USAID | INDONESIA
FROM THE AMERICAN PEOPLE

Subject: REQUEST FOR INFORMATION
Activity Title: USAID/Indonesia Energy Activity
Release Date: August 16, 2019
Response Date: August 30, 2019, 15:00 PM Jakarta Time
Response To: proposals-indo@usaid.gov

Dear Interested Parties:

The United States Agency for International Development's Mission to Indonesia (USAID/Indonesia) is in the process of gathering information to support an anticipated design for a new USAID/Indonesia Energy Activity, as described in Attachment 1 - Background.

This is a Request for Information (RFI) and is not a commitment to issue a solicitation, contract, grant or cooperative agreement. Any future solicitations or funding opportunities to the new Energy Activity will be announced on the Federal Business Opportunities website at www.fbo.gov or at www.grants.gov at a later date. USAID/Indonesia is not seeking technical or cost applications/proposals at this time.

This RFI is open to interested U.S. and non-U.S. organizations to provide responses to questions outlined in Attachment 1 - Information Requested. Responses to this RFI are voluntary. In responding to this RFI, significant emphasis should be placed on discrete and actionable interventions USAID/Indonesia could potentially take to support implementation of the new Energy Activity. Respondents are free to address any or all the questions, as well as provide additional information they think is relevant to the new program. USAID/Indonesia may use information obtained from this RFI to develop an activity design.

Submission instructions for this RFI are provided in Section III.A of Attachment 1.

USAID/Indonesia is under no obligation to acknowledge receipt of the information, answer questions or provide feedback to respondents with respect to any information submitted. Please note issuance of this RFI does not constitute an award commitment on the part of the U.S. Government, nor does it commit the Government to pay for any costs incurred in the preparation of comments.

Thank you for your assistance and interest in USAID programs.

Sincerely,

/s/

Albert E. Carrera
Contracting/Agreement Officer
USAID/Indonesia

ATTACHMENT 1

I. BACKGROUND

In July 2018, the United States government (USG) announced the Asia Enhancing Development and Growth through Energy (Asia EDGE) initiative as a key component of the USG's Indo-Pacific Strategy. At the highest level, Asia EDGE has four strategic objectives which underscore the USG's commitment to energy sector support as a driver of economic prosperity and democratic stability: (i) Strengthen the energy security of regional partners; (ii) Create open and transparent energy markets; (iii) Improve free, fair, and reciprocal energy trading relationships; and (ii) Expand access to affordable, reliable energy. As a whole-of-government initiative, Asia EDGE draws on the expertise of multiple USG agencies, private sector entities, and international financial institutions, and seeks ongoing collaboration with governments and intergovernmental organizations that are dedicated to sustaining economic growth throughout the region.

Under the Asia EDGE strategic framework, USAID intends to leverage its regional presence, reputation as an honest broker, convening power, and high-quality technical assistance to develop market-based policies and strengthen public institutions to catalyze private investment in energy. Depending on the needs from regional challenges and/or specific in-country needs, USAID will focus its development support on four strategic pillars:

1) Utility Modernization
2) Increased Deployment of Advanced Energy
3) Transparent, Best Value Procurement
4) Regional Energy Market Integration

In respect to Indonesia, with an annual energy demand growth rate around 7%, the Government of Indonesia (GOI) must secure resources to meet the increasing demand while expanding energy services to the "last mile" to achieve its goal of 100% electrification ratio by 2020. To address these challenges, GOI laid out its priorities in the 2014 National Energy Policy in enhancing energy security and diversity, including increasing renewable energy shares in the overall national energy mix to 23% in 2025, while achieving its commitment of reducing greenhouse gas emissions by 29% in 2030 from 2010 levels. However, reaching the last mile of the population, while at the same time improving the quality of services critical for inclusive economic growth, will require consistent policies and comprehensive approach in energy planning, as well as optimization of locally available sustainable and clean energy resources. In addition, despite the GOI's ambitious targets and abundant renewable resources, the renewable energy share in the overall electricity generation remains low at approximately 12% in 2018, an increase from 8% in the previous year but still far from the 23% target.

The previous and current USAID clean energy programs, primarily the Indonesia Clean Energy Development II (ICED II), have sought to address some of these energy challenges by providing policy and regulatory assistance to the GOI to establish incentive frameworks for low-emission growth. In parallel to providing technical assistance for policy and planning, ICED II also works with banks, regional government entities, project developers, and other stakeholders to attract public and private sector investment in clean energy development.

Building upon USAID's past and current engagement in the energy sector and in line with USAID's Journey to Self-Reliance vision, USAID/Indonesia's new Energy Activity will primarily focus on the first three pillars of Asia EDGE framework. Through this program, USAID/Indonesia intends to work together with GOI and other key stakeholders to further advance their capacity and commitment to implement best practices in energy policies, incentives, planning, procurement and utility modernization, that will expand access to energy, drive inclusive economic growth, and reduce poverty, in a transparent and accountable manner. In parallel, USAID also aims to further catalyze private investment to advance cost-effective renewable energy deployment to meet the growing energy demand and reach energy parity throughout the country. To accomplish this, USAID will draw on the expertise and resources of the GOI, the U.S. Government, the private sector, financial institutions, civil society organizations, and like-minded partners.

II. INFORMATION REQUESTED

USAID is specifically interested in feedback and comments on the following questions.

1. Deployment of Advanced Energy Systems:
    - Advanced energy sources, particularly renewable energy, in Indonesia remain perceived as expensive by many key stakeholders. What concrete actions can be implemented to allow Indonesia to capture the historic global price decreases of renewable energy sources? What priority actions are required for Indonesia to achieve its renewable energy targets detailed in the National Energy Policy?
    - What are some of the most promising technologies and practices that could be utilized in Indonesia to establish a modern grid capable of

providing affordable and reliable power to all? What are the primary barriers to scaling existing successful smart-grid demonstration projects?
- What regulatory and utility reforms are required for Indonesia to sustainably develop its downstream gas sector and meet its city gas expansion targets?
- What are the opportunities and barriers to government and private sector efforts to create energy efficiency markets and introduce more energy efficient appliances in Indonesia?

2. Utility Modernization and Transformation of the Energy Sector:
    - In 2018, Indonesia reported an electrification ratio of 98%. However, actual access varies widely throughout the country, with a significant disparity in service quality and reliability between urban and rural residents. What reform actions are needed to expand access and improve the reliability and quality of energy services throughout the country?
    - As Indonesia considers pathways for transforming PLN into a modern and efficient utility, what lessons should be considered from other countries recent reform efforts?
    - Indonesia has made significant progress in reducing electricity and fuel subsidies in recent years. What support could USAID provide to continue the rationalization of tariffs and focusing of subsidies on the poorest customers?

3. Transparent, Best Value Procurement:
    - How can USAID promote the growth of Indonesia's energy markets while addressing procurement practices that are open, fair and transparent and create a level playing field for domestic and international investors and companies to capitalize private sector investment?

4. Enhance Adoption of Best Practices in Planning and Policy:
    - What actions could USAID support to enable alignment between national and local governments in energy planning and electrification program to optimize government/public resources utilization?
    - The global energy sector transformation requires non-governmental institutions with strong analytical capabilities to inform policy and regulatory reform. Which institutions in Indonesia are best positioned to influence these discussions?
    - What opportunities exist to strengthen Indonesia's energy sector through enhanced gender equality and women's empowerment?

III. RESPONSES SUBMISSION GUIDELINES

All comments and recommendations to the questions presented in Section II (Information Requested) must be submitted electronically to proposals-indo@usaid.gov with the subject title: "**RFI: USAID/Indonesia Energy Activity**", no later than the date/time stated above.

The submitted response should include:

> **Reference: USAID/Indonesia Energy Activity**
> **Organization Name**
> **Organization Address**
> **Contact Information**

Attachments: Respondents may attach any documents that support your comments to the above questions.

All proprietary information should be marked as such. Responses will be reviewed only by USAID personnel and will be held in a confidential manner.

Neither electronic confirmation acknowledging receipt of your response nor individualized feedback on any suggestions will be given. No basis for claims against the U.S. Government shall arise as a result of a response to this RFI or from the Government's use of such information. Specific questions about this RFI should be directed only to the email addresses identified above.

[END OF REQUEST FOR INFORMATION]