

Voluntary Report – Voluntary - Public Distribution

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Report Name: After a Decade Indonesia is Updating Its Biofuel Roadmap

Country: Indonesia

Post: Jakarta

Report Category: Biofuels, Climate Change/Global Warming/Food Security

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Report Highlights:

Indonesia's new biofuel roadmap shows the government's 10-year plan for higher biodiesel blending rates, bioethanol's inclusion in non-subsidized gasoline, and drop-in biofuels. The roadmap draft also recognizes organic waste as a biofuel feedstock. Although the roadmap shows lofty blending goals for bioethanol, it lacks the additional regulations that provide subsidies to cover the price spread between bioethanol and gasoline like the ones that prop up the biodiesel blend mandate. Without these subsidies, fuel retailers and biofuel producers will remain disincentivized to meet the new bioethanol blend mandates. The roadmap does not address tariff rate reductions for imported bioethanol.

In December 2024, the Ministry of Energy and Mineral Resource (ESDM) held [a public consultation](#) for a draft regulation that will update its current biofuel roadmap which was put in place in 2015 ([ESDM No. 12/2015](#)).

Several notable points in the draft regulation include:

- **Higher blend rates for biodiesel:** A 40 percent (B40) biodiesel blend rate is scheduled to start in 2025; it is set to increase to 50 percent (B50) in 2028 to 2035. (See next page for minimum blend rate schedules.)
- **Bioethanol blend rate:** A 5 percent bioethanol blend rate is scheduled to start in 2025 for the non-public service obligations (PSO) market (i.e. non-subsidized gasoline). A 10 percent blend rate is set for 2029 to 2035. (See next page for minimum blend rate schedules.)
- **Preference for local biofuels:** The roadmap draft maintains securing domestic biofuel supplies as a top priority; although it permits biofuel imports if domestic production is insufficient, and imports are competitively priced. However, the draft also stipulates preferential treatment be provided to imported biofuels from foreign suppliers that are majority owned by companies registered in Indonesia. The Indonesian company must have at least a 51 percent stake in the exporting company to qualify for this prioritization.
- **Organic waste:** The use of organic waste is permitted in biofuel production.

The biofuel roadmap is an important part of the implementation of the biofuel mandate program. In addition to this roadmap, other regulations are needed, such as regulations on financial mechanisms to incentivize fuel retailers and biofuel producers to meet new blending mandates. The Government of Indonesia (GOI) currently uses a financial incentive taken from palm export levy funds to subsidize biodiesel producers assigned to supply biodiesel for the blend mandate program. For bioethanol, the blending mandate program has been dormant for years since no incentive has been made available to cover the spread between bioethanol and gasoline prices. Limited bioethanol blending demand hindered the development of Indonesia's bioethanol industry as well as the potential reduction of carbon emissions in the transportation sector.

Post believes the new bioethanol roadmap for the non-PSO market could provide opportunities for fuel retailers to utilize more bioethanol to take advantage of potential emissions reductions as well as price competitiveness if similar financial incentives are put in place. Unfortunately, the largest gasoline market in Indonesia is currently heavily subsidized, rendering it more price competitive than bioethanol with no mechanism to cover the spread.

Table 1. Minimum Percentage for Biofuel Roadmap

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Biodiesel	40%	40%	40%	50%	50%	50%	50%	50%	50%	50%	50%
Bioethanol*	5%	5%	5%	5%	10%	10%	10%	10%	10%	10%	10%
SAF (Sustainable Aviation Fuel)	-	-	1%	1%	1%	2.5%	2.5%	2.5%	2.5%	2.5%	5%

* Only for non-subsidized gasoline (PSO)

Table 2. Minimum Percentage of Biodiesel and Renewable Diesel for non-PSO Diesel

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Biodiesel	35%	35%	35%	40%	40%	40%	40%	40%	40%	40%	40%
Renewable Diesel	5%	5%	5%	10%	10%	10%	10%	10%	10%	10%	10%

Table 3. Minimum Percentage of Renewable Diesel for 51-Cetane Diesel Fuel

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Renewable Diesel	5%	5%	5%	10%	10%	10%	10%	10%	10%	10%	10%

Table 4. Minimum Percentage for Renewable Gasoline

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Renewable Gasoline	-	-	5%	5%	5%	5%	5%	5%	5%	5%	10%

Attachments:

No Attachments.