



## Focus Group Discussion (FGD): Approaches to Emission Trading System (ETS) schemes in the power sector

23 November 2021 • 8:00-10:30 Central European Time / 14:00-16:30 West Indonesia Time

### Background

The [OECD Clean Energy Finance and Investment Mobilisation Programme \(CEFIM\)](#), along with the International Energy Agency, are assisting the Indonesian Government's efforts to develop a domestic ETS through a series of technical FGDs. Building on international experience and OECD/IEA work, these FGDs will make deep-dives into a variety of critical aspects of the development of effective ETS scheme, relevant to the Indonesian context. These events will be taking place in Q4 2021-H1 2022.

### Objective

As a key driver of energy-related emissions, decarbonising Indonesia's power system will be determinant to achieve the country's climate objectives. Indeed, under its recently updated nationally determined contribution (NDC), Indonesia aims to reduce its greenhouse gas (GHG) emissions by 29% (or 41% with international support) by 2030 and achieve a net-zero emission target by 2060. As the country's second largest greenhouse gas emitter, the energy (and power) sector is to make a major contribution towards these emission reduction targets.

Given the size of the challenge, Indonesia has been taking key steps to promote a clean energy transition. Most notably, Indonesia implemented a coal moratorium for new plants starting in 2022 and is planning for a massive increase of low-carbon power generation until 2060. In total, this transition away from coal will require a whopping USD 1.165 trillion<sup>1</sup>.

To support these measures, Indonesia is now looking to set a carbon price for the power and industry sectors in the form a domestic ETS, with a view to helping stimulate and drive investment towards low-carbon energy sources. As an initial step, Indonesia ran a voluntary emissions trading trial in the power sector from March to August 2021. The results of the pilot will be used to inform the mandatory ETS.

In light of these issues, this first FGD will discuss Indonesia's goals and early progress on the implementation of the ETS trial and different international approaches to designing and implementing ETS schemes in the power sector. During the discussion, country experts will share their experience designing and implementing such schemes as well as highlight lessons learned that could also be useful in the Indonesian context. An open dialogue, convening representatives from government institutions, development partners and other relevant stakeholders, will be organised in the last part of the event to inform and identify priority areas for ETS development in Indonesia.

### Target audience:

Ministry of Energy and Mineral Resources (MEMR); Ministry of Finance; Coordinating Ministries for Economies Affairs as well as Maritimes and Investment Affairs; Ministry of Environment and Forestry (MoEF); BAPPENAS; Financial Services Authority (OJK); Universities and think tanks; private developers and business associations; and development partners.

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<sup>1</sup> <https://www.thejakartapost.com/paper/2021/08/01/indonesia-sets-net-zero-emissions-goal-ahead-of-cop26.html>



Agenda	
Time	Items
15 minutes	<p><b>Welcome remarks</b></p> <p>Wanhar, Director of Electricity Engineering and Environment, MEMR; Cecilia Tam, CEFIM Programme Team Leader, OECD</p>
45 minutes:  Panel 35 minutes  Q&A session 10 minutes	<p><b>Indonesia's climate mitigation policy and preliminary results from the ETS scheme trial</b></p> <p>Moderated by Gigih Udi Utomo, Electricity Business Preparation Coordinator, Directorate of Electricity Business Development, MEMR</p> <p><b>Panel discussion</b></p> <ul style="list-style-type: none"> <li>• <b>Emma Rachmawati, Director for Climate Mitigation, MoEF</b> “Indonesia’s climate goals: contribution of the power sector” <ul style="list-style-type: none"> <li>○ Scene-setting introduction, presenting updates to NDCs and LTS and expected contributions of the power sector; the role of carbon pricing within Indonesia’s climate policy package; and investment needs.</li> </ul> </li> <li>• <b>Bayu Nugroho, Coordinator for Electricity Environment Protection, MEMR</b> “Presenting the results from the ETS trial in the power sector” <ul style="list-style-type: none"> <li>○ Discuss experience setting up and operating the ETS trial, highlighting key outcomes, lessons learned, challenges and priority areas for the next phase.</li> </ul> </li> <li>• <b>Syofvi Roekman, Director of Human Capital and Management, PLN</b>, “Experience from the ETS trial” <ul style="list-style-type: none"> <li>○ Present new power plans under the latest RUPTL and discuss experience participating in the ETS trial.</li> </ul> </li> </ul> <p><b>Q&amp;A session</b></p>
45 minutes:  Panel 35 minutes  Q&A session 10 minutes	<p><b>International approaches to ETS design</b></p> <p>Moderated by Jeremy Faroi, Indonesia CEFIM Programme co-coordinator, OECD</p> <p><b>Panel discussion</b></p> <ul style="list-style-type: none"> <li>• <b>Kieran McNamara, Senior analyst, IEA</b>, “International approaches to ETS scheme design in the power sector” <ul style="list-style-type: none"> <li>○ Scene setting introduction, presenting an overview of ETS aims and design approaches in the power market and ways to adapt ETS design to (regulated) power market structures and key considerations for Indonesia.</li> </ul> </li> <li>• <b>Zhang Xiliang, Professor of Management Science and Engineering &amp; Director, Institute of Energy, Environment, and Economy, Tsinghua University</b>, “Lessons learned from China ETS scheme implementation” <ul style="list-style-type: none"> <li>○ Presentation of country’s ETS design approach, particularly in the context of a (partially) regulated power market.</li> </ul> </li> <li>• <b>Insung Son, Research Fellow, Climate Change Policy Research Division, Korea Energy Economics Institute</b>, “Lessons learned from South Korea’s ETS scheme implementation” <ul style="list-style-type: none"> <li>○ Presentation of country’s ETS design approach, particularly in the context of a (partially) regulated power market.</li> </ul> </li> </ul> <p><b>Q&amp;A session</b></p>
40 minutes	<p><b>Open discussion</b></p> <p>Moderated by Batih Hakimul, CEFIM Indonesia Programme co-coordinator, OECD</p>



	<p><i>Reaction to presentations and identification of priority areas for ETS development in Indonesia.</i></p> <p><b>Reaction from discussants:</b></p> <ul style="list-style-type: none"><li>• Florian Kitts, Energy Specialist, ABD</li><li>• PLN</li><li>• Coal IPPs</li><li>• The Indonesian Electrical Power Society (MKI)</li></ul>
5mn	<b>Closing remarks – Sara Moarif, Head of the Environment and Climate Change unit, IEA</b>

### Connection details:

[Invitation only] <https://meetoecd1.zoom.us/j/93079174929?pwd=Y2VXREVJNHAWSFVDNzICQzcwWTBLUT09>

The FGD will be simultaneously interpreted in English and Indonesian. A recording and summary will be posted on the OECD CEFIM Webpage after the event.

### Contact:

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