

Creating a Competitive NRE

NRE development are in line with the energy security strategy and national energy mix targets. To create a competitive NRE, the government has prepared a number of incentives.



Tax Allowance

Net income reduction of 30% (5% per year for 6 years), for 166 certain business fields and 17 certain business fields in certain areas



Import Duty Exemption

2 years exemption of import duty on machinery/equipment, goods & materials. Or 4 years free of import duty of min. 30% for Domestic Component Level of



Tax Holiday

Corporate Income Tax reduction by 100% with an investment value of ≥ IDR 500 billion for 5-20 years
 ▶ Mini Tax Holiday: **Corporate Income Tax reduction of 50% with an investment value of Rp. 100 billion – less than Rp. 500 billion for 5 years**



Super Tax Deduction

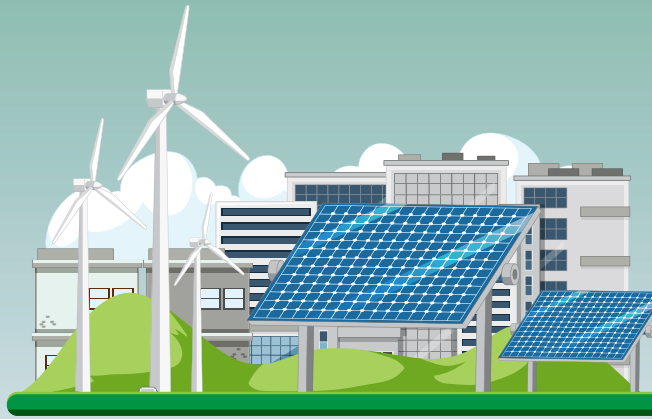
Gross income deduction of max. 200%, **of the total fee for vocation**
Reduction of 60% net income for 6 years (10% per year) for the absorption of local workers by minimum of 300 people
Gross income deduction of max. 300%, of the total cost for R&D



Incentives of Regional Government

Licensing facilities, Incentives (**Land and Building Tax relief**), and land availability guarantee.

Source: Ministry of Investment/ Indonesia Investment Coordinating Board (BKPM)



NRE sector investment plays a strategic role for Indonesia to encourage the achievement of the energy mix target in 2050.

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MINISTRY OF INVESTMENT/
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The New Renewable Energy (NRE) Investment Opportunities in Indonesia



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NRE Business Potential

As per 2021, the trend of NRE shares in Indonesia increased. Its potential in general reaches 3,686 GW, of which was only utilized by 0.3%.

June 2022

NRE mix reached **12.8%**

2050

NRE mix target will be **EBT 31%**

NRE mix target is **23%**

2025

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM), IESR, APBI-ICMA, CNBC Indonesia, Ministry of Energy and Mineral Resources (ESDM)



NRE Potential Distribution in Indonesia



HYDRO (ENERGY) spread mainly in North Kalimantan, Aceh, West Sumatra, North Sumatra & Papua



SOLAR spread especially in East Nusa Tenggara, West Kalimantan and Riau



WIND (>6m/s) spread mainly in East Nusa Tenggara, South Kalimantan, West Java, South Sulawesi, Aceh & Papua



MARINE Spread Mainly In Maluku, East Nusa Tenggara, West Nusa Tenggara & Bali



GEO-THERMAL spread mainly in the ring of fire areas (Sumatra, Java, Bali, Nusa Tenggara, Sulawesi & Maluku)



Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM)

An overview of NRE sector potential condition and investment realization in Indonesia

Energy Source	Potential
Hydro	95 GW
Geothermal	24 GW
Bioenergy	57 GW
Solar	3,295 GW
Wind	155 GW
Marine	60 GW

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM)

NRE and Energy Conservation Investment Realization (2021)	US\$ 1.51 billion / 74% of the target of US\$ 2.04 billion
Geothermal	US\$ 680 million
Bioenergy	US\$ 340 million
Energy Conservation	US\$ 10 million
Various NRE	US\$ 480 million

Source: Ministry of Energy and Mineral Resources (ESDM), Katadata

NRE Investment Needs Projection (up to 2025)

Investment cost to increase NRE generators reaches US\$ 36.95 billion, consisting of:	
Geothermal Power Plant	US\$ 17.45 billion
Water/Micro-hydro Power Plant	US\$ 14.58 billion
Solar & Wind Power Plant	US\$ 1.69 billion
Biomass Power Plant	US\$ 1.6 billion
Bioenergy Power Plant	US\$ 1.37 billion
Hybrid Power Plant	US\$ 0.26 billion

Source: Ministry of Energy and Mineral Resources (ESDM)