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TAJUK ARTIKEL	HURDLES THREATEN 100GW LOCAL SOLAR AMBITION		
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Hurdles threaten 100GW local solar ambition

Financing gaps and weak governance cloud bold plan




Funding shortfall: A man checks solar panels that power a naval base in Riau Islands. The programme may face delays or risk dependence on foreign equipment, undermining its domestic economic goals. — The Jakarta Post/ANN

JAKARTA: The government's plan to deploy 100 gigawatts (GW) of solar power by leveraging the nationwide Red and White Cooperatives (KMP) programme may face challenges due to the operators' limited technical and financial capacity, analysts have warned.

While officials hail the scheme as a masterstroke in the grassroots energy transition, experts point to a yawning gap between ambition and reality.

Key concerns include the cooperatives' lack of technical expertise, the immense financial investment required and the current state of Indonesia's domestic solar manufacturing, which experts say is far from ready to meet such colossal demand.

As a result, the programme may face delays or risk dependence on foreign equipment, undermining its domestic economic goals.

In July, Coordinating Food Minister Zulkifli Hasan stated that the government planned to accelerate the adoption of solar power at the local level through more than 80,000 newly launched village-level cooperatives.

The initiative, which could cost around US\$100bil, would involve building solar farms of 1 to 1.5 ha in villages of every sub-district across the archipelago.

"If each village generates its own power, we will not need long-distance transmission like that provided by PLN (the state electricity company)," the minister, who also leads the task force behind the cooperatives initiative, added.

Mutya Yustika, an energy finance analyst at the Institute for Energy Economics and Financial Analysis, said that while Finance Ministry Regulation No. 49/2025 marked a step forward by allowing the KMP to borrow up to three billion rupiah from state-owned banks, the amount was still insufficient to unlock the scale of investment required for the programme.

"To improve bankability, the KMP can pursue strategic partnerships with independent power producers or state-owned energy firms and establish escrow or guarantee mechanisms," she told *The Jakarta Post* last Tuesday.

The KMP also has financing options such as raising capital from members' savings or issuing investment coupons.

Leasing arrangements with solar providers could further eliminate upfront costs for members.

However, the KMP still faces limited technical capacity, weak financial governance and restricted access to commercial

funding, according to her. To bridge this gap, Mutya pointed to blended finance as the most promising model.

Combining concessional loans from multilateral institutions with technical assistance could help de-risk projects and attract private capital.

"Ultimately, the programme's success will hinge on transparent governance and robust member education, factors that will determine whether this essential ambition can become a tangible reality for Indonesia's remotest communities," she said.

Energy and Mineral Resources Ministry renewables director general Eniya Listiyani Dewi did not immediately respond to the *Post*'s request for comment.

Fabby Tumiwa, executive director of the Institute for Essential Services Reform (IESR), also expressed reservations about the bankability and execution capacity of the KMP to lead Indonesia's massive 100 GW solar initiative.

He pointed to a significant misalignment between the programme's scale and the implementers' current operational readiness.

"Under current conditions, the KMP certainly does not have the funding capacity to execute this project," he told the *Post* on Tuesday, stressing the critical need for a financing mechanism involving the government and international financial institutions.

To address the cooperatives' technical limitations, he suggested that the government consider several strategies, including outsourcing operations and maintenance in bulk to professional engineering firms.

"This approach would allow the KMP to focus on its core cooperative business while ensuring that the solar power plants, including battery storage, are managed professionally and operate optimally."

Beyond funding and operational partnerships, the programme's success is also intrinsically tied to the parallel development of domestic manufacturing capacity for solar cells and panels to avoid supply chain bottlenecks.

IESR analyst Alvin Putra explained that local solar panel prices are about 40% higher than imported products, leading to underutilisation of the country's total manufacturing capacity, which has reached 11.7 GW-peak per year.

He suggested providing incentives in the form of import duty exemptions for raw materials, in addition to the existing tax incentives for industries operating in special economic zones, to reduce the price.

"Up to 60% of total production costs in the solar panel industry come from imported raw materials," he said on Tuesday, as quoted by *Tempo*.

Major solar panel producers in Indonesia as of mid-2025 include PT Trina Mas Agra Indonesia (TMAI), an integrated cell and module factory launched in June, and PT Bintan Cellular Indonesia, a solar cell manufacturer.

Djoko Martono, sales and marketing director at TMAI, said the programme to deploy solar panels nationwide through cooperatives remained under technical discussion at the energy ministry.

When asked about incentives needed to attract private sector participation, Djoko said that "fiscal incentives, particularly import duty relief for raw materials, would significantly support domestic producers."

"We welcome the initiative and are prepared to support its implementation," he said. — The Jakarta Post/ANN

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