

THE CASE FOR ELECTRICITY EXPORTS FROM CLEAN ENERGY

Executive Summary

A position paper that examines several of the key arguments being presented at the National Level for and against the export of clean electricity from Indonesia.

July 2022

Executive Summary

Indonesia sits on the doorstep of a US\$ 15 billion renewable energy investment bonanza. If embraced, Indonesia will be empowered to leapfrog its capacity to generate solar power at scale and on a commercially viable basis, insulating the country from the ever-present threats of global fuel price fluctuations. Alternatively, failure to embrace this opportunity will allow other middle-income nations in the region to reap these benefits.¹

The essence of the program is to have Indonesia export clean electricity to Singapore, which is engaged in several major initiatives to import renewable energy. Singapore has already commenced importing electricity from Laos to Singapore via Thailand and Malaysia. The proposed clean electricity export program from Indonesia does not entail diverting any electricity currently produced by Indonesia for its domestic market. This is purely a case of producing additional energy that was never expected to be produced domestically, and as the source of energy is renewable, there is also no depletion of precious domestic natural resources.

This program will encourage the development of domestic manufacturing of solar energy panels and related equipment. This will be achieved by developing the world's largest solar PV power plant that exports its power directly to Singapore. The proposed export program will generate new forms of international income and Foreign Direct Investments for Indonesia. At the same time, being a facility at scale will encourage the development of large-scale and thus competitively priced panels and other solar equipment in Indonesia. This will be a game-changer for Indonesia to enter the league of countries able to produce large-scale solar electricity on a commercially viable basis.

Competitively priced solar panels and related equipment will allow Indonesian power producers such as PLN and Pertamina to produce and deliver solar-generated power at competitive prices into the various grids across Indonesia. Being able to produce and deliver electricity at prices that compete with traditional power sources will be a significant factor in supporting the long-term energy transition in Indonesia. When it is ready, this will enable the country to dramatically increase its use of solar energy to meet its domestic electricity requirements.

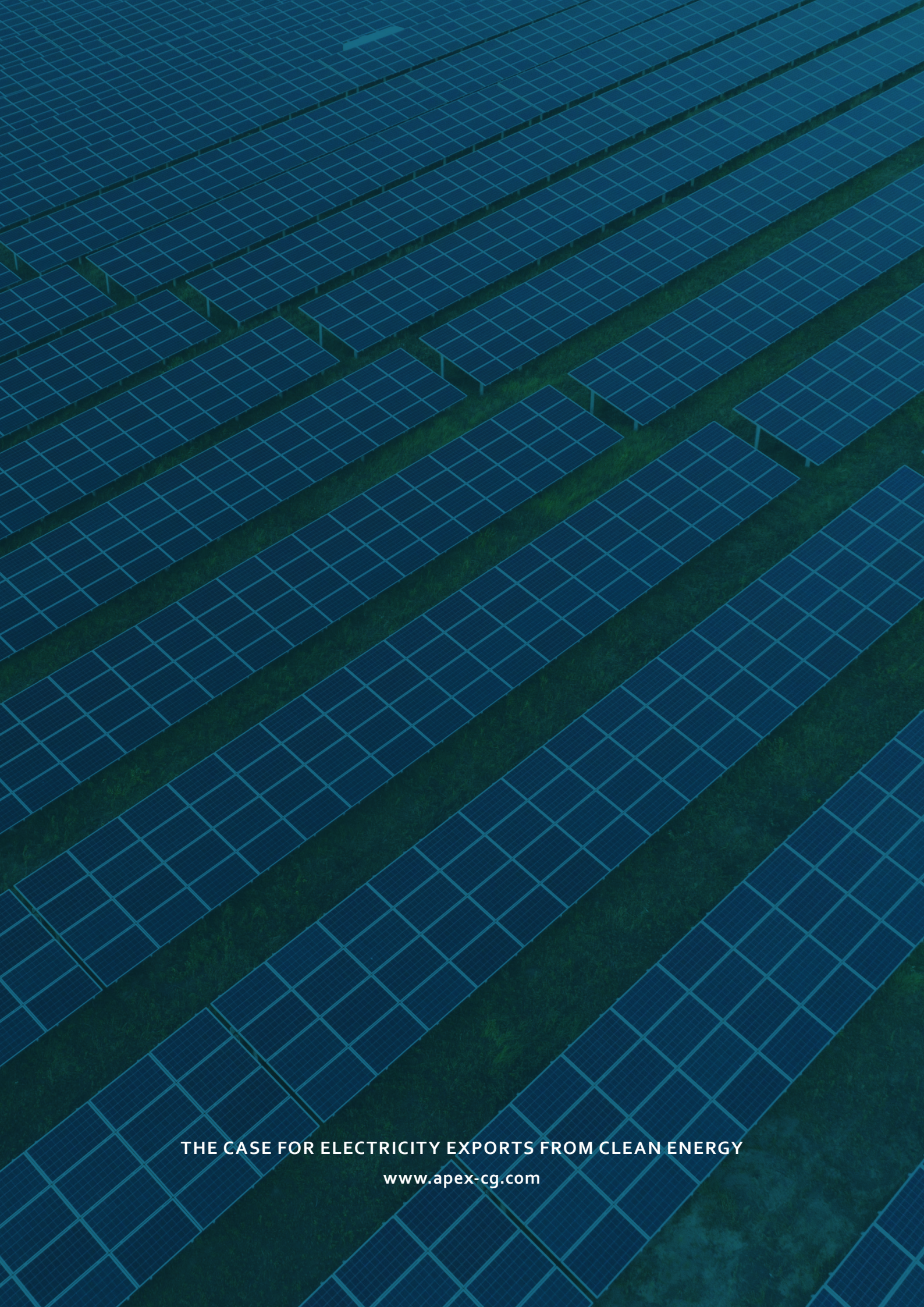
Significant economic multiplier effects also exist. In addition to encouraging the development of a competitive manufacturing industry for solar panels and related materials, the capacity to generate solar power at competitive prices will also encourage investment in Indonesia by Industry 4.0 enterprises and others that depend upon green energy. The shareholders of the large digital companies, including the data centre management conglomerates, are mandating their companies to transition to green energy in the next few years, not the middle of the century. Additional benefits will include an increase in employment and high-income generating opportunities for skilled workers.

¹ <https://www.asiafinancial.com/australia-asia-sun-cable-project-wins-government-support>

Active participation in the program provides Indonesia with a leading platform for the energy transition. Indonesia's leadership role with the G20 this year, including its stated priority agenda of the energy transition, offers an ideal opportunity for Indonesia to demonstrate clear leadership by declaring support for the proposal to export renewable electricity from Indonesia to Singapore.

The security of Indonesia's telecommunications network can be strengthened by leveraging undersea electricity cables. The South China Sea is increasingly a zone of regional and broader competition among great powers. The integrity and security of the numerous telecommunication sea cables across this sea face challenges if they require repairs when access in certain waters is under threat. The presence of an electric cable connecting Indonesia directly with Singapore will allow additional telecom cables to be installed together, thus creating additional capacity and security for Indonesia's telecommunications and data needs.



An aerial, high-angle photograph of a vast solar farm. The image shows numerous long, parallel rows of solar panels stretching across a landscape. The panels are a deep blue color with a visible grid pattern of lighter blue lines. The rows are separated by narrow, dark green grassy paths. The perspective is from directly above, looking down at an angle, creating a strong sense of depth and repetition. The lighting is even, suggesting a clear day.

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