



Joint Crediting Mechanism Development in Indonesia



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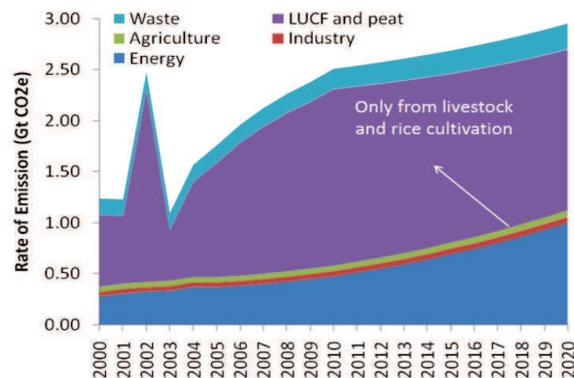
Presentation Structure



1. Indonesia strategy on climate change mitigation
2. The JCM concept
3. The current development of the Joint Crediting Mechanism in Indonesia
4. The JCM and Indonesia business sector
5. The way forward for JCM

It's all started from climate change issues

Historical and projection of GHG emission under BAU scenario by sector (2000-2020)

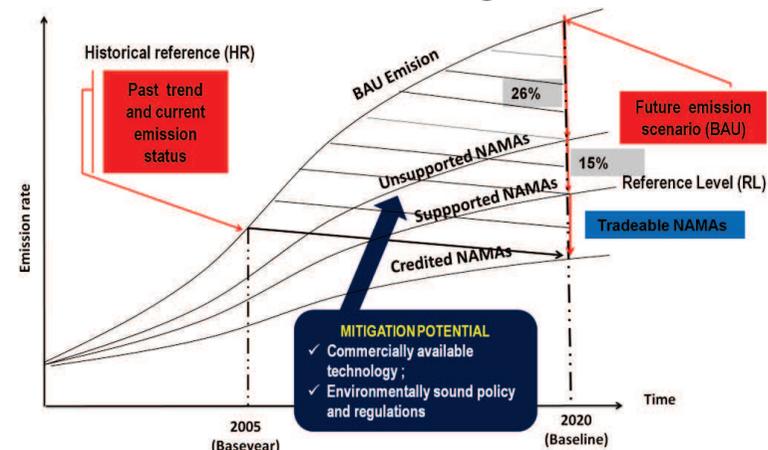


- Economic growth increases with GHG emission
- 7 years to achieve national commitment of GHG emissions reduction by **26% under BAU level in 2020** (up to 41% with international support).
- Emission reduction is not compromising growth (26/7 vision).

Lesson learned:

- Carbon market instruments such as CDM proved to be effective to spur emissions reduction by industries: 215 projects approved by DNA, 141 projects registered, 34 projects issued CERs (9.4 million tCO₂)
- Increasing interest and opportunity from voluntary carbon markets, currently 9 projects are already delivered more than 2 million tons.

Emission Reduction Targets



Source: DNPI, 2011

Sector	Unilateral	Supported
Forestry and Peat	0.672	1.039
Waste	0.048	0.078
Energy and Transport	0.038	0.056
Agriculture	0.008	0.011
Industry	0.001	0.005
Total	0.767	1.189

(in GtCO₂e)

Source: DNPI/2011

Indonesia strategy on carbon market development

Indonesia highly considers further utilization of market instruments.

Multilateral carbon market

- 215 CDM projects have been developed, 33 of it have delivered 9.4 million tons of CERs
- 11 VCS are developed that delivered more than 2 million tons of VERs (not including the REDD+ projects)
- Indonesia also join the WB initiatives on PMR
- Actively involved in the UNFCCC negotiation

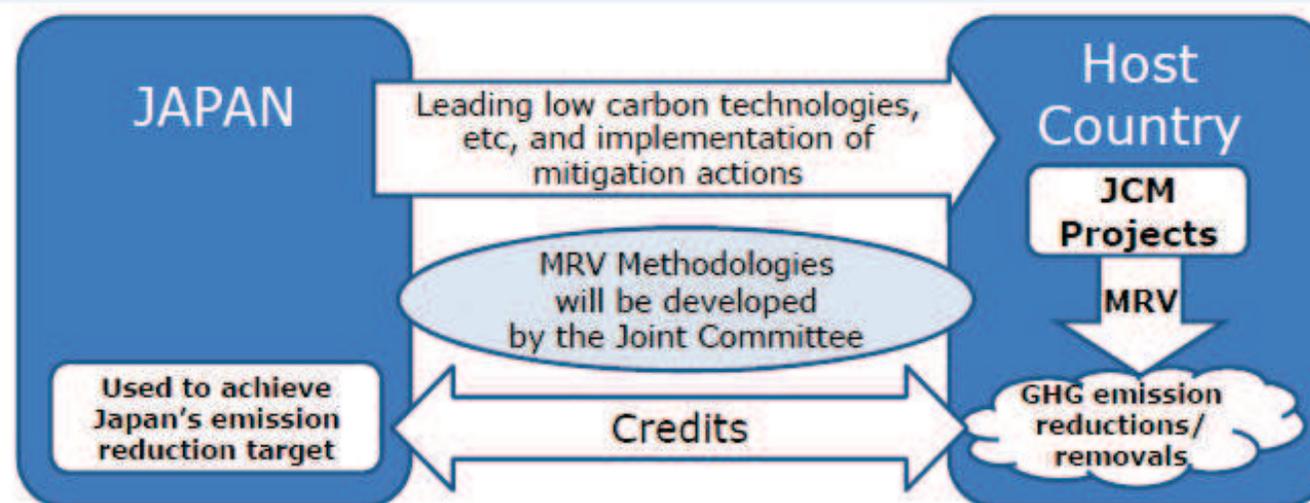
Bilateral and regional carbon market

- Between Indonesia and developing countries, e.g. JCM with Japan
- Could be an international carbon offset scheme
- Indonesia open its position to work together with other countries to develop bilateral and regional carbon market

Domestic carbon market

- Start from facilitating voluntary offset (the NCS)
- Developed and traded in Indonesia
- Simple yet robust
- Could be linked to other mechanisms
- The NCS now is being developed under the management of the National Council on Climate Change of Indonesia

Basic concept of the JCM



- Facilitating diffusion of leading low carbon technologies products systems technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries.
- Appropriately evaluating contributions to GHG emission reductions or removals from Japan in a quantitative manner, by applying measurement, reporting and verification (MRV) methodologies, and use them to achieve Japan's emission reduction target.
- Contributing to the ultimate objective of the UNFCCC by facilitating global actions for GHG emission reductions or removals, complementing the CDM.

Indonesia JCM current development

JCM Current Condition

1. *75 feasibility studies have been done from 2010-2013 fiscal years*
2. *The bilateral agreement has been signed and the Joint Committee has been formed in 2013*
3. *As a decision from the first Joint Committee meeting, the Indonesia JCM Secretariat was established to support the Joint Committee activities as well as to do the the JCM daily works*
4. *Some technical instruments are being developed by both countries to speed up implementation.*

JCM Demonstration Projects (by the Ministry of Energy, Trade and Industry)

1. *Energy Saving by Optimum Operation at Oil Refinery (Yokogawa and Pertamina)*
2. *Utility Facility Operation Optimization Technology (Azbil and Pertamina)*
3. *Demonstration Project on Remote Auto-Monitoring System for Thin-Film Solar Power Plant in Indonesia (Sharp Corporation and PLN) .*

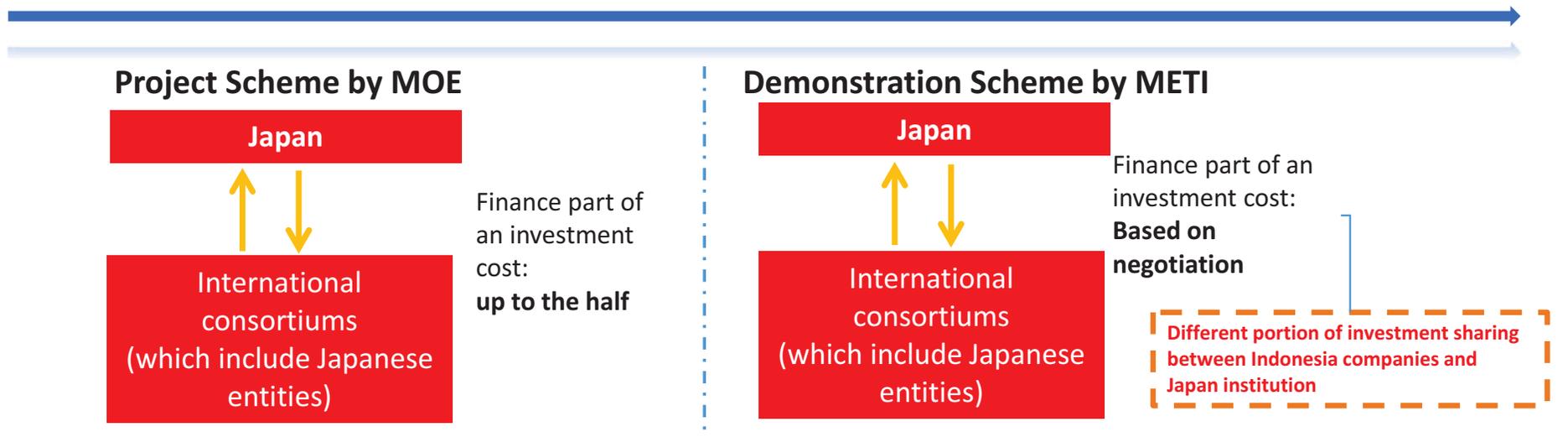
JCM Model Projects (by the Ministry of Environment)

1. *Energy saving by double bundle-type heat pump at beverage plant (Toyota Tsusho Corporation and PT. Hokkan Indonesia)*
2. *Energy saving for air-conditioning at textile factory (Ebara Refrigeration Equipment & Systems and PT. Argo Pantes Tbk.)*
3. *Energy Savings at Convenience Store (Lawson and PT. Midi Utama Indonesia Tbk)*
4. *Energy Efficient Refrigerants to Cold Chain Industry (Mayekawa Manufacturing Company and PT. Adib Global Food Supplies)*
5. *Energy Saving for Air-Conditioning and Process Cooling at Textile Factory (Ebara Refrigeration Equipment&Systems Co., Ltd., Nippon Koei Co., Ltd., and PT. Primatexco).*

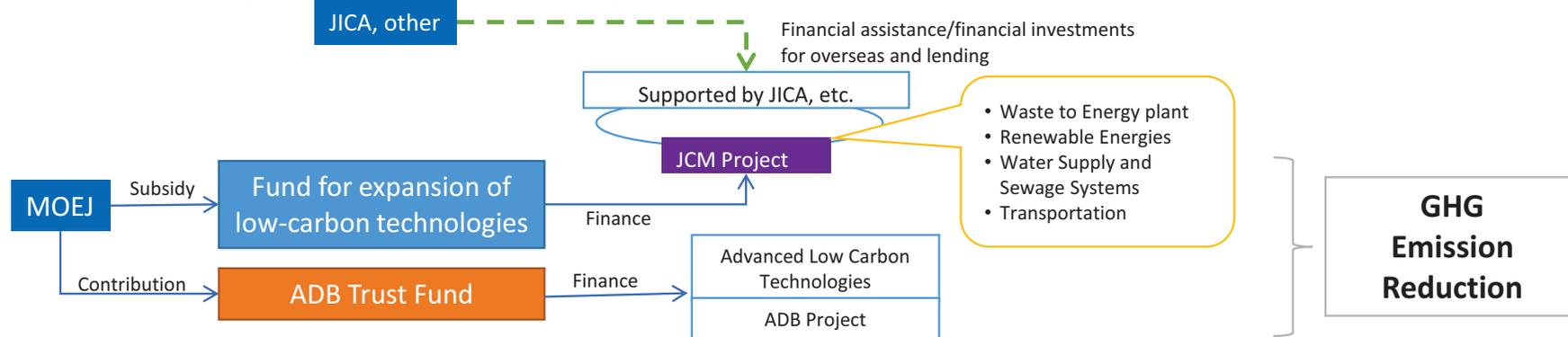
Result of the Joint Committee Meeting

JC Meeting 1	JC Meeting 2
Adoption of 1st JCM Rules & Guidelines	Amendments of 1st JCM Rules & Guidelines (TPE and Rules of Implementation)
Agreement on emissions guideline: - emission reduction - reference emission - net emission reduction	Adoption of methodology: PM_001 Power Generation by Waste Heat Recovery in Cement Industry Adoption of methodology postponed: PM_002 Energy Saving by Introduction of High Efficiency Centrifugal Chiller.
Sectoral scope "Afforestation/Reforestation" changed into REDD-plus	Designation of 7 TPE: JCI, JQA, LRQA, JACO CDM, JMA, TUV SUD, Deloitte-TECO
Establishment of Japan and Indonesia Secretariats	Indonesian proposal for TPE Partnership involving Indonesian expert added into Rules&Guidelines: 8. Other : "The TPE to conduct validation/verification of JCM projects in Indonesia should include Indonesian personnel as their team members."
Capacity Building Requirements on program, FS, and project level	Amendment of Rules and Guidelines for PIN postponed
Indonesian proposal for TPE Partnership involving Indonesian expert into Project Cycle or Guidelines	Sustainable Development Criteria introduced to Japanese side and to be tested on projects in FY2014
Indonesian proposal for Project Idea Note (PIN) from Indonesian side into Project Cycle or Guidelines	PerMenLH 15/2013 introduced to Japanese side
	Indonesian side requests 1 umbrella Project MoU for JCM for each ministry.

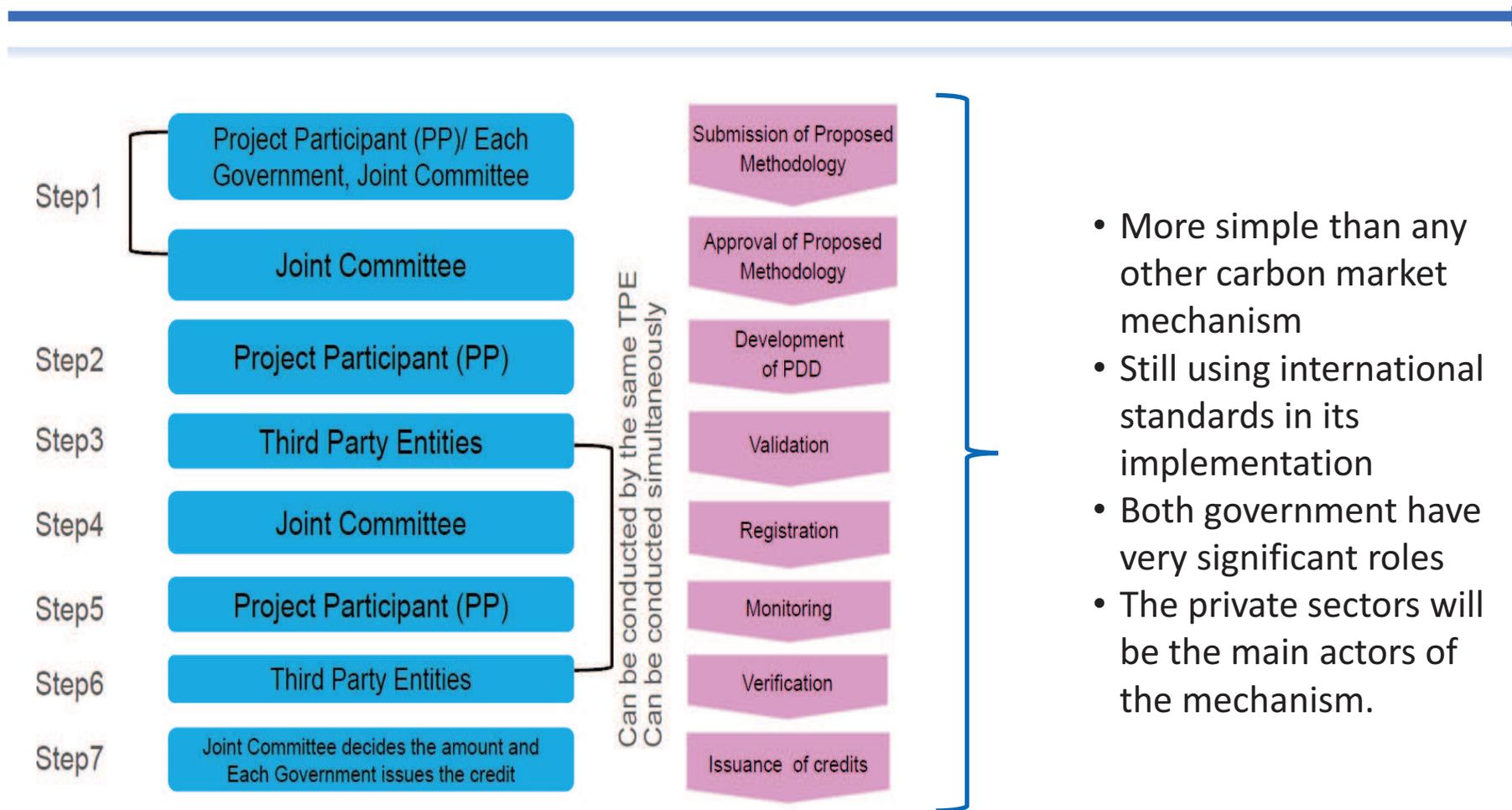
Financial scheme of JCM



New Support Program Enabling “Leapfrog” Development (Fund/ADB) by MOE

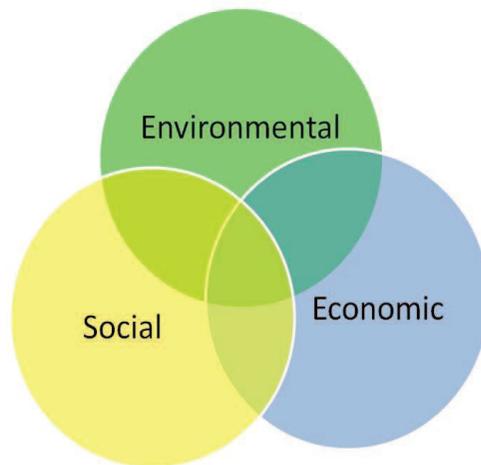


JCM project cycle is simplification of the CDM



- More simple than any other carbon market mechanism
- Still using international standards in its implementation
- Both government have very significant roles
- The private sectors will be the main actors of the mechanism.

Sustainable development criteria in the JCM projects



- Every JCM project must deliver real and measurable sustainability that will be evaluated by the government of Indonesia.
- If a project fails to fulfil the criteria, the project will be suspended until the criteria achieved.
- We are now developing those criteria based on national and international commitment and local condition and situation.

Sustainable Development Criteria

- Conservation or diversification of natural resource use
- Safety and health of local community
- Local community's welfare
- Community participation
- Social integrity
- Transfer of technology.



What are Indonesian private sectors opportunities in JCM?

Become Third Party Entities

1. There are no third party entities (TPE) registered yet.
2. TPE should be accredited by the Japan or Indonesia National Standard Bureau, certified ISO 14065 or former CDM DOE
3. JCM Indonesia-Japan aims to involve Indonesian individual TPEs.

Conduct Feasibility Studies

1. FS are planned together by the two governments in yearly basis .
2. Project Idea Note should be sent to the two governments.

Become project participant

1. Must establish cooperation with at least 1 Japan private companies/institution.
2. Should apply and submit Project Idea Note to the Government of Indonesia and Japan.
3. Must develop Project Design Document (PDD) to be submitted and approved by the Joint Committee of the both countries.

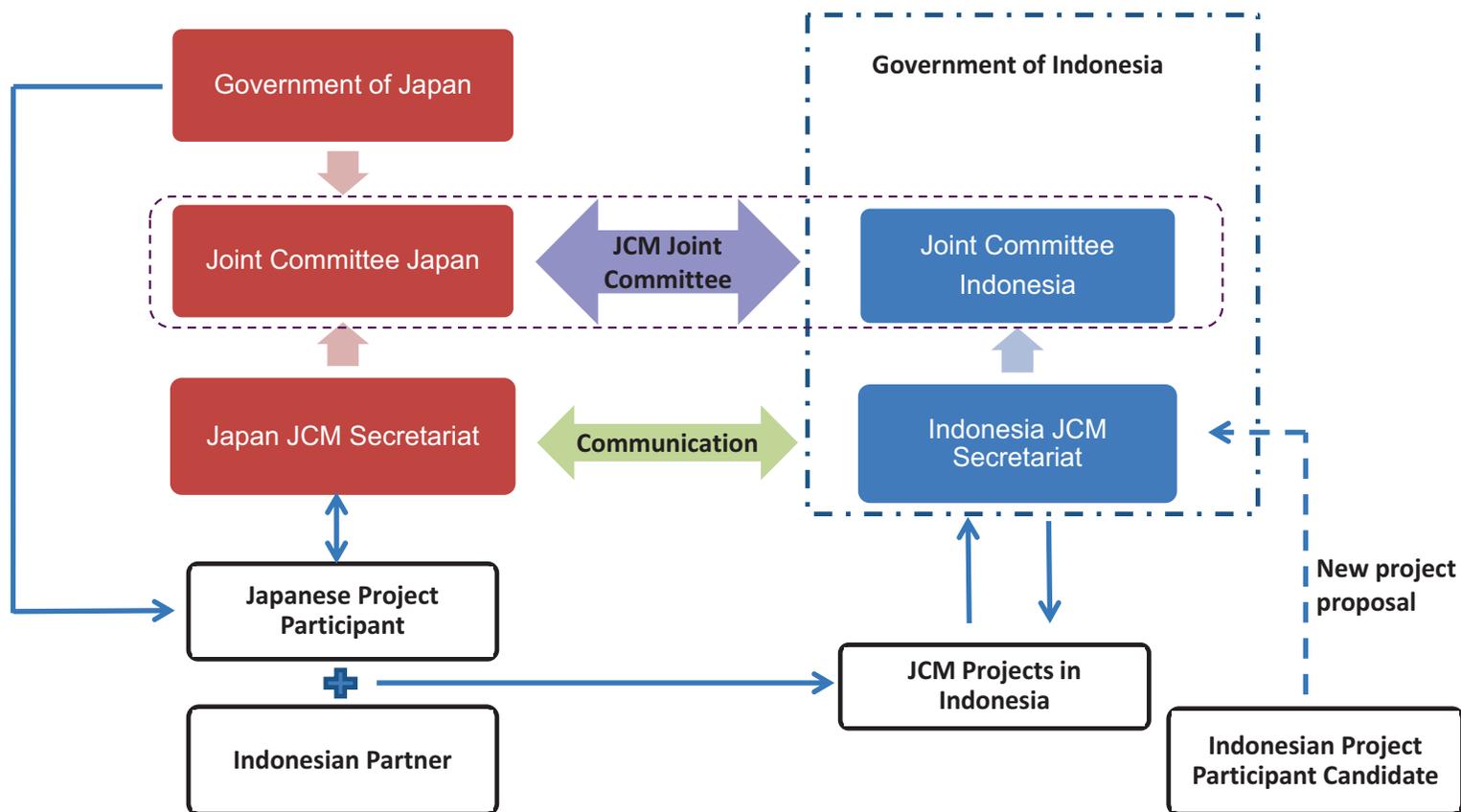
Grab opportunities for financial institution

Indonesian financial institutions will be needed to work together with Japanese and other financial institutions to support full projects implementation.

Learn from JCM Best Practice

1. Most of the projects will use the most sophisticated technologies in low carbon development.
2. Indonesian private sectors can copy or learn from the JCM project results.
3. Every JCM project must build the capacity of related stakeholders.

The coordination between parties in JCM



Indonesia JCM main programs in 2014

1. Feasibility Study Projects

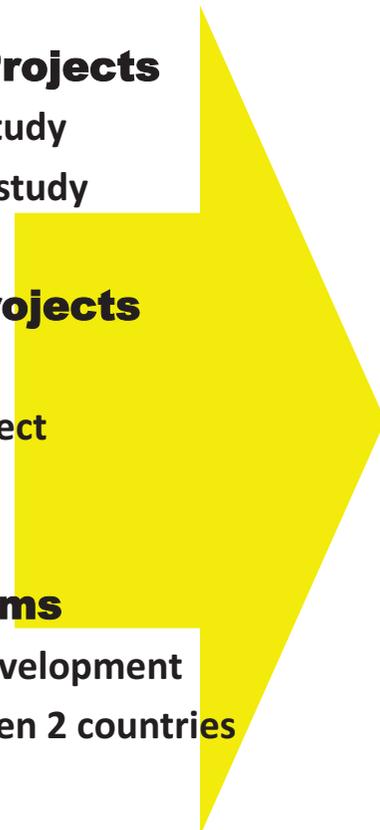
- a. Normal feasibility study
- b. Leapfrog feasibility study

2. Implementation Projects

- a. Model project
- b. Demonstration project
- c. Leapfrog project

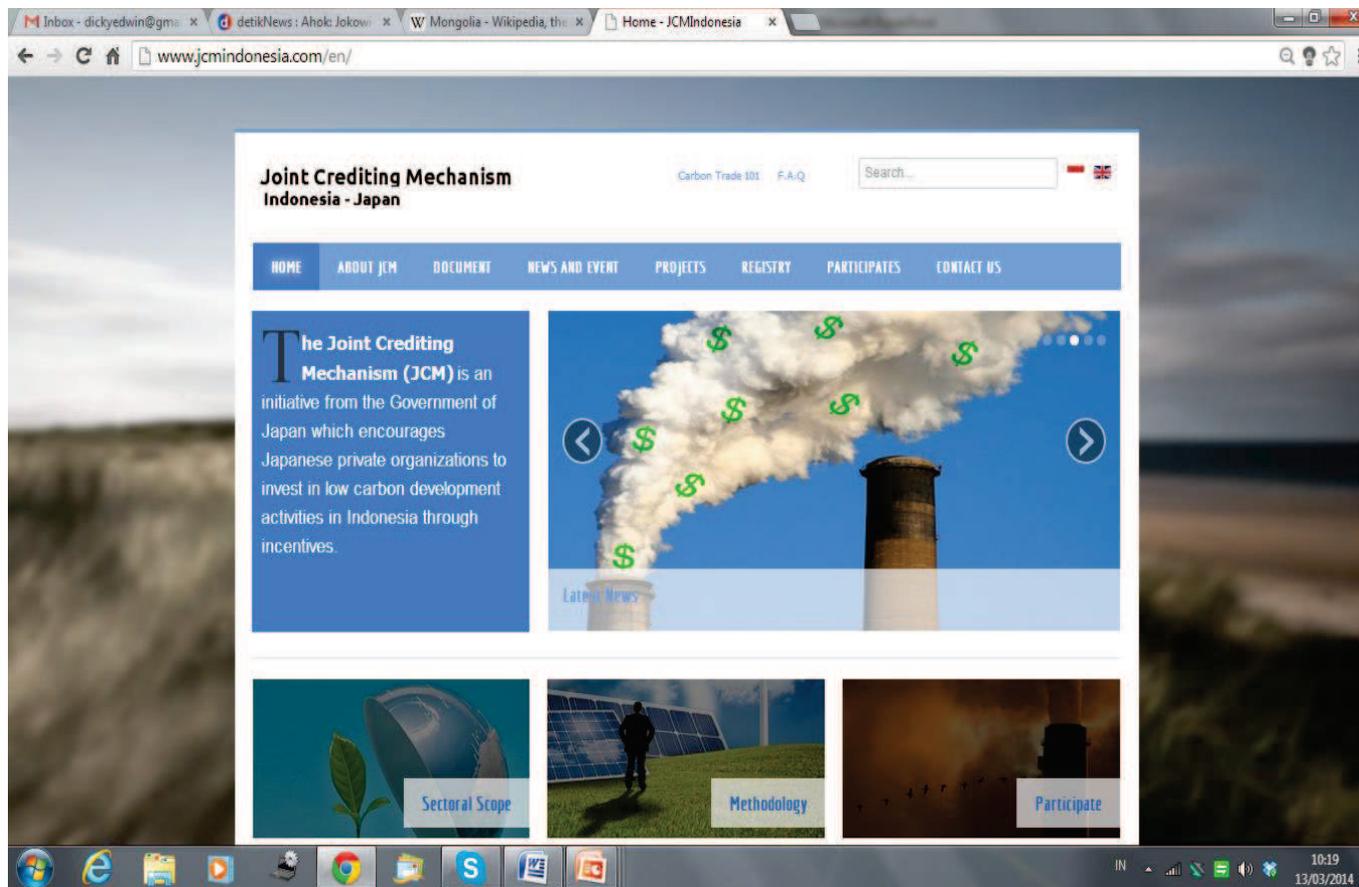
3. Supporting Programs

- a. JCM instruments development
- b. Consultation between 2 countries
- c. Dissemination



**JCM full
implementation in
2015**

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Terima kasih!
Thank you!

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