

CDM Country Fact Sheet : Indonesia



Current Status of CDM in Indonesia

Basic Information (as of 1 June 2010)

Project Status	Number of Projects
CDM projects registered at CDM executive board	45
CDM projects approved by the Indonesia DNA	122
CDM projects at or after the validation stage	132

New updates

- Number of CDM projects approved by DNA
- Barrier analysis and investment analysis information are newly added.

Source: IGES CDM Project Database <http://www.iges.or.jp/en/cdm/report_cdm.html> , National Commission for Clean Development Mechanism <http://dna-cdm.menlh.go.id/en/>, UNFCCC <<http://cdm.unfccc.int/index.html>>

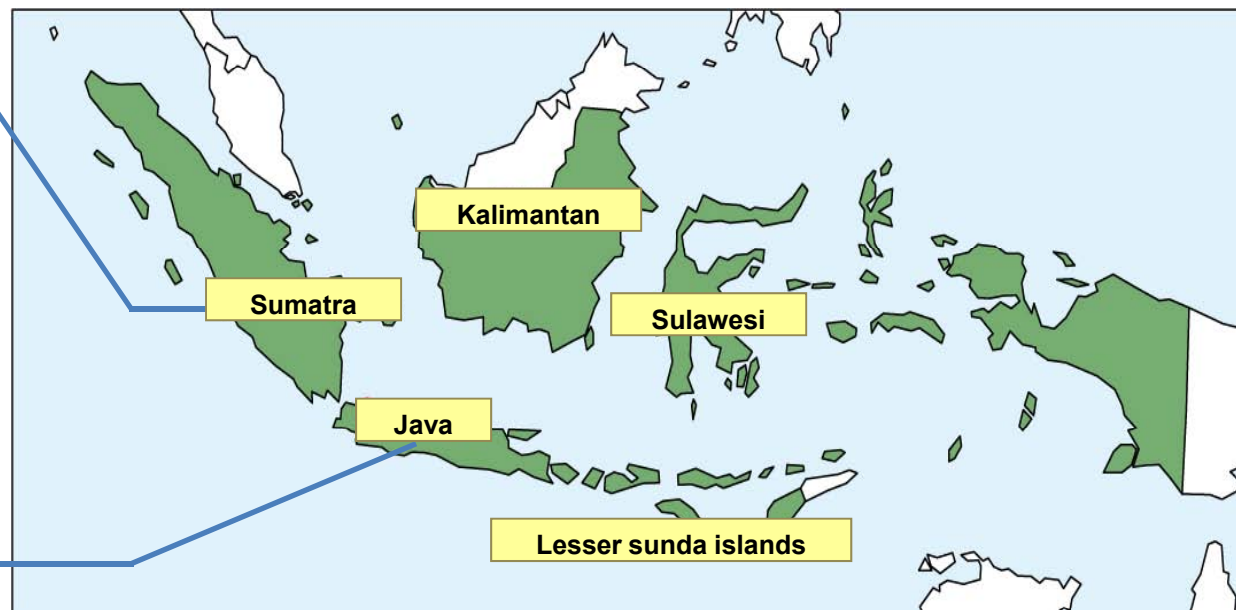
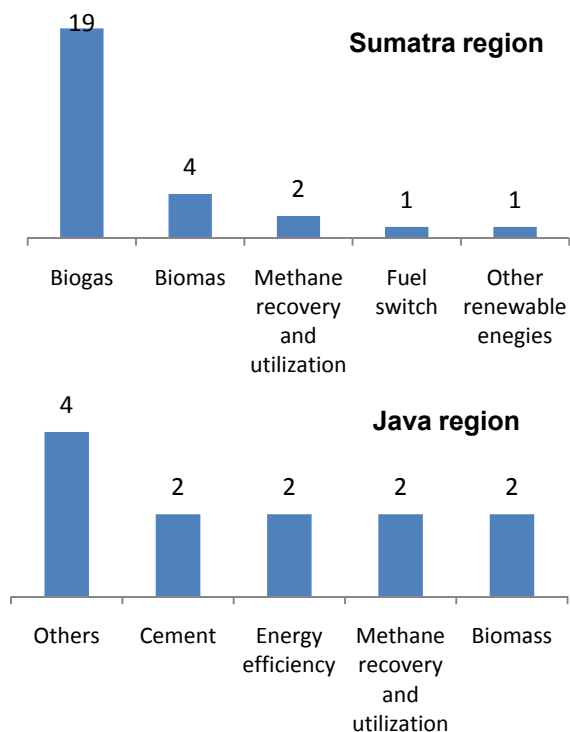
Basic Data on Registered CDM Projects (as of 1 June 2010)

	Registered CDM Projects				Review Conducted	Rejected
	N. of Projects	Average Annual Emission Reduction (tCO ₂)	Total ERs by 2012 (tCO ₂)	Amount of Issued CERs (tCO ₂)		
Biogas	20	52,901	4,598,542	42,716	2	1
Biomass	7	113,001	3,667,849	0	0	0
Methane recovery & utilization	6	67,490	1,562,029	0	0	0
Other renewable energies	3	240,795	4,187,026	91,881	0	0
Cement	2	307,082	4,566,137	80,967	0	0
Energy efficiency	2	26,731	198,581	0	0	0
Fuel switch	2	27,710	250,832	17,154	0	0
Methane avoidance	1	7,671	25,791	0	0	0
Waste gas heat utilization	1	390,893	2,429,689	113,446	0	0
N ₂ O Reduction	1	80,668	300,350	0	0	0
Total	45	131,494*	21,786,826	346,164	2	1

Source: IGES CDM Project Database <http://www.iges.or.jp/en/cdm/report_cdm.html> and UNFCCC <<http://cdm.unfccc.int/index.html>>

* This value is not the total of average annual emission reduction of each project type, but average annual emission reduction of all the ten project types

CDM Project Information



The number of registered CDM projects by province (as of 1 June 2010)

Region	Province	Total
Sumatra		27
	Ache	2
	Bangka Belitung	2
	Jambi	1
	Lampung	7
	North Sumatra	8
	Riau	3
	Riau island	2
	South Sumatra	1
	West Sumatra	1

Region	Province	Total
Java		12
	Banten	1
	Central Java	2
	West Java	7
	West Java and South Kalimantan	1
	Yogyakarta	1
Kalimantan		1
	West Kalimantan	1

Region	Province	Total
Sulawesi		3
	North Sulawesi	2
	South Sulawesi	1
Lesser Sunda Islands		2
	Bali	2

Summary of Barrier Analysis (Biogas project)

	Typical arguments for barriers from PDD
Investment barrier	<ul style="list-style-type: none"> Existing system is significantly lower in capital and operating costs and also adhere to Indonesian government requirements. Proposed project does not provide the positive economic return in the absence of the CDM and CER from the proposed project will be only revenue. Technologies related biogas recovery and energy utilization in the proposed project is quite new and seen as high risk with limited performance guarantee.
Technological barrier	<ul style="list-style-type: none"> There is a need for skilled and experienced operators and the availability of such personnel locally is limited because biogas systems are still relatively rare.
Barrier due to prevailing practice	<ul style="list-style-type: none"> Despite numerous changes to maximum discharge standards over the years, the current technology is able to meet the current permitted discharge levels. The highest priority for most palm oil mills is to simply maintain compliance with local regulation.

Note: The listed arguments are based on the registered biogas projects in Indonesia. The list does not involve all arguments described in the PDDs.

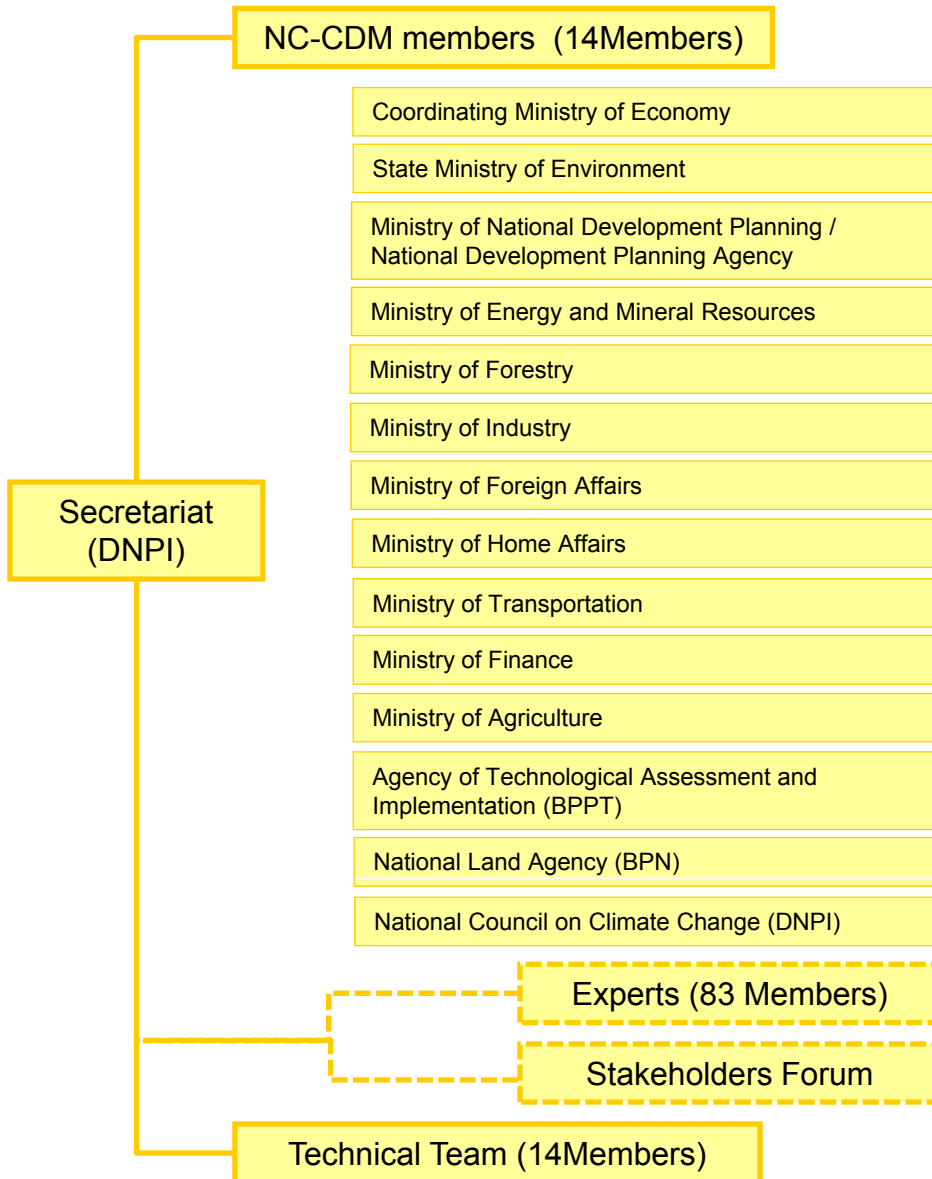
Benchmark rate information in the registered CDM projects

Project type	Benchmark type	Benchmark rate	Reference
Biogas	Interest rate	15%	Economic Report on Indonesia published by Bank of Indonesia
Biomass	<ul style="list-style-type: none"> Weighted average cost of capital (WACC) National bank rate + risk rate + Escalation rate 	14.5%	NA
		20%	National bank rate : 15%, Risk rate : 3% Escalation rate: 2%
Methane recovery and utilization	<ul style="list-style-type: none"> Government bond rate Interest rate 	6.75%	Bank of Indonesia Ministry of Finance
		12.70%	
Fuel Switch	<ul style="list-style-type: none"> National Bank rate + Private bank rate Weighted average cost of capital (WACC) 	16.75%	National bank rate: 12.75%, Private bank rate: 4%
		18.67%	NA

Source: IGES CDM Investment analysis database < http://www.iges.or.jp/en/cdm/report_cdm.html#ia >

DNA Structure , Approval Procedure, and Criteria

(1) DNA Structure (updated Oct. 2009)



The Indonesian Designated National Authority is the National Commission for Clean Development Mechanism (NC-CDM). On October 2009, the new decree (No.522) regarding NC-CDM has been announced by State Ministry of Environment. Thus, the old decree (No.206) has been already invalid. Although the new DNA structure has been established and new NC-CDM members has been elected, the previous approval procedure and criteria are still used until the new DNA establishes new one..

National Commission for Clean Development Mechanism (NC-CDM)

The commission is responsible for issuing approval letters to CDM project proposals, conducting monitoring for performance of CDM project, organizing meetings for technical team and providing consultation and facilitation to stakeholders, project developers, and communities. The commission submit a report for implementation of its work to the State Minister for Environment.

Secretariat

The secretariat, which is situated in the National Council on Climate Change (DNPI) is responsible for facilitating the work of NC-CDM and Technical Team.

Technical Team

The technical team evaluates project proposals by using sustainable development criteria and indicators and presents its evaluation report to the commission in order to support its decision. It may ask for inputs from the Expert Group and other Stakeholders.

Expert Group

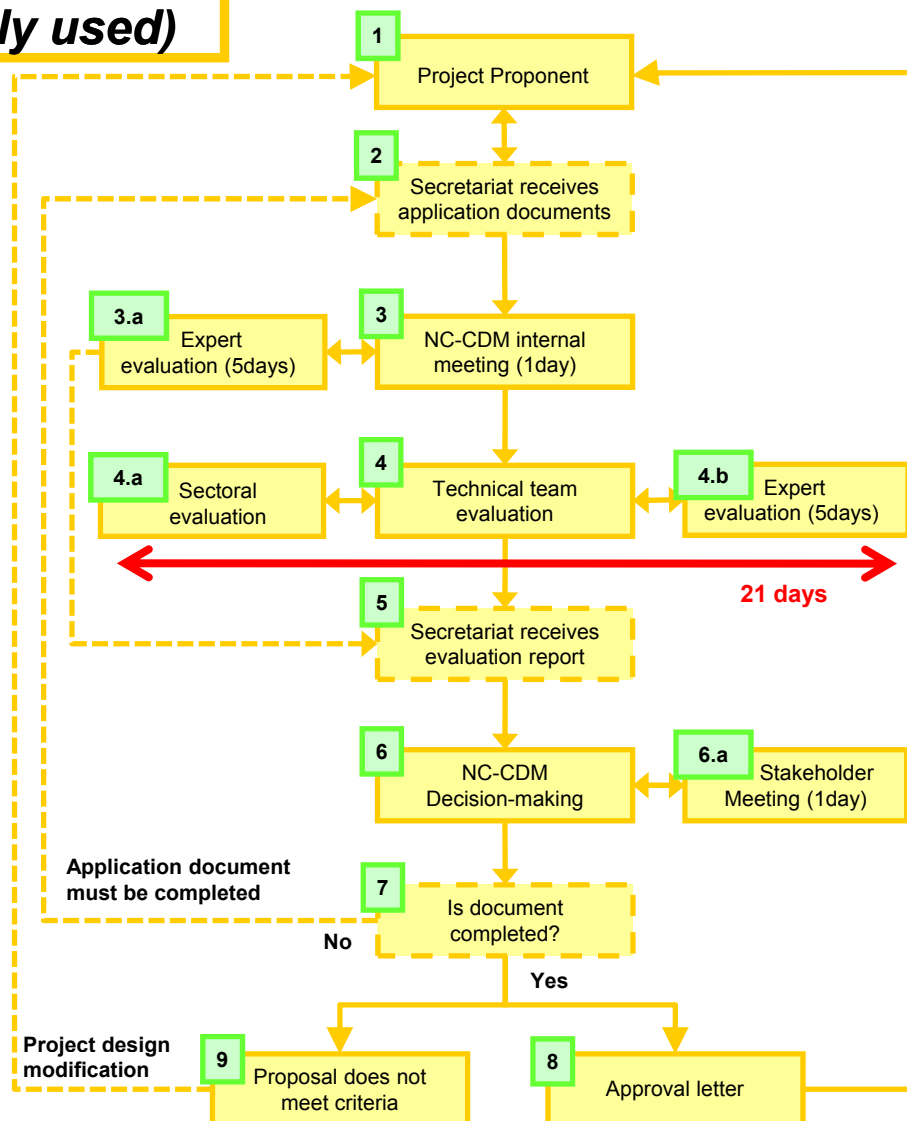
The expert group assists Technical team if required by Technical team through the secretariat. They also provide additional evaluation on the project and a second opinion on the Technical team's evaluation.

Stakeholders Forum

Stakeholder Forum is an informative consultation forum to convey information on the proposed CDM project and accommodate comments as well as complaints on the project .

(2) DNA Approval Procedure (temporarily used)

1	Project proponent prepares application documents as follows <ul style="list-style-type: none"> • The National Approval Application Form • Project Design Document (PDD) • EIA report (where required) • Notes of public consultation; • Recommendation letter from Ministry of Forestry, only for forestry CDM project proposal • Other supporting documents to justify the project
2	The Secretariat receives the documents and check whether the application documents are completed.
3	Executive secretary submits and presents the project proposals to the NC-CDM in Internal Coordination Meeting (1day).
3.a	Additional evaluation of the project proposals based on Sustainable Development Criteria and Indicators by Experts (5days), if required.
4	The National Commission assigns members of the Technical Team to evaluate project proposals based on Sustainable Development Criteria and Indicators. (21days)
4.a	If required, Technical Team members of the same sector as the proposed project may take the application document to the Sectoral Technical Team meeting.
4.b	If required, Technical team and experts write a note on the data needed to be completed and attach it to the evaluation report to be submitted to the National Commission.
5	Submitting the Evaluation Report on project proposals to the Secretariat by the Technical Team. Evaluation Report will be posted on the National Commission website.
6	After receiving the Secretariat's report, the National Commission makes a decision whether the project proposal will be given Approval or Rejection. (This process takes one day.)
6.a	If there is any significant difference of opinion among the stakeholders, the National commission may hold a Special Stakeholder Forum. (Forum takes one day)
7	If the National commission cannot give the Approval Letter because of incomplete data in the project proposal, according to the note made by the Technical Team and experts, the project proponent is given 3 months time to prepare and resubmit the revised project proposal to the Secretariat.



Source: National Commission for Clean Development Mechanism
<http://dna-cdm.menlh.go.id/en/approval/>

8	The Secretariat submits National Commission Approval to the project proponent.
9	If the proposed project does not meet the criteria, it may be re-submitted for National Approval after modification of the project design.

(3) DNA Approval Criteria (temporarily used)

The National Commission evaluates proposed projects based on the following Sustainable Development criteria and indicators.

A. Environment

Criteria	Indicators
Environmental sustainability by practicing natural resource conservation or diversification	<ul style="list-style-type: none"> • Maintain sustainability of local ecological functions • Not exceeding the threshold of existing national, as well as local, environmental standards (not causing air, water and/or soil pollution) • Maintaining genetic, species, and ecosystem biodiversity and not permitting any genetic pollution • Complying with existing land use planning
Local community health and safety	<ul style="list-style-type: none"> • Not imposing any health risk • Complying with occupational health and safety regulation • There is a documented procedure of adequate actions to be taken in order to prevent and manage possible accidents

B. Economy

Criteria	Indicators
Local community welfare	<ul style="list-style-type: none"> • Not lowering local community's income • There are adequate measures to overcome the possible impact of lowered income of community members • Not lowering local public services • An agreement among conflicting parties is reached, conforming to existing regulation, dealing with any lay-off problems

C. Social

Criteria	Indicators
Local community participation in the project	<ul style="list-style-type: none"> • Local community has been consulted • Comments and complaints from local communities are taken into consideration and responded to
Local community social integrity	<ul style="list-style-type: none"> • Not triggering any conflicts among local communities

D. Technology

Criteria	Indicators
Technology transfer	<ul style="list-style-type: none"> • Not causing dependencies on foreign parties in knowledge and appliance operation (transfer of know-how) • Not using experimental or obsolete technologies • Enhancing the capacity and utilisation of local technology

Host Country CDM Approval Information

The Number of Approved CDM Projects by DNA (as of 1 June 2010)

Type of project / Year	2005	2006	2007	2008	2009	2010	Total
Methane recovery & utilization		2	2	9	9	4	26
Methane avoidance				11	5	3	19
Biomass	2		4	6	3	1	16
Fuel switch		1	2	6	3		12
Biogas		1		4	6		11
Other renewable energies	1	1		2	3	2	9
Waste gas/heat utilization		1	1	2	3		7
Hydro Power			2	3	1	4	10
Energy Efficiency				2	1	3	6
Cement	2		1			1	4
PFC reduction				1			1
N ₂ O Reduction			1				1
Total	5	6	13	46	34	18	122

Source: National Commission for Clean Development Mechanism <http://dna-cdm.menlh.go.id/en/> and correspondence with Indonesian DNA

CDM Relevant Information

List of emission factors (OM and BM) used in CDM registered projects (as of 1 June 2010)

Name of CDM Project activity in Indonesia	OM*	BM*	Weights	CM*
Darajat Unit III Geothermal Project	0.688	0.82	0.5 : 0.5	0.754
PT Navigat Organic Energy Indonesia Integrated Solid Waste Management (GALFAD) Project in Bali, Indonesia	0.854	0.854	0.5 : 0.5	0.854
PT. BUDI ACID JAYA Tapioca Starch Production Facilities Effluent Methane Extraction And On-site Power Generation Project in Lampung Province, Republic of Indonesia	1.24	0.4	0.5 : 0.5	0.82
MEN-Tangerang 13.6MW Natural Gas Co-generation Project	0.867	0.936	0.5 : 0.5	0.901
MEN Energy Efficiency Improvement Project	0.845	0.886	0.5 : 0.5	0.865
Kabil II 11.4 MW Gas Fired Project	0.7403	0.7332	0.5 : 0.5	0.7368
Biogas project, BAJ Unit 6	1.24	0.4	0.5 : 0.5	0.82
Biogas project, BAJ Way Jepara	1.24	0.4	0.5 : 0.5	0.82
BAJ Gunung Agung Factory tapioca starch wastewater biogas extraction and utilization project, Lampung Province,	0.906	0.581	0.5 : 0.5	0.743
Biogas project, BAJ Terbanggi	1.24	0.4	0.5 : 0.5	0.82
Lahendong II-20 MW Geothermal Project	0.32	0.72	0.5 : 0.5	0.52
BAJ Pakuan Agung Factory tapioca starch wastewater biogas extraction and utilization project, Lampung Province	0.905	0.581	0.5 : 0.5	0.743

*OM: Operating Margin, BM: Build Margin., CM: Combined Margin

Grid Emission Factor

Electricity System / Region	Emission Factor (tCO ₂ /MWH)	
	Ex-post	Ex-ante
Sumatra electricity system	—	0.743
Jamali electricity system	—	0.891
East Kalimantan	0.715	0.742
West Kalimantan	0.786	0.775
Central and South Kalimantan	1.280	1.273
North and Central Sulawesi Utara with Gorontalo	0.121	0.161
South, West and Southeast Sulawesi	0.267	0.269

Source: National Commission for Clean Development Mechanism <http://dna-cdm.menlh.go.id/en/> and correspondence with Indonesian DNA

Ratification Status

Date of signature of Climate Change Convention	5 June 1992
Date of ratification of Climate Change Convention	23 August 1994
Date of signature of Kyoto Protocol	13 July 1998
Date of ratification of Kyoto Protocol	3 December 2004
Establishment of DNA	21 July 2005

Source: UNFCCC <<http://maindb.unfccc.int/public/country.pl?country=ID>>

Contact Information

Indonesian DNA

- National Commission for Clean Development Mechanism (NC-CDM)
BUMN Building 18th floor, Jl. Merdeka Selatan kav. 13, Jakarta Pusat
Phone: +62-21-3511400 Fax: +62-21-3511403

References

- National Commission for Clean Development Mechanism (NC-CDM)
<http://pasarkarbon.dnpi.go.id/>, <http://dna-cdm.menlh.go.id/en/>,
- Market Mechanism Group, Institute for Global Environmental Strategies
<http://www.iges.or.jp/en/cdm/index.html>

IGES Market Mechanism Group Kentaro Takahashi **June 2010**

Acknowledgement

The valuable information and comments were provided by the Climate Change Division of State Ministry of Environment, and National Council on Climate Change of Indonesia. IGES would like to express our sincere appreciation for their extended cooperation in the development of CDM Country Fact Sheet for Indonesia.