



CADWALADER
CLIMATE
Connecting Climate Change and the Law

Regulation: G20 Fossil Fuel Developments

November 18, 2022

Regulation



By Sara Bussiere
Associate | Global Litigation

In addition to COP27, a G20 summit also took place this week in Bali, Indonesia, where ten nations and the EU jointly **announced** a “just energy transition partnership” (JETP) for Indonesia. The JETP for Indonesia also has support from the EU, individual EU governments and member banks of the Glasgow Financial Alliance for Net Zero. Initially, \$20 billion has been pledged to assist Indonesia phase out coal, which currently supplies 60% of the country’s electricity production. This announcement follows a similar scheme launched last year at COP26 for South Africa. The deteriorating global political situation since COP26, with Russia’s invasion of Ukraine and increased energy insecurity, has led to backtracking on coal reduction commitments, especially in Europe. Germany has allowed hard-coal power plants to continue operating until 2024 and the UK has requested some coal-fired power plants to operate over the winter. It is expected that these are short term rollbacks but it remains to be seen what will happen in the coming years if energy security concerns remain.

The joint statement sets out the signatories’ intention to establish a “long-term partnership to help Indonesia pursue an accelerated and ambitious just energy transition that supports a trajectory that keeps a warming limit of 1.5°C above pre-industrial levels within reach, and includes an ambitious power sector emissions reduction pathway and strategy based on the expansion of renewable energies and the phase down of on and off-grid coal-fired electricity generation.” The signatories plan to develop a comprehensive investment plan that will include on-grid and off-grid power together with captive systems for industrial usage.

U.S. President Biden **stated** that “Indonesia has shown tremendous leadership and ambition throughout the development of this partnership. The resulting new and accelerated targets demonstrate how countries can dramatically cut emissions and increase renewable energy while advancing a commitment to creating quality jobs and protecting livelihoods and communities.” Indonesian President Joko Widodo said that “Indonesia is committed to using our energy transition to achieve a green economy and drive sustainable development. We are

grateful for the cooperation and the support from our international partners to realize its full implementation that will accelerate this transition. This partnership will generate valuable lessons for the global community and can be replicated in other countries to help meet our shared climate goals through concrete collaborative actions.”

Taking the Temperature: These announcements bring Indonesia’s goals in line with other countries in phasing out fossil fuels in the power sector and achieving a net-zero power sector by 2050 rather than 10 years later. They have also increased, from the previous plan published by the government, the share of electricity provided by renewables by 2030 from 23% to 34%. As a result, the Indonesian JETP represents a good example of at least one way that wealthier nations can assist developing countries in reducing carbon emissions and transitioning to green power. It also stands in contrast to the Brazil-Indonesia-Congo conservation pact, which lacks the type of financial support upon announcement that is necessary in order to implement these types of ambitious climate-related projects. Much of COP27 has been devoted to issues concerning the commitments by developed nations to assist poorer countries with climate change adaptation and transition, and to make reparations for loss and damage. The Indonesian JETP represents progress in that area.