

## Whither Just Transition? A Case Study of Energy Transition Mechanism

### (ETM) Country Platform in Indonesia

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*Without a coordinated and effective global energy transition action plan, numerous projects and aid given by the Global North states dominated today's energy transition scheme—particularly for many Global South states. One is Energy Transition Mechanism (ETM), which claims to actualise just transition through its platform recently launched in Indonesia. It promises to improve societal participation, address socio-economic issues, and gives its recipients an affordable and sustainable path to a just transition. The latter focuses on early coal retirement, which is rampant in Indonesia. Despite its relatively novel focus on just transition, ETM fails to live up to its “just” concept, once again resembling debt-heavy funding and a lack of holistic assessment of the funding's effects on the affected society. This paper aims to elaborate on such problematisation while questioning how foreign funding could help realise just transition in the Global South. A qualitative case study provides context for the just transition in Indonesia.*

**Keywords:** energy transition mechanism; just transition; Global North; Global South; Indonesia

#### Introduction

On November 14, 2022, Indonesia and Asian Development Bank (ADB) officially launched the Energy Transition Mechanism (ETM) Country Platform Indonesia at a G20 meeting in Bali. Previously, a series of Forum Group Discussions (FGD) was conducted by both parties, and ETM was soft-launched in August 2022 (Badan Kebijakan Fiskal, 2022). The platform is marketed as Indonesia's serious attempt to champion an affordable and just energy transition (Kemenkeu, 2022). The optimism aligns with Indonesia's updated Nationally Determined

Contributions (NDC) in September 2022, which commits itself to 43.2% emissions reduction by 2030 with international support, a 2.20 percentage point increase over its initial pledge in 2016 (“Enhanced Nationally Determined,” 2022).

The platform centres around the early coal plant retirement premise, which aims to reduce Indonesia's reliance on coal to supply its electricity and, in turn, ready the nation to start anew in developing and consolidating low-carbon energy. The platform claims to give an opportunity of realising a “just transition” in Indonesia, meaning that ETM

claims to not only facilitate coal plant retirement but also adhere to the need to ensure equitable and fair energy transition, which constitutes the just transition spirit.

Just transition is a relatively new concept for energy transition funding, let alone foreign aid schemes. Apart from ETM, the only project that labels itself as “just transition” aid is European Union’s Just Transition Platform (limited to EU Members) and International Partners Group (IPG)’s Just Energy Transition Platform (JETP), co-led by the United States and Japan, which also announced its partnership with Indonesia in the G20 Summit 2022. However, the need for just energy transition resembles the particular challenges for—but not limited to—Global South countries since, for them, energy transition adds another complicating layer to their development agenda, ranging from macroeconomic growth and infrastructure building projects to dealing with providing necessities and rights for its citizens (Collins, 1991). The dilemma causes them to rely on foreign funding to transition their energy, which could be problematic because their energy transition and policy agenda face the prospect of being dictated by the donors (Babayomi et al., 2022; McGillivray & Clarke, 2018). The donors, mainly from the Global North, could have a crude economic agenda in funding energy transition plans to pave the way for their fossil fuels assets and large investments’ future (Babayomi et al., 2020; Goldthau et al., 2020).

In clarifying the term “Global South” and—consequently—“Global North,” the paper follows the categorisation proposed by

Fuhr (2019), assuming that a “Global South” state conforms to at least three out of the five indicators, such as non-OECD member, low-income and middle-income countries (less than US\$12,055 in 2017), and countries belonging to the G77 bloc in the United Nations. Conversely, “Global North” refers to states failing to meet the criterion, mainly consisting of industrialised and wealthy nations.

With that being said, the “just transition” label on ETM, among other “just transition” foreign funding, provides a reason to address whether one should be optimistic about the truthfulness of the agenda. Thus, the significance of ETM must be explored. The article aims to assess the implications of ETM’s “just transition” scheme to Indonesia. In doing so, the proposal contrasts the idea of the funding and the Global South conditions—portrayed in the just transition principles postulated by McCauley & Hefron (2018)—which tend to have enormous discrepancies. The article argues that ETM, despite promoting “just transition” in its design and jargon, eludes just transition principles and further perpetuates the unequal relations between the Global North and Global South. Therefore, the article advocates for questioning to what extent foreign funding could help jumpstart the just transition in the Global South.

The paper demonstrates such implications in two later subchapters: one concerning the potential of looming debt and its economic effects from applying the transition mechanism, and one concerning its limitations to inclusively empower Indonesian cit-

izens, which could be seen from gender, economic, and social aspects. Meanwhile, the first subchapter discussion will set the scene for the matter by showing the North-South divide in energy transition, the urgency of just transition, and a brief of Indonesia's situation regarding energy transition.

## **Methodology**

The study employs a case study method to analyse the proposition of ETM, a just transition, concerning what constitutes a “just transition” in Indonesia. The study aims to question the extent to which a just energy transition could be achieved through an initiative imposed by the Global North on a Global South country, specifically Indonesia. It is suitable because a case study could succinctly explore the specific context of Indonesian society while generating some generalisable knowledge actually or potentially relevant to other cases (Vernesson, 2008).

An in-depth analysis of the “just” narration built around the ETM, which will be assessed concerning McCauley & Heffron's (2018) definition of just transition and its impact on the Global South, is the main foundation for formulating the argument. For instance, the existing debt in “just transition” can be seen as a power relation and business as usual because it entrenches the donors' wants rather than ensuring low-carbon energy accessibility to people. This study used the qualitative method because it provides a contextual understanding well-suited to explore complex social phenomena through power relations in “Just” transition narratives (Saldana, 2016).

Data was collected through a literature review using journal articles, books, and news to provide the context of the funding and its implementation. Data was collected from ETM and Government focusing on financial channels and schemes for Indonesia to assess its effects on the government and locals, such as the ADB project schemes that ADB promised, statements from actors initiating and supporting the project, and the latest development of the project implementation. This data was then analysed through top-down qualitative, which aims to identify critical and significant ideas from each used reference. Therefore, every finding, concept, and argument from previous research is necessary for this study's elaboration.

## **The North-South Divide and the Need for Just Transition**

As climate change worsens with each passing moment, the energy transition becomes increasingly urgent. Intergovernmental Panel on Climate Change (IPCC) reports that the energy sector accounted for approximately 34% (20 GtCO<sub>2</sub>-e) of total global emissions in 2019 (IPCC, 2023). This figure will be higher if the transportation, manufacturing, and household sector, which uses energy in their activities, are categorised under the energy umbrella. Succeeding in energy transition is vital in halting the climate crisis.

However, the sense of urgency often must grapple with the intricate complexities of realising energy transition. The existing policies are solely focused on rapidly reducing carbon emissions, predominantly with an understanding that high-carbon and high-us-

age energy sources must be replaced with low-carbon and low-usage energy sources (Kumar et al., 2022). Meanwhile, consumers are encouraged to adopt a more environmentally sustainable lifestyle, focusing on “small-but-meaningful steps” such as buying electric cars, eating organic foods, and preferring eco-friendly products (Vergara-Camus, 2022). While said transformations are not entirely useless, it tends to depoliticise or reduce climate change, including energy transition, into a merely technological and behavioural change (Gasparatos et al., 2008; Swyngendouw, 2013; Vergara-Camus, 2022).

Crucially, the seemingly apolitical understanding of energy transition ignores the present socio-economic inequality, especially in the Global South. Transitional schemes spearheaded by the Global North become the primary path for Global South countries to participate in the energy transition. This is because energy transition is frequently viewed as expensive, mainly in acquiring capital and technological capabilities. It is political, on which this paper will elaborate later, and those schemes are conceptually highly fixated on reducing emissions, albeit marred with vague planning and realisation. Donors need to thoroughly assess and engage with the social, economic, and environmental problems needed to alleviate carbon emissions justly. It resembles the prominent Multi-Level Perspective theory, which advocates for rapid and radical changes in the energy transition (Fernandes de Freitas & Jehling, 2023). The theory’s view on energy transition phases, “start-up,” “acceleration,” and “stabilisation” (Kanger, 2021),

which implicitly represent the North’s outlook on energy transition, also tend to view the South’s energy system as deficient and should be synchronised with the North. Its application could be detrimental to the Global South since the transition might prefer using “established” energy sources to pivot for, namely natural gas, which may not always be suitable for all states.

The prominence of a homogenous view above highlights the dividing reality between the Global North and Global South. It connotes a path dependency for the South as they are unable to exert their vision of energy transition, which is to have “differentiated” contributions in energy transition as opposed to the prominent North’s “everyone should jointly contribute” (Beer, 2014). The aspiration does have an empirical basis of historical emission consideration, which puts the Global North as the primary emitter; thus, they should contribute equally to their cumulative emissions. Hickel (2020) estimates that the North emitted 92% of global emissions from 1850 until 2015. Instead, the Global South countries are expected to massively reduce their emissions like everyone else.

Even with foreign assistance, only replacing high-carbon energy with low-carbon energy in a quick fashion could be problematic and insensitive to the Global South’s current situation. It should be noted that the Global South, including Indonesia, faces a variably similar dilemma (Beer, 2014; Collins, 1991), which is caught between pursuing economic growth, primarily aiming for rapid industrialisation utilising cheap and

high-carbon energy, and lack of capacity to perform said task in a sustainable way (Goldthau et al., 2020). Furthermore, excluding China, Brazil, and India, which gained significant investment in renewable energy, the Global South only received 12% of the total investment in renewable energy in 2017 (Goldthau et al., 2020). Economic growth is favoured instead of sufficient investment because growth is imperative. Such practice is exacerbated through neoliberal markets' inducement to conduct massive resource exploitation and sell it at a competitive price, often compromising labour wages and sustainability practices (Acosta, 2013; Gellert, 2019). It might be why many Global South countries failed to meet their Nationally Determined Contribution (NDC) as signatories to the Paris Agreement.

### The Urgency for Just Transition

Perhaps even more strikingly, there are questions about how energy transition would improve or hinder equitable access to basic needs such as education, jobs, and transportation. If low-carbon energy is expensive, rapidly changing the existing energy mix makes little sense since it would hinder people's access to basic needs. Conversely, disregarding energy transition would not be advisable either. The two scenarios could entrench already marginalised groups, such as riverside slums, into more climate-related injustices. They would bear the worst effect because of their precarious location, lack of equitable access to disaster mitigation, and minimal resources. Furthermore, this peril has been more conspicuous—but not limited

to—the Global South, despite their relatively low carbon emissions (Mendelsohn, 2012). Thus, energy transition needs to be done with a careful and inclusive approach to ensure that the transition could be a driver for improving welfare and equality (Dalabajan et al., 2022).

The “Just Transition” concept origins can be traced back to the 1980s movement of global trade unions who demanded job opportunities—green jobs—after a proposed shift away from fossil fuels (Abraham in McCauley & Heffron, 2018). The workers, who mostly worked for high-carbon industries like coal, felt job security was mandatory for their livelihood. Tony Mazzochi, The Oil, Chemical, and Atomic Workers official, proposed the term as a dignified way to repay workers affected by the transition for their service to the community (Abraham, 2017).

Later, the term evolves for formulating and incorporating justice in the energy transition. This paper concurs with McCauley & Heffron's (2018) definition of “Just Transition,” which is “a fair and equitable process of moving towards a post-carbon society.” In viewing “justice,” the phrase concerns three justice aspects: (i) distributional justice, (ii) procedural justice, and (iii) restorative justice. Distributional justice refers to (un)fairness of sharing costs and benefits due to energy development across civilisations (Lee & Bryne, 2019; Newell & Mulvaney, 2013). This also accounts for the affordability of energy transition (McCauley & Heffron, 2018).

Procedural justice concerns the pathways to accomplishing a just transition and noting fundamental issues that limit the

just process. Moreover, this justice aspect emphasises a vibrant community and other stakeholders' participation in creating an acceptable and rooted energy transition (Lee & Bryne, 2019; McCauley & Heffron, 2018). Lastly, restorative justice pays attention to how past damages could be handled. It focuses on individuals, the environment, and the climate (McCauley & Heffron, 2018). Restoring could also exude historical assessment, which underpins climate change discourse and, more importantly, advocating for a closer look at the North-South divide regarding energy transition. It would be useful for addressing the transition financing schemes and their consequences for the Global South.

### The Case of Indonesia

Indonesia's experience is indifferent to the dilemmatic position of many Global South states. In January 2022, Indonesia's President Joko Widodo openly asked developed countries for a helping hand to fund Indonesia's energy transition projects during the World Economic Forum. Specifically, Jokowi highlighted aspects such as better "funding sources" and "technology transfer" that would be a "game-changer" for Indonesia (Shofa, 2022). Jokowi stated that Indonesia would need 50 billion US dollars to switch toward renewable energy and a further 37 billion to reduce carbon emissions from forestry, land use, and marine sectors (Shofa, 2022). Meanwhile, the Ministry of Energy and Mineral Sources stated at a G20 webinar that Indonesia would need 1 trillion dollars by 2060 to materialise its energy tran-

sition roadmap (Antara News, 2022). It involves ramping up low-carbon energy to the national energy mix and connecting the main islands with electricity supplied by low-carbon power. Furthermore, Jokowi stressed the need for a "strong collaborative effort" to achieve the transition, which—or the lack thereof—has become the focal question from the developing countries (Presiden Republik Indonesia, 2022).

Due to needing proper investments, transitioning from fossil fuels to low-carbon is costly for Indonesia. It is because coal and oil/diesel are major contributors to Indonesia's primary energy mix by significant margins compared to other energy sources such as geothermal, gas, and biofuel. It also provides jobs for the local community, thus decreasing unemployment (Wibisono, 2015). In 2019, coal amounted to 37.3% of Indonesia's energy mix, with oil coming close at second place, amounting to 35% (ADB, 2020). Furthermore, coal holds a significant share in Indonesia's exports, which was 494 million tonnes in 2022 ("Indonesia sees record," 2023). The Ministry of Energy and Mineral Resources expected coal export to increase in 2023, indicating the country's continued coal craze ("Indonesia sees record," 2023).

Lastly, it is worth noting that socio-economic inequality in Indonesia is still rampant. Although absolute poverty has steadily decreased over the years, moderate poverty—a condition in which one can survive by meeting their basic needs but cannot meet other life aspects adequately—actually increased and is experienced by 36% of the population (Gibson, 2017). It is accompanied

by the growing inequality between rich and poor, indicated by a 0.003 increase in Indonesia's 2022 Gini ratio to 0.384 (Sulaeman, 2022). It challenges the energy transition in Indonesia, which mandates a just transition.

### **Challenges and Opportunities for Achieving a “Just Transition” from Green Climate Fund to Energy Transition Mechanism (ETM)**

Then, how would the “just transition” be achieved? On the surface, Climate Fund (GCF). GCF is becoming one of the initiatives to achieve this “just transition” even though it is still based on the Global North's narrow view of the definition of the energy transition, which does not address the complexity of social and economic factors that construct the high-carbon to a low-carbon economy (Pattberg et al., 2013). The limitation of local communities, workers, and other stakeholders in the planning and implementation of projects can lead to a lack of understanding and support for the transition to low-carbon. It is caused by the GCF's incapability to handle its challenges.

Green Climate Fund (GCF), as a collective funding initiative from the Global North, faces a significant challenge: an ambitious goal of mobilising \$100 billion per year while lacking the capacity to meet such a target, which currently sits on 80% of its annual target. GCF previously had a total target to mobilise \$5.3 trillion due to concern from Global North about the fairness of GCF. Global North sees Global South contributes to this issue from industrialisation that generates carbon emissions. For instance, China

contributes more than 29% to global carbon emissions, with 10 billion tons annually or 7.48 tons per capita. China produces its carbon emission exponentially with industrialisation within the country. It questions the Global North on GCF under the fairness factor and implies that GCF faces ineffective funding categorisation (Chen, 2018). Due to this factor, the global North prefers to use bilateral or multilateral channels to fund global climate initiatives, providing more transparency and leading to a more efficient distribution of resources. Prioritisation of projects is needed to match the needs of developing countries. Then, ETM was born as a financial instrument that supports climate justice, focusing on supporting the transition to low-emission and climate-resilient energy systems in developing countries (Afifa, 2022). ETM is a supporting system for countries facing a challenging energy transition due to limited resources, capital, infrastructure, and technology, through capacity-Building, planning, and financing. ETM proposes three financing schemes with their target and mechanism, Acquisition Model, Synthetic Model, and Portfolio Model.

### Funding Models as ETM Strategies for Energy Transition

Acquisition model used by ETM to acquire capital in coal-fired power plants (CFPPs) to control the plants' operation. It can be done by purchasing shares or assets of the utility company. ETM proposes early termination; it generates output for ETM to close and then plant or repurpose it for another function, a renewable energy facility.

The risk from this model is the potential for financial losses if the plant does not perform as expected. Synthetic models allow ETM to invest in power plants with or without having a share in the power plant. The synthetic model is also an effective way to address the financial and contractual complexities of retiring CFPP. Synthetic is also known as a contractual agreement with the owner and utility to provide appropriate security.

The Portfolio Model is becoming one of three financing mechanisms under the ETM to assess the current energy system. It aims to identify priority, planning development, and monitoring. Portfolio models ensure multiple ETM projects that can drive the energy transition in certain countries. The model is adaptable to specific contexts for each country and intends to support achieving the country's sustainable development goal. In Indonesia, ETM uses a portfolio model through the Senior Loan scheme, a debt instrument that provides a small interest rate and long-period payment to mitigate debt risk. Senior loans are also considered as Low-Risk investments. As corporations often use senior loans to fund large-scale projects. ETM is a vital bridge for corporate sponsors interested in investing in clean energy projects in Indonesia. Developing this comprehensive portfolio of projects in developing countries to address different priority areas and energy sources, also working with multiple funding, attracts investors (Smith, 2022).

### Challenges and Limitations in Implementing the Energy Transition Mechanism

While the Energy Transition Mecha-

nism promises to become “the way” to fund the energy transition with bilateral and multilateral investment through sponsors, it still faces many challenges in issuing debt (Zerabi et al., 2022). ETM can be considered the explanatory reason for the cause that leads to an increase in debt levels for developing countries. The first concern is the debt trap for developing countries. Following the exponential growth of debt for developing countries, if the project is unsuccessful, it will burden the countries to repay the investor. There are also concerns about the cost and reliability factors. It will cause slower economic growth and development (Reuters, 2022). Developing countries are also vulnerable to economic crises if it occurs during the repayment period and can lead the country to bankruptcy. It is important to view that ETM is implemented in a way that balances debt and relevancy for the investment in renewable energy can avoid excessive debt levels. Mitigating this risk is crucial for the sustainability of the projects and the countries.

Second, ETM only focuses on economic efficiency and cost-effectiveness, which led to a narrow view of the definition and constitutes the “Just Transition” and its challenges to addressing complex social and economic issues within the transition process. Limitations can be seen in the scope of renewable energy. The development of renewable energy technology needs to be acknowledged or included in the financing process to speed up the adaptation process. ETM focuses on the CFPPs that undermine investment that can lead to unnecessary cost of opportunity that use coal to operate. ETM



sees it can be done through utilising incentives to power plants. CFPPs, the location of these plants, and emissions can jeopardise the low-income and minority communities' environmental conditions, violating environmental justice values (Galgoczi, 2014).

### **Socio-economic Limitation: The Reproduction of International Power Hierarchy**

When the term “Just Transition” was first coined in the 1980s by the trade union movement, it aimed to secure the rights and livelihoods of workers during the transition to sustainable production (McCauley & Hoffner, 2018). Over time, the concept of a just transition has expanded beyond its workers-related concerns. Specifically, after the Paris Agreement 2015, the spirit of a just transition has shifted towards inclusive, sustainable, and socially, politically, and economically transformative energy structures (ILO, n.d.; Climate Justice Alliance, n.d.; Smith, 2017). This expanded understanding indicates that every energy transition project should adopt the same spirit. However, this article finds that energy transition projects launched so far often limit Southern countries' ability to achieve a just transition. An example is the Energy Transitions Mechanism (ETM) project launched by the Asian Development Bank (ADB) at COP 26 in Glasgow in 2021, which will be piloted in Indonesia. This section will explore three social limitations in the ETM scheme based on recent planning developments.

### First Limitation

The first limitation pertains to the establishment of early retirement processes. As the pilot project, which involves the early retirement of the Cirebon-1, a 660 MW coal power plant (CPP) in West Java, was nearing its launch, planning related to the early retirement process and its provisions became a critical issue to be discussed. Referencing the Just Transition framework, which is used as the basis, ETM should consider the welfare of power plant workers and the communities living around the power plant by initiating an open discussion that allows them to voice their aspirations and intervene in policy-making processes (FFA and NGO Forum on ADB, 2022). An early retirement process without a transparent scheme can create greater vulnerability for residents and workers, who may lose their jobs and bear the process's social, economic, and environmental impacts.

However, in the case of planning the pilot project of ETM in Indonesia, specifically, the early retirement of the Cirebon-1 CPP, the scheme and process of early retirement was discussed by ADB, PLN, Indonesian Investment Authority, and Cirebon Electronics Power (CEP) - the operator of the early retirement consisting of a consortium of Japanese company Marubeni Corporation; Korean companies KOMIPO and Samtan Corp.; and Indonesian company PT. Indika (FFA and NGO Forum on ADB, 2022). Meanwhile, residents and PLTU workers should have been notified of the discussion (FFA and NGO Forum on ADB, 2022). This means that the process that took place was

entirely a result of discussions among shareholders in the first circle while excluding the aspirations of the community and preventing their intervention from aligning the process and terms of early retirement with their interests.

The exclusion of aspirations and interventions of affected communities results in a scarcity of power where policymakers have full access to the policy-making process. In contrast, the community that receives its consequences has no power to intervene in the policy-making process. Furthermore, in the case of Indonesia, Bhima Yudhistira, Director of Celios—an Indonesian research NGO that focuses on economics and public policy to encourage economic equity, a sustainable economy, and the quality of digital innovation—stated that ADB was strongly influenced by Marubeni Corporation, the largest shareholder of CEP, in the policy-making process (CNN Indonesia, 2022). This statement raises concerns about the future of the early retirement of coal-fired power plants in Indonesia, which may follow the preferences of the donor country or, specifically, Japan instead of focusing on the needs of the community and emissions reduction targets (CNN Indonesia, 2022).

### The Second Limitation

The second limitation in achieving a just energy transition is the repurposing clause in the new ETM scheme, which Marubeni Corporation supports as one of the operators of the early retirement of the Cirebon-1 power plant. This is in addition to the inadequacy of the process and criteria

for early retirement, as discussed earlier. In a press release, Marubeni stated that operators have the right to mitigate potential impacts of the early retirement of power plants, such as alternative power source arrangements (FFA and NGO Forum on ADB, 2022). Repurposing as an alternative power source arrangement opens the potential for other methods that may prolong the life of coal power plants, such as coal-biomass co-firing, replacing coal with ammonia or hydrogen, and so on (Bhawono, 2022). It introduces the possibility of implementing methods that do not align with the goals of a just energy transition and can negatively impact the environment and communities surrounding the power plants.

The extension of the CPP's lifespan could create new vulnerabilities for communities because the burning of coal at Cirebon 1 has caused a major rise in severe chronic respiratory illnesses, the loss of coastal fisheries and contamination of surrounding land and coastal areas (FFA and NGO Forum on ADB, 2022). In addition, the misdefined repurposing could also support the formulation of solutions and the procurement of green infrastructure that does not adhere to the principles of a Just Transition that prioritises sustainability and structural transformation. It could encourage the development of infrastructure that is not entirely low-emission, such as pumped hydropower, carbon capture, storage infrastructure, and battery plants (FFA and NGO Forum on ADB, 2022).

### Third Limitation

The final limitation is closely related to the monitoring system of the ETM project called Strategic Environmental and Social Assessment (SESA). The SESA analysis is intended to examine the positive and negative socio-economic impacts of each ETM project implementation, including the Cirebon 1 pilot project (FFA and NGO Forum on ADB, 2022). In other words, the results of the SESA analysis should be able to accommodate issues in the field. However, the indicators from this analysis are deemed problematic by FFA. This is partly due to several factors.

The first factor includes indicators of women's participation that are not sensitive to gender lenses. Women's domestic work is seen as unpaid (FFA and NGO Forum on ADB, 2022). However, women's role in navigating household work is crucial to the project's success. For instance, if women also work formally, the project may not run smoothly because setting up a shift with the father to care for the child may be necessary. Instead, the project considers that the framework used is already gender-sensitive because it provides a non-coal-based economy with opportunities for women to have more training and income-generating opportunities in the renewable energy sector (FFA and NGO Forum on ADB, 2022).

The second factor involves the SESA analysis that does not consider the social and environmental risks that may occur during the early retirement process (FFA and NGO Forum on ADB, 2022). However, the implementation of ETM could stretch as long as

10-15 years. Certainly, the implementation process takes a long time. During the implementation, there are CCP workers who "wait in line" for their retirement for 10-15 years, and the sustainability of the environment needs to be evaluated. Moreover, the risks generated during the process may differ from when early retirement is complete.

The third issue is closely related to the above point, where the SESA assessment is overly focused on assessing opportunities provided by the renewable energy infrastructure that is said to be built (FFA and NGO Forum on ADB, 2022). However, the ADB still needs to clarify the new infrastructure to create green jobs (FFA and NGO Forum on ADB, 2022). These problems with the indicators indicate that even in its monitoring and evaluation system, ETM fails to establish equal, inclusive, and sustainable indicators.

As previously shown by those social and economic limitations, it is necessary to straighten some issues as a coda. The first and second limitations exemplified that in the first pilot planning, the Cirebon-1 plant retirement and repurposing involves international power relations, in which Japan, through its company, Marubeni Corp, holds a massive stake in the CEP. Therefore, it holds immense control over the planning, while the affected people nearby—workers and villagers—are not involved. On the other hand, the third limitation shows that the evaluation hinges on universal standards rather than on-field gender, economic, and social conditions—to name a few. The latter preference would have enabled the transition by viewing people as subjects rather than evaluation objects. That

being said, this subchapter intends to assert that ETM is no more than just a Global North project intending to reap benefits from their “generosity” and reproduce an unequal hierarchy favouring the Global North. Even the “just transition” label does not guarantee the realisation of accommodative justice principles needed in a just transition.

## Conclusion

The Energy Transitions Mechanism (ETM) is a financial instrument that aims to assist climate justice by financing developing countries’ transition to low-emission and climate-resilient energy systems. The Paris Agreement in 2015 has become the momentum for the Just Transition concept to expand beyond its original works-related concerns to encompass a shift towards inclusive, sustainable, and balance it with social, political, and economically transformative energy structures. ETM has three financing schemes, Acquisition Model, Synthetic Model, and Portfolio Model. Indonesia’s ETM uses the Portfolio Model to support Indonesia in facing a challenging energy transition due to limited resources, capital, infrastructure, and technology.

However, the financing initiative faces challenges, including the debt trap for developing countries and inadequacies in staying true to its just transition jargon, apparent by its sole focus on the economy’s efficiency and cost-effectiveness. This article also highlights the limitation for Global South to achieve a just transition in three social limitations under the ETM scheme: lack of community involvement in the early retirement

process, exclusion of impacted communities, and clause of repurposing, which allows operators to mitigate potential impacts without adequate compensation. Instead of performing just transition, the ETM platform perpetuates the Global South’s socio-economic inequality. The community is in danger of losing their jobs and access to affordable energy while being excluded again in the decision-making process. Meanwhile, the state must repay its debt to the investor with clauses that may compromise their manoeuvres in developing their country.

This study understands that the materials and references are largely preliminary because the project has just begun. Further examination of the funding is needed throughout the project’s expansion and implementation. However, the early signs do not look too well to justify the implementation of just transition through the ETM platform.

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