

ESG

14 May 2024

ESG Country Updates

Singapore

- Singapore will build two "fast start" power generating units to boost the reliability of its power system, that will provide 100 MW of fast start generation capacity by 2Q 2025. This is part of efforts to ensure that Singapore has uninterrupted power supply when unexpected events occur in the power system. Such events may happen when large-scale low-carbon electricity imports from the region are phased in by the end of the decade.
- Singapore Airlines (SIA) Group has signed an agreement with Neste to purchase 1,000 tonnes of neat Neste MY Sustainable Aviation Fuel (SAF) for airlines SIA and Scoot. This will make SIA and Scoot the first carriers to receive SAF produced at Neste's refinery. The SAF will be blended with conventional jet fuel and delivered to Changi Airport's fuel hydrant system in two batches – once in Q2 2024 and once in Q4 2024.
- Singapore plans to designate its southern islands, Kusu Island and Lazarus Island, as the proposed site for its second marine park. The actual boundaries of the proposed marine park are still being determined and are targeted to be finalised in 2025. The area was found to be especially rich in coral biodiversity, including certain rare species, which led to the chosen site. As the habitats at Kusu Island and Lazarus Island have been identified to be complementary to those at Sisters' Islands Marine Park, demarcating these areas as a marine park can help safeguard Singapore's biodiversity areas and strengthen ecological resilience.

China

- The US and China discussed Chinese overcapacity in solar and battery manufacturing, steel production and coal power during two days of bilateral meetings on climate change in Washington. They also intend to discuss methane and non-carbon dioxide greenhouse gases at the upcoming United Nations COP29 climate summit to be held in Baku, Azerbaijan.

Malaysia

- Malaysia plans to establish the Energy Exchange Malaysia (Enegem) to facilitate cross-border sales of green electricity to neighbouring countries, to support energy transition efforts and support regional power integration. It will work with interested and eligible parties to participate in the auction for the purchase of green electricity from Malaysia's Electricity supply system to be supplied to Singapore via the Enegem Platform. This can enhance regional cooperation on cross-border energy trading between ASEAN countries.

Ong Shu Yi
ESG Analyst
+65 6530 7348
ShuyiOng1@ocbc.com

Indonesia

- Indonesia and Singapore have discussed potential opportunities in the green economy including for future capital Nusantara. There has been interest from Singapore companies such as Sembcorp, which recently announced plans to build and develop a utility-scale integrated solar and energy storage project in Indonesia. The integrated project will comprise a battery energy storage system with 50 MW of solar and 14 MWh of battery energy storage in Nusantara.
- Indonesia is finalising an early retirement package for a 660 MW coal-fired power plant as a pilot project for the country's energy transition, concurrently inviting other countries to support the financial needs for the transition to cleaner energy. Challenges include high costs and Indonesia's high dependence on coal and other non-renewable resources.
- Indonesia is looking to the UAE to develop the green aluminium industry, as it lacks aluminium smelters and alumina refineries required to support downstream activities. Indonesia sees firms in the UAE as potential partners in building renewable energy projects in Indonesia and developing the downstream aluminium industry, with potential opportunities to supply green aluminium for global automakers.

Rest of the world

- G7 energy ministers reached a deal to end the use of coal in power generation by 2035 but gave leeway to Germany and Japan whose economies depend on the fuel, in a step towards the transition away from fossil fuels aligned with the direction indicated at COP28.
- Australia approved six projects to study the feasibility of building wind farms in waters off its southern coast, with six others that could be granted feasibility licenses once consultations are completed with indigenous groups. This is part of efforts to ramp up renewable energy efforts to meet its net zero emission target by 2050.

Special Coverage: Carbon crediting programs with a 98% share of the market now meet the high-integrity Core Carbon Principles label

- The Integrity Council for the Voluntary Carbon Market (ICVCM) has confirmed that Verified Carbon Standard and Architecture for REDD+ Transactions meet the high-integrity Core Carbon Principles (CCP), joining American Carbon Registry, Climate Action Reserve and Gold Standard. The assessment for Isometric and Social Carbon are still in progress.
- These five programs have a 98% share of the voluntary carbon market, potentially giving market participants more confidence in the market. To enable CCP-eligible programs to issue CCP-labelled credits, the methodologies must also be approved by the Integrity Council. The first decisions on the methodologies that meet the CCP standards are expected to be announced in June, paving the way for the first CCP-labelled credits to appear in the market.
- The volume of CCP-labelled credits is expected to increase over 2024 as the ICVCM aims to complete the assessment of the different categories of projects by the end of September.

Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	71.91	-0.1%	73.26	70.98
China (CNY/ton)	99.00	-3.9%	103.00	98.09

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.45	0.0%	0.45	0.41
CORSIA	0.53	-1.9%	0.54	0.53

Market	Description	Trend
EU ETS	The EU ETS price reached a four-month high last week before prices slid and ended with a slight decrease of 0.1% from the previous week. Retirement of coal- and lignite-fired power plants by EU member states could lead to as many as 160 million EU allowances being voluntarily cancelled by 2030, which could lead to higher prices as supply decreases.	<p>EU ETS</p>
China ETS	China ETS prices retreated from record highs and fell slightly below 100 CNY/t last week, as short-term fluctuations are expected amid policy uncertainties.	<p>China ETS</p>

Market	Description	Trend
Voluntary Carbon Markets (VCM)	<p>Market sentiment in the VCM appears to be strengthening amid some progress in integrity initiatives.</p> <p>ART Trees-certified CORSIA Phase 1 eligible Jurisdictional REDD+ credits sourced from Guyana were heard to be valued higher than US\$20/mtCO₂e. Only American Carbon Registry and ART can issue CORSIA credits for use by airlines during the current phase, while other crediting programs are seeking eligibility.</p>	<p style="text-align: center;">Nature-based credits</p>  <p style="text-align: center;">CORSIA credits</p> 

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect

Macro Research

Selena Ling
Head of Strategy & Research
LingSSSelena@ocbc.com

Tommy Xie Dongming
Head of Greater China Research
XieD@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau
Cindyckeung@ocbcwh.com

Herbert Wong
Hong Kong & Macau
HerberhtWong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
LavanyaVenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
Ahmad.Enver@ocbc.com

Jonathan Ng
ASEAN Economist
JonathanNg4@ocbc.com

Ong Shu Yi
ESG Analyst
ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Rates Strategist
FrancesCheung@ocbc.com

Christopher Wong
FX Strategist
ChristopherWong@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
MengTeeChin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W