

July 2025

INDONESIA ETS AT A GLANCE

Years in operation	Emissions Trading Scheme introduced in February 2023 for the energy sector.
Overall cap and trajectory	Intensity-based targets. Currently under development for all sectors. NDC Targets for 5 primary sectors: Energy, Waste, IPPU (Industrial), Agriculture, Forestry
Emissions reduced to date	Inconclusive
NDC targets	All sectors: 31.89% below BAU by 2030 (unconditional, incl LULUCF) 43.20% below BAU by 2030 (conditional on international support, incl LULUCF) ¹ Net-zero by 2060 or sooner.
Sectors covered	ETS in the power sub-sector is divided into 3 phases until 2030: first phase (2023-2024), second phase (2025-2027) and third phase (2028-2030). In the first phase (2023 – 2024), participants were coal-fired power plants connected to the Perusahaan Listrik Negara (PLN) grid with capacity above 100 MW. In the second phase, coal-fired power plants with capacity above 25 MW and gas-fired power plants are included. Starting in 2027, all fossil fuel power plants, including captive power plants, will gradually be covered by the ETS.
Number of covered entities	In 2023: Covering 99 units coal-fired power plants with a total installed capacity of 33.67 GW, representing 37.0% of Indonesia's power generation capacity. In 2024: Covering 146 units of coal-fired power plants with a total installed capacity of 38.3 GW, representing 38.0% of Indonesia's power generation capacity. In 2025: Expected to cover 309 units of coal-fired power plants with a total installed capacity of 63.2 GW, representing 61.3% of Indonesia's power generation capacity ² , as well as gas-fired power plants.
Trading rules	The Indonesia Stock Exchange (IDX) launched the Indonesia Carbon Exchange (IDXCcarbon) in September 2023, under oversight of the Financial Services Authority of Indonesia (OJK). Carbon credits in Indonesia are classified as securities. ³

¹ Enhanced NDC, September 2022

² As of April 2025

³ <https://www.ashurst.com/en/insights/carbon-trading-in-indonesia-ojk-regulation-on-carbon-exchange/>

	In the inaugural trades on 26 th September 2023, only local market players participated. ⁴ Trading rules are currently under consideration, with IDXCarbon opening up for international trading in January 2025. ⁵
Use of offsets and linking	Carbon reduction units (SPE-GRK) from the energy sector which have been issued on the national registry (SRN) can be utilised by compliance entities within the energy sector to offset their ETS obligations. Further guidance is awaited.
Other features	The scheme is expected to transition into a hybrid “cap-and-tax” system, with an underlying carbon tax to be charged for entities unable to purchase a sufficient number of carbon credits. The concept of a carbon tax was introduced in 2022 but has since been postponed to 2025. The price is expected to be linked to the price of carbon certificates traded on the exchange.
Use of revenue	Not defined.

MAJOR DEVELOPMENTS

The intensity-based ETS in Indonesia was launched after several years of planning in February 2023, covering 99 coal-fired power plants connected to the state-owned electricity company PLN’s grid.

The regulatory framework for the ETS has been developed over several years, starting with the introduction of “*Regulation No. 46 on Environmental Economic Instruments*” in 2017. This was followed by the “*Presidential Regulation No. 98 on the Instrument for the Economic Value of Carbon*” in 2021, which set out the overall framework for carbon pricing in Indonesia, including carbon taxation, emissions trading and provisions for international and voluntary carbon markets. The Regulation also formalized the role of the National Registry System (SRN PPI) in tracking emissions and carbon projects in line with Indonesia’s NDC objectives. A voluntary, intensity-based ETS pilot was conducted in 2021, covering 32 entities in the power sector.⁶

The Ministry of Environment and Forestry (KLHK) then released the “*Guidelines for Carbon Economic Value Implementation*” through Regulation 21/2022, in October 2022. Finally, the Ministry of Energy and Mineral Resources (MEMR) issued the “*Guidelines for Carbon Economic Value Implementation for the Power Generation Sub-sector*” through Regulation 16/2022 in December, which provided the legal basis for launching the ETS.

In the trial launched in February 2023, allowances (PTBAE-PU) were traded for \$2-18 USD per tCO₂e. Later during the year, on 26 September 2023, carbon trading was launched on the Indonesian Stock Exchange (IDX) under oversight of the Financial Services Authority of Indonesia (OJK). The exchange facilitates the trading for both compliance (PTBAE-PU) and voluntary (SPE-GRK) purposes. During the first day, 27 transactions were recorded, amounting to 459,953 tCO₂e of carbon credits (SPE-GRK), at a price of around 69,600 rupiah (approx. \$4.51 USD) per tonne and closing at 77,000 rupiah. Credits sold represented emission reductions produced by Proyek Lahenong Units 5 & 6, a geothermal energy project by state-owned

⁴ <https://www.idx.co.id/en/news/press-release/2016>

⁵ <https://www.idx.co.id/en/news/news/bff362dd-acd7-ef11-b137-0050569d3b40>

⁶ <https://icapcarbonaction.com/en/news/indonesia-launches-emissions-trading-system-power-generation-sector>

energy company Pertamina in North Sulawesi. Buyers included local financial institutions, power-generation, and mining sectors. At the launch event, former President Joko Widodo outlined that Indonesia sees a potential economic gain of up to 3,000 trillion Rupiah (approx. \$194 billion USD) from carbon credit revenues.⁷

From 2023, the ETS has continued its expansion from the first phase to also cover coal-fired power plants and gas-fired power plants outside PLN's grid. Over time, the ETS is expected to transition to a hybrid "cap-and-trade-and-tax" system, putting in place a minimum price floor through a linked carbon tax. The coverage is also expected to continue increasing as it moves into the second (2025-27) and third (2028-30) phases. However, some uncertainty remains with further details on cap, targets, allocation, and linkage to the carbon tax expected in the coming year.

Following the national election in February 2024 and inauguration of a new government administration under the leadership of President Prabowo Subianto, there has been several developments of the carbon market framework in Indonesia. After the strict limitations for international voluntary carbon market projects that were introduced in 2022, the new administration is currently exploring the opening up of its market to international participants.

In October 2024, a Mutual Recognition Agreement (MRA) was signed with Japan's Joint Crediting Mechanism (JCM) to allow for the trade of Internationally Transferred Mitigation Outcomes (ITMOs) under Article 6.2 of the Paris Agreement.⁸ On 20 January 2025, the Government of Indonesia launched its first official international carbon trading conducted via IDXCarbon.⁹ The Ministry of Environment approved a smaller volume of SPE-GRK to be traded by domestic or international participants, with a promise of Article 6 authorisation. However, international demand remained limited with perceptions of continued regulatory uncertainty.

USEFUL LINKS

[Regulation 46/2017 on Environmental Economic Instruments](#)

[Law 7/2021 Concerning Harmonization of Tax Regulations](#)

[Presidential Regulation 98/2021 on the Instrument for the Economic Value of Carbon for Achievement of the NDC and Control of Carbon Emissions in Development](#)

[MoEF Regulation 21/2022 on Guidelines for Carbon Economic Value Implementation](#)

[MEMR Regulation 16/2022 on Guidelines for Carbon Economic Value Implementation for the Power Generation Sub-sector](#)

[Rules for Users of the Carbon Exchange](#)

⁷ <https://www.reuters.com/sustainability/sustainable-finance-reporting/indonesias-president-launches-carbon-emissions-trading-2023-09-26/>

⁸ [Signing of Mutual Recognition Arrangement between Japan and Indonesia regarding the Joint Crediting Mechanism \(JCM\) | Press Release | Ministry of the Environment, Government of Japan](#)

⁹ <https://www.idx.co.id/en/news/news/bff362dd-acd7-ef11-b137-0050569d3b40>

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<https://www.reuters.com/sustainability/sustainable-finance-reporting/indonesias-president-launches-carbon-emissions-trading-2023-09-26/>

[Carbon Trading in Indonesia: OJK Regulation on Carbon Exchange \(ashurst.com\)](#)

[PWC Indonesia Carbon Market Whitepaper](#)

[Indonesia expands carbon trading agreements with multiple countries](#)

[Gold Standard Signs Mutual Recognition Agreement with Indonesian Government](#)

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