

## ESG

29 October 2024

## ESG Country Updates

## Singapore

- Singapore submitted 20 targets on nature conservation to the UN ahead of the COP16 biodiversity conference that started on 21 Oct. New targets include (i) keeping the proportion of wildlife traded illegally through Singapore annually to below 0.5%, and (ii) making available to the public 1,000 records of native plant species on Flora Fauna Web which is an NParks-managed database of plants and animals. These targets will be part of Singapore's revised National Biodiversity Strategy and Action Plan, which will be the first update of the plan since 2019. As countries are behind on meeting nature goals, COP16 talks aim to develop new initiatives that could generate revenues for nature.
- Singapore has granted conditional approval to Sun Cable's S\$31.5 bn import of 1.75GW of solar power from Australia's Northern Territory which will begin after 2035. The 1.75GW of electricity represents around 9% of Singapore's total electricity needs, and can contribute to Singapore's low-carbon electricity import target of 6GW. To advance this project, Sun Cable would need to further validate its technical and commercial plans, as well as secure necessary approvals from the relevant jurisdictions.

Ong Shu Yi  
ESG Analyst  
+65 6530 7348  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

## China

- China has announced new rules for its carbon market that will increase the number of free allowances that the power sector can obtain, potentially cooling rising prices that reached record-high levels above 100 CNY/t in the past week. This was driven by the looming year-end compliance deadline and prospects of a supply shortfall.

## Malaysia

- As Malaysia's Sarawak state aims to be a regional renewable energy hub over the next decade, it will be offering free green-tech courses to upskill local talent at state tertiary education institutions from 2026. The free courses that include courses on hydrogen production and carbon storage, will range from diploma to post-graduate levels and aims to persuade locals to return to Sarawak and join the local workforce.
- Malaysia is working with China to establish a G2G mechanism for capacity management and technology sharing within the steel industry, including measures to facilitate the iron and steel industry's green transition. There are plans to utilise Malaysia's carbon tax revenue to fund the decarbonisation of the iron and steel industry. Malaysia also expressed the need to implement a CBAM of its own in the future to level the playing field for imported goods, such that companies exporting steel to Malaysia would need to pay the carbon tax.

### Indonesia

- PT PLN Energi Primer Indonesia is partnering Sembcorp Utilities to develop a green hydrogen production facility in Sumatra to produce 100,000 metric tonnes of green hydrogen annually. This would be Southeast Asia's largest green hydrogen development initiative, and is part of a broader strategy for a regional green hydrogen hub connecting Sumatra, the Riau Islands and Singapore. Hydrogen is also seen as a key potential decarbonisation pathway for Singapore to achieve net-zero emissions, and this project can advance efforts in building a hydrogen supply chain in Asia.

### Rest of the world

- At the COP16 biodiversity conference, governments focus on the implementation of the Kunming-Montreal Global Biodiversity Framework (GBF), with many submitting updated national plans to achieve the goals and targets. Funding continues to be a contentious issue, as countries have not met the agreement to allocate at least US\$200 bn in annual funding to support biodiversity protection and restoration. Ahead of the conference, only seven countries had allocated funding to a fund for the GBF, committing a total of US\$243 mn. To make up for the shortfall, countries are calling for more funding for biodiversity from developed countries.

## Special Coverage: New initiatives announced at SIEW2024 to enable SG's energy transition

- At the Singapore International Energy Week (SIEW), Singapore announced several new initiatives to enable its energy transition:
  1. EMA has granted conditional approval to Sun Cable to import 1.75 GW of low-carbon electricity from Australia's Northern Territory to Singapore. This would contribute to Singapore's target of importing 6 GW of low-carbon electricity by 2035, alongside other projects that have also been granted conditional approval. However, this project would pass through Indonesian waters and could bring challenges related to multilateral cross-border electricity trades.
  2. EMA is calling for feasibility studies on carbon capture and storage (CCS) to study two power sector CCS pathways: (i) post-combustion carbon capture for combined-cycle gas turbines (CCGTs) and (b) pre-combustion carbon capture to produce hydrogen for power generation. This ties in with plans to develop a CCS project to collate CO2 emissions on Jurong Island for overseas storage, with the first phase likely to start around 2030. Singapore is looking to collaborate with Indonesia on this, which has passed a law to allow CCS operators to set aside storage capacity to store CO2 from international entities.
  3. The electricity grid in Singapore is expected to become more complex with the addition of distributed energy resources such as rooftop solar panels, battery energy storage systems and EV chargers. EMA and SP

Group are collaborating to develop future grid capabilities, as well as on the research and development for a virtual power plant (VPP) – a digital platform capable of controlling and aggregating a network of distributed energy resources across various locations, to operate as a single generator to provide energy to the electricity grid. There are plans to pilot a VPP and develop a regulatory framework for VPPs, which can drive a smarter and more resilient energy system.

Carbon Markets Analysis

ETS Markets	Price	Weekly Change	Week High	Week Low
EU ETS (EUR/ton)	66.97	7.5%	66.97	61.76
China ETS (CNY/ton)	104.25	0.7%	104.25	103.51

Market	Commentary
EU ETS	<p>The EU ETS prices saw the biggest weekly rise since May of 7.5% to €66.97/t. There are bullish signals from weather with decreasing temperatures in Central Europe mixed with lower renewable energy output.</p>
China ETS	<p>China ETS prices saw a weekly 0.7% increase and reached yet another record high at 104.25 CNY/t last week. Liquidity remained stable as compliance demand continues to grow.</p>
Voluntary Carbon Market (VCM)	<ul style="list-style-type: none"> <li>Sources reported that there is subdued buyer demand for cookstove credits, while some developers were increasingly liquidating their inventories of cookstove credits to secure financing to develop removals credits.</li> <li>Methodologies under the 'Efficient Cookstoves' project category listed by the ICVCM, have concluded a multi-stakeholder assessment review process. While the results have not been announced, demand for carbon credits under those methodologies may increase if they secure the high-integrity Core Carbon Principles label by the ICVCM.</li> </ul>

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect

## Macro Research

**Selena Ling**  
Head of Research & Strategy  
[lingsselena@ocbc.com](mailto:lingsselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberhtwong@ocbc.com](mailto:herberhtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathannq4@ocbc.com](mailto:jonathannq4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyionq1@ocbc.com](mailto:shuyionq1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

This publication is solely for information purposes and general circulation 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. Oversea-Chinese Banking Corporation Limited ("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. There may be conflicts of interest between OCBC Bank, Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. 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).