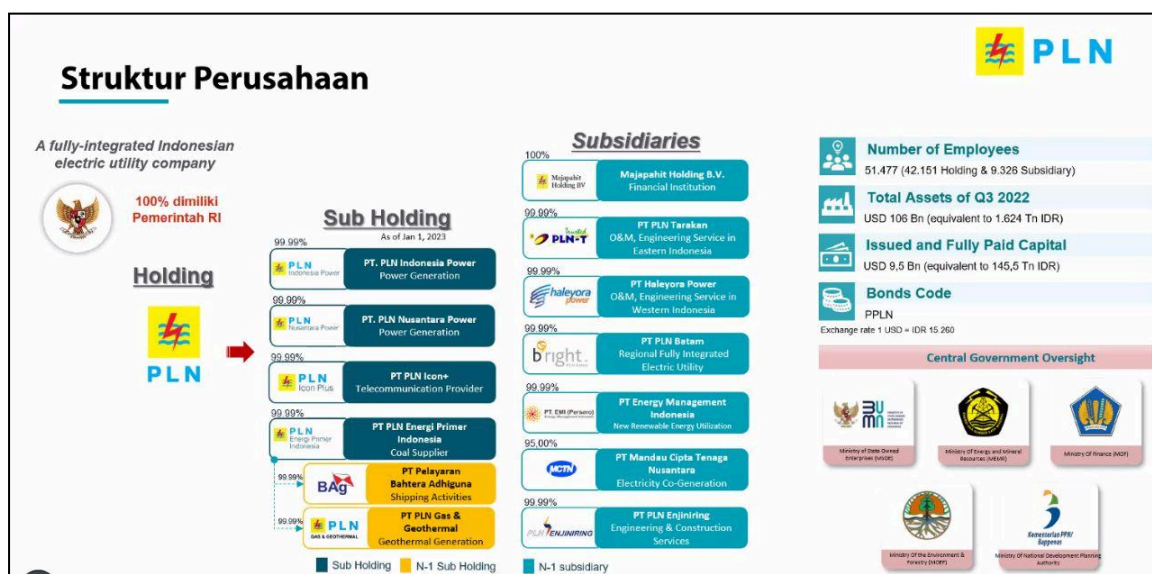


## Annex 3. PLN Energy Transition Pathway

### PLN's 2022 Restructure: Energy Transition Pathway

- In September 2022, the Government of Indonesia restructured PLN to become one holding company (PLN), four sub-holding companies, and seven subsidiaries. Two of the sub-holding companies focus on supporting PLN's generation business, one on fuel supply, and the other on services outside of direct energy management, which is termed 'beyond the meter' activities:
  - PLN Nusantara Power** (previously PT Pembangkitan Jawa-Bali/PJB), owns 18 GW of assets and is based in Surabaya. Initially, PJB managed PLN's coal and gas generation assets in East Java and the eastern part of Indonesia. PJB has expanded and manages various types of power generation including floating solar PV in West Java.
  - PLN Indonesia Power** (previously PT Indonesia Power/PTIP), owns 21 GW of assets and is based in Jakarta. PTIP manages the biggest PLN coal-fired power plant (CFPP) fleet in Suralaya with a total capacity of 3400 MW (Unit 1-7). Currently, PTIP also manages the PLN RE power plants such as hydro and geothermal as well as various generation in Sumatera and Kalimantan.
  - PLN Energi Primer Indonesia** focuses primarily on the supply of coal and gas.
  - PLN Icon Plus** focuses on services outside of direct energy management, such as internet services, EV charging stations, electric vehicles, mobile application development, data center infrastructure, and other new innovation.
- PLN also has the plan to establish three more subsidiaries focusing on the renewable energy business that will be formed from a joint venture of PLN Nusantara Power and PLN Indonesia Power. In doing so, PLN expects to attract more green financing for renewable energy generation in its renewable energy subsidiaries which is designed to contribute 52% or equal to 21GW of the additional generation capacity as stated in the PLN RUPTL 2021-2030. The new subsidiaries will focus on:
  - Geothermal value chain,
  - Other new and renewable energy generation, and
  - The biomass supply chain for co-firing in CFPP
- Currently, PLN has seven existing subsidiaries ranging from O&M, engineering, and construction services to financial institutions.



4. The restructure also saw changes in the organization of the PLN Board of Directors (BOD), who were mandated to focus on the core responsibility of PLN holding business in the areas of:
  - a. Generation management;
  - b. Transmission and system planning;
  - c. Distribution;
  - d. Retail and commercial;
  - e. Project management and renewable energy;
  - f. Corporate planning and business development;
  - g. Legal and human capital management; and
  - h. Finance
5. Notably, PLN established the Division of Energy Transition and Sustainability which has the main responsibility to ensure all PLN businesses are committed to achieving carbon emission reduction<sup>1</sup>. To enhance the division's role, the PLN CEO issued PLN's strategic policy directive in five main activities:
  - a. GHG emission projection and inventory;
  - b. Mitigation and adaptation actions and budget allocations;
  - c. Climate finance utilization and carbon price arrangement;
  - d. Monitoring and evaluation; and
  - e. Capacity building and technology development.
6. With these structural changes, the GOI expects PLN to be more agile and be ready to pursue the energy transition objectives toward a net zero emission target in 2060 or sooner. Hence, PLN needs to be equipped with the capacity to achieve those targets by prioritizing prominent activities such as early CFPP retirement, accelerating RE power development, improving the smart grid implementation, and embarking on potential business embarking from the energy transition.
7. During the G20 PLN Energy Transition Day on 1 November 2022, PLN highlighted various programs to catalyze the energy transition for PLN, listed with three focus areas on
  - a. decarbonizing coal and gas power plants;
  - b. expanding renewable energy and its supporting systems;
  - c. developing the green ecosystem.
8. At this event, PLN announced that it has started to mainstream the energy transition concept into every PLN business function with the intent that PLN will be the leader of energy transition in Indonesia. PLN believes that improving its staff capability, collaboration, and innovation will be the key to achieving clean and sustainable energy in the future. Hence, PLN is eager to work with leading energy transition actors such as technology providers, universities, development banks, electricity businesses and industries, and others, to reach the PLN net zero emission pathway.

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<https://web.pln.co.id/media/siaran-pers/2022/11/serius-tangani-transisi-energi-pln-bentuk-unit-khusus-divisi-energy-transition-sustainability>