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In this report, we emphasize the importance of increasing BEV penetration in Indonesia and assess the country's current BEV adoption status. We then analyze and summarize the key factors that can facilitate an increase in BEV penetration in Indonesia. Lastly, we provide suggestions and elaborate on the actions that each stakeholder needs to undertake to accelerate BEV adoption.

Indonesia is ready to become the key player in the global Battery Electric Vehicle (BEV) supply chain by utilizing its abundant natural resources and investing in cutting-edge technology.

This statement was made by Coordinating Minister for Maritime Affairs and Investment Luhut Binsar Pandjaitan during the inauguration of the South Korean Battery and Electric Vehicle Ecosystem in Indonesia by President Joko "Jokowi" Widodo on Wednesday (07/03) at PT Hyundai LG Indonesia (HLI) Green Power in Karawang, West Java province.

"Today"s event marks an important milestone in Indonesia"s journey towards sustainable development and technological advancement by inaugurating lithium battery and electric vehicle ecosystem," said Luhut.

The production, he continued, is estimated to reduce Co2 emission up to around 160,000 tons per year, cut fuel imports up to 45 million liters per year, and save fuel subsidies to approximately Rp131 billion per year. The local contents used will also be increased significantly, he added.

"By using battery from LG, the local contents value in the production of Battery Electric Vehicles by KONA Electric which was initially 40 percent will increase to 80 percent. This is a good step to boost added value from domestic industry," he said, adding that global demand for electric vehicles is growing with lithium battery as the core of this transformation.

"With the integrated ecosystem involving international stakeholders, this strategic measure will not only boost our economy, but also create thousands of jobs, drive innovation, and develop skills among our workforce," he remarked. (FID/DNS) (EST/RA/LW)

A key milestone in the development of BEV and its related infrastructure in Indonesia was the issuance of Presidential Regulation No. 55 of 2019 on the Acceleration of Battery Electric Vehicles for Road Transportation Program (“PR 55“). PR 55, which was issued in August 2019, is the umbrella regulation for BEV development in Indonesia (please see our previous Client Alert).

On 4 August 2020, the Minister of Energy and Mineral Resources (“MEMR“) issued Regulation No. 13 of 2020 on the Provision of Charging Infrastructure For Battery Electric Vehicles (“Reg 13“). Reg 13, which came into force on 7 August, is one of the implementing

regulations for PR 55 and sets out: who can engage in the charging infrastructure business; the different charging infrastructure business models; the applicable electricity tariff; and technical and safety requirements.

Public Electricity Battery Exchange Stations (Stasiun Penukaran Baterai Kendaraan Listrik Umum or “SPBKLU“), enable members of the public to rent batteries and exchange them when they run out. Similar with charging facilities, exchange stations will be located within petrol stations (SPBU and SPBG), central and regional government offices, malls, and roadside public parking lots, or other locations meeting the relevant criteria.

Further, the business entities must also obtain an SPKLU identity number for each SPKLU. They can apply for this identity number from the MEMR, through the Director General of Electricity.

Similar with SPKLU, the business entities must also obtain an SPBKLU identity number for each SPBKLU by applying to the MEMR through the Director General of Electricity.