For Indonesia, sustainable energy supply is an important factor to preserve the stable economic growth. One important strategy is development of renewable energy, which has not been fully exploited yet.

The paper examines the potency of renewable energy in Indonesia. Currently, biomass composes 23% of total primary energy supply, while geothermal and hydropower has a combined share of 3%. But according to the overall potency of renewable energy, hydropower is found to have the highest available resource of 76 GW, followed by biomass and geothermal by 49.81 GW and 28.53 GW, respectively. Although the solar radiation is only at modest level (4.80 kWh/m²/day), the tropical all year sunlight can boost the competitiveness of solar photovoltaic and thermal application. As for wind energy, the average speed of 3-6 m/s requires the development of low speed wind turbine. The examination of electricity and petroleum product prices through international comparison for non-OECD countries shows fifth lowest price level for both of petroleum products and electricity for industrial use. As for household electricity price, Indonesia is placed the second among all the countries compared. The energy subsidy and price structure are examined in detail because it could be a source of hindrance to renewable energy promotion.

The examination of renewable energy potency in this study could provide insights about recent development of renewable energy in Indonesia. As an outcome of policy examination, the price comparison analysis suggests Indonesia to reduce or even remove the energy subsidies in the long run. These findings can be utilized to formulate effective policies for renewable energy promotion.

Key words: Renewable Energy, Sustainability, Energy Subsidy, Promotion Policy

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