

Presidential Regulation for Carbon Pricing and Controlling Greenhouse Gases ("PR 110/2025")

May 2026

PR 110/2025 involves a major restructuring and deepening of Indonesia's emission trading system and accelerates the progress in achieving Indonesia's National Determined Contribution ("NDC"). It revokes Presidential Regulation No. 98 of 2021. PR 110/2025 While further ministerial level regulations will follow, the key areas of note are:

1. The Road Map for achieving NDC must also include details of the "source of funding".
2. Broadening climate change mitigation by including: the marine and fisheries sector, oil and gas and blue carbon management sub-sectors.
3. A new system called Regulated Installation (*Instalasi yang Diatur*) and Emission Quota (*Emisi Kuota*) based on Carbon Allocation. The emission trading mechanism will revolve around Regulated Installation, where each installation must ensure that their emissions do not exceed the designated Emissions Cap (*Batas atas Emisi*). To comply, an emitter may implement mitigation actions, purchase emission quotas from other installations, and/or purchase emission offsets.
4. An emitter must pay carbon tax if fails to comply with its Emission Quota.
5. Greenhouse Gas Emission Reduction Certificates (*Sertifikat Penurunan Emisi Gas Rumah Kaca* or SPE-GRK) cannot be issued from the remaining Emission Quotas.
6. Carbon units under international standards are adopted under PR 110/2025 and referred to as Non SPE-GRK Carbon Units. They can be used in domestic trading, however, they must comply with the offset emission registration and secure the relevant Minister's approval beforehand.
7. Offshore carbon trading is classified into either:
 - (a) **Authorized Trading** i.e. Offshore trading which requires ministerial authorization and corresponding adjustment, covering:
 - (i) internationally linked emissions trading,
 - (ii) offset emission that satisfies Articles 6.2 and 6.4 of the Paris Agreement;or
 - (iii) voluntary emission utilized to satisfy other international obligations; or

(b) **Without-Authorization** i.e. Offshore trading which includes emission offsets operating outside Indonesia's NDC and/or any other international obligations and does not require government authorization or corresponding adjustment.

8. A new carbon unit management system, the Carbon Unit Registry System (*Sistem Registri Unit Karbon* or SRUK), where any carbon units and carbon trading will be recorded.

PR 110/2025 provides transitional provisions where (i) Business entities that hold carbon units but have not yet participated in carbon trading or result-based payment mechanisms, and (ii) Existing international agreements approved by the government, must comply with the new provisions by 10 October 2026.

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