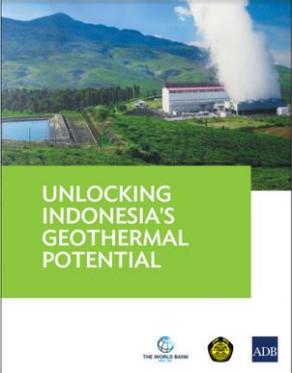
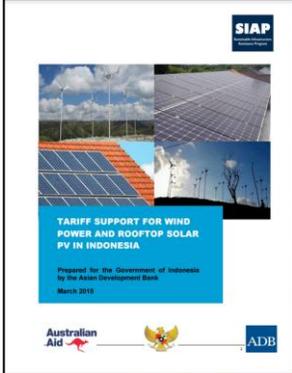
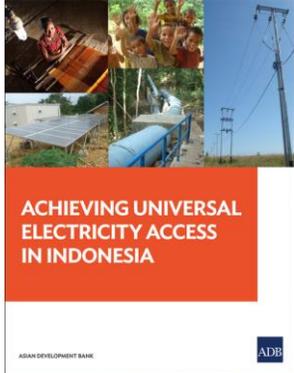


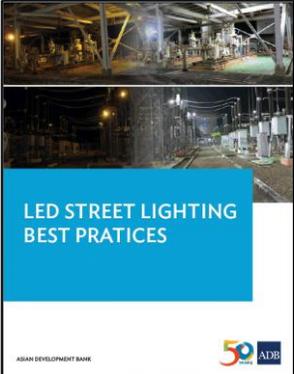
TECHNICAL ASSISTANCE RELATED TO THE SUSTAINABLE AND INCLUSIVE ENERGY PROGRAM, SUBPROGRAM 2

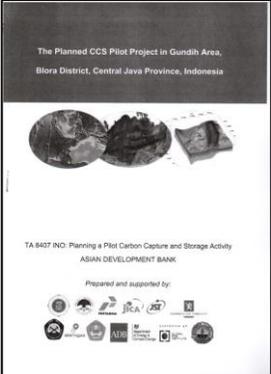
<i>Outputs</i>	<i>Subprogram 2 Accomplishments October 2015–June 2017^a (Triggers are in bold)</i>	<i>ADB’s Technical Assistance Programs</i>
Pillar 1: Fiscal sustainability and sector governance improved.		
1.1. Adoption of cost-reflective tariffs for electricity	<p>The government continued the transition to cost-reflective tariffs for electricity. Accomplishments include:</p> <p>1. MEMR (i) implemented a multi-year tariff policy with automatic indexation of tariffs for industrial, business, and household consumers in an effort to move towards cost recovery; (ii) established criteria by which the poor and vulnerable households can qualify for subsidy;^b and (iii) established a grievance redress mechanism.</p>	<ul style="list-style-type: none"> • ADB TA 7834-REG: ADB’s Economic Research Department TA program on impacts of fuel subsidies in three countries, including Indonesia, helped support a dialogue with the Ministries of Finance, and Energy and Mineral Resources. • ADB TA 8826-INO: Policy and Advisory TA to Indonesia for the Sustainable and Inclusive Energy program, is supporting analyses on subsidy impacts of integrating renewables into the generation mix.
1.2. Improved financial and service delivery performance by SOEs in the energy sector	<p>The government implemented measures to improve PLN’s financial and service delivery performance. Accomplishments include:</p> <p>2. MEMR established reporting requirements for electricity business licensees, including PLN, on their operating assets.</p> <p>3. MEMR established new service standards for PLN regarding provision of household connections and reliability of service.</p>	<ul style="list-style-type: none"> • ADB TA 8826-INO: Policy and Advisory TA to Indonesia for the Sustainable and Inclusive Energy Program, has been supporting the MOF to develop implementation plans for an economic regulation for PLN.
Pillar 2: Private participation in power and gas markets enabled.		
2.1. Planning, financing, and the delivery of projects in the energy sector accelerated.	<p>The government continued the streamlining of investments by the private sector. Accomplishments include:</p> <p>4. The government expedited the licensing process by including selected electricity businesses, such as power plants, transmission projects and certain types of downstream oil and gas projects, in the 3-hour licensing process.</p>	<ul style="list-style-type: none"> • ADB TA 8661-INO: Stepping Up Investments for Growth Acceleration Program, is providing a TA to BKPM.
	<p>5. The government established an expanded financing guarantees program including (i) credit guarantees for PLN’s EPC contracts, estimated at Rp350 trillion; and (ii) investment guarantees to private power projects.</p>	<ul style="list-style-type: none"> • ADB TA 8826-INO: Policy and Advisory TA to Indonesia for the Sustainable and Inclusive Energy Program, has been supporting the MOF to review the

Outputs	Subprogram 2 Accomplishments October 2015–June 2017^a (Triggers are in bold)	ADB's Technical Assistance Programs
		performance of existing guarantees and develop alternate proposals.
2.2. Increased domestic gas production and increased delivery of gas into the domestic market, including through greater private sector involvement, promoted.	<p>The government improved fiscal terms for upstream activities and initiates efforts to create a more open market for mid-stream activities. Accomplishments include:</p> <p>6. The government issued more flexible fiscal terms for gas exploration of unconventional resources which allows contractors to choose between three types of production sharing contract modalities.</p> <p>7. Following the establishment of procedures for determining the future ownership of expiring PSCs, MEMR allows pre-financing of production activities by a new owner of a PSC during the transition process.</p> <p>8. MEMR issued an updated Gas Infrastructure Masterplan and an updated Gas Supply and Demand Balance</p>	<ul style="list-style-type: none"> • ADB TA 8826-INO: Policy and Advisory TA to Indonesia for the Sustainable and Inclusive Energy Program, has been supporting MEMR by providing analysis and recommendations on the gas sector.
Pillar 3: Regulatory environment for increased access to clean energy options improved.		
3.1. The scale up of geothermal energy-based power generation enabled.	<p>MEMR completed measures envisaged under the revised Geothermal Law 21/2014. Accomplishments include:</p> <p>9. MEMR (i) established a process for tendering of geothermal concessions, and (ii) included provisions for improvement of resource data in advance of tendering.</p> <p>10. Government required private concessionaires to share a portion of their gross revenue from geothermal projects to local governments in the form of <i>production bonus</i>.</p> <p>11. MOEF established a process for geothermal projects to access select types of conservation forest areas, which are in line with existing environmental and forestry regulations.</p>	<ul style="list-style-type: none"> • ADB TA 7583-INO: Geothermal Power Development Project, supported MEMR by providing analysis and recommendations that cover key issues of geothermal sector development, such as geothermal tariff design, improvement in tendering processes, PPA and price renegotiation.

Outputs	Subprogram 2 Accomplishments October 2015–June 2017 ^a (Triggers are in bold)	ADB's Technical Assistance Programs
		 <ul style="list-style-type: none"> • ADB TA 8826-INO: Policy and Advisory TA to Indonesia for the Sustainable and Inclusive Energy Program, has been supporting MEMR by providing analysis and recommendations on the geothermal sector.
<p>3.2. Support for renewable energy-based power generation sources expanded.</p>	<p>The government introduced incentives for renewable energy resources, and revised existing schemes for promoting renewable energy wherever necessary. Accomplishments include:</p> <p>12. MEMR required PLN to purchase power from a variety of renewable energy sources including wind and solar, and provided guidelines on pricing and procurement strategies.</p>	<ul style="list-style-type: none"> • ADB TA 8484-INO: Sustainable Infrastructure Assistance Program provided support for the development of tariff incentives for wind and solar photovoltaic projects in Indonesia.  <ul style="list-style-type: none"> • ADB TA 8826-INO: Policy and Advisory TA to Indonesia for the Sustainable and Inclusive Energy Program, has been supporting MEMR by providing

Outputs	Subprogram 2 Accomplishments October 2015–June 2017^a (Triggers are in bold)	ADB's Technical Assistance Programs
		analysis and recommendations on a solar PV feed-in tariff, wind power pricing, and other renewable energy incentives.
3.3. Institutional, planning and budgeting framework for scaling up electricity access through increased use of renewable energy and mini-grid and off-grid approaches established.	<p>The government rolled out an enhanced national electrification program. Accomplishments include:</p> <p>13. The government improved the planning and delivery of its national rural electrification program (including expanding electrification in Eastern Indonesia) by: (i) requiring PLN to expand its rural electrification efforts during 2017-2019 through the <i>Program Listrik Desa</i> (Village Electricity Program) and 2510 Villages Program, and (ii) establishing the basis for private sector entities to operate electricity supply businesses in underserved areas.</p> <p>14. MEMR established technical guidelines for small scale energy projects to be implemented by local governments using fiscal transfer through the DAK.</p>	<ul style="list-style-type: none"> • ADB TA 8287: Scaling up renewable energy in Eastern Indonesia, provided support to MEMR on the Sumba Iconic Island initiative with policy analysis, capacity building and least-cost electrification planning.  <ul style="list-style-type: none"> • ADB TA 8826-INO: Policy and Advisory TA to Indonesia for the Sustainable and Inclusive Energy Program, is supporting MEMR on least-cost electrification planning in Eastern Indonesia as part of the national electrification program. • ADB TA 0017-REG: Promoting Sustainable Energy for All in Asia and the Pacific, includes activities supported by ADB's Sustainable Development and Climate Change Department's Energy for All program, such as providing analysis of energy access for urban poor, sustainable energy for all, renewable energy mini-grids and distributed power generation, and project development and investment facilitation. • ADB TA 9082-INO: Eastern Indonesia Sustainable Energy Access Sector Project, is supporting PLN to achieve power development plans for Eastern Indonesia as identified in the RUPTL 2016–2025.

Outputs	Subprogram 2 Accomplishments October 2015–June 2017^a (Triggers are in bold)	ADB's Technical Assistance Programs
3.4. Improved policies and standards for energy efficiency established.	<p>Government implemented additional energy efficiency measures. Accomplishments include:</p> <p>15. MEMR prepared draft regulation on additional MEPS for at least 2 electric appliances.</p> <p>16. MEMR implemented a nationwide energy efficient street lighting program covering 73 cities.</p> <p>17. MEMR introduced the basis for establishment of <i>usaha jasa konservasi energi</i> - ESCOs - and use of energy savings performance contracts</p>	<ul style="list-style-type: none"> ADB TA 8483-REG: Asia Energy Efficiency Accelerator, supported MEMR on demand-side energy efficiency investment. This support covered analysis and recommendations on ESCO market development, energy performance standards for appliances, technical input regarding energy efficient building standards, and scaling up energy efficient street lighting.  <ul style="list-style-type: none"> ADB TA: MEPS Development for Appliances in Indonesia, is supporting MEMR on developing MEPS levels and test standards for refrigerators and electric motors, and establishing a roadmap for labeling of the next tranche of priority appliances. ADB TA 8858-INO: Strengthening Knowledge Sharing in Indonesia–Energy Auditing/Energy Finance, is supporting MEMR on ESCO market development and IGA capacity building through hands-on training, and a draft regulation allowing ESCOs to serve the needs of Government facilities. ADB TA for Scaling Up Energy Efficiency (planned for September 2017–August 2019): The activities of this new proposed TA are designed to institutionalize the energy efficiency programs initiated under previous TA by establishing national programs, Government and private sector capacity, and supportive regulatory frameworks.

Outputs	Subprogram 2 Accomplishments October 2015–June 2017^a (Triggers are in bold)	ADB's Technical Assistance Programs
3.5 Environmental impacts of the energy sector minimized.	<p>The government establishes measures to lower emissions of air pollutants from energy sector operations. Accomplishments include:</p> <p>18. MEMR established a CCS and CCUS national center of excellence.</p> <p>19. MOEF established an emissions standard for WTE projects.</p>	<ul style="list-style-type: none"> ADB TA 8407-INO: Planning a Pilot Carbon Capture and Storage Activity, supported MEMR by evaluating the technical, financial and regulatory viability of a pilot CCS activity in Gundih Area, Central Java, Indonesia.  <ul style="list-style-type: none"> ADB TA 9189-INO: Pilot Carbon Capture and Storage Activity in the Natural Gas Processing Sector, is supporting MEMR to design a pilot CCS program in Indonesia, and supporting the development of a CCS and CCUS center of excellence.

ADB = Asian Development Bank, BKPM = Badan Koordinasi Penanaman Modal (Indonesia Investment Coordinating Board), CCS = carbon capture and storage, CCUS = carbon capture utilization and storage, DAK = Dana Alokasi Khusus (special allocation fund), EPC = engineering, procurement and construction, ESCO = energy services company, IGA = investment grade audit, MEMR = Ministry of Energy and Mineral Resources, MEPS = minimum efficiency performance standard, MOEF = Ministry of Environment and Forestry, MOF = Ministry of Finance, PLN = Perusahaan Listrik Negara (State Electricity Corporation), PPA = power purchase agreement, PSC = production sharing contract, PV = photovoltaic, REG = regional, RUPTL = Rencana Usaha Penyediaan Tenaga Listrik (Electricity Power Supply Business Plan), SOE = state-owned enterprise, TA = technical assistance, WTE = waste-to-energy.

^a Policy actions identified in bold font in the matrix are triggers for disbursement. Those shown in regular font represent non-disbursement milestones.

^b The terms “poor” and “vulnerable” here are as defined by the National Poverty Database maintained by the National Team for the Acceleration of Poverty Reduction.

For Subprogram 3:

Through a planned technical assistance, the Asian Development Bank will support the government to develop an updated Energy Sector White Paper in preparation for the next National Medium Term Development Plan, RPJMN 2020–2024, and ensure that the Sustainable and Inclusive Energy Program, Subprogram 3 indicative actions are aligned with this plan.