



REPUBLIC OF INDONESIA

PANELIST SPEECH
MINISTER OF ENERGY AND MINERAL RESOURCES
REPUBLIC OF INDONESIA
PRESENTED AT THE 13TH INTERNATIONAL ENERGY FORUM
SESSION 3
“ACHIEVING ENVIRONMENTAL AND SOCIAL SUSTAINABILITY:
LOWER EMISSIONS AND ACCESS FOR ALL”
CITY OF KUWAIT, 12-14 MARCH 2011

Excellency Chairman of the Session 3 of the 13th IEF;

Excellencies the Ministers;

Distinguished Guests, Ladies and Gentlemen,

Good Morning to all of you,

I am pleased to be here this morning to share my view on this prestigious event. Allow me to sincerely thank HE Hani Hussain, Minister of Oil, State of Kuwait for inviting me to this event and the Government of the State of Kuwait for the excellent hospitality in hosting the 13th IEF Ministerial Meeting.

Excellencies, Distinguished guests, Ladies and Gentlemen,

We all understand the significant role of energy in our daily life, regardless where we stay, in developed or developing countries, in energy producing or consuming countries. Everyone shares the need to have a good access to energy. However, the world has been, for

long time, and will remain in the longer term, dependent on fossil based energy. Similar to the global energy mix, the reliance on fossil energy is still high in Indonesia. We have strong commitment however in reducing the share of fossil based energy.

We are fully aware of the recent concern on environmental issues, therefore we protect as much as we can at the micro and macro levels of environmental concern. At the micro level, our regulation on environmental impact assessment is sometimes even more stringent than the one in developed countries. At the macro level, Indonesia is actively abating the green house gases, which are a by-product of energy consumption. We do the best of our effort in reducing green house gas emissions, without lessening energy consumption, by applying Carbon Capture and Storage (CCS) and sequestration technology, reducing gas flaring, and promoting renewable energy sources as well as energy efficiency improvement measures.

Excellencies, Distinguished guests, Ladies and Gentlemen,

In terms of energy efficiency, all efforts are now being made to enhance community and industrial participation on energy efficiency related matters, both through efficient technology development as well as education and awareness of efficient energy utilisation. We understand that stakeholder participation and people's awareness to change their life style and attitude are essential in the success of the demand-side management approach. In addition, our energy law requires the implementation of energy management on energy intensive consumers.

With regard to energy diversification policy, we would concentrate more on alternative energy, especially by developing renewable energy. In anticipating global energy longer term trends,

we have exercised an increasing target of renewable energy development and energy conservation through Energy Vision of 25/25. This vision reflects a new thinking to ensure energy security by improving target of energy conservation and increasing the share of renewable energy from 17% (under Presidential Regulation No 5/2006) to 25%. Those include the significant increased roles of geothermal, hydro power, biofuel, and other renewable energy sources particularly solar and wind power.

In the short term, however, we will speed up the substitution of oil fuel by natural gas in the transportation sector, which is the most dependent on oil. This effort will be followed by the acceleration of biofuel development.

Biofuel has been targeted in the national energy mix for short (year by year), medium (five years) and long run until year 2025. The objective of this development program is not only for the sake of energy security and environment, but also for job creation (pro job), poverty alleviation (pro poor), and economic activities (pro growth). The high potential of biofuel in Indonesia is supported by the availability of various biofuel feedstocks that can be developed. In order to further speed-up biofuel development program, currently the government of Indonesia has gradually mandated the utilization of biofuel in transportation, industry and power generation sectors.

Similar above efforts has also been implemented to encouraged the development of other renewable energy sources, especially solar and wind energy. We strongly invite the establishment of solar and wind energy related manufacturing in Indonesia.

Excellencies, Distinguished guests, Ladies and Gentlemen,

Indonesia is blessed with a huge potential of renewable energy resources, which are both environmentally friendly and non-

depletable. However, there are several factors hampering the development of renewable energy, most notably domestic oil price subsidy, and high initial development costs, which combined, presently make their development uncompetitive as compared to fossil fuels. I believe, however that the development of technology will be able to reduce the cost per unit production of renewable energy, to competitive levels. We also understand the subsidy distorts the market especially for energy alternative. Hence, we reduce the subsidy on gradual basis and provide direct subsidy for people in need. We are optimistic to overcome this challenge and to eventually fully develop the country's renewable energy resources.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

Finally, I would like to hope that this very important event can be used as vehicle to strengthen multilateral cooperations for enhancing our capacity for further development and deployment of renewable energy and energy efficient technology.

Thank you.

**Minister of Energy and Mineral Resources
Republic of Indonesia**

Jero Wacik