

Indonesia

General Information

Summary

Status: ETS under development

Jurisdictions: Indonesia

In 2017, Indonesia passed the 'Government Regulation on Environmental Economic Instruments' that provides a basis for ETS implementation. This regulation sets a mandate for an emissions and/or waste permit trading system to be implemented by 2024 (within seven years from its passage).

In 2018, Indonesia completed a study outlining the emissions profiles and marginal abatement cost curves of the power and industry sectors, in addition to completing the design and governance framework of an MRV system. The MRV guidelines for the power sector were released in mid-2018. Following this, an online GHG reporting platform for electricity generators and a pilot MRV program for electricity generators in the Java-Madura-Bali grid (covering ~70% of Indonesia's electricity demand) were launched in late 2018. The Ministry of Industry has also developed an online GHG emissions reporting system for industries in Indonesia. Pilot MRV programs are being conducted in the cement and fertilizer sectors.

A study completed in late 2018 examined four market-based instrument options: an ETS for the power and industry sectors; energy efficiency certificates for industry; a cap-and-tax system; and a carbon offset mechanism. Based on the study and stakeholder consultations, an ETS scenario was selected for further development.

A presidential regulation that will provide a national framework for carbon pricing instruments, including an ETS, is reaching an advanced stage, to be decided in early 2021.

In March of 2021 the Indonesian Minister of Energy and Mineral Resources announced the launch of a voluntary emissions trading trial for the power sector, which is set to run from March to August 2021. Eighty coal-fired power plants will participate, of which 59 are owned by the state electricity company PLN. The voluntary program is considered a pilot and is focused on familiarizing stakeholders with the development of a national ETS, ETS compliance procedures, and offset mechanisms.

The overall cap for the pilot will be intensity-based, with different intensity benchmarks for three subgroups: generators with a capacity between 100 and 400 MWh, with a capacity of over 400 MWh, and generators (with a capacity between 100 and 400 MWh) that are located directly next to a coal mine. Benchmarks are based on the weighted average of GHG emissions intensity of power generators in each participant subgroup in 2019. Participants can trade allowance units as well as offset credits from renewable energy generation. The voluntary program is set to continue, with yearly trading periods and reviews, until the implementation of a national ETS.

Year in Review

No information available yet.

Overall GHG emissions (excluding LULUCF)

Emissions: 1,457 MtCO₂e (2016)

Overall GHG emissions by sector (in MtCO ₂)	Sector Name	MtCO ₂ e
	Energy (538)	538
	Industrial processes (55)	55
	AFOLU (including peat fire) (752)	752
	Waste (112)	112
GHG reduction target	BY 2030: 29% below BAU by 2030 incl. LULUCF (unconditional NDC); up to 41% below BAU by 2030 incl. LULUCF (NDC conditional on international support)	
Carbon Price	<i>Current Allowance Price (per t/CO₂e):</i> No information available yet.	

ETS Size

Covered emissions	No information available yet.
GHGs covered	No information available yet.
Sectors and thresholds	No information available yet.
Point of regulation	No information available yet.
Number of entities	No information available yet.
Cap	No information available yet.

Phases & Allocation

Trading periods	No information available yet.
Allocation	No information available yet.

Flexibility

Banking and borrowing	No information available yet.
Offsets and credits	No information available yet.
Market Stability Provisions	No information available yet.

Compliance

Compliance Period	No information available yet.
Monitoring, Reporting, Verification (MRV)	No information available yet.
Enforcement	No information available yet.

Linking

Links with other systems	No information available yet.
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Other Information

Institutions involved	Coordinating Ministry for Economic Affairs; Coordinating Ministry for Maritime and Investment Affairs; Ministry of Environment and Forestry; Ministry of Energy and Mineral Resources; Ministry of Industry; Ministry of Finance; Environment Fund Agency; National Development Planning Agency; PMR Indonesia Secretariat; UNDP Indonesia.
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	GR 46/2017 on Government Regulation on Environmental Economic Instruments Act No. 32/2009 on Environmental Conservation and Management

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