

# Modelling a Low-Carbon Power System for Indonesia, Malaysia and Singapore

Juergen STICH\*, Melanie MANNHART\*, Thomas ZIPPERLE\*  
Tobias MASSIER\*, Matthias HUBER†, Thomas HAMACHER†

\*TUM CREATE, 1 CREATE Way, #10-02 CREATE Tower, Singapore 138602

†Institute for Renewable and Sustainable Energy Systems, Technische Universität München,  
Arcisstr. 21, 80333 Munich, Germany

## Abstract

*The power demand of Indonesia, Malaysia and Singapore is predicted to increase dramatically in the next decades. Due to abundant reserves of coal and gas in the region, the extensive use of fossil fuels is most likely to cover the future power demand of these countries, leading to an enormous growth of CO<sub>2</sub> emissions. In this paper, we analyse the impact of restrictions on CO<sub>2</sub> emissions on the power supply of Indonesia, Malaysia and Singapore in the year 2035. Based on a reference scenario without restrictions on CO<sub>2</sub> emissions, cost-minimal options for a more sustainable power supply with lower CO<sub>2</sub> emissions are developed. In our study, we use a linear programming model that optimises power systems in hourly time steps by minimising their total generation and transmission cost.*

*Results show that even without CO<sub>2</sub> restrictions, the generation potential of geothermal, hydro and biomass is almost completely used. Without restrictions, CO<sub>2</sub> emissions related to power generation increase from 217 mio. tons in 2012 to 944 mio. tons in 2035 as the power generation is strongly based on coal. The construction of gas-fired power plants and solar PV reduces CO<sub>2</sub> emissions most cost-efficiently. Further cost-minimised reduction of CO<sub>2</sub> emissions requires the installation of wind turbines. The construction of international transmission lines has the potential to save total cost of generation and transmission in the order of some percent.*

## I. INTRODUCTION

THE annual GDP growth rate in the Association of Southeast Asian Nations (ASEAN) is among the highest in the world (predicted to be 4.6% until 2035 [1]). Linked to the enormous economic growth in the region, the demand for electricity will increase by an annual growth rate of 6.5% until 2030 [2]. That means an increase in the demand for electricity by a factor of 2.7 in the next 16 years.

Based on these figures, it is obvious that covering the future demand for electricity is a major challenge for the ASEAN countries. Currently, the power demand in ASEAN is mainly satisfied by fossil fuels. Electricity generated by coal amounts to 31%, by natural gas to 44% and by diesel and oil to 10% of the total power generation in the region [1].

With shares of 80.6% of coal, 73.3% of natural gas and 51.9% of oil, Indonesia and Malaysia hold the most abundant proven reserves of fossil fuels in ASEAN [1]. That makes them less dependent on imports of fossil fuels compared to other countries in the region. Thus, the extensive use of fossil fuels

seems to be an appropriate option to cover the future demand for electricity of Indonesia and Malaysia. Singapore hardly holds any reserves of fossil fuels and its potential of renewable sources of energy is very limited. Hence, its future power supply is most likely to be based on imported fossil fuels.

However, the heavy use of fossil fuels to cover the growing demand for electricity will increase the emissions of CO<sub>2</sub> in ASEAN significantly.

In this paper, the power system of Indonesia, Malaysia and Singapore in the year 2035 is modelled. Based on a solely cost-optimised BAU-scenario, cost-effective options for a future power supply with reduced CO<sub>2</sub> emissions are developed. In our optimisation, we use the mixed-integer linear programming model URBS [3] which yields a cost-optimal solution. Thereby, power generation as well as transmission is considered.

Chang and Li [4] as well as Kutani [5] analysed the power systems of many countries in South East Asia in order to minimise their total generation and transmission costs. They found that an enhanced international power trade leads to lower total power

\*Corresponding author: Juergen STICH mail: juergen.stich@tum-create.edu.sg

generation costs in ASEAN. In their analysis, they also used linear programming models to optimise the power supply on a yearly base.

In our research, we go beyond that approach by introducing an hourly time resolution. This allows us to study the impacts of hourly load fluctuations as well as the change of intermittent power generation from wind and solar PV.

We will first describe the model URBS and its input data in the next section. After presenting the scenarios and results of the study in Section III, Section IV provides the main conclusions of the paper.

## II. OPTIMISATION MODEL AND DATA

### A. Model description

In our scenario optimisations we use the linear programming model URBS. It optimises power systems in various regions simultaneously with respect to their total cost. The model includes the construction of new power generation and transmission capacity as well as an hourly match of power demand and generation. Fig. 1 shows the basic structure of the model and its main inputs and outputs.

URBS finds a system configuration to meet a pre-determined demand for electricity with minimal total annual costs  $c$  by using hourly time steps  $t$ .

The total cost comprise the annuity of investment costs  $c^{inv}(g, r)$  and the annual fixed costs (e.g., due to maintenance) for generation  $c^{fix}(g, r)$  as well as variable costs  $c^{var}(g, r, t)$  of each power generation technology  $g$  (e.g., gas CCGT, solar PV) in every modelled region  $r$ . Moreover, investment and fixed costs of transmission are considered, depending on the length of the respective transmission line  $tl$ .

The model optimises the power system of all regions by minimising its total cost of generation and transmission:

$$\begin{aligned} \min c = & \left\{ \sum_{g,r} \left\{ c^{inv}(g, r) + c^{fix}(g, r) \right\} \right. \\ & + \sum_{g,r,t} \left\{ c^{var}(g, r, t) \right\} \\ & \left. + \sum_{tl} \left\{ c^{inv}(tl) + c^{fix}(tl) \right\} \right\} \quad (1) \end{aligned}$$

Herein, the annuity of the investment costs  $c^{inv}(g, r)$  is calculated from the total investment costs  $C^{inv}(g, r)$  of the respective power generation technology. The annuity of the particular generation

technology depends on the depreciation rate  $i$  and the respective depreciation period  $n$ :

$$c^{inv}(g, r) = C^{inv}(g, r) \cdot \frac{(1+i)^n \cdot i}{(1+i)^n - 1} \quad (2)$$

$C^{inv}(g, r)$  is assumed to correlate linearly with the generation or transmission capacity that is constructed.

The variable generation costs  $c^{var}(g, r, t)$  are calculated by the power generation  $p(g, r, t)$ , the efficiency  $\eta(g)$  and the variable operating costs  $c^{op}(g)$  of the respective power generation technology as well as fuel costs  $c^{fuel}(g, r)$ :

$$c^{var}(g, r, t) = p(g, r, t) \cdot \left\{ \frac{c^{fuel}(g, r)}{\eta(g)} + c^{op}(g) \right\} \quad (3)$$

The fixed costs  $c^{fix}(g, r)$  are linearly correlated with the installed power generation capacity  $k(g, r)$ .

The model solves Eq. (1) under various constraints. The main restriction is that the demand for electricity  $\delta(r, t)$  of a specific region  $r$  has to be satisfied in each time step by regional generation  $p(g, r, t)$  and net imports  $imp(r, t)$  into the particular region, considering distribution losses  $dl(r, t)$ :

$$\sum_g p(g, r, t) + imp(r, t) - dl(r, t) \geq \delta(r, t) \quad (4)$$

Furthermore, the power generation in each time step  $p(g, r, t)$  has to be lower than the installed capacity  $k(g, r)$  multiplied by an availability factor  $af(g, r, t)$ :

$$p(g, r, t) \leq k(g, r) \cdot af(g, r, t) \quad (5)$$

Power generation is modelled as a transformation process of input to output commodities. Input commodities are gas, coal, biomass, hydro, and geothermal as well as the intermittent resources wind and solar. Electricity and CO<sub>2</sub> emissions are modelled as output commodities.

The amount of CO<sub>2</sub> emissions caused by fossil fuels can be restricted in the model. The upper bound of CO<sub>2</sub> emissions  $\lambda$  is formulated as follows, adding up the CO<sub>2</sub> emissions of each power generation technology in every region and time step.

$$\sum_{g,r,t} e(g, r, t) \leq \lambda \quad (6)$$

In the model, we distinguish between power plants using intermittent sources of energy and modulating power plants.

**Power plants using intermittent sources of energy:**

As the capacity factors of these power plants depend on exogenous data (e.g., weather data), the model can not decide how much electricity their installed generation capacity produces in each time step. For this reason, the capacity factors of power plants using intermittent sources of energy is considered by an hourly time series determined before the optimisation process. Generation technologies using wind and solar PV are modelled as these types of power plants.

**Modulating power plants**

Modulating power plants use stock commodities to generate electricity. As they can operate on part load and their power generation is not determined exogenously, the model decides in each time step how much electricity they produce. All generation technologies fired with fossil fuels are modelled as modulating power plants as well as biomass and geothermal power plants. Furthermore, hydro power plants are also modelled as modulating power plants due to the fact that most of the hydro power capacity in the modelled region is represented by storage power plants.

**Transmission** Regarding the transmission system, the model is able to consider the construction of new power transmission lines between the regions.

Transmission losses are defined by the length of the respective transmission line. Losses of the distri-

bution grid are considered for each region, whereas costs for the distribution grid are not included in the model.

**B. Input data**

**Spatial resolution** In this paper, we divide Indonesia, Malaysia and Singapore into 7 regions in our modelling framework as depicted in Fig. 2. The modelled regions are: Sumatra, Java, Kalimantan, Indonesia East, Malaysia Peninsula, Malaysia Borneo and Singapore.

**Transmission** The routes of the transmission lines between the regions are shown in Fig. 2. The connection between Singapore and Peninsular Malaysia is the only existing transmission line in 2012 with a maximum capacity of 400 MW. The investment costs for transmission lines are calculated by their respective overland and submarine length according to Table 7. The annual fixed costs of the transmission lines amount to 1 % of their investment costs. Power losses of transmission lines are assigned to 5 % per 1000 km of distance. The distribution losses amount to 6.95 % in Indonesia [7], 6.58 % in Malaysia [8] and 4.88 % in Singapore [9].

**Demand for electricity** The demand for electricity and its predicted annual growth rate are listed in Table 1 for each country. The net import into a spe-

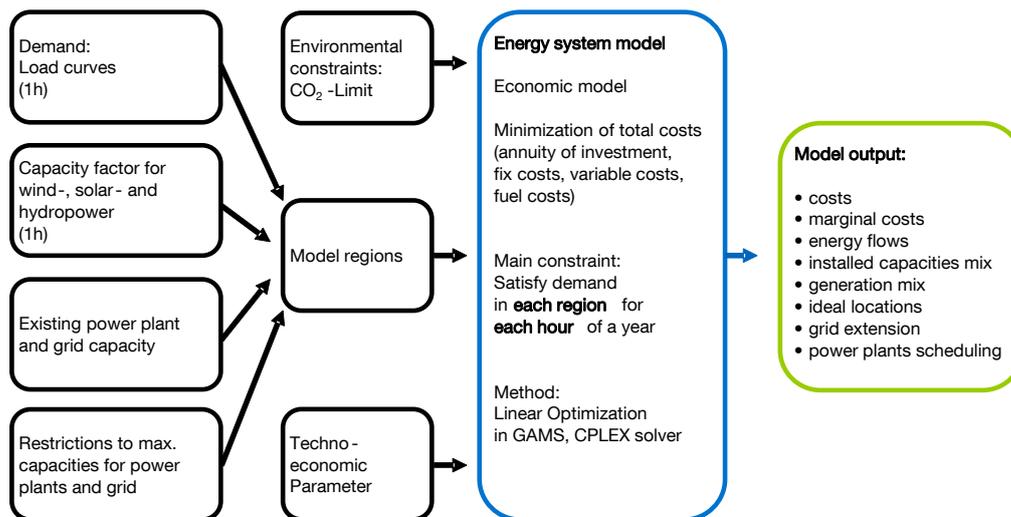


Fig. 1: Overview of the model URBS. [6]

cific country is set to a maximum of 20% of its annual power demand. The hourly load curves of the demand for electricity vary between Indonesia [7], Malaysia [10] and Singapore [11] but are assumed to be equal in the regions within a particular country.

**Table 1:** Electricity demand in 2012 [7, 9, 12] and its annual growth rate forecasts to 2035 [2].

| Region    | Electricity demand [TWh] | Growth rate |
|-----------|--------------------------|-------------|
| Indonesia | 175.4                    | 7.7%        |
| Malaysia  | 111.7                    | 4.4%        |
| Singapore | 42.6                     | 2.9%        |

**Fuels** Table 2 lists the fuel prices in 2012 in the modelled regions. The price forecasts of fossil fuels in South East Asia in 2035 are taken from [1] and shown in Table 3. They are assumed to be the same for all modelled regions.

**Table 3:** Fossil fuel prices in 2035 in US\$/MWh [1].

| Fuel | Fuel price in 2035 in US\$/MWh |
|------|--------------------------------|
| Coal | 17.2                           |
| Gas  | 51.2                           |
| Oil  | 75.3                           |

**Power generation capacity** The generation capacity of the initially installed power plants in 2012 is taken from [7] and [16] and is shown in Table 9. The maximum power generation from geothermal, biomass

and hydro in Indonesia and Malaysia is set to 50% of their respective technical potentials (see Table 8). The capacity factor of hydroelectric power plants is assigned to 0.35.

**Economic and political framework** The investment, fixed and variable costs of the different power plant types and transmission lines are listed in Table 7. Furthermore, Table 7 shows the efficiency, the load factor and the depreciation period of the particular power plant types and transmission lines. The depreciation rate is set to 7%. All quoted costs and prices refer to 2012US\$.

It is assumed that Singapore will not construct any coal-fired power generation capacity due to their negative impacts on local air quality. Moreover, we restrict the expansion of new power generating capacities on the technologies illustrated in Table 7 and exclude the construction of nuclear power plants.

**Capacity factors of wind and solar PV** The hourly capacity factors of wind and solar PV are calculated from weather data in a separated step before the optimisation process. These are as follows:

- Wind: Hourly measured mean wind speeds are transformed to electric output power by applying a typical characteristic curve of a wind turbine according to [17].
- Solar PV: Photovoltaic power output is derived linearly from hourly global horizontal irradiation according to [17].



**Fig. 2:** Regions used in the modelling framework.

For the hourly weather situation we use a reference year for each country. Therefore, we have selected a year between 2000 and 2012 where the full load hours of wind and solar PV were closest to their annual average values. The used weather data is taken from NASA [18] and was processed in [17] to calculate the respective availability factors. In processing the data, the measurement points of [18] were spatially aggregated to the regions we use. In this aggregation process, the sites were weighted by the full load hours of the respective energy source (wind, solar).

**Emissions of CO<sub>2</sub>** To determine CO<sub>2</sub> emissions, the specific CO<sub>2</sub> emissions of the considered fossil fuels are listed in Table 4.

**Table 4:** Specific CO<sub>2</sub> emissions of fossil fuels [19].

| Fossil fuel | Specific emissions<br>in kg CO <sub>2</sub> /MWh <sub>th</sub> |
|-------------|--|
| Coal        | 346  |
| Diesel      | 267  |
| Gas         | 202  |
| Oil         | 264  |

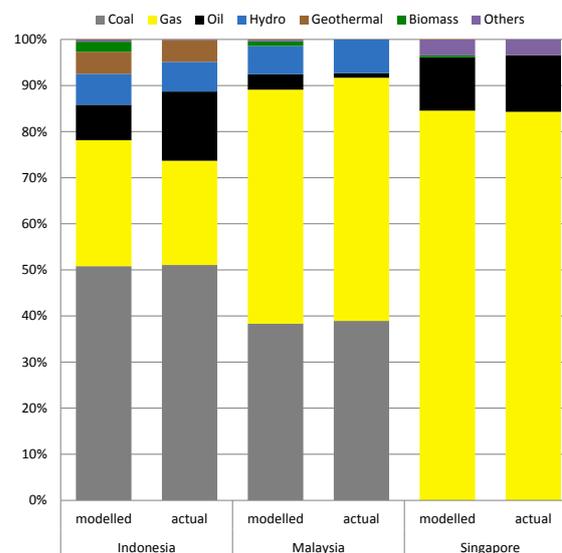
### III. SCENARIOS AND RESULTS

#### A. Model Validation

Before analysing future scenarios, the model is validated by comparing the modelled and optimised electricity generation of Indonesia, Malaysia and Singapore to their actual values in 2012. The comparison is depicted in Fig. 3 and shows high accordance for all modelled countries.

In the following, the power system of Indonesia, Malaysia and Singapore in 2035 is modelled and optimised in various scenarios. For all the scenarios, the power generation capacity of 2012 is assumed to be installed. In addition to these capacities, new power plants can be constructed to cover the increasing demand for electricity. The scenario without

construction of new transmission lines and without restrictions on CO<sub>2</sub> emissions serves as a reference. Compared to this scenario, CO<sub>2</sub> emissions are reduced by 25, 50 and 75 %. Based on these scenarios, the impact of the construction of new transmission capacity on total generation and transmission cost as well as on CO<sub>2</sub> abatement costs is analysed.



**Fig. 3:** Comparison of actual and modelled power mix of Indonesia, Malaysia and Singapore in 2012.

#### B. Power system optimisation in 2035 without construction of new transmission lines

First, there is no restriction on CO<sub>2</sub> emissions and the construction of new transmission lines between the regions is not allowed. The cost-optimised power generation mix for Indonesia, Malaysia and Singapore in this reference scenario is illustrated in Fig. 4.

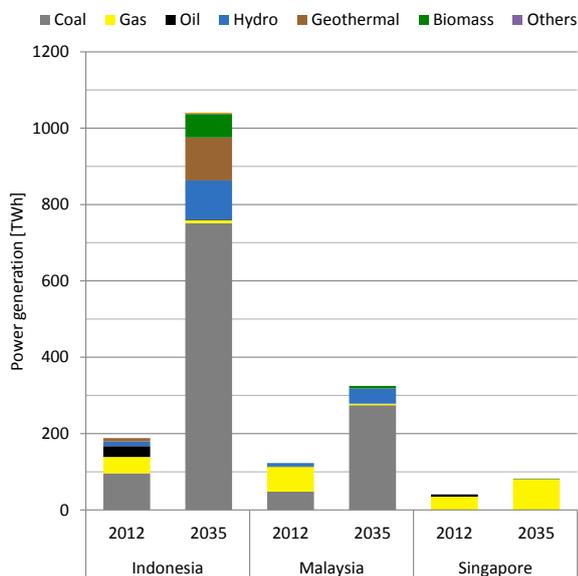
Malaysia, and especially Indonesia cover their strongly increasing demand for electricity mainly by coal in this scenario. This raises the share of coal in the power mix of Indonesia, Malaysia and Singapore from about 40% in 2012 to approx. 70% in 2035, increasing the power generation by

**Table 2:** Fuel prices in 2012 in US\$/MWh [1, 7, 8, 13, 14, 15].

| Fuel    | I-Sumatra | I-Kalimantan | I-Java | I-East | Malaysia | Singapore |
|---------|-----------|--------------|--------|--------|----------|-----------|
| Biomass | 3.41      | 3.41         | 3.41   | 3.41   | 3.41     | 3.41      |
| Coal    | 12.72     | 8.48         | 12.78  | 15.27  | 16.72    | 16.72     |
| Diesel  | 47.99     | 47.99        | 47.99  | 47.99  | 60.24    | 128.65    |
| Gas     | 15.68     | 8.74         | 17.16  | 8.74   | 15.59    | 61.38     |
| Oil     | 89.48     | 90.05        | 92.84  | 91.26  | 64.18    | 64.18     |

coal from 146.3 TWh in 2012 to 1026.0 TWh in 2035. Even though the power generation by gas increases in Singapore, the total amount of electricity generated by gas in all countries decreases by 35 % from 142.2 TWh in 2012 to 92.0 TWh in 2035.

It is remarkable that even without CO<sub>2</sub> limitations, more than 22 % of the electricity in 2035 is generated by renewable sources of energy, mainly hydro (9.8 %), geothermal (7.8 %) and biomass (4.7 %). The full potential of geothermal (14 GW) and most of the power generation potential of hydro (46.4 GW) and biomass (9.4 GW) (see Table 8) are exploited. In contrast, generation capacities using solar or wind as energy source are not constructed.

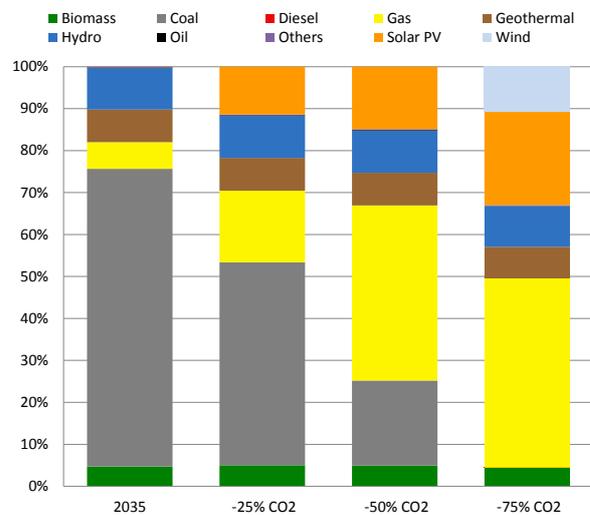


**Fig. 4:** Modelled power generation by fuel type in 2012 and in 2035 without restrictions on CO<sub>2</sub> emissions and without construction of transmission lines.

Even though the electricity generated by geothermal, biomass and hydro increases substantially, the specific CO<sub>2</sub> emissions per generated kWh rises from 614 g/kWh in 2012 to 653 g/kWh in 2035 due to the strong use of coal to produce electricity.

However, as the demand for electricity grows heavily, there is a strong increase in absolute CO<sub>2</sub> emissions from 217 million tons in 2012 to 944 million tons in 2035. The question arises, how this situation can be changed into a less-carbon power supply in the future. In order to do that, CO<sub>2</sub> emissions are restricted by 25 %, 50 % and 75 % compared to the reference case. For these three scenarios, the total power mix of Indonesia, Malaysia and Singapore in 2035 is shown in Fig. 5.

As natural gas has lower specific CO<sub>2</sub> emissions than coal (see Table 4) and as the mostly used combined cycle gas turbines (CCGT) are more efficient than coal-fired power plants (see Table 7), reducing CO<sub>2</sub> emissions by 25 % (50 %) increases the share of electricity from gas fired power plants from 6.4 % to 17.1 % (41.7 %). Furthermore, 11.3 % (14.9 %) of the electricity is produced by solar PV. As most of their power generation potential is already exploited without any restrictions on CO<sub>2</sub> emissions, the shares of geothermal, hydro and biomass remain on the same level compared to the reference scenario.

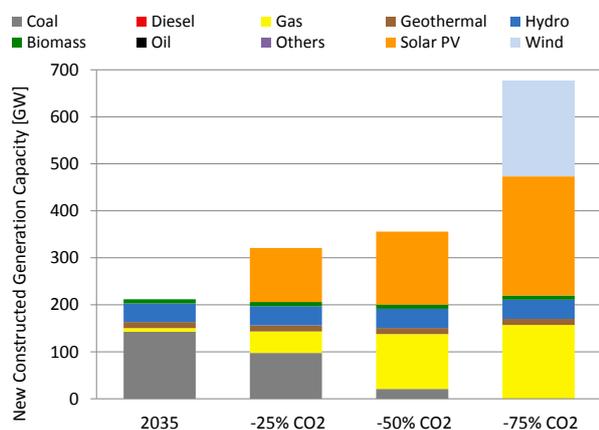


**Fig. 5:** Total power mix of Indonesia, Malaysia and Singapore in 2035 with different restrictions on CO<sub>2</sub> emissions and without construction of new transmission lines.

A reduction of CO<sub>2</sub> emissions by 75 % compared to the reference scenario leads to the disappearance of coal from the power mix of Indonesia, Malaysia and Singapore in 2035. The share of gas in the power mix amounts to 45.1 %. While the amount of electricity generated by biomass, hydro and geothermal is the same like in the reference scenario, solar PV (22.2 %) and wind (10.8 %) are contributing substantially to cover the demand for electricity. However, even though the total share of renewable energy sources in the power mix amounts to 54.6 %, the total CO<sub>2</sub> emissions are by 8.8 % higher than in 2012.

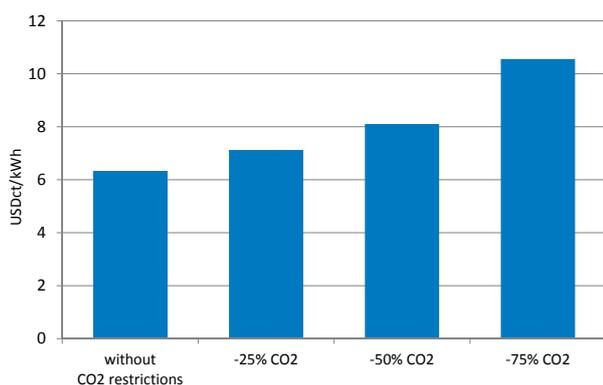
Reducing CO<sub>2</sub> emissions in the different scenarios leads to higher total cost of power generation. On the one hand, more expensive generation technologies and fuels are used and on the other hand, backup capacity is needed due to the use of inter-

mittent sources of energy. Therefore, the installed power generation capacity increases with stronger CO<sub>2</sub> restrictions. The power generation capacity that is constructed in addition to the initially installed capacity to cover the future power demand is shown in Fig. 6.



**Fig. 6:** Generation capacity constructed in addition to the initially installed capacity for different restrictions on CO<sub>2</sub> emissions

For the scenarios discussed so far, the cost per generated kWh of electricity, often referred to as levelised cost of electricity (LCOE), is shown in Fig. 7. Reducing CO<sub>2</sub> emissions by 25% (50%) causes a relatively moderate rise of the LCOE from 6.3 US\$/kWh to 7.1 US\$/kWh (8.1 US\$/kWh). A reduction of CO<sub>2</sub> emissions by 75% increases the LCOE more severely to 10.6 US\$/kWh.



**Fig. 7:** Levelised cost of electricity (LCOE) with different restrictions on CO<sub>2</sub> emissions and without construction of new transmission lines.

There is not only an increase in LCOE with stronger restrictions on CO<sub>2</sub> emissions, the additional

generation costs related to the abated CO<sub>2</sub> emissions also increase. Table 5 lists the CO<sub>2</sub> abatement costs for the different scenarios. The abatement costs in Table 5 are calculated by dividing the difference of total cost by the absolute difference of CO<sub>2</sub> emissions compared to the reference scenario.

Reducing CO<sub>2</sub> emissions by 75% leads to significantly higher CO<sub>2</sub> abatement costs (84.36 US\$/tCO<sub>2</sub>) compared to lower restrictions on CO<sub>2</sub> emissions (48.19 US\$/tCO<sub>2</sub> for a reduction of CO<sub>2</sub> emissions by 25% and 53.30 US\$/tCO<sub>2</sub> by 50%, respectively).

### C. Power system optimisation in 2035 with construction of new transmission lines

In the following, we analyse the impact of the construction of new transmission lines as shown in Fig. 2 on the total cost of generation and transmission and on the CO<sub>2</sub> abatement costs.

Table 6 compares the total cost of generation and transmission *c* with and without construction of new transmission lines. In all scenarios, a reduction of total system costs by transmission lines is observed. Even though the relative reduction of the total cost by an inter-regional power grid is rather low (maximum 4.15% in the scenario with a reduction of CO<sub>2</sub> emissions by 75%), the absolute saving potential is remarkable: 0.61 bnUS\$ in the scenario with a reduction of CO<sub>2</sub> emissions by 25%, 0.55 bnUS\$ by 50% and 6.55 bnUS\$ by 75%. As shown in Table 5, the construction of new transmission lines decreases the CO<sub>2</sub> abatement costs moderately.

**Table 5:** CO<sub>2</sub> abatement costs in US\$/tCO<sub>2</sub>.

| Scenario             | Construction of transmission lines |       |
|----------------------|------------------------------------|-------|
|                      | Without                            | With  |
| -25% CO <sub>2</sub> | 48.19                              | 45.60 |
| -50% CO <sub>2</sub> | 53.30                              | 53.07 |
| -75% CO <sub>2</sub> | 84.36                              | 74.89 |

**Table 6:** Reduction of total cost of generation and transmission by construction of new transmission lines.

| Scenario             | Reduction of total cost by construction of new transmission lines |      |
|----------------------|---|------|
|                      | in bn US\$  | in % |
| -25% CO <sub>2</sub> | 0.61  | 0.59 |
| -50% CO <sub>2</sub> | 0.55  | 0.49 |
| -75% CO <sub>2</sub> | 6.55  | 4.15 |

## IV. CONCLUSION

In our analysis, we showed the challenge for Indonesia, Malaysia and Singapore to cover their demand for electricity in 2035. If their power system is developed at minimum total cost, the power generation potentials of geothermal, hydro and biomass are almost completely exploited. Simultaneously, the heavy use of coal-fired power plants increases the CO<sub>2</sub> emissions related to power generation from 217 million tons in 2012 to 944 million tons in 2035.

To reduce CO<sub>2</sub> emissions, the construction of gas-fired power plants and solar PV instead of coal power plants is the most cost-efficient solution. Further cost-minimised reduction of CO<sub>2</sub> emissions is achieved by increasing the use of solar PV and wind turbines to produce electricity. In order to keep CO<sub>2</sub> emissions at around the current level, 203 GW of wind and 253 GW of solar PV capacity have to be installed.

Not only the levelised cost of electricity (LCOE), but also the abatement costs of CO<sub>2</sub> emissions are increasing with stronger restrictions on CO<sub>2</sub> emissions.

The construction of inter-regional power transmission lines decreases the total costs of generation and transmission moderately.

Power generation in off-grid applications is not considered in our model so far. Especially in Indonesia where 66 million people (27% of the population [1]) do not have access to electricity, off-grid applications could play an important role to increase the electrification rate. Herein, further research is needed, especially on the integration of renewable energy sources due to their possible cost saving potential in off-grid systems.

## SYMBOLS

## Sets

|      |                         |
|------|-------------------------|
| $t$  | Time steps              |
| $g$  | Generation technologies |
| $r$  | Modelled regions        |
| $tl$ | Transmission lines      |

## Variables

|              |                           |
|--------------|---------------------------|
| $c$          | Annual total cost         |
| $p(g, r, t)$ | Power generation          |
| $imp(r, t)$  | Electricity net import    |
| $k(g, r)$    | Power generation capacity |
| $e(g, r, t)$ | CO <sub>2</sub> emissions |

## Parameters

|                              |  |
|------------------------------|--|
| $c^{inv}(g, r), c^{inv}(tl)$ | Annuity of investment costs              |
| $C^{inv}(g, r)$              | Total investment costs                   |
| $c^{fix}(g, r), c^{fix}(tl)$ | Annuity of fixed costs                   |
| $c^{var}(g, r, t)$           | Annuity of variable costs                |
| $c^{fuel}(r)$                | Fuel costs                               |
| $c^{op}(g)$                  | Variable operation costs                 |
| $dl(r, t)$                   | Distribution losses                      |
| $af(g, r, t)$                | Availability factor                      |
| $\delta(r, t)$               | Electricity demand                       |
| $i$                          | Depreciation rate                        |
| $n(g)$                       | Depreciation period                      |
| $\eta(g)$                    | Efficiency                               |
| $\lambda$                    | Upper bound of CO <sub>2</sub> emissions |

## ACKNOWLEDGEMENT

This work was financially supported by the Singapore National Research Foundation under its Campus for Research Excellence And Technological Enterprise (CREATE) programme.

## REFERENCES

- [1] International Energy Agency. Southeast Asia Energy Outlook - WEO Special Report, 2013.
- [2] ASEAN Centre for Energy. The 3rd ASEAN Energy Outlook, 2011.
- [3] N. Heitmann. *Lösung energiewirtschaftlicher Probleme and mit Hilfe and linearer and Programmierung*. PhD thesis, Universität Augsburg, 2005.
- [4] Y. Chang and Y. Li. Power generation and cross-border grid planning for the integrated ASEAN electricity market: A dynamic linear programming model. *Energy Strategy Reviews*, 2(2):153–160, 2013.
- [5] Ichiro Kutani. Study on effective Investment of Power Infrastructure in East Asia through Power Grid Interconnection: ERIA Research Project Report 2012, No. 23, 2013.
- [6] M. Huber, J. Dorfner, and T. Hamacher. Electricity system optimization in the EUMENA region. Technical report, Dii GmbH, Jan 2012.
- [7] PLN. PLN STATISTICS 2012, 1/5/2013.
- [8] Tenaga Nasional Berhad. Annual Report 2012, 2012.
- [9] Energy Market Authority. Energising our Nation: Singapore Energy Statistics 2013, 2013.
- [10] Suruhanjaya Tenaga. Grid System Operation and Performance Report: Peninsular Malaysia: First Half 2012 (January - June 2012), 2012.
- [11] Energy Market Authority. Energy Market Authority : Operation Statistics, 2012.
- [12] Jabatan Perangkaan Malaysia. Buku Maklumat Perangkaan Malaysia: GDP by State: National Accounts, 2012.
- [13] Maybank Kim Eng. Oil & Gas: The golden age of gas? Sector Update. 2012.
- [14] World Bank. Pump Price for Diesel Fuel (US\$ per liter): Data Table, 2014.
- [15] Energy Information Administration. Annual Energy Outlook 2013 with Projections to 2040, 2013.
- [16] Platts. World Electric Power Plants Database: (WEPP): Database, 2010.
- [17] K. Janker. Wind and PV power generation time series (unpublished). Chair for Energy Economy and Application Technology. Technische Universität München, 2013.
- [18] M. M. Rienecker et al. MERRA: NASA's Modern-Era Retrospective Analysis for Research and Applications. *J. Climate*, 24(14):3624–3648, July 2011.
- [19] Intergovernmental Panel on Climate Change. 2006 IPCC Guidelines for National Greenhouse Gas Inventories, 2006.
- [20] Academy of Sciences Malaysia. Sustainable Energy Options for Electric Power Generation in Peninsular Malaysia to 2030, ASM Advisory Report 1/2013, 2013.
- [21] Energy Information Administration. Levelized Cost of New Generation Resources in the Annual Energy Outlook 2013, 2013.
- [22] Energy Information Administration. Updated Capital Cost Estimates for Utility Scale Electricity Generating Plants, 2013.
- [23] Economic Planning Unit. The Malaysian Economy in Figures 2012: Updated Edition, 2012.
- [24] International Energy Agency. Assumed Investment Costs, Operation and Maintenance Costs and Efficiencies for Power Generation in the New Policies and 450 Scenarios, 2012.
- [25] Lazard. Lazard's Levelized Cost of Energy Analysis - Version 7.0, 2013.
- [26] R. A. Zahoransky, H.-J. Allelein, E. Bollin, H. Oehler, U. Schelling, and H. Schwarz. *Energietechnik: Systeme zur Energieumwandlung. Kompaktwissen für Studium und Beruf*. SpringerLink : Bücher. Springer Vieweg, Wiesbaden, überarb. und erweiterte Aufl., 6. edition, 2013.
- [27] K. Schaber, F. Steinke, and T. Hamacher. Transmission grid extensions for the integration of variable renewable energies in Europe: Who benefits where? *Energy Policy*, 43(0):123–135, 2012.
- [28] Energy Information Administration. Updated Capital Cost Estimates for Utility Scale Electricity Generating Plants, 2013.
- [29] Jabatan Perangkaan Malaysia. Buku Maklumat Perangkaan Malaysia: Statistical Handbook Malaysia, 2012.
- [30] A. Das and E. O. Ahlgren. Implications of using clean technologies to power selected ASEAN countries. *Energy Security - Concepts and Indicators with regular papers*, 38(4):1851–1871, 2010.
- [31] S. Taggart, G. James, Z. Dong, and C. Russel. The Future of Renewables Linked by a Transnational Asian Grid. *Proceedings of the IEEE*, 100(2):348–359, 2012.
- [32] Pengkajian Energi Universitas Indonesia. Indonesia Energy Outlook & Statistics 2006, 2006.
- [33] K. Schaber, F. Steinke, P. Mühlich, and T. Hamacher. Parametric study of variable renewable energy integration in Europe: Advantages and costs of transmission grid extensions. *Energy Policy*, 42:498–508, 2012.
- [34] S. Darma, S. Harsoprayitno, B. Setiawan, and Hadyanto. Geothermal Energy Update: Geothermal Energy Development and Utilization in Indonesia: Proceedings World Geothermal Congress 2010, 2010.
- [35] Pengkajian Energi Universitas Indonesia. Indonesia Energy Outlook & Statistics 2006, 2006.
- [36] Surya Darma, Sugiharto Harsoprayitno, Bambang Setiawan, Hadyanto, R. Sukhyar, Anton W. Soedibjo, Novi Ganefianto and Jim Stimac. Geothermal Energy Update: Geothermal Energy Development and Utilization in Indonesia.
- [37] Ir. Djuwarno. Distributed Small Scale Power Plant (DSSPP) in Indonesia, 2006.
- [38] S. Mujiyanto and G. Tiess. Secure energy supply in 2025: Indonesia's need for an energy policy strategy. *Energy Policy*, 61(0):31–41, 2013.

This paper was prepared by the latex template of Frits Wenneker, 2013. ([www.latextemplates.com/template/journal-article](http://www.latextemplates.com/template/journal-article))

## APPENDIX

**Table 7:** Generation technologies considered in this study: Investment costs in US\$/MW from [24], fixed cost in US\$/MW/yr from [22, 25], variable costs US\$/MWh from [22], efficiency from [24, 26], availability factor from [21, 25], and depreciation periods from [25] and own assumptions.

| Technology      | Fuel       | Investment costs                          | Fixed costs                        | Variable costs             | Efficiency | Availability                | Depreciation   |
|-----------------|------------|---|------------------------------------|----------------------------|------------|-----------------------------|----------------|
|                 |            | $c_{inv}$<br>[US\$/MW]                    | $c_{fix}$<br>[US\$/MW/yr]          | $c_{var}$<br>[US\$/MWh/yr] | $\eta$     | factor<br>$af$              | period<br>[yr] |
| Steam           | Biomass    | 2,030,000                                 | 105,630                            | 5.26                       | 0.35       | 0.85                        | 20             |
|                 | Coal       | 1,200,000                                 | 31,180                             | 4.47                       | 0.39       | 0.85                        | 45             |
|                 | Gas        | 1,200,000                                 | 31,180                             | 4.47                       | 0.39       | 0.85                        | 20             |
|                 | Oil        | 1,200,000                                 | 31,180                             | 4.47                       | 0.39       | 0.85                        | 20             |
| Gas turbine     | Gas        | 400,000                                   | 7,040                              | 10.37                      | 0.38       | 0.95                        | 20             |
|                 | Oil        | 400,000                                   | 7,040                              | 10.37                      | 0.38       | 0.95                        | 20             |
|                 | Diesel     | 400,000                                   | 7,040                              | 10.37                      | 0.38       | 0.95                        | 20             |
| Combined cycle  | Gas        | 700,000                                   | 15,370                             | 3.27                       | 0.58       | 0.87                        | 30             |
|                 | Oil        | 700,000                                   | 15,370                             | 3.27                       | 0.58       | 0.87                        | 30             |
| Engine          | Diesel     | 500,000                                   | 15,000                             | 0.00                       | 0.35       | 0.95                        | 20             |
|                 | Gas        | 500,000                                   | 15,000                             | 0.00                       | 0.30       | 0.95                        | 20             |
|                 | Oil        | 500,000                                   | 15,000                             | 0.00                       | 0.30       | 0.95                        | 20             |
| Hydroelectric   | Hydro      | 1,900,000                                 | 14,130                             | 0.00                       | 1.00       | 1.00                        | 50             |
| Geothermal      | Heat       | 1,890,000                                 | 100,000                            | 0.00                       | 1.00       | 0.92                        | 20             |
| Solar PV        | Insolation | 1,170,000                                 | 24,690                             | 0.00                       | 1.00       | 1.00                        | 20             |
| Wind turbine    | Wind       | 1,420,000                                 | 39,550                             | 0.00                       | 1.00       | 1.00                        | 20             |
| Transport       |            |   |                                    |                            |            |                             |                |
| Type            |            | Specific investment costs<br>[US\$/MW/km] | Annual fixed costs<br>[US\$/MW/km] | Losses<br>[%/1000 km]      |            | Depreciation period<br>[yr] |                |
| Overhead line   |            | 500                                       | 5                                  | 5                          |            | 40                          |                |
| Submarine cable |            | 3,000                                     | 30                                 | 5                          |            | 40                          |                |

**Table 8:** Considered power generating potential of biomass, geothermal and hydro in 2035 in MW. Biomass potential of Indonesia from [38], geothermal potential of Indonesia from [34], hydroelectric potential of Indonesia from [37], potentials of Malaysia from [20].

|            | Indonesia |            |        |         | Malaysia |            |           |
|------------|-----------|------------|--------|---------|----------|------------|-----------|
|            | Java      | Kalimantan | East   | Sumatra | Borneo   | Peninsular | Singapore |
| Biomass    | 1,657     | 7,165      | 4,778  | 6,415   | 526      | 350        | 23        |
| Geothermal | 4,915     | 26         | 2009   | 7,051   | 0        | 0          | 0         |
| Hydro      | 2,361     | 10,800     | 16,800 | 7,800   | 11,000   | 1,983      | 0         |

**Table 9:** *Installed generation capacity in 2012 in MW [7, 16].*

| Technology     |            | Indonesia |            |        |          | Malaysia |            | Singapore |
|----------------|------------|-----------|------------|--------|----------|----------|------------|-----------|
|                |            | Java      | Kalimantan | East   | Sumatra  | Borneo   | Peninsular |           |
| Steam          | Biomass    | 4.50      | 13.98      | 19.00  | 572.82   | 136.33   | 26.0       | 23.09     |
|                | Coal       | 12,077.00 | 403.00     | 401.50 | 882.00   | 480.00   | 7,449.00   | 0.00      |
|                | Gas        | 20.00     | 16.00      | 0.00   | 25.00    | 20.00    | 6.00       | 1,250.00  |
|                | Oil        | 2,486.00  | 14.46      | 53.20  | 260.00   | 0.00     | 1,371.00   | 3,450.00  |
| Gas turbine    | Gas        | 1,699.00  | 90.40      | 20.00  | 480.00   | 543.60   | 3,356.00   | 440.00    |
|                | Oil        | 660.00    | 40.00      | 127.20 | 381.70   | 203.40   | 338.70     | 217.00    |
|                | Diesel     | 449.00    | 14.00      | 0.00   | 0.00     | 99.00    | 0.00       | 411.00    |
| Combined cycle | Gas        | 4,766.00  | 60.00      | 150.00 | 364.00   | 605.00   | 9,533.40   | 4,382.00  |
|                | Oil        | 1,496.00  | 0.00       | 0.00   | 0.00     | 0.00     | 948.32     | 848.00    |
| Engine         | Diesel     | 513.53    | 361.27     | 664.57 | 513.53   | 79.24    | 17.72      | 24.00     |
|                | Gas        | 25.40     | 25.40      | 0.00   | 156.45   | 0.00     | 0.00       | 1.00      |
|                | Oil        | 165.70    | 181.40     | 328.60 | 711.50   | 567.00   | 232.50     | 56.90     |
| Hydroelectric  | Hydro      | 2,488.00  | 31.84      | 514.40 | 1,097.46 | 490.30   | 1,982.81   | 0.00      |
| Geothermal     | Heat       | 1,064.00  | 0.00       | 45.00  | 0.00     | 0.00     | 0.00       | 0.00      |
| Solar PV       | Insolation | 0.00      | 0.00       | 0.14   | 0.00     | 0.00     | 0.01       | 0.02      |
| Wind turbine   | Wind       | 0.00      | 0.00       | 0.00   | 0.00     | 0.15     | 0.00       | 0.00      |