



Progress of The Joint Crediting Mechanism (JCM) In Indonesia

November 2015

# Source : • MOEJ-GEC JCM booklet "The Joint Crediting Mechanism (JCM) : Progress of Financing Programme and Feasibility Studies for JCM Projects by MOEJ" June 2015 edition

- The JCM Project information provided by the participant companies
- JCM Indonesia Website : www.jcmindonesia.com

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in 2015

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MOEJ : Ministry of Environment of Japan

METI : Ministry of Economy, Trade and Industry of Japan

NEDO : New Energy and Industrial Technology Development Organization

ADB : Asian Development Bank





# What is the JCM?

The Joint Crediting Mechanism(JCM) encourages cooperation between Japanese and Indonesian institutions to promote implementation of Low Carbon Development activities in Indonesia.

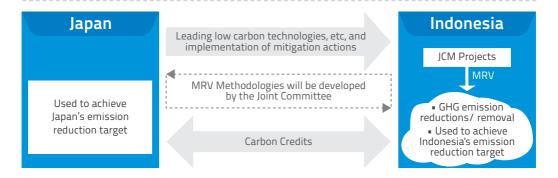
### A History of the JCM in Indonesia

- 2010: Initial discussions between National Council on Climate Change of Indonesia as JCM focal point and Japanese Government Delegation
- 2011: Formal meeting on the JCM between National Council on Climate Change of Indonesia and related ministries and Japanese Government Delegation
- 2012: Establishment of Coordination Team for Inter-State Carbon Trade Negotiation (Tim Koordinasi Perundingan Perdagangan Karbon Antarnegara (TKPPKA))
- 2013: Signing on JCM Cooperation between the Governments of Indonesia and Japan, and Establishment of JCM Joint Committee consisting of members from Indonesia and Japan
- 2014: Establishment of Indonesia JCM Secretariat

В

# Basic Concept of the JCM Cooperation between Japan and Indonesia

Figure 1. The JCM scheme between Japan and Indonesia



- Facilitating diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries;
- Appropriately evaluating contributions from Japan to GHG emission reductions or removals in
  a quantitative manner, by applying measurement, reporting, and verification (MRV) methodologies, and using them to achieve Japan's emission reduction target;
- Contributing to the ultimate objective of the UNFCCC by facilitating global actions for GHG emission reductions or removals, complementing the Clean Development Mechanism (CDM).

Joint Committee Indonesia Japan · Develops/revises the rules, guidelines Notifies registration of projects Notifies registration of projects Government Government and methodologies Registers projects Reports issuance of credits . Discusses the implementation of JCM credits credits Communication Conduct policy consultations Submit PDD/ Submit PDD/ **Project Participants Project Participants** Third party entities monitoring report nonitoring report Implementation & Implementation & Validate projects Inform results of Inform results of monitoring of projects monitoring of projects · Verify amount of GHG emission validation/ verification verification reductions or removals

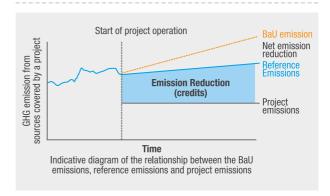
Figure 2. The JCM Cooperation Scheme

### C MRV Methodology

The reference emissions are calculated to be below or at least on the same level business-as-usual (BaU) emissions, by conservatively estimating/identifying plausible emission or by other methods determined in the methodologies to be approved by the Joint Committee.

The net emission reductions from JCM projects are accounted as Indonesian domestic emission reductions.

Figure 3. Basic Concept for Crediting under the JCM



Approved JCM MRV methodologies (as of November 2015):

- 1. Power Generation by Waste Heat Recovery in Cement Industry
- 2. Energy Saving by introduction of High Efficiency Centrifugal Chiller
- Installation of Energy-efficient Refrigerators Using Natural Refrigerant at Food Industry Cold Storage and Frozen Food Processing Plant
- 4. Installation of Inverter-Type Air-Conditioning System for Cooling for Grocery Store
- 5. Installation of LED Lighting for Grocery Store
- 6. GHG emission reductions through optimization of refinery plant operation in Indonesia
- 7. GHG emission reductions through optimization of boiler operation in Indonesia
- 8. Fridge-freezer showcase by using natural refrigerant for grocery store
- Replacement of conventional burners with regenerative burners for aluminum holding furnaces
- 10. Introducing double-bundle modular electric heat pumps to a new building

Methodology update and public comments are available on www.jcmindonesia.com

### Project Cycle of the JCM



The image describes the steps to follow for project participants, third-party entities (TPEs), the Joint Committee, the secretariat, both Government sides, and other stakeholders, for approval of a methodology, registration of JCM project, issuance of credits and related actions.





# JCM Promotion Scheme

A Financing Programme for JCM Model Projects by MOEJ

Scope of the financing: facilities, equipment, vehicle, etc. which reduce  $CO_2$  from fossil fuel combustion as well as construction cost for installing those facilities, etc.

**Figure 4. Financing Programme for JCM Model Projects** 

Japan

International consortiums
(which include Japanese entities)

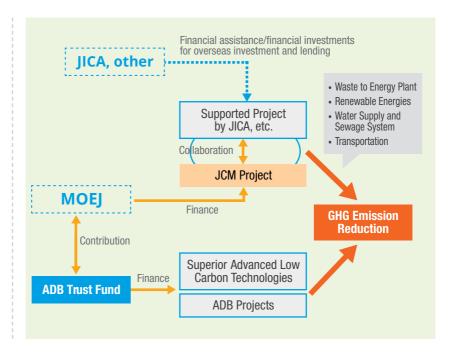
Conduct MRV and expected to deliver JCM credits

- B Promotion Scheme for JCM Demonstration Projects by METI/NEDO
- JCM Demonstration Projects are funded by METI Japan and implemented by NEDO (New Energy and Industrial Technology Development Organization), which supports the project costs necessary to verify the amount of GHG emission reduction in line with JCM rules and guidelines.
- Coverage of project cost: Cost of the JCM Demonstration Projects necessary for MRV: e.g. Cost of design, machines, materials, labor, travel, etc.

# New Support Program Enabling "Leapfrog" Development (Fund/ADB) by MOEJ

	Collaborative Financing Programme	ADB Trust Fund (JF JCM)
Scheme	To finance the projects which have the better efficiency of reducing GHG emission in collaboration with other projects supported by JICA and other governmental-affiliated financial institute.	To provide the financial incentives for the adoption of the advanced low-carbon technologies which are superior in GHG emission reduction but expensive in ADB- financed projects
Purpose	To expand superior and advanced low-carbon technologies for building the low carbon society as the whole city wise and area wise in the wider fields, and to acquire credits by the JCM.	To develop ADB projects as the "Leapfrog" developments by the advanced technologies and to show the effectiveness of the JCM scheme by the acquisition of credits of the JCM.

Figure 5.
New Support
Program
Enabling
"Leapfrog"
Development
(Fund/ADB)



D

### JCM REDD+ Model Projects by MOEJ

#### **Background**

- Degradation of forests in developing countries
- 17 demonstration feasibility studies from 2011 to 2014

#### **Expected outcome**

- Participatory monitoring of illegal logging, disaster prevention and forest restoration.
- · Provision of alternative livelihood

#### **Project Outline**



- Expected to deliver at least half of JCM credits except partner country's allocation which is based on the law
- These projects may be carried out with the cooperation of other organization such as JICA

E

# JCM Feasibility Study (FS) by MOEJ and METI/NEDO

The study to promote potential JCM projects, survey their feasibility, check the practicality of the MRV methodology, and elaborating investment plan.

# Ongoing JCM Projects in 2015

Model/Demonstration Projects are promoted to follow the steps described in the JCM project cycle (see page 5). Official MRV (measurement, reporting, and verification) of emissions reduction starts after a project is registered.







energy industries (renewable/nonrenewable sources)



energy distribution



energy demand



manufacture industries



metal production



solvent use



transport



REDD+



agriculture



waste handling and disposal







chemical industries



fugitive emissions from production and consumption of halocarbons and sulfur



fugitive emissions from fuel



mining/mineral production



JCM Model **Project** 

**JCM REDD+ Model Project** 

**JCM Demonstration Project** 

**JCM** Registered **Project** 

A

Model Project (JFY 2013)

JFY: Japanese Fiscal Year

### **Energy Saving at Convenience Stores**



Estimated Emission
Reduction



Lawson, INC.





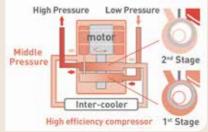
PT. Midi Utama Indonesia Tbk

Total electricity consumption of food retail convenience stores is decreased by the installation of the latest high-efficiency facilities and high-efficiency chillers with natural refrigerant ( $CO_2$  refrigerant), inverter-controlled air-conditioners, and LED lighting. As a result,  $CO_2$  emissions due to electricity consumption are reduced.

This project involves 12 convenience store of Alfa Midi located in Jakarta, Tangerang, and Depok.







Model Project (JFY 2013)

# Energy Saving for Air-Conditioning and Process Cooling at Textile Factory



**Energy Demand** 

Estimated Emission Reduction



Ebara Refrigeration Equipment & Systems,

Nippon Koei Co., Ltd.

117 tCO<sub>2</sub> /vear



PT. Primatexco,
PT. Ebara Indonesia

In Indonesia, humidity control is indispensable for the textile industry to maintain product quality and massive energy output, which is required for the adjustment of factory air conditioning. The target factory replaces old-fashioned chillers (230 USRt and 250 USRt) with high-efficiency chillers (500USRt), in order to save energy and mitigate  $\mathrm{CO}_2$  emissions. High-efficiency chillers adopt a high-performance economizer cycle and a super-cooling refrigerant cycle in order to save energy. Also, the chillers use low-pressure refrigerant (HFC-245fa) with zero ODP (Ozone Depletion Potential)













Model Project (JFY 2013)

### Energy Saving by Installation of Double Bundle-type Heat Pump



**Energy Demand** 

Estimated Emission Reduction

Toyota Tsusho Corporation





PT. TTL Residences

In order to reduce natural gas consumption, a double bundle-type heat pump, generating both heating and cooling energy, is installed into the thermal supply system in serviced apartments. The reduction of natural gas consumption and coal-fired electricity consumption through the utilization of the heat pump contributes to GHG emission reductions. The heat

pump is capable of high temperature heating (more than 60 degrees C), and its efficiency combining heating and cooling is expected to be 450 - 500 %







Model Project (JFY 2014)

### Power Generation by Waste-heat Recovery in Cement Industry



Energy Industries (renewable/nonrenewable sources Estimated Emission Reduction



JFE Engineering Corporation

122,000 tCO<sub>2</sub>
/year



PT. Semen Indonesia Tbk

The proposed project is planned to introduce a waste heat recovery (WHR) boiler steam turbine generator system at an existing cement production plant (PT. Semen Indonesia, Tuban Plant) located in Tuban, East Java, Indonesia. The WHR system utilizes waste heat currently emitted from the cement

factory without utilization. WHR boilers generate steam using the waste heat exhausted from the cement plant, and the steam is fed to the steam turbine generator to generate electricity.















#### Model Project (JFY 2014)

### Solar Power Hybrid System Installation to Existing Base Transceiver Stations in Off-grid Area



Energy Industries (renewable/nonrenewable sources Estimated Emission Reduction

3,096 tCO<sub>2</sub>/vear



**ITOCHU** Corporation



PT. Telekomunikasi Selular

There are many islands, off-grid areas, in Indonesia. This project is to install solar power and lithium ion batteries to existing mobile base stations where supply of electricity is by diesel generator. This project is planning to reduce consumption of diesel oil and CO<sub>2</sub> emissions by the above Hybrid



Power System and control each base station's data by Cloud service at Telekomunikasi Selular's office. The project contributes to the spread of new technology in Indonesia and enable establishment of a new remote management system through a Cloud system.

#### Model Project (JFY 2014)

### Energy Saving through Introduction of Regenerative Burners to the Aluminum Holding Furnace of the Automotive Components Manufacturer



**Energy Demand** 

Estimated Emission Reduction

856 tCO<sub>2</sub>/vear

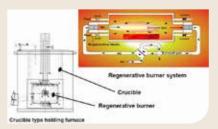


Toyotsu Machinery Corporation, Hokuriku Techno Co., Ltd.



PT. Toyota Tsusho Indonesia, PT. Yamaha Motor Parts Manufacturing Indonesia (YPMI), PT. Matahari Wasiso Tama, PT. Hokuriku Techno Indonesia

Replacing a conventional burner with a high-efficiency regenerative burner for an aluminum holding furnace improves energy saving and reduces GHG emissions. YPMI has an aluminum wheel die casting line with 11 crucible type holding furnaces. Local furnace manufacturer PT. Matahari replaces and modifies the furnaces supervised by the branch of Japanese furnace manufacturer Hokuriku Techno. PT. Matahari acquires sophisticated furnace design and



manufacturing knowhow of regenerative burner furnaces and their tuning/maintenance techniques.









#### Model Project (JFY 2014)

# Energy Saving for Textile Factory Facility Cooling by High Efficiency Centrifugal Chiller



Energy Demand

Estimated Emission Reduction

118 tCO<sub>2</sub>/vear



Ebara Refrigeration Equipment & System Co., Ltd.



PT. Nikawa Textile Industry, PT. Ebara Indonesia

The textile industry is a major industry in Indonesia. To produce high quality products, air-conditioning is of key importance. For reducing GHG for the textile industry, a high-efficiency chiller is one of the best options to choose. The existing 500USRt chiller is replaced by a high-efficiency centrifugal chiller, which consists of a





two-stage high efficiency compressor, economizer and sub-cooler system. By applying a purge unit with Activated Carbon, nearly 100% of HFC-245fa refrigerant with 0 ODP is recovered for excellence in GHG reductions.

#### Model Project (JFY 2014)

### Reducing GHG Emission at Textile Factories by Upgrading to Air-saving Loom



**Energy Demand** 

Estimated Emission Reduction

566 tCO<sub>2</sub>



Toray Industries, Inc.



PT. Indonesia Synthetic-Textile Milles (ISTEM), PT. Eastertex, PT. Century Textile Industry (CENTEX),

PT. Toray Industries Indonesia (TIN)

Exporting textile products from Indonesia is the highest amount in Southeastern Asia.

In the project, at 3 sites of textile factory in Indonesia we will upgrade existing weaving looms to total 81 units of the latest air-saving loom "Toyota JAT810".





Separa JETETS

D. La Calling and self-function desired

Self-functional art mate.

See high efficiency art mate.

D. See high efficiency art mate.

D. See high efficiency art mate.

This "JAT810" has original air-saving technology to reduce air consumption for weft insertion more 20% than the conventional model. The effect is not only reducing  ${\rm CO_2}$  emission by saving the power consumption of air-compressors but also reducing the running cost.









Model Project (JFY 2014)

## Introduction of High Efficient Old Corrugated Cartons Process at Paper Factory



Estimated Emission Reduction

14,884 tCO<sub>2</sub> /vear



Kanematsu Corporation



PT Fajar Surva Wisesa Tbk.

This project aims to achieve electricity usage reduction per ton produced (by about 10 %) by introducing a Japanese high-efficient system for the old corrugated carton (OCC) process for PT. Fajar Surya Wisesa, thereby contributing to CO, reduction.

This OCC process is a process to prepare clean raw materials containing dissolved paper fibers by mixing used corrugated board into water for defiberization and removing foreign substances.



Since a large amount of material (water) is used in this process, the electricity is significantly consumed to the power motors.

Model Project (JFY 2015)

# Energy Saving for Air-Conditioning at Shopping Mall with High Efficiency Centrifugal Chiller



Energy Demand

Estimated Emission Reduction

996 tCO<sub>2</sub> /year

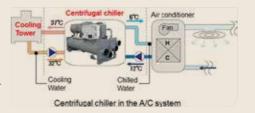


NTT Facilities, Inc.



PT. Pakuwon Jati, Tbk.

NTT FACILITIES, INC and PT. Pakuwon Jati Tbk have agreed to collaborate in energy saving project by installing high efficiency centrifugal chiller at Tunjungan Plaza in Surabaya. This US\$ 2.1 million project is expected to save 1,136 MWh of electricity and 996 tCO<sub>2</sub> of carbon emission annually.











JCM Registered

Model Project (JFY 2015)

### Energy Saving for Industrial Park with Smart LED Street Lighting System



Estimated Emission Reduction

900 tCO<sub>2</sub> /year



NTT Facilities, Inc.



PT. Maligi Permata Industrial Estate, PT. Harapan Anang Bakri & Sons, PT Karawang Tatabina Industrial Estate

The replacement of existing high pressure sodium lighting with the highly efficient street lighting system for Industrial Parks is estimated to reduce the electricity usage of 1,106 MWh annually. This US\$ 1.5 million worth project is a collaboration between NTT FACILITIES, INC with PT. Maligi Permata Industrial Estate, PT. Harapan Anang Bakri & Sons and PT. Karawang Tatabina Industrial Estate.



Model Project (JFY 2015)

# Introduction of High-efficiency Once-through Boiler System in Film Factory



**Energy Demand** 

Estimated Emission Reduction

428.5 tCO<sub>2</sub>/vear

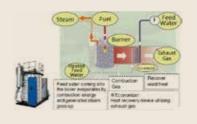


Mitsubishi Plastics Inc.



PT. MC Pet Film Indonesia,

The objective of the project is to save energy by installing once through boiler in PT MC PET Film Indonesia, Merak factory, to replace the existing water tube boiler. The implementation of this project is estimated to increase the efficiency from 87% to 96% thus reducing GHG emission by 428.5  $\rm tCO_2$  per year. This project is cooperation between Mitsubishi Plastic, Inc and PT. MC PET Film Indonesia.











JCM Registered Project

Model Project (JFY 2015)

### Installation of Gas Co-generation System for Automobile Manufacturing Plant



Estimated Emission Reduction

20,439 tCO<sub>2</sub> /year



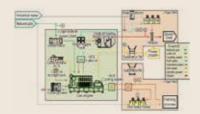
**Toyota Tsusho Corporation** 



Toyota Motor Manufacturing Indonesia

The purpose of this project is to reduce energy consumption and CO<sub>2</sub> emission by installing a gas co-generation system. This system adopts a high efficiency gas-engine and heat recovery system to generate steam and hot water.

This project contributes to the reduction of energy consumption at coal fired power generation prevailed in Indonesia, and to the reduction of GHG and air pollutant emissions.



REDD+ Model Project (JFY 2015)

### **REDD+ Project in Boalemo District**



Estimated Emission Reductions

86,520 tCO<sub>2</sub> /year



Kanematsu Corporation



Gobel group DKM (PT. Dharma Karyatama Mulia, Boalemo District)

The REDD+ model project in Boalemo District is the first REDD+ project under JCM scheme. The collaboration project between Kanematsu Corporation and PT. Dharma Karyatama Mulia aims to reduce the slash-and-burn deforestation by improving agricultural production practices especially cacao in Boalemo District, Gorontalo Provinces.





### C

### **JCM Demonstration Project**

Demonstration Project (JFY 2013)

### Remote Auto-Monitoring System for Thin Film Solar Power Plant in Indonesia



Energy Industries (renewable/nonrenewable sources Estimated Emission Reduction

1,433 tCO<sub>2</sub> /year

**SHARP Corporation** 



PT. PLN

Indonesia has many remote islands which depend on diesel power plants, subject to increase in fuel oil price and CO<sub>2</sub> emission. Solar power generation is expected to contribute to the reduction of fuel oil. Thin-film PV technology and remote auto-monitoring system for such remote islands helps enable CO<sub>2</sub> emission reduction on a large scale, be verifying this efficacy and spreading widely in Indonesia. This technology produces high power generation in high temperature / low latitude areas and its spectral response can utilize the short (blue) spectrum more effectively in low latitude area. It is also an environmentally-conscious technology as it does not use hazardous substances such as cadmium and using only 1/100th of the amount of silicone used in Crystalline PV. The long term credibility of this technology is suitable for use in mega-solar plants, as it gives high performance in the hot and humid condition, and adoption of highly damp-proof module sealant.

Demonstration Project (JFY 2013)

### **Energy Saving by Optimum Operation at Oil Refinery**



**Energy Demand** 

Estimated Emission Reduction

3,400 tCO<sub>2</sub> /year



Yokogawa Electric Corporation



PT. Pertamina (Refinery Unit V)

At oil refinery (a large CO<sub>2</sub> emitter), effective & sustainable CO<sub>2</sub> emission reduction technologies will be verified, then standardized for JCM roll out.

Introduce Advanced Process Control (APC) system proved at Japan and global oil majors, customize to meet local environment, then verify effective and sustainable CO<sub>2</sub> emission reduction by fossil fuel reduction.









Demonstration Project (JFY 2013)

### **Utility Facility Operation Optimization Technology**



**Energy Demand** 

Estimated Emission Reduction

58,000 tCO<sub>2</sub> /year



**Azbil Corporation** 



Azbil Berca Indonesia, PT. Pertamina

This technology can be applied to the existing utility system of factories of various industries and is high return-on-investment (ROI) technology, since it works on simple computer systems, without high-performance hardware or other expensive equipment. It has a great amount CO2 reduction potential for various industries in Indonesia, such as refineries, chemical plants, district heating and cooling systems, and so on.

Utility Facility Operation Optimization Technology is a "RENKEI" control, which is Japan is leading-edge technology. By using optimization technology, the system determines the optimum selection and optimum load allocation for utility equipment such as boilers, steam turbines, and chillers used in utility facilities, in order to minimize CO<sub>2</sub> emissions. Without any change of utility facility hardware this technology will realize a great amount of CO<sub>2</sub> reduction facilities, in order to minimize CO<sub>2</sub> emissions.



### **JCM Registered Project**

JCM Registered Project is a Project which has been approved by the Joint Committee to be acknowledged under the JCM scheme after going through validation process.

Registered Project (JFY 2014)

### **Energy Saving for Air-Conditioning and Process Cooling** by Introducing High-efficiency Centrifugal Chiller



**Estimated Emission** Reductions (average)

Ebara Refrigeration Equipment & Systems Co. Ltd. Nippon Koei Co. Ltd.

**Energy Demand** 

114 tCO<sub>2</sub> /year



PT. Primatexco Indonesia

Reference No.: ID001



Batang, Central Java Province

In Indonesia, humidity control is indispensable for the textile industry to maintain product quality and massive energy output, which is required for the adjustment of factory air conditioning. The target factory replaces old-fashioned chillers (230 USRt and 250 USRt) with high-efficiency chillers (500USRt), in order to save energy and mitigate CO2 emissions. High-efficiency chillers adopt a highperformance economizer cycle and a super-cooling refrigerant cycle in order to save energy. Also, the chillers use low-pressure refrigerant (HFC-245fa) with zero ODP (Ozone Depletion Potential)

This Project is the first registered project under JCM scheme in the World.













#### Registered Project (JFY 2014)

### Project of Introducing High Efficiency Refrigerator to a Food Industry Cold Storage in Indonesia



**Energy Demand** 

Estimated Emission Reductions (average)

120 tCO<sub>2</sub> /year



Mayekawa Manufacturing Co.,Ltd.



PT. Adib Global Food Supplies, PT. Mayekawa Indonesia

### Reference No.: **ID002**

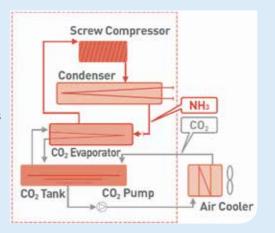


Kel./Kec. Bantargebang, Bekasi, West Java Province

This project is located at PT. Adib Global Food Supplies new site factory at Bekasi, West Java Province.

The advanced energy efficient cooling system using natural refrigerant (NH<sub>3</sub> and CO<sub>2</sub>) is introduced into the food industry and logistics industry in Indonesia, where energy consumption is very high, demonstrating its high energy saving impact as well as a large amount of GHG emission reductions.

A screw compressor and an IPM (interior permanent magnet synchronous) motor are adopted and operated integrally, to achieve highly efficient operation of the cooling facility. This technology is utilized by PT. Adib not only to reduce the emission



reduction but also to improves the efficiency of the refrigerator which used as cold storage for the food industry.









#### Registered Project (JFY 2014)

### Project of Introducing High Efficiency Refrigerator to a Frozen Food Processing Plant in Indonesia



Energy Demand

Estimated Emission Reductions (average)

21 tCO<sub>2</sub> /year



Mayekawa Manufacturing Co.,Ltd.



PT. Adib Global Food Supplies, PT. Mayekawa Indonesia

Reference No.: **ID003** 

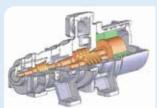


Kec. Cilebar, Kab. Karawang, West Java Province

This project is located at PT. Adib Global Food Supplies existing frozen food factory at Karawang, West Java Province.

The advanced energy efficient cooling system using natural refrigerant (NH<sub>3</sub> and CO<sub>2</sub>) is introduced into the food industry and logistics industry in Indonesia, where energy consumption is very high, demonstrating its high energy saving impact as well as a large amount of GHG emission reductions.

A screw compressor and an IPM (interior permanent magnet synchronous) motor are adopted and operated integrally, to achieve highly efficient operation of the cooling facility. This technology is utilized by PT. Adib not only to reduce the emission reduction but also to improve the efficiency of frozen food processing.



Screw Compressor



Condensing Unit





in cooperation with:



### For Further Information

#### **Indonesia JCM Secretariat**

BUMN Building 18th Floor Jl. Medan Merdeka Selatan 13, Jakarta - 10110 Indonesia

www.jcmindonesia.com

