



Focus Group Discussion III (FGD): Incentivising participation in voluntary phase of ETS scheme and impact of carbon tax on ETS

4 March 2022 • 14:00-16:00 West Indonesia Time / 8:00-10:00 Central European 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 emissions trading system (ETS) by means of 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. In its recently submitted Long-Term Low-Emission Development Strategy, Indonesia has stated it will explore moving towards net-zero emissions 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 could require around USD 1.165 trillion¹.

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 third FGD will discuss how other ETS schemes have been implemented in their pilot or early phases with a particular focus on design elements that can enhance participation. 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 towards the end of the event to inform and identify priority areas for future consideration in Indonesia's ETS development.

Participants:

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

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



Agenda	
Time	Items
10 minutes	Welcome remarks Wanhar, Director of Electricity Engineering and Environment, MEMR; Cecilia Tam, CEFIM Programme Team Leader, OECD
70 minutes: Panel 40 minutes Q&A session 30 minutes	Lessons from implementation of ETS during pilot or early phase and expansion to other sectors. Carbon tax impacts on ETS design and implementation <i>Moderated by Cecilia Tam, CEFIM Programme Team Leader, OECD</i> Panel discussion <ul style="list-style-type: none">○ <u>DJK, Indonesia ETS voluntary phase</u><ul style="list-style-type: none">○ <i>Challenges faced in increasing participation of ETS under the voluntary phase.</i>○ <u>Ms Qing Tong, Tsinghua University, China ETS pilot phase implementation</u><ul style="list-style-type: none">○ <i>Overview of results during the pilot phase including incentives for participation and lessons on expansion to other sectors</i>○ <u>Francesca Manni, Enel, EU ETS early phase of implementation;</u><ul style="list-style-type: none">○ <i>Utility perspective of early phase EU ETS design. Benefits of early participation and lessons for Indonesia in incentivising participation during the voluntary phase.</i>○ <u>Paul Dawson, RWE Supply and Trading, Private sector perspective</u><ul style="list-style-type: none">○ <i>This presentation will provide a private sector perspective on decisions influencing participation in the EU ETS in countries that also have a carbon tax.</i> Q&A session
35 minutes	Open discussion <i>Moderated by Hakimul Batih, Indonesia CEFIM Programme Local Co-ordinator, OECD</i> <i>Reaction to presentations and discussion with international experts</i> <ul style="list-style-type: none">○ PLN○ Coal and RE IPPs○ DG of Electricity, MEMR○ BAPPENAS/MoEF/MoI
5mn	Closing remarks Sara Moarif, Head of the Environment and Climate Change unit, IEA

Connection details:

Join Zoom With a Computer (Zoom Client)

<https://meetoeed1.zoom.us/j/93769401847?pwd=ODVQRTdhaXA2VUc5Z0hORzNWQ25qdz09>

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