Outline the opportunity</i> | Discuss the huge opportunity on the table for greater collaboration between Australia and Indonesia on energy transition issues, informed by the latest global context | 12:10pm | 4:10pm |
| DISCUSSION: <i>What are the key issues for Australia and Indonesia to collaborate on regarding energy transition?</i> | <p>Explore themes in Cluster 1: Infrastructure and Just Transition</p> <p>Identify the most important issues to resolve in infrastructure and just transition. Identify areas of common interest and challenge.</p> <ul style="list-style-type: none"> ● Facilitated plenary discussion, every participant has opportunity to share ● Summarise issues that appear most important | 12:30pm | 4:30pm |
| | <p>Explore themes in Cluster 2: Governance and Financing</p> <p>Identify the most important issues to resolve in governance and financing. Identify areas of common interest and challenge.</p> <ul style="list-style-type: none"> ● Facilitated plenary discussion, every participant has opportunity to share ● Summarise issues that appear most important | 12:55pm | 4:55pm |
| WHAT NEXT? <i>Working together for impact</i> | <p>Building on key issues identified above, discuss next steps and upcoming opportunities:</p> <ul style="list-style-type: none"> ● Discussion about the Australia-Indonesia Climate and Infrastructure Partnership: What should be the key elements/issues? This will be discussed in more detail at the next Dialogue in the new year. ● Discussion about the role of this Dialogue over the coming years: tempo and thematic focus for future meetings and concrete initiatives to support. | 1:20pm | 5:20pm |
| SUMMARY | Summary of today's conversation & recap of next steps | End 2pm | End 6pm |

Who is in the room?

In Jakarta

| | |
|------------------------------|---|
| Alexa Reith | Second Secretary (Economic), Australian Embassy in Jakarta |
| Bambang Widianto | Member of Global Council for SDGs , Special Staff in the Office of the Vice President |
| Fabby Tumiwa | Executive Director, Institute for Essential Services Reform |
| Filda Yusgiantoro | Chair, Purnomo Yusgiantoro Center , Board, Climateworks Centre |
| Guntur Sutiyono | Country Lead - Indonesia, Climateworks Centre |
| Hendra Sinadia | Executive Director, Indonesia Coal Mining Association (APBI-ICMA) |
| Lucky Lontoh | Country Manager - Indonesia, International Institute for Sustainable Development (IISD) |
| Kamia Handayani | Executive Vice President Energy Transition and Sustainable, PT. PLN (Persero) |
| Meg Argyriou | Head of international, Climateworks Centre |
| Moekti Handajani Soejachmoen | Executive Director, Indonesia Research Institute for Decarbonisation (IRID) |
| Purnomo Yusgiantoro | Governing Board, Purnomo Yusgiantoro Center |
| Ruddy Gobel | Senior Policy Adviser, Centre for Policy Development (CPD) |
| Satya Widya Yudha | Member, National Energy Council of Indonesia |

In Canberra

| | |
|-------------------|--|
| Andrew Hudson | CEO, Centre for Policy Development (CPD) |
| Anna Skarbek | CEO, Climateworks Centre |
| Caitlin McCaffrie | International Lead, Centre for Policy Development (CPD) |
| James Bowen | Policy Fellow, Perth USAsia Centre |
| John Ward | Research Director of the Energy Systems Research Program, Commonwealth Scientific and Industrial Research Organisation (CSIRO) |
| Judy Anderson | Vice President, Australia Indonesia Business Council |
| Martin Squire | General Manager, Energy Security and International Branch, Department of Climate Change, Energy, the Environment and Water |
| Richard Neumann | Director, Climate Change Mitigation & Investment Section, Climate Change & Sustainability Division, Department of Foreign Affairs and Trade |
| Sek-loong Tan | Partner, Boston Consulting Group |
| Sid Chakrabarti | Director Indonesia Development and Performance, Department of Foreign Affairs and Trade |
| Siswo Pramono | Indonesian Ambassador to Australia, Ministry of Foreign Affairs |

Online

| | |
|-----------------------|--|
| David Barton | Senior Investment Specialist, Fund Manager, Investment Funds & Special Initiatives Division, Private Sector Operations Department, Asian Development Bank (ADB) |
| Don Russell | Chair, AustralianSuper |
| Fakhrul Aufa | Head, SDG Indonesia One Blended Finance Platform/PT. SMI |
| Frank Jotzo | Professor of Environmental Economics & Climate Change Economics, Australian National University (ANU) |
| Gan Gan Dirgantara | Head of Environmental and Social Safeguard, PT. SMI |
| Georgie Skipper | Chief Corporate and Government Affairs Officer, Sun Cable |
| Guy Debelle | Board Member, Fortescue Future Industries |
| Jay Watkinson | Senior Policy Adviser, Global Engagement, Business Council of Australia |
| Kristiyanto | Policy Analyst, Ministry of Finance of the Republic of Indonesia |
| Larissa Taylor | Director, Savoir Consulting , Western Australian President, Australia-Indonesia Business Council |
| Mila Cerecina | Executive Director, Pollination |
| Oliver Lewis | Executive Director, Green Investment Group, Macquarie |
| Philip Gass | Lead, Transitions, International Institute for Sustainable Development (IISD) |
| Rebecca Mikula-Wright | CEO, Asia Investor Group on Climate Change |
| Simon Brooker | Executive Director for Storage Investment, Clean Energy Finance Corporation |
| Simon Roz | Director, International Net Zero Branch, Department of Climate Change, Energy, the Environment and Water |
| Yudo Priyadi | Chairman of ETWG G20, Ministry of Energy and Mineral Resources |

Agenda

➤ Introduction: Outline the opportunity

Key issues for Aus-Indonesia collaboration on energy transition

Cluster 1: Infrastructure and Just Energy Transition

Cluster 2: Governance and Finance

What next? Working together for impact

Australia-Indonesia Climate & Infrastructure Partnership

Future Dialogues

Indonesia G20: Clear and concrete commitments in Just Transition



- Endorsement of **Bali Compact and Bali Energy Transition Roadmap**
- Establishment of the **Energy Transition Mechanism (ETM) Country Platforms** in Indonesia
 - Early retirement of coal-fired power plants
 - Simultaneous development of renewable energy
 - Platform managed by PT Sarana Multi Infrastruktur
 - Financing support from Climate Investment Funds and cooperation support with international institutions
- Launch of **Just Energy Transition Partnership** - mobilise \$20 billion over next 3-5 years to accelerate a just energy transition

COP27: Elevated the concerns of the Global South including adaptation, water, food, just transition



- Agreed to establish first-ever **Loss & Damage financial facility**
 - But outstanding questions on sources of funding, recipients of funding, and quantum of funding (countries only pledged \$350M, or 0.01% of costs already incurred from climate disasters in '22)
- Launch of the **Sharm El Sheikh Adaptation Agenda** to catalyse non state actors
- **South Africa published Just Energy Implementation Plan** endorsed by international partners
- **\$20B Just Energy Transition Partnership** agreed by **Indonesia** and international partners, potential for additional agreements with Vietnam, Senegal, India to follow
- **Egypt announced \$15B "Nexus on Water Food and Energy"** package of mitigation, adaptation & development projects
- Regional Finance Forums identified 450+ projects requiring \$600B of financing
- **More sophisticated finance discussion** - including sector guidance for net-zero transition planning by financial institutions; and demands for reform of the IMF and MDBs gathered pace,

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Future Dialogues

What are the key issues for Australia and Indonesia to collaborate on regarding energy transition?

Broad range of issues for collaboration broadly grouped into two clusters



Cluster 1

Infrastructure & Just Energy Transition



Cluster 2

Governance & Financing



The most important themes within these clusters could be topics for future dialogues

Cluster 1: Infrastructure and Just Energy Transition

Examples of potential themes to explore...

Coal power phase-out

- Sustainable financing for decommissioning
- Impacts on electricity market & coal mining

Development of renewable and alternative energy

- Manufacturing & supply chains (eg. batteries & critical minerals)
- Deployment and grid connection & management
- Energy access and off-grid deployment

Electrification of transport

- Battery & electric vehicle supply chains
- Charging infrastructure
- Electric vehicle conversions

Greening of infrastructure

- Decarbonisation of steel and cement

Energy subsidy reforms

- Reforms to fossil fuel subsidies to encourage electrification, renewables and sustainable fuels

Social & economic aspects of the energy transition

- Energy access
- Just transitions and community strategies
- Workforce planning and training



For discussion:

Are there other themes within this cluster to explore?

Which of these themes should be topics for future dialogues?

Cluster 2: Governance & Financing

Examples of potential themes to explore...

Institutional capacity strengthening

- Intra-governmental coordination mechanisms
- Electricity market regulation and reform
- Technical know-how

Innovative and sustainable financing and collaboration

- Public finance support mechanism
- Catalysing private sector financing of projects
- Financing just transitions
- Early stage clean technology investment

Governance and leadership

- Governance framework (strategic, tactical, operational)
- Public processes and accountability
- Directors' duties



For discussion:

Are there other themes within this cluster to explore?

Which of these themes should be topics for future dialogues?

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➤ **What next? Working together for impact**

Australia-Indonesia Climate & Infrastructure Partnership

Future Dialogues

Australia-Indonesia Climate & Infrastructure Partnership

What we know about the partnership...

- \$200 million climate and infrastructure partnership
- Announced at the Indonesia-Australia Annual Leaders' Meeting in Bogor on 6 June 2022
- The content of the partnership will be developed between officials and launched once mutually agreed

Propose that at our next Dialogue in early 2023 we focus on the partnership

With an aim to help develop and contribute useful views on what it could achieve

For example: guiding principles and priorities, potential initiative areas, and how the partnership could operate

Potential key questions for the Australia-Indonesia Climate Partnership to discuss in future dialogue



What **principles** should guide the partnership's focus?

For example:

- *Prioritisation*
- *Role of private funding sources*
- *Collaboration with industry*
- *Etc...*



What are some **potential initiatives** the partnership could consider?

For example:

- *Infrastructure*
- *Sustainable finance for green tech or coal decommissioning*
- *Etc...*



What should be the partnership's **operating model**?

For example:

- *How should the partnership be structured? (e.g., investment fund, joint investment agency etc.)*
- *How should initiatives be funded? (e.g., grants, concessional loans, blended financing etc.)*

Example

Guiding principles

In our next session we could discuss examples of some best practices in setting clear principles for similar initiatives

Prioritise for impact

Focus on few vs. many areas to maximise impact (avoid fragmentation)

Leverage country-specific advantages

Focus on areas of unique relevance to partner nations based on climate challenges and national advantages

Catalyse ongoing action

Use the partnership to catalyse further/ongoing investment and action (e.g., private funding sources, role of markets)

Coordinate finance and policy

Integrated coordination between funding and policy (e.g., stimulus, regulation) delivers the best results

Collaboration beyond government

Involve industry (and others as relevant - e.g. third sector) in development and delivery of initiatives

Outcomes-led

Set an ambition that includes clear, tangible & measurable outcomes for the partnership

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What should be the role of this Dialogue over the coming years?

- *Tempo of meetings?*
- *Thematic focus for future meetings?*
- *Concrete initiatives to support?*



Further Inquiries

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