

# Indonesia passes law to tap volcano power

August 26 2014

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Mount Sinabung volcano as smoke and ash fill the air, in the Karo district of Sumatra island on August 14, 2014

The Indonesian parliament on Tuesday passed a long-awaited law to bolster the geothermal energy industry and tap the power of the vast archipelago's scores of volcanoes.

Made up of thousands of islands stretching from the Indian to the Pacific Oceans, Indonesia is home to some 130 volcanoes and is estimated to hold around 40 percent of the world's geothermal potential.

However it produces only a tiny fraction of its energy by converting underground heat into electricity, and lags far behind others such as the United States and the neighbouring Philippines.

Red tape and legal uncertainty have long held back the industry and obstructed much-needed investment, but the government hopes the new [law](#) will speed up the development of the sector.

Most importantly, it stipulates that exploration for [geothermal energy](#) and development of plants is no longer considered mining.

It was regarded as such previously, which meant the industry faced problems working in Indonesia's vast tracts of protected forest, where there is much geothermal potential but mining is illegal.

The law also stipulates higher prices for electricity produced by geothermal, following complaints from companies developing plants that tariffs were not enough to cover the high cost of production.



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"Indonesia's need for energy keeps increasing," lawmaker Nazarudin Kiemas, who headed a parliamentary committee on the new law, was quoted as saying on the legislature's website.

"There is abundant potential for geothermal energy."

Outgoing President Susilo Bambang Yudhoyono must sign off on the new law, but that is expected to be a formality.

Indonesia is estimated to have more than 28,000 megawatts of geothermal potential but is currently producing just over 1,300 MW of its electricity from the clean source.

Most of its electricity comes from coal and oil.

High cost has long been one of the major obstacles. A geothermal plant costs about twice as much as a coal-fired power station, and can take many more years in research and development to get online.

But once established, [geothermal plants](#) like the one built in Kamojang on the main island of Java in the 1980s can convert the endless supply of volcanic heat into electricity with much lower overheads—and less pollution—than coal.

Yudhoyono has also focused on geothermal as part of his plan to slash [greenhouse gas emissions](#) by 26 percent from 2005 levels by 2020.

Indonesia is the world's third-biggest greenhouse gas emitter due its use of dirty fuels to produce [electricity](#) and to rampant deforestation.

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