ESG

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ESG Country Updates

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Singapore

- The Energy Market Authority (EMA) awarded YTL PowerSeraya the right to build, own and operate a hydrogen-ready combined cycle gas turbine unit with a capacity of at least 600 MW. The power plant is expected to be commissioned by end 2027, and is anticipated to bolster the reliability and security of Singapore's power system. The EMA has established in 2023 the Centralised Process Framework that guides gencos in making hydrogen-ready and lower-carbon intensity solutions to contribute to the development of a greener power system.

- Singapore sees the potential in working closely with Laos to maximise its economic potential through education and training, as well as collaborating in areas such as energy, carbon credits and food. Singapore started importing hydroelectricity from Laos through existing infrastructure in Thailand and Malaysia in June 2022, via the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project. Both countries are in discussions on how Article 6 carbon credits can help meet their climate targets.

China

- China has agreed to invest US$2.18 bn in Serbia to construct a 1,500 MW wind farm, a 500 MW solar plant, and a hydrogen plant with an annual capacity of around 30,000 metric tons by 2028. An MoU was signed between the ministry and China's Shanghai Fengling Renewable Co Ltd and Serbia Zijin Copper, a local subsidiary of Zijin Mining. China has invested billions of euros in Serbia in the form of soft loans for infrastructure and energy projects, as part of its belt and road initiative to open foreign trade links.

- The China Electricity Council estimates that grid-connected wind and solar would make up around 40% of installed power generation capacity by the end of 2024, compared with coal's expected 37%. At the end of 2023, wind and solar made up 36% of power generation capacity while coal was just under 40%. However, actual power generation is still dominated by coal that provided nearly 60% of electricity consumed last year.

Malaysia

- The Maharani Energy Gateway project that will be built in Muar, Johor, is set to promote Malaysia's green energy initiatives further and boost the country's trade and investment opportunities with Chinese companies. With the aim of creating an energy hub, the Maharani Energy Gateway project is a collaboration between Maharani Energy Gateway Sdn Bhd (MEG) and China Energy International Group (CEIG) Sdn Bhd to build a combined cycle gas turbine (CCGT) power plant and a green hydrogen and green ammonia plant.

Indonesia

- Indonesia has issued a presidential regulation on carbon capture and storage (CCS) that will allow CCS operators to set aside 30% of their storage capacity for imported carbon dioxide. They can potentially store over 400 gigatonnes of CO2e using depleted reservoirs or aquifers for CCS operations. The Indonesian government would collect royalties from storage fees charged by the CCS operators. To store carbon from abroad, the Indonesia government must have a bilateral agreement with the government where the emissions originated from.

- Indonesia's Energy and Mineral Resources Ministry has signed an MoU with Italian energy group Eni on decarbonisation efforts, covering the development of bio-feedstock for fuels, energy transition initiatives and possible carbon capture projects. This works towards Eni providing greater support for Indonesia’s decarbonisation programmes.

Rest of the world

- White House senior adviser John Podesta will replace John Kerry as the US climate change diplomat, as the latter is stepping down to work on President Joe Biden’s reelection campaign. Podesta will assume the role of senior advisor to the president for international climate policy while continuing to work on the implementation of the Inflation Reduction Act.

- The World Bank approved new initiatives to allow member countries hit by natural disasters to quickly access emergency funds from existing loan programs to help with disaster response. It will also scale up access to larger pre-arranged emergency crisis financing as part of future loan programs, as well as expand the use of catastrophe insurance productions to protect against large-scale disasters. These are part of the World Bank’s efforts to tackle climate change and associated impacts.

- The UN climate chief said on 2 Feb that the world needs to mobilise at least US$2.4 trillion to keep global climate change goals within reach. Climate finance will be the main focus of the Azerbaijan-hosted talks at COP29, where governments will be tasked with setting a new target post-2025 for raising money to support developing country efforts to reduce emissions and adapt to worsening climate change impacts.

Special Coverage: New sustainable finance body in Singapore

- The MAS launched the Singapore Sustainable Finance Association (SSFA) on 24 Jan to develop the sustainable finance ecosystem and best practices in Singapore, through developing the local talent pool, industry standards and financing solutions required in sustainable finance. The SSFA has formalised its governance structure and laid out the year’s work plan, including the workstreams on five key areas:

    1. Carbon markets
    2. Transition finance
    3. Blended finance
    4. Natural capital and biodiversity
    5. Taxonomy

- This builds on the work done by the Green Finance Industry Taskforce (GFIT) such as the Singapore-Asia Taxonomy for Sustainable Finance, which sets out detailed thresholds and criteria for defining green and transition activities that contribute to climate change mitigation.

- The SSFA will be cochaired by BlackRock's country head of Singapore and regional head of Southeast Asia; and the CEO of HSBC Singapore in its first term, with the executive committee comprising the Chief Sustainability Officer at the MAS and the Director of the Association of Banks in Singapore (ABS). Other members include the Chief Sustainability Officers of OCBC, DBS and UOB.

- The industry can expect more sustainable finance courses to be made available in the near future, as the SSFA can contribute to talent upskilling and capacity building initiatives. The industry can also expect greater streamlining of carbon market practices, and greater clarity on climate-related and nature-related disclosures and regulations. This can help to mitigate greenwashing risks in the industry and bring greater confidence in the market for investments in green and transition activities as per the Singapore-Asia Taxonomy.

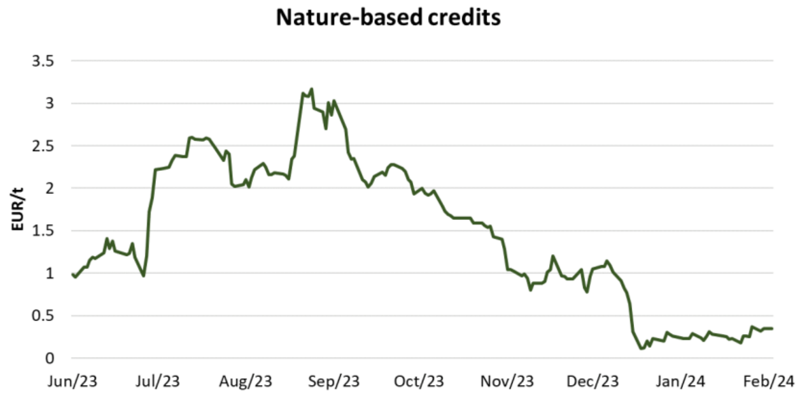
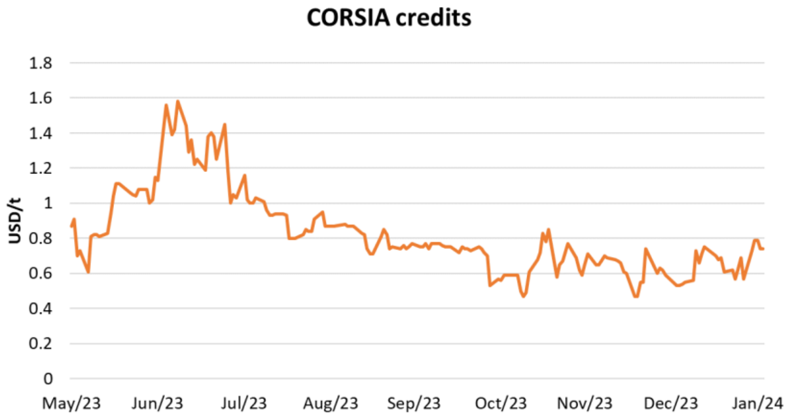
Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	63.40	-0.3%	64.16	61.78
China (CNY/ton)	74.53	2.3%	74.53	69.67

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.35	-5.4%	0.37	0.32
CORSIA	0.74	29.8%	0.79	0.57

Market	Description	Trend
EU ETS	The EU ETS price saw a weekly decline of 0.3% after weak auction interest that triggered steady selling pressure last week. The European Commission is working to tweak EU ETS rules within the coming months to define permanent carbon storage projects.	
China ETS	The China ETS price rose by 2.3% to 74.53 CNY/t last week with an uptick in liquidity, while the CCER continued to see sluggish demand. China has released new regulations that will be effective 1 May 2024 to provide a legal framework for the operation of the China ETS, focusing on the allocation of responsibilities e.g. designating the State Council's ecological and environmental departments to oversee and manage carbon emissions trading.	

Market	Description	Trend
Voluntary Carbon Markets (VCM)	The VCM saw continued bearish notes with low activity and a lack of buyers. Buyers are placing a premium on US-based Biochar credits, indicatively valued at US$200-400 mtCO2e. These credits are still in the developmental stage with credits expected to be issued in 2025 or later.	 

Source: Refinitiv Eikon, Carbon Pulse, Platts Dimensions Pro, Verra

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