



NET ZERO

FOR
INDONESIAN PRIVATE SECTOR





DEFINING CORPORATE

NET ZERO APPROACH

DEFINING THE CONTEXT

WHAT IS NET ZERO?

- Indonesian private sector did not yet have a clear definition on *what does it mean to become net zero*
- We are often confused between *net zero roadmap* and the *solutions available to achieve that*, e.g. renewable energy, carbon capture, carbon pricing
- KADIN Net Zero Hub attempts to provide the context of *Corporate Net Zero*



Three main frameworks

That we use to set the context



Measure

Manage

Disclose

Support the Guardian

Available for everyone, funded by readers

Support us →

The Guardian

Why are we opting for SBTi ?

Based on a new analysis at least 90% of Verra's rainforest carbon credits do not represent real emission reductions

Each credit is equal to one metric tonne of CO2 equivalent

94.9m

carbon credits claimed

5.5m

real emissions reductions



Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows

"...based on analysis of significant percentage of the projects, more than 90% of their rainforest offset credits are likely to be phantom credits..."

Private Sector should focus on emission abatement

We believe that emission abatement, or reduction, should be the first route for each company in KADIN Net Zero Hub, provided that the technology is commercially viable and within the right market structure

Carbon Credits provide societal benefits

Beyond their value chain, carbon credits or certificates provide the company to contribute to *societal benefits*, beyond their value chain, especially to marginalized communities or regions

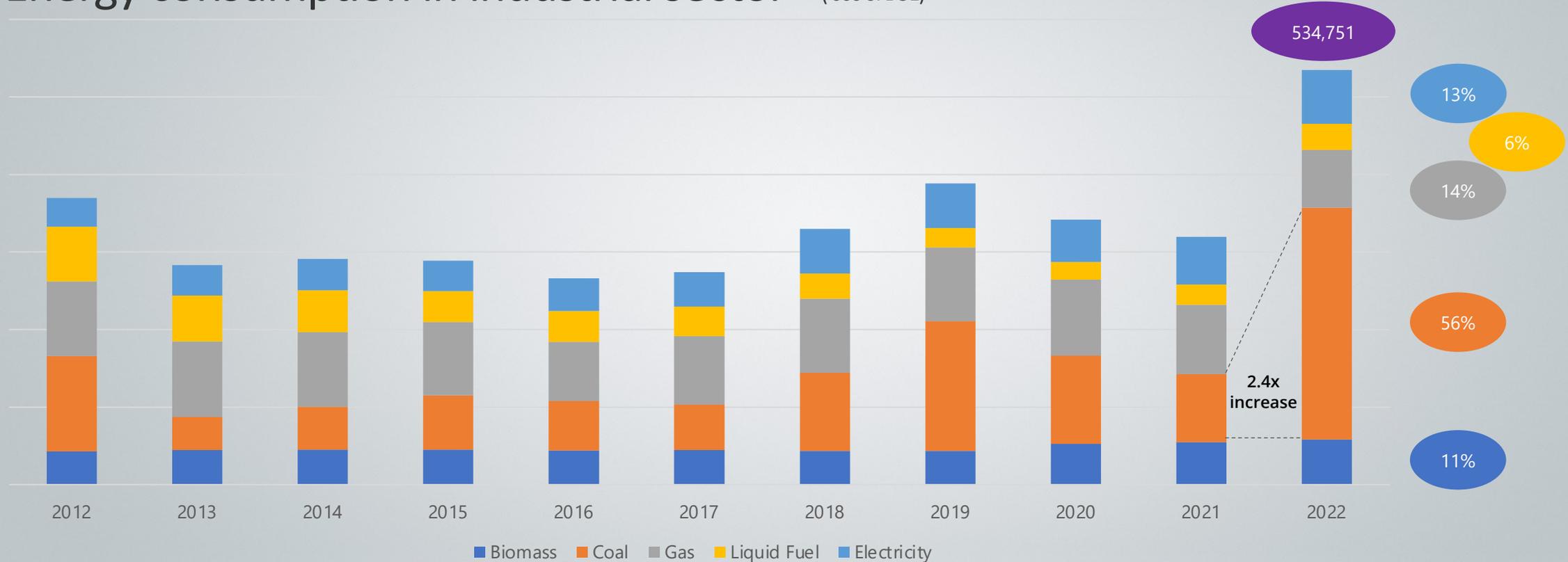
Offsetting should not be the backbone

Companies should be very careful in carbon neutrality claims through carbon offsets mechanism

Active engagement with all relevant stakeholders

SBTi core focus is on active engagement with internal and external engagements. In the course of mitigating their emissions, companies are expected – and should be – engaging with all relevant stakeholders

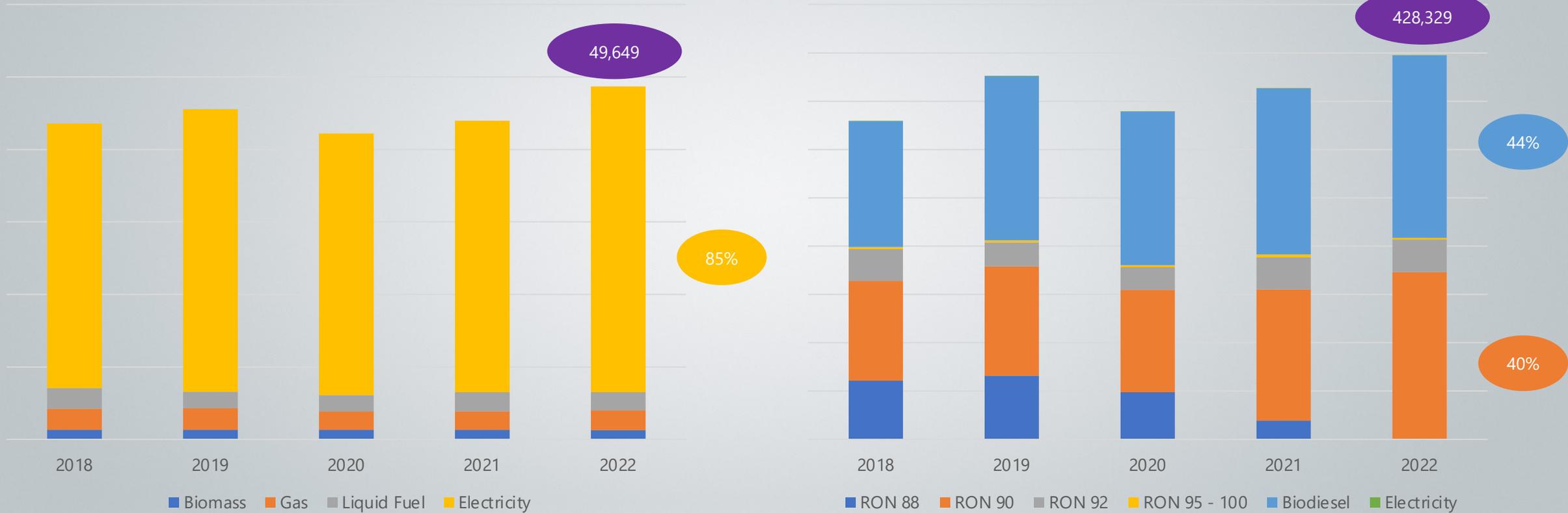
Energy consumption in industrial sector ('000 of BOE)



Long Road in Energy Transition...

- Electricity share of consumption is only **13%**, in line with natural gas and biomass
- Coal still commands 56% share of consumption
- We need renewable electricity but more importantly transitioning to clean heat

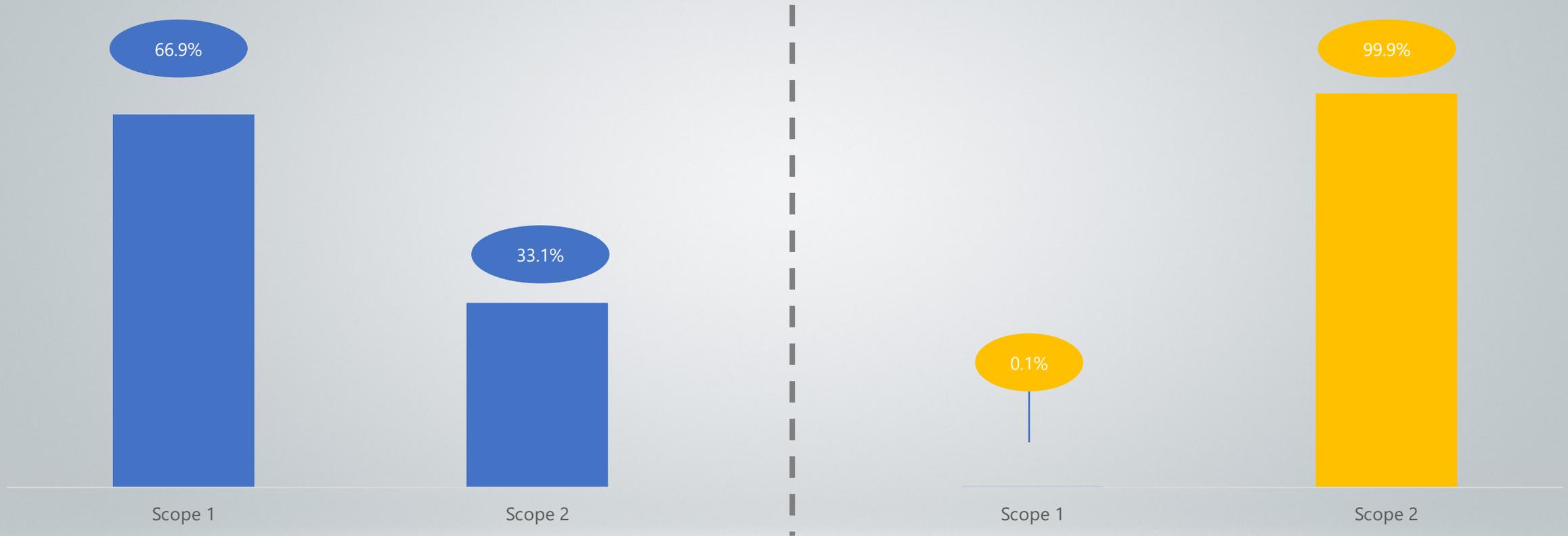
Energy consumption in industrial sector ('000 of BOE)



... in almost all sectors

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You cannot manage ...



... what You Do Not measure

- Two companies, both within the same industry value chain
- Prior to engaging with KADIN Net Zero Hub, both were voicing concerns about the difficulties of captive solar rooftop
- Post-engagement focus: clean heat & alternative fuel, energy efficiency, bundled renewable energy certificates, captive solar rooftop



Thank You
KADIN Net Zero Hub



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Appendix



Aggregating voices from the commercial and industrial sectors to push the industrial decarbonization agenda and translate into real action on the ground



Mutual of Aspiration (MoA) that support industrial decarbonization with:

8 = **2,027**
Business associations Companies

Key points:

- 1 System and regulation establishment for C&I sector to support national net zero emission target
- 2 Enforcement of the current RE deployment
- 3 Diversify RE procurement model
- 4 Active involvement from associations to enhance policy transparency and formulation



Piloting technology conversion

Sustainable biomass as a fuel-switching solution in industrial process heat for textile industry



Capacity building on energy efficiency

Conducted deep-dive training on energy efficiency for high-end hotel and resort industry



Supporting research for industrial decarbonization

Conducted low-carbon technology solutions research for 5 industrial sectors for West Java Government



Policy advocacy to the government

Advocated policy recommendation for the Ministry of Energy and Mineral Resources

Effective collaboration with PLN to develop green energy as a service (GEAS) as a green electricity procurement option



Since 2019, WRI Indonesia has been actively assisting the PT. PLN, the national utility company, in developing green electricity procurement for commercial and industrial sector named **Green Energy as a Service (GEAS)**

Our objective for GEAS:

- 1 Improving the current unbundled Renewable Energy Certificate (REC)
- 2 Launching bundled REC (subscriber model, dedicated source)

Current Impact:

260 buyers **1.36** TWh

Unbundled REC sold at the end of 2022. This proved renewable energy's large demand from the C&I sector

Journey of bundled REC product development:



Highlights:



PLN's knowledge partner on GEAS development



Finalize GEAS product designs and structure for high-level management



Connecting to CEIA's corporate buyers for product market assessment



Give international perspective on GEAS product design through our network

Demand for green electricity procurement option is high among industries, especially apparel & footwear sector that's crucial for the country's economy



A knowledge center mobilizing support and assistance for corporates to start their net-zero leadership.

Key metrics:

80 companies show interest

30 received GHG accounting bootcamp

50 companies signed MoU

30 companies are incubated through CAP

Top 3 sectors of members:



Forest, Land Use, & Agriculture (34%)



Chemicals (13%)



Apparel & Footwear (9%)

Emission profile of apparel & footwear sector: 80% Scope 3, 15% Scope 2, & 5% Scope 1 (based on the data calculated through CAP).

Emission hotspots from each scope come from:

- Purchased goods & services, from purchasing raw material such as fabric, ink, rubber, etc;
- Purchased electricity, from powering almost all sewing, stitching, & printing machine; and
- Stationary emission, from boiler use.

Therefore, **green electricity is in high demand for the apparel & footwear industry**, as it represents the largest direct emission source within the company's control.

Apparel & footwear industry holds significant importance in Indonesia

7th

Rank among number of export products

3rd

Rank among proportion of labor