

## ESG

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## ESG Country Updates

## Singapore

- The Commercial Vehicle Emissions Scheme (CVES), which encourages the adoption of cleaner-energy light commercial vehicles in Singapore, will be extended by two years till 31 March 2027. The scheme was previously extended till 31 March 2025. Under the extended scheme, the incentive for Band A (electric vehicles) remains at S\$15,000 but the S\$5,000 incentive for Band B (mainly petrol vehicles) will be removed. The surcharge for Band C (mainly diesel vehicles) will be raised from S\$15,000 to S\$20,000. These changes aim to further encourage the adoption of cleaner vehicles, to support Singapore's vision of 100% cleaner energy vehicles by 2040.
- PacificLight Power will build a hydrogen-compatible natural gas power plant on Jurong Island that will begin operations in 2029. It will have a capacity of at least 600MW and can burn natural gas with at least 30% hydrogen to generate electricity. There are plans for the plant to burn 100% hydrogen as the power sector works towards net-zero carbon emissions. Keppel is also building a hydrogen-ready plant on Jurong Island that is expected to be completed by 1H 2026. These projects contribute to Singapore's plans to have at least nine hydrogen-ready power plants by 2030.

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## China

- China has announced a new set of trading rules for its voluntary carbon market, the China Certified Emission Reductions (CCERs), following the market's relaunch. It is permitting only listed transactions, while block trades and auctions will be introduced at an appropriate time. The Beijing Green Exchange encourages entities to trade CCERs through listed transactions in efforts to stabilise market expectations, enhance liquidity and create price signals. Some market participants are concerned over the exclusion of block trades in the initial trading rules, as block trades can facilitate buyers' early investments in carbon projects before the issuance of carbon credits. As the first CCER 2.0 project was registered on 3 Dec 2024, the first set of CCERs could be delivered in 1H 2025.

## Malaysia

- Singapore and Malaysia plan to cooperate on carbon credits aligned with Article 6 of the Paris Agreement and work towards an implementation agreement. This can enable the development of carbon credit projects that promote sustainable development and deliver benefits to local communities. Both countries also signed an MoU on cross-border carbon capture and storage (CCS) and will work towards a legally binding agreement. Strong cooperation in these areas, on top of cross-border trading of low-carbon electricity, can accelerate decarbonisation in the region.

## Indonesia

- Sembcorp Industries signed a joint development framework agreement with PLN Energi Primer Indonesia (PLN EPI) at COP29 to establish a potential hydrogen transportation pipeline between Indonesia and Singapore. The pipeline aims to connect Sumatra, the Riau Islands and Singapore to advance both countries' hydrogen ambitions. As the first phase of the feasibility study has been completed, 2025 will involve more detailed engineering and commercial structuring of the project with the aim of creating a regional hydrogen hub.
- Indonesia and Japan agreed to collaborate on the Free Nutritious Meal program to tackle malnutrition among some Indonesian children, where Japan will organise efforts such as training for the school lunch provision program, training experts and assisting in improving the fisheries and agriculture sectors. Both countries also agreed to collaborate in sectors such as industrialization, energy, maritime issues and defense.

## Rest of the world

- The Biden administration released guidance to support companies in securing clean energy tax credits under the Inflation Reduction Act, finalising a program to extend subsidies for wind and solar to other low-carbon sources. This program offers as much as 30% tax credits for the production and investments in climate-friendly power, as part of the Biden administration's efforts to increase climate action before the Trump administration begins. However, there is concern that the Trump administration will cut spending on climate action and maximise fossil fuel output.

## Special Coverage: Cooperation on carbon credits and CCS between Singapore and Malaysia

- Alongside the agreement on the Johor-Singapore Special Economic Zone (JS-SEZ), Singapore and Malaysia signed MoUs on sustainability-related areas of cooperation. They plan to collaborate on carbon credits under Article 6 of the Paris Agreement, and are working towards a legally binding Implementation Agreement to enable the development of carbon projects.
- Both countries plan to enable cross-border carbon capture and storage (CCS) by sharing best practices and information on CCS, as well as facilitate industry-led research projects where relevant. A Joint Committee comprising representatives from both sides, will also be established to facilitate the implementation of the MOU. This can support hard-to-abate sectors, such as energy and chemicals, in Singapore and Malaysia to decarbonise where there are no ready alternative solutions. There are plans to greatly scale up CCS in Southeast Asia as the region has strong geological potential for carbon storage, with Malaysia and Indonesia planning to become regional carbon storage hubs.
- Singapore and Malaysia also plan to jointly study pathways towards a credible framework to recognise Renewable Energy Certificates (RECs) associated with cross-border electricity trade. This can increase the demand for cross-border electricity trading projects that can drive investment to support the long-term viability of renewable energy projects in the region. This builds on the strong momentum behind regional cross-border electricity trade e.g. Lao PDR-Thailand-Malaysia-Singapore Power Integration project.

Carbon Markets Analysis

ETS Markets	Price	Weekly Change	Week High	Week Low
EU ETS (EUR/ton)	74.85	-1.4%	75.94	72.17
China ETS (CNY/ton)	94.47	-2.4%	96.76	94.22

Market	Commentary	
EU ETS	<p>The EU ETS prices increased strongly last Friday, which wiped out earlier declines and trimmed the weekly loss to 1.4% at 74.85 EUR/t. The correlation between carbon and TTF gas remains strong.</p>	
China ETS	<p>After the December compliance period, China ETS prices have been falling with decreasing trading volumes. Market participants remain cautious of the supply outlook of the China Certified Emission Reduction (CCER) Program, as credit issuances are slower than anticipated.</p>	
Voluntary Carbon Market (VCM)	<ul style="list-style-type: none"> <li>Market participants noted that suppliers have been looking to offload their inventory of renewable energy credits as oversupply in the segment has eroded their value, in addition to concerns over credibility issues. Activity in the nature-based avoidance segment also remains limited.</li> </ul>	

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect

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