

REGULATION OF THE MINISTER OF ENVIRONMENT AND FORESTRY
OF THE REPUBLIC OF INDONESIA
NUMBER 21 OF 2022
ON
PROCEDURE FOR IMPLEMENTATION OF CARBON PRICING
BY THE BLESSINGS OF ALMIGHTY GOD

MINISTER OF ENVIRONMENT AND FORESTRY OF THE REPUBLIC OF
INDONESIA,

Considering : that to support the achievement of the nationally determined contribution target and control over greenhouse gas emissions by 29% (twenty-nine percent) to 41% (forty-one percent) in 2030 in national development and to implement the provisions of Article 48 section (4), Article 49 section (4), Article 53 section (3), Article 54 section (8), Article 56 section (2), Article 57 section (5), Article 61 section (3), Article 68 section (6), Article 69 section (5), Article 71 section (6), Article 77 section (4), and Article 82 section (6) of Presidential Regulation Number 98 of 2021 on the Implementation of Carbon Pricing to Achieve the Nationally Determined Contribution Target and Control Over Greenhouse Gas Emissions in the National Development, it is necessary to issue a Regulation of the Minister of Environment and Forestry on Procedure for Implementation of Carbon Pricing;

Observing : 1. Article 17 section (3) of the 1945 Constitution of the Republic of Indonesia;

2. Law Number 39 of 2008 on State Ministries (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916);
3. Presidential Regulation Number 92 of 2020 on the Ministry of Environment and Forestry (State Gazette of the Republic of Indonesia of 2020 Number 209);
4. Presidential Regulation Number 98 of 2021 on the Implementation of Carbon Pricing to Achieve the Nationally Determined Contribution Target and Control Over Greenhouse Gas Emissions in the National Development (State Gazette of the Republic of Indonesia of 2021 Number 249);
5. Regulation of the Minister of Environment and Forestry Number 15 of 2021 on Organization and Work Procedure of the Ministry of Environment and Forestry (State Bulletin of the Republic of Indonesia of 2021 Number 756);

HAS DECIDED:

To issue : REGULATION OF THE MINISTER OF ENVIRONMENT AND FORESTRY ON PROCEDURE FOR IMPLEMENTATION OF CARBON PRICING.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Ministerial Regulation:

1. Carbon Pricing (*Nilai Ekonomi Karbon*), hereinafter abbreviated as NEK, means the value of each unit of Greenhouse Gas Emissions generated from human activities and economic activities.
2. Greenhouse Gas, hereinafter abbreviated as GHG, means gases contained in the atmosphere, both natural and anthropogenic, which absorb and re-emit infrared radiation.

3. GHG emissions mean the release of GHG into the atmosphere in a specific area within a specific period of time.
4. GHG Emissions Cap means the highest GHG Emissions level determined in a certain period.
5. GHG Emissions Level means the condition of GHG Emissions in a certain period of time which can be compared based on the results of GHG calculations using consistent emission/absorption methods and factors to show the changes in trend of emission level from year to year.
6. Result-Based Payment means an incentive or payment obtained from GHG Emissions reduction achievement which is verified and/or certified and validated non-carbon benefits.
7. Climate Change Mitigation means any effort to reduce the risks of Climate Change by reducing GHG emissions from various sources and increasing carbon sequestration/strengthening of carbon stock from various sources of emissions.
8. Climate Change Mitigation Action means any activity that may reduce GHG Emissions, increase carbon sequestration and/or storage/strengthening of carbon stocks.
9. Climate Change Adaptation means any effort to increase the adaptive capacity to climate change, including climate variability and extreme weather, so that the potential damages due to climate change is reduced, opportunities posed by climate change can be identified, and consequences arising from climate change can be solved.
10. Climate Change Adaptation Action means any activity to conform to anticipate the real adverse effect to climate change, by developing anticipatory strategies and taking advantage of profitable opportunities.
11. Climate Change means a change of climate which is attributed directly or indirectly to human activity that

alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

12. Nationally Determined Contribution, hereinafter abbreviated as NDC, means a national commitment for handling global climate change in order to achieve the goals of the Paris Agreement to the United Nations Framework Convention on Climate Change.
13. Procedure for NEK Implementation means the entire system of implementing activities to achieve NDC which include NDC achievement activities carried out through NEK procedure, implementation of the National Registry System for Climate Change, implementation of Measurement, Reporting, and Verification, issuance of Certificate of GHG Emissions Reduction, and monitoring, evaluation, and reporting.
14. Balancing of GHG Emission, hereinafter referred to as GHG Emissions Offset, means GHG Emissions reduction carried out by business and/or activity to compensate for emissions made elsewhere.
15. Baseline Business as Usual of GHG Emissions, hereinafter referred to as GHG Emissions Baseline means an estimate of emissions levels and projection of GHG in Sector or activity that have been identified within a predetermined time frame without policy intervention and/or mitigation technology.
16. GHG Emissions Inventory means an activity to obtain data and information regarding the level, status, and trend of periodic changes in GHG Emissions from various emission sources and its sequestration.
17. GHG Sequestration means the absorption of GHG from the atmosphere, naturally or through the use of technology, in a certain area within a certain period of time.
18. Certificate of GHG Emissions Reduction (Sertifikat Pengurangan Emisi GRK), hereinafter abbreviated as SPE-GRK means a proof of emission reduction by

businesses and/or activities that have gone through Measurement, Reporting, and Verification and it is recorded in the National Registry System for Climate Change in the form of a registry number and/or code.

19. Carbon Trading means a market-based mechanism to reduce GHG Emissions through Carbon Units trading.
20. Carbon levy means state levies, both central and local government, imposed on goods and/or services that potentially have and/or have carbon content and/or businesses and/or activities that potentially have carbon emissions and/or emit carbon that may have an adverse impact on the environment and/or mitigation actions.
21. Direct Trading means Carbon Trading conducted off the carbon exchange between sellers and buyers requiring Carbon Unit.
22. Cross-Sectoral Carbon Trading means Carbon Trading between different Sectors and/or Sub-Sectors.
23. Emission Trading means a transaction mechanism among Business Actors whose emissions exceed the specified GHG Emissions cap.
24. Carbon Unit means a proof of carbon ownership in the form of a certificate or allowance expressed in 1 (one) tonne of carbon dioxide as registered in the National Registry System for Climate Change.
25. National Registry System for Climate Change, hereinafter abbreviated as SRN PPI, means a web-based data and information management system on actions and resources for Climate Change Mitigation, Climate Change Adaptation, and NEK in Indonesia.
26. Public Information means any information produced, stored, managed, sent and/or received by a public body in relation with governments and governance of state and/or operators and governance of other public bodies in accordance with this Law and other information concerning public interest.
27. Means of implementation means elements to support the implementation of Climate Change Mitigation Action and

Climate Change Adaptation Action to achieve the NDC target.

28. Validation means a systematic and documented process by parties who are not involved in activities to ensure that the design of the implementation of activities meet the specified requirements.
29. Verification means an activity to ensure the correctness and quality assurance of action data and Means of Implementation submitted by the person in charge of the action into SRN PPI.
30. Measurement, Reporting, and Verification hereinafter abbreviated as MRV means an activity to ensure that data and/or information on Climate Change Mitigation Action and Climate Change Adaptation Action are valid and that they have been carried out in accordance with the established procedure and/or standard and their correctness is guaranteed.
31. Sector means the NDC sector which has activities related to GHG Emissions, not referring to administrative definition or an institution that generally organizes or regulates activities.
32. Sub-Sector means a Sub-Sector which has a Sub-Sector of activities related to GHG Emissions, not referring to administrative definition or an institution that generally organizes or regulates activities.
33. Emission Cap allowance (Persetujuan Teknis Batas Atas Emisi), hereinafter abbreviated as PTBAE, means the allowance of GHG Emissions Cap in Sub-Sector or sub of Sub-Sector.
34. PTBAE for Business Actor, hereinafter referred to as PTBAE-PU, means the determination of GHG Emissions Cap for Business Actor and/or the determination of emissions quota within a certain Compliance Period for any Business Actor.
35. Design Document of Climate Change Mitigation Action (Dokumen Rancangan Aksi Mitigasi Perubahan Iklim), hereinafter referred to as DRAM, means a document

formulated by Business Actor in order to obtain the SPE-GRK.

36. Compliance Period means a period of time determined by the Related Ministers for measuring the compliance of Business Actor in reducing GHG Emissions in accordance with the GHG Emissions Cap or predetermined target.
37. Verifier means an independent third party who is certified by a Verification agency accredited by the National Accreditation Committee to perform Verification in NEK implementation.
38. Validator means an independent third party who is certified by a Validation agency accredited by the National Accreditation Committee to perform Validation in NEK implementation.
39. Clean Development Mechanism, hereinafter abbreviated as CDM, means a mechanism of reducing GHG Emissions in cooperation between Annex I Parties and non-Annex I Parties as regulated in the Kyoto Protocol.
40. Business Actor means an individual or business entity that carries out business and/or activity in a certain field.
41. Indonesian Environment Fund (Badan Pengelola Dana Lingkungan Hidup), hereinafter abbreviated as BPD LH, means a non-echelon organizational unit that carries out the function of environmental fund management using the financial management pattern of public service agencies.
42. Director General means the director general who has the duty to carry out the formulation and implementation of policies in the field of Climate Change.
43. Minister means the minister administering government affairs in the field of environmental protection and management.
44. Related Minister means the minister coordinating the Sector or in charge of the Sub-Sector within the Procedure for NEK Implementation.

Article 2

- (1) The implementation of Climate Change Mitigation Actions is carried out through the NEK implementation.
- (2) The NEK implementation as referred to in section (1) is carried out in the Sector and Sub-Sector.
- (3) The Sector as referred to in section (2) consists of:
 - a. energy;
 - b. waste;
 - c. industrial processes and product uses;
 - d. agriculture;
 - e. forestry; and/or
 - f. other Sectors are in accordance with the development of science and technology.
- (4) The Sub-Sector as referred to in section (2) consists of:
 - a. power plant;
 - b. transportation;
 - c. construction;
 - d. waste;
 - e. waste water;
 - f. solid waste;
 - g. industry;
 - h. rice field;
 - i. livestock;
 - j. plantation;
 - k. forestry;
 - l. peat and mangrove management; and/or
 - m. other Sub-Sectors in accordance with the development of science and technology.
- (5) The Sub-Sector as referred to in section (4) is implemented by taking into account of energy efficiency.

Article 3

- (1) The NEK implementation as referred to in Article 2 is carried out by:
 - a. ministries/institutions;
 - b. local government;
 - c. Business Actors; and
 - d. public.

- (2) The NEK implementation as referred to in section (1) is carried out through the following mechanisms:
 - a. Carbon Trading;
 - b. Result-Based Payment;
 - c. Carbon Levy; and/or
 - d. other mechanisms in accordance with the development of science and technology.

CHAPTER II
PROCEDURES FOR THE IMPLEMENTATION OF THE
CARBON TRADING

Part One
General

Article 4

- (1) Carbon trading as referred to in Article 3 section (2) point a may be carried out through:
 - a. Domestic Carbon Trading; and/or
 - b. International Carbon Trading.
- (2) In conducting the Carbon Trading as referred to in section (1), the following provisions must be met:
 - a. in accordance with the Carbon Trading roadmap;
 - b. it provides emission reduction buffers; and
 - c. in the form of SPE-GRK for Cross-Sector Carbon Trading.
- (3) In addition to complying with the provisions as referred to in section (2), for international Carbon Trading the following provisions must be met:
 - a. it is conducted after the Related Ministers has determined and submitted the plan and strategy achievement of NDC, in the Sector and Sub-Sector to the Minister;
 - b. it has achieved the NDC target in the Sub-Sector or sub-Sub Sector for Foreign Carbon Trading; and
 - c. it obtains authorization from the Minister.

Article 5

- (1) Domestic Carbon Trading and/or International Carbon Trading as referred to in Article 4 section (1) are carried out through the following mechanisms:
 - a. Emissions Trading; and
 - b. GHG Emission Offset.
- (2) Emissions Trading and GHG Emission Offset as referred to in section (1) are carried out through:
 - a. carbon exchange; and/or
 - b. Direct Trade.

Article 6

- (1) The Carbon Trading roadmap as referred to in Article 4 section (2) point a consists of:
 - a. Carbon Trading roadmap for the Sector; or
 - b. Carbon Trading roadmap for Sub-Sector.
- (2) The Carbon Trading roadmap as referred to in section (1) is prepared by taking into account:
 - a. general criteria, at least contain:
 1. annual disaggregation of Sector or Sub Sector GHG Emissions Baseline;
 2. annual disaggregation of the Sector or Sub-Sector national emission reduction targets; and
 3. the results of the GHG Emissions Inventory in the form of actual emissions in the Sub Sector or sub of Sub Sector;
 - b. specific criteria related to Emissions Trading, at least contain:
 1. the plan and strategy achievement of NDC target in the Sector or Sub-Sector;
 2. Emissions Trading target;
 3. strategy of domestic Emissions Trading and international Emissions Trading;
 4. Emission Trading time period;
 5. Performance measurement compliance period; and
 6. harmonization with other NEK implementation

mechanisms in order to avoid double counting and double payments; and

- c. specific criteria related to GHG Emissions Offset, at least contain:
 1. the plan and strategy achievement of NDC target in the Sector or Sub-Sector;
 2. GHG Emissions Offset targets;
 3. preparation of GHG Emissions Baseline and emission reduction targets for Business Actor;
 4. determination of GHG Emissions Baseline and emission reduction targets for Business Actor;
 5. GHG Emissions Offset period;
 6. GHG emissions reduction performance measurement compliance period;
 7. domestic and foreign GHG Emissions Offset trading strategy which at least covers the potential and timing of GHG Emissions Offset trading; and
 8. harmonization with other NEK implementation mechanisms in order to avoid double counting and double payments.
- (3) The Carbon Trading roadmap as referred to in section (1) is prepared and determined by the Related Ministers in accordance with their authority after coordinating with the Minister.
- (4) The Carbon Trading roadmap as referred to in section (3) is used for due diligence on Emissions Trading and as a reference in the GHG.

Article 7

- (1) The provision of emission reduction buffer as referred to in Article 4 section (2) point b is a number of Carbon Units sets aside as risk control in achieving the NDC target due to Carbon Trading conducted throughout the year before 2030.
- (2) The provision of emission buffer as referred to in section (1) is carried out with the following provisions:

- a. 0-5% (zero to five percent) of SPE-GRK, for domestic GHG Emission Offset;
 - b. a minimum of 10% (ten percent) and a maximum of 20% (twenty percent) of the SPE-GRK, for international GHG Emission Offset; and
 - c. a minimum 20% (twenty percent) of the SPE-GRK, for international GHG Emission Offset outside the scope of the NDC.
- (3) The amount of the provision of emission reduction buffer as referred to in section (2) point b is determined by the Minister after coordinating with the Related Ministers.
 - (4) The amount of provision of emission reduction buffer as referred to in section (3) may be changed periodically based on the evaluation of the results of the verified annual NDC target achievement report.
 - (5) In the event that there are buffer or remaining buffer, they can be partially or completely returned after the NDC targets for the Sector, Sub Sector, and sub of Sub-Sector have been achieved in 2 (two) consecutive years, for then the Carbon Trading may be carried out.
 - (6) The return of reserves or remaining reserves as referred to in section (5) is carried out through the SRN PPI mechanism.

Article 8

The Procedures of Carbon Trading for the Sector or Sub-Sector are determined by the Related Ministers in accordance with their authority after coordinating with the Minister.

Part Two

Domestic Carbon Trading and International Carbon Trading

Paragraph 1

Emissions Trading

Article 9

- (1) The Emissions Trading as referred to in Article 5

section (1) point a is applied to businesses and/or activities that have a GHG Emissions Cap that has been determined through PTBAE.

- (2) The determination of PTBAE as referred to in section (1) must fulfill the following provisions, at least:
 - a. the actual GHG emissions value is below of the target in the Sub-Sector or sub of Sub-Sector; and
 - b. based on the Carbon Trading roadmap.
- (3) The Related Ministers determine the PTBAE as referred to in section (1).

Article 10

- (1) The PTBAE as referred to in Article 9 section (3) becomes the basis for the Related Ministers in determining PTBAE-PU.
- (2) The determination of PTBAE-PU as referred to in section (1) is carried out based on:
 - a. proposal of Business Actors; or
 - b. direct appointment.
- (3) The proposal as referred to in section (2) point a is conducted through the submission of an application for PTBAE-PU to the Related Ministers by Business Actor by attaching information and business plan.
- (4) The information and business plan as referred to in section (3) at least contain:
 - a. actual emissions of businesses and activities according to the characteristics of the Sector and Sub-Sector within a certain period; and
 - b. low emissions action plan and/or Climate Change Mitigation Action plan.
- (5) The Related Ministers as referred to in section (3) is issued PTBAE-PU with the following provisions of:
 - a. taking into account the results of a review of information and business plan;
 - b. determining the PTBAE-PU with an equal value to the GHG Emissions Cap or with an emission quota that value is less than the GHG Emissions Cap; and

- c. the accumulation of GHG Emissions Cap which is allocated for Business Actor is not exceeded the PTBAE value.
- (6) The direct appointment of PTBAE-PU by the Related Ministers as referred to in section (2) point b is carried out with the following criteria:
- a. actual emissions for 1 (one) period; and
 - b. the accumulated of GHG Emissions Cap which is allocated for Business Actor, is not exceeded the value of PTBAE Sub-Sector or sub of Sub-Sector.

Article 11

The PTBAE-PU which has been determined by the Related Ministers may be traded at the beginning of the Compliance Period through domestic Emissions Trading and/or among fellow PTBAE-PU owners.

Article 12

- (1) In implementing PTBAE-PU as referred to in Article 11, Business Actor conducts an actual emissions measurement at the end of the Compliance Period by using a methodology that is:
- a. determined by the Director General;
 - b. determined by the National Standardization Agency; and/or
 - c. agreed by the Parties to the United Nations Framework Convention on Climate Change.
- (2) Based on the actual emissions measurement results as referred to in section (1), the Business Actor prepares a report on the implementation of PTBAE-PU which contains at least:
- a. actual emissions measurement at the end of the Compliance Period; and
 - b. measurement of the remaining GHG Emissions Cap during the Compliance Period by reducing the GHG Emissions Cap value and/or emissions quota with actual emissions.

- (3) The report on the implementation of PTBAE-PU as referred to in section (3) is verified by the Verifier to ensure the quality of the actual emissions data and ensure the remaining amount of the GHG Emissions Cap and/or the unused emissions quota.
- (4) The Verifier submits the report of verification result as referred to in section (3) to the Business Actor.
- (5) The report of verification result as referred to in section (4) contains at least:
 - a. actual emissions above PTBAE-PU; or
 - b. actual emissions under PTBAE-PU.
- (6) The remaining GHG Emissions Cap and/or the unused emissions quota as referred to in section (3) may be carried out:
 - a. Domestic Emissions Trading and/or among fellow PTBAE-PU owners; or
 - b. storage.
- (7) The storage as referred to in section (6) point b is carried out no later than 2 (two) years after the year of compliance.
- (8) If the period of time as referred to in section (7) is exceeded, the remaining GHG Emissions Cap and/or emissions quota cannot be re-traded.

Article 13

- (1) In the event that the actual emissions are above PTBAE-PU as referred to in Article 12 section (5) point a, the Business Actor must undertake the offsetting.
- (2) Offsetting as referred to in section (1) may be carried out by purchasing Carbon Units from other Business Actor.
- (3) In the event that the actual emission is below PTBAE-PU as referred to in Article 12 section (5) point b, the Carbon Unit may be traded domestically among Business Actors in the Sub-Sector or sub of Sub-Sector that has GHG Emissions Cap and/or has the same emissions quota.
- (4) In the event that the actual emission is below PTBAE-PU as referred to in section (3), the Business Actor may apply for the issuance of SPE-GRK.

- (5) Business Actor possessing SPE-GRK may conduct domestic, international, or cross-Sectoral Carbon Trading.

Paragraph 2

GHG Emissions Offset

Article 14

- (1) GHG Emissions Offset as referred to in Article 5 Section (1) point b is carried out for businesses and/or activities that:
 - a. have no GHG Emissions Cap;
 - b. have emission surplus, in the event that the results of the GHG Emissions reduction achievement from the Climate Change Mitigation Actions are below the target and the determined GHG Emissions Baseline;
or
 - c. have emissions deficit, in the event that the GHG Emissions reduction results from the Climate Change Mitigation Action are above the target and below the determined GHG Emissions Baseline.
- (2) In the event that the business and/or activity has no GHG Emissions Cap as referred to in section (1) point a, the Minister and governors in accordance with their respective authority determine the GHG Emissions Baseline and emissions reduction target.
- (3) The determination of GHG Emissions Baseline and emissions reduction target as referred to in section (2) is carried out in accordance with the provisions of the legislation.
- (4) Business Actor may sell the emissions surplus as referred to in section (1) point b to other parties.
- (5) In the event that there is an emission deficit as referred to in section (1) point c, the Business Actor may offset the gap in emissions by purchasing from Business Actor that has an emission surplus.

Article 15

- (1) In performing GHG Emissions Offset as referred to in Article 14, the Business Actor prepares DRAM.
- (2) The DRAM as referred to in section (1) is validated by the Validator.
- (3) The results of the validation as referred to in section (2) is stated in a report and submitted to the Business Actor.
- (4) Business Actor registers the DRAM as referred to in section (1) and the report on the results of the Validation as referred to in section (3) are registered on the SRN PPI.

Article 16

- (1) Business Actor prepares a report on the results of the implementation of Climate Change Mitigation Actions for each Compliance Period.
- (2) The report on the implementation results as referred to in section (1) is verified by the Verifier.
- (3) The results of the Verification as referred to in section (2) are stated in a report and submitted to the Business Actor.
- (4) Business Actor registers the report on the results of the implementation of Climate Change Mitigation Actions as referred to in section (1) and the report on the Verification result as referred to in section (3) on the SRN PPI.

Article 17

- (1) Based on the registry as referred to in Article 15 and Article 16, the Director General establishes an MRV team to conduct a final review.
- (2) The review as referred to in section (1) is carried out on the report on the results of the implementation of the Mitigation Action, the report on the Verification result, DRAM, and the report on the Validation result that is registered on the SRN PPI.
- (3) Based on the results of the MRV team's review as referred to in section (1), the Director General issues the SPE-GRK.

Paragraph 3

International Carbon Trading through Cooperation

Article 18

- (1) The Related Ministers may perform an international Carbon Trading cooperation to produce GHG Emissions reduction achievement results in order to achieve the NDC target in Sub-Sectors, after coordinating with the Minister.
- (2) Some of the emissions reduction achievement from the Climate Change Mitigation Action as referred to in section (1) may be transferred to international cooperation partner countries in accordance with the cooperation agreement by taking into account:
 - a. in order to assist developing countries in achieving NDC target and increasing ambition;
 - b. emissions reduction costs in the sector involved (abatement cost); and
 - c. its emission reduction performance is below the determined emissions target.
- (3) In the event that there is a condition of international Carbon Trade that does not interfere with the achievement of the NDC target, special arrangements for international Carbon Trade is made, including in the form of investment cooperation which must meet the following requirements:
 - a. registered in SRN PPI;
 - b. no transfer of Carbon Units to other country's NDCs;
 - c. no claim for emission reduction results from the Climate Change Mitigation Action; and
 - d. not associated with the emission reduction target of international cooperation partners.
- (4) The requirements as referred to in section (3) are determined by the international Carbon Trading protocol by the Minister.

Article 19

The transfer of emissions reduction achievement from the Climate Change Mitigation Action as referred to in Article 18 section (2) is carried out with the following provisions:

- a. obtain approval and authorization from the Minister;
- b. business and/or activity including emission reduction performance is required to be registered in the SRN PPI;
- c. a corresponding adjustment is made during the first transfer in the international registry system under the United Nations Framework Convention on Climate Change and is also recorded in the SRN PPI for the conformity of registry in both;
- d. The Sector or Sub-Sector as the object of cooperation may be determined by the two partnering parties;
- e. using only GHG in tons of carbon dioxide equivalent (CO₂e) and in line with the NDC;
- f. pay all costs and levies based on decisions in accordance with International decisions under the Paris Agreement;
- g. based on the agreement both parties may allocate costs and activities for Climate Change Adaptation activities;
- h. prepare initial reports, annual information, and regular information on the results of cooperation;
- i. emissions reduction performance is calculated based on the GHG Emissions Baseline and NDC achievement targets in the Sub-Sector per year and has been assessed by a team of experts appointed by the secretariat of the United Nations Framework Convention on Climate Change; and
- j. comply with other requirements in accordance with decisions of the Paris Agreement conference of the parties and the Climate Change conference.

Article 20

- (1) Business Actor may cooperate in Carbon Trading with the foreign Business Actor after obtaining approval from the Minister.
- (2) The cooperation as referred to in section (1) is intended to

support the achievement of the NDC target and the achievement of sustainable development goals for both countries.

- (3) The results of the Climate Change Mitigation Action on the cooperation as referred to in section (1) may be used by international cooperation partners to fulfill the NDC after obtaining authorization from the Minister.

Article 21

- (1) In carrying out international Carbon Trading through cooperation as referred to in Article 18, Article 19, and Article 20, the Minister establishes a designated national authority.
- (2) The Designated national authority as referred to in section (1) has the following duties:
 - a. conduct a review of the proposed international cooperation from the Related Ministers;
 - b. conduct a review of the report on the implementation of foreign cooperation for the issuance of SPE-GRK;
 - c. provide recommendations to the Minister for approval of foreign cooperation;
 - d. provide recommendations to the Minister to authorize the transfer of carbon rights abroad; and
 - e. reporting on the planning, implementation and results of international cooperation to supervisory bodies under the Paris Agreement.
- (3) The designated national authority as referred to in section (2) is domiciled in the ministry administering government affairs in the field of environment as the national focal point for the United Nations Framework Convention on Climate Change.
- (4) In implementing international cooperation agreements, the parties prepare project design documents.
- (5) The project design documents as referred to in section (4) are validated by designated operational entities.
- (6) The Designated operational entities as referred to in

section (5) are accredited by supervisory bodies under the Paris Agreement.

- (7) Reports on the results of the implementation of international cooperation agreements prepared by the parties are verified by designated operational entities.
- (8) The report on the implementation results as referred to in section (7) is reviewed by a team of experts appointed by the supervisory body under the Paris Agreement.

Article 22

Provisions on international Carbon Trading through cooperation as referred to in Article 18 to Article 21 are implemented in accordance with the provisions of the legislation concerning the Paris Agreement.

Part Three

Cross-Sectoral Carbon Trading

Article 23

- (1) Carbon trading may be carried out cross-sectors.
- (2) The Cross-Sectoral Carbon Trading as referred to in section (1) consists of:
 - a. International Cross-Sectoral Carbon Trading; and/or
 - b. Domestic Cross-Sectoral Carbon Trading.
- (3) The international Cross-Sectoral Carbon Trading as referred to in section (2) point a is carried out in the event that the Sub-Sector GHG Emissions reduction target and/or Climate Change Mitigation Action plan has been achieved.
- (4) The domestic Cross-Sectoral Carbon Trading as referred to in section (2) point b is conducted based on the quota of Cross-Sectoral Carbon Trading determined by the Related Ministers.
- (5) The determination of the quota for the Cross-Sectoral Carbon Trading as referred to in section (4) is prepared by taking into account:
 - a. prioritizing Climate Change Mitigation in the Sector concerned;

- b. emission reduction costs in the sector involved (abatement cost);
- c. methodology of proof of performance of Climate Change Mitigation in the Sector involved;
- d. results of monitoring, evaluation, and reporting on the Procedure for NEK Implementation every year; and
- e. comparison of the achievement of emission reductions to the NDC target in the current year.

Part Four

International Carbon Trade Approval and Authorization

Article 24

- (1) In order to obtain the approval of the Minister as referred to in Article 19 point a and Article 20 section (1), the Related Ministers and/or Business Actor submit an application to the Minister by attaching a proposal and draft of a Carbon Trading cooperation agreement.
- (2) Based on the application as referred to in section (1), the Minister reviews the proposal and draft of the Carbon Trading cooperation agreement with the involvement of the Related Ministers within a maximum period of 14 (fourteen) workdays.
- (3) In the event that the results of the review as referred to in section (2) are not appropriate, the Minister returns the application to the Related Ministers and/or Business Actor to be completed within a maximum period of 14 (fourteen) workdays.
- (4) In the event that the results of the review as referred to in section (2) are appropriate, the Minister issues an approval for international cooperation in Carbon Trading.

Article 25

- (1) The Minister grants authorization to international transfer of Carbon Unit.
- (2) To obtain the authorization as referred to in section (1),

the Related Ministers and/or Business Actor submit an application to the Minister by attaching:

- a. SPE-GRK which has been issued by the Director General; or
 - b. emission reduction certificates that have been issued by other certificate issuing institutions that have cooperated for mutual recognition.
- (3) Based on the application as referred to in section (2), the Minister conducts a review within a maximum period of 14 (fourteen) workdays.
 - (4) In the event that the results of the review as referred to in section (2) are not appropriate, the Minister returns the application to the Related Ministers and/or Business Actor to be completed within a maximum period of 14 (fourteen) workdays.
 - (5) In the event that the results of the review as referred to in section (2) are appropriate, the Minister issues an authorization.

Article 26

The approval of the international cooperation agreement as referred to in Article 24 and the authorization as referred to in Article 25 are prepared using the format as listed in Annex I as an integral part of this Ministerial Regulation.

Part Five

Carbon Trading Infrastructure

Development through the Carbon Exchange

Article 27

- (1) The Carbon Trading through the carbon exchange as referred to in Article 5 section (2) point a is carried out by:
 - a. development of Carbon Trading infrastructure;
 - b. regulation on the utilization of state revenues from Carbon Trading; and/or
 - c. carbon transaction administration.
- (2) The carbon exchange as referred to in section (1) is a

stock exchange or trading operator that has obtained a business license from the authority that operates an integrated regulatory and supervisory system for all activities in the financial services sector regarding Carbon Trading and/or Carbon Unit ownership registry.

- (3) The development of the Carbon Trading infrastructure as referred to in section (1) point a may be connected to the international carbon exchange.
- (4) Utilization of state revenue from Carbon Trading as referred to in section (1) point b is carried out in accordance with the provisions of legislation.
- (5) Administration of carbon transactions as referred to in section (1) point c is carried out through registry and documenting the implementation of Carbon Trading.
- (6) Carbon trading through the carbon exchange as referred to in section (1) is carried out in accordance with the provisions of legislation.

CHAPTER III RESULT-BASED PAYMENTS

Part One General

Article 28

- (1) Result-Based Payments as referred to in Article 3 section (2) point b are made based on the results/benefits of GHG Emissions reduction generated by the ministry/institution, local government, or Business Actor.
- (2) In implementing the Result-Based Payments as referred to in section (1), the Minister prepares general guidelines which contain:
 - a. implementation of Result-Based Payments;
 - b. procedures for receiving Result-Based Payments to the government, local governments, Business Actors, and the public; and
 - c. monitoring, evaluation, and coaching.

Part Two
Implementation of Result-Based Payments

Article 29

The implementation of Result-Based Payments as referred to in Article 28 section (2) point a is carried out based on:

- a. verification results on the achievement of GHG Emissions reduction; and/or
 - b. results of verification of conservation or enhancement of carbon stocks,
- carried out by the business and/or activity.

Article 30

- (1) The Result-Based Payments as referred to in Article 29 are implemented in the scope of:
 - a. international;
 - b. national; and
 - c. province.
- (2) The implementation of Result-Based Payments as referred to in section (1) does not lead to the transfer of carbon ownership.

Part Three

Procedure for Accepting Result-Based Payments

Article 31

- (1) The Result-Based Payments in the international scope as referred to in Article 30 section (1) point a may be made from:
 - a. international to the central government; or
 - b. international to the provincial government with the approval of the central government.
- (2) The Result-Based Payment mechanism from international to the central government as referred to in section (1) point a is implemented by the Related Ministers after coordinating with the Minister.
- (3) The Result-Based Payment mechanism as referred to in

section (2) is carried out based on proposals to developed countries or international donor agencies.

- (4) In the event that the proposal as referred to in section (3) is approved, the central government and developed country governments or international donor agencies enter into a GHG Emissions reduction cooperation agreement in a certain sector or Sub-Sector.
- (5) Result-Based Payment mechanisms from international to provincial government as referred to in section (1) point b are made based on proposals to the central government.
- (6) In the event that the proposal as referred to in section (5) is approved, the central government grants the approval by making a cooperation agreement for reducing GHG Emissions in certain sector or Sub-Sector.
- (7) The Result-Based Payment mechanisms as referred to in section (1) are implemented based on the decision of the COP United Nations Framework Convention on Climate Change in related Sectors.

Article 32

- (1) The Result-Based Payments at the national scope as referred to in Article 30 section (1) point b are made from the central government, which may be provided to local governments, Business Actors, and/or the public.
- (2) The Result-Based Payments at the provincial scope as referred to in Article 30 section (1) point c are made from the provincial government to the regency/municipal governments, Business Actors, and/or public.
- (3) Implementation of Result-Based Payments after the signing of the payment agreement as referred to in section (1) and section (2) is deposited through BPD LH after obtaining approval from the Minister.

Part Four

Monitoring, Evaluation, and Capacity Building

Article 33

- (1) The monitoring, evaluation, and capacity building to the Result-Based Payments as referred to in Article 28

section (2) point c is carried out with the following provisions:

- a. at the national scope, it is carried out by the Related Ministers in accordance with his/her authority after coordinating with the Minister and the minister coordinating government affairs in the field of maritime and investment; and
 - b. at the provincial scope, it is carried out by the governors after coordinating with the Minister and minister administering government home affairs.
- (2) The monitoring, evaluation, and capacity building as referred to in section (1) is carried out at least once a year and compiled in the form of a report.
- (3) The report on the results of monitoring, evaluation, and capacity building as referred to in section (2) is submitted by the Related Ministers or the governor in accordance with their respective authority to the Minister.

Part Five

Result-Based Payment Benefit Sharing

Article 34

- (1) In the Result-Based Payment as referred to in Article 28, the arrangements of benefits include:
- a. beneficiaries, including:
 1. ministries/institutions;
 2. local governments;
 3. Business Actors; and
 4. public;and
 - b. benefit sharing mechanism.
- (2) The beneficiaries as referred to in section (1) point a may take advantage of Result-Based Payments for:
- a. GHG Emissions reduction activities according to Sector and/or Sub-Sector; and/or
 - b. supporting activities, consisting of:
 1. institutional capacity building;

2. improvement of human resources;
 3. policy strengthening;
 4. research and development; and/or
 5. creation of other enabling conditions.
- (3) The implementation of benefit sharing for GHG Emissions reduction activities as referred to in section (2) point a is carried out with the following provisions:
- a. based on the verified GHG Emissions reduction performance achievement and has been reviewed by the MRV team;
 - b. distribution of funding is carried out by BPD LH to the beneficiaries as referred to in section (1) point a; and
 - c. GHG emissions reduction performance achievements are recorded in the SRN PPI to access funding distribution.
- (4) The implementation of benefit sharing for supporting activities as referred to in section (2) point b is carried out based on a proposal submitted by the beneficiary to the BPD LH.
- (5) The proposal as referred to in section (4) must attach a recommendation from the MRV team.
- (6) In preparing the recommendations as referred to in section (5), the MRV team considers:
- a. contribution to the performance of GHG Emissions reduction, non-carbon benefits, and/or supporting activities related to performance;
 - b. availability and operational readiness of tools for implementing Climate Change Mitigation Actions for GHG Emissions reduction; and
 - c. contribution to the achievement of NDC targets.
- (7) The benefit sharing as referred to in section (4) is carried out directly or through an intermediary institution and is recorded in the SRN PPI.
- (8) In the benefit sharing as referred to in section (4), BPD LH evaluates the proposal in accordance with the provisions

of the legislation in the field of environmental fund management.

CHAPTER IV CARBON LEVY

Article 35

- (1) The Carbon levy as referred to in Article 3 section (2) point c is carried out in the form of tax in central and regional area, customs and excise, and other state levies, based on:
 - a. carbon content;
 - b. potential carbon emissions;
 - c. amount of carbon emissions; and/or
 - d. Climate Change Mitigation Action results.
- (2) The Carbon levy as referred to in section (1) is carried out in accordance with the provisions of the legislation.
- (3) The Minister administering government affairs in the field of state finance develops policy and strategy for Carbon Levy implementation after coordinating with the Minister and the Related Ministers in accordance with the objectives of achieving NDC targets and emissions control for national development.

CHAPTER III OTHER MECHANISMS FOR NEK IMPLEMENTATION

Article 36

- (1) The Minister stipulates other mechanisms for the NEK implementation in accordance with the development of science and technology.
- (2) In stipulating other mechanisms as referred to in section (1), the Minister must coordinate with the Related Ministers.

Article 37

- (1) The Related Ministers may propose other mechanisms as

referred to in Article 36 section (1) to the Minister.

- (2) The other proposed mechanisms as referred to in section (1) are accompanied by:
 - a. reviewing policies related to the new mechanism for NEK Implementation; and
 - b. submitting the proposal contains the scope, objectives, current conditions, market potential and estimates of economic and social benefits, mechanisms, types of state revenues and support for achieving NDC targets.

CHAPTER VI
MEASUREMENT, REPORTING, AND VERIFICATION OF NEK
IMPLEMENTATION

Article 38

Measurement, reporting, and verification of the NEK implementation are carried out on the implementation of:

- a. Carbon Trading;
- b. Result-Based Payments; and
- c. other mechanisms for NEK organizer.

Article 39

- (1) Business Actors and/or the governments, local governments, and the public as NEK executor must conduct:
 - a. preparation of planning documents; and
 - b. report on the results of the implementation.
- (2) The preparation of the planning document as referred to in section (1) point a at least contains:
 - a. general data on NEK executor;
 - b. emission measurement to GHG Emissions Baseline;
 - c. measurement of GHG Emissions reduction targets and GHG Sequestrations; and
 - d. need for finance, capacity building, and technology transfer.
- (3) The planning document as referred to in section (2) is

validated for quality control.

- (4) The results of the Validation report as referred to in section (3) become the basis for the NEK implementation.
- (5) Implementation of Validation is regulated in accordance with the provisions of legislation.
- (6) The report on the results of the NEK implementation as referred to in section (1) point b is verified for quality assurance.
- (7) The Verification Report as referred to in section (6) at least contains:
 - a. the amount of GHG Emissions or actual sequestration; and
 - b. achievement of GHG Emissions reduction by comparing the amount of GHG Emissions or actual sequestration with the GHG Emissions reduction target.

Article 40

- (1) Validation and Verification as referred to in Article 39 section (3) and section (6) are carried out by the Validator and Verifier.
- (2) The Validators and Verifiers as referred to in section (1) must meet the following criteria:
 - a. accredited by the National Accreditation Committee;
 - b. have competence as Validator and Verifier of Climate Change Mitigation Action achievement in the framework of NEK; and
 - c. does not have a conflict of interest in the form of direct or indirect involvement in the implementation of the Climate Change Mitigation Action.
- (3) The competence as referred to in section (2) point b is proven by the following qualifications:
 - a. have a certificate in accordance with Indonesian national work competency standards in the field of Validation and Verification of GHG Emissions reduction;
 - b. have at least 2 (two) years of experience in dealing

- with the issue of Climate Change and the mechanism for the NEK implementation;
- c. have evidence of formal education in the field of Climate Change and/or formal education related to Climate Change; and/or
 - d. has a training certificate in the field of Climate Change.
- (4) Validators and Verifiers must meet at least 2 (two) competency qualifications as referred to in section (3).
 - (5) In the event that the Validator and Verifier as referred to in section (3) are not sufficient, Validation and Verification can be carried out by experts registered in the SRN PPI.
 - (6) The experts as referred to in section (5) must meet at least 2 (two) competency qualifications as referred to in section (3).

Article 41

- (1) Verification is carried out within a maximum period of 6 (six) months after the report on the results of the NEK implementation as referred to in Article 39 section (6) is submitted to the Verifier.
- (2) The verification as referred to in section (1) must be based on the following provisions:
 - a. the eligibility criteria set out in the methodology used have been met properly;
 - b. accuracy and credibility of data used in monitoring Climate Change Mitigation Actions;
 - c. there is no double registration in other certification mechanisms; and
 - d. there is no difference in the implementation and monitoring of Climate Change Mitigation Actions.
- (3) The verification as referred to in section (2) is submitted through a report containing at least:
 - a. a summary of the Verification process and scope;
 - b. a summary of the Verification results and the confidence level decided;

- c. details about the members of the Verification team, technical experts, and observers involved, as well as their respective roles in Verification activities and details of the personnel conducting the field visit;
 - d. the findings of the secondary data review (desk review) and field visit; and
 - e. report creation date.
- (4) In the event that the Verification result as referred to in section (2) shows a discrepancy, the NEK organizer must complete the documents according to the Verifier's recommendation.
 - (5) In the event that the Verification results as referred to in section (2) show conformity, the Verifier issues a statement on the achievement of GHG Emissions reduction to the NEK organizer.
 - (6) The NEK organizer must complete the documents as referred to in section (4) within a maximum period of 5 (five) workdays after the Verification result is received.
 - (7) The period of time required to carry out the Verification as referred to in section (1) does not include the number of days required for the NEK organizer to complete data for clarification.

CHAPTER VII

ORGANIZATION OF SRN PPI

Part One

General

Article 42

- (1) Business Actors are obligated to register and report the operation of the NEK implementation on the SRN PPI.
- (2) In addition to the Business Actors as referred to in section (1), ministries/institutions, local governments, and/or the public may register and report on the operation of the NEK implementation to the SRN PPI.
- (3) The registry of NEK implementation as referred to in

section (2) includes data and information of:

- a. Carbon Trading;
 - b. Result-Based Payments;
 - c. Carbon Levy; and
 - d. other mechanisms in accordance with the development of science and technology.
- (4) The registry of NEK implementation in the SRN PPI as referred to in section (3) is carried out through the following stages:
- a. registration;
 - b. Validation of planning report; and
 - c. Verification of the implementation report.
- (5) The stages as referred to in section (4) are carried out in accordance with the provisions of the legislation.

Article 43

Related Ministers may interact and/or share between web-based data and information systems at the respective ministries/institutions and the SRN PPI.

Part Two

Registry and Reporting of Carbon Trading

Paragraph 1

Registry and Reporting of Emissions Trading

Article 44

- (1) The NEK organizer involved in the Emission Trading mechanism registers:
- a. related ministries/institutions register:
 1. Emissions Trading roadmap by the Related Ministers;
 2. PTBAE at the time of issuance; and
 3. data on Business Actors receiving PTBAE-PU;and
 - b. Business Actors register:
 1. Business Actor data containing information of:

- a) description of Business Actors and/or activity;
 - b) the identity of the Business Actors and/or activity to be used in the registry; and
 - c) PTBAE-PU issuance proposal.
2. PTBAE-PU;
 3. the results of the PTBAE-PU transaction;
 4. plan for monitoring and evaluating the implementation of the Climate Change Mitigation Action;
 5. the emission reductions achievement in the measurement compliance period of PTBAE-PU;
 6. Verification results by the Verifier;
 7. SPE-GRK;
 8. domestic and international SPE-GRK transfers; and
 9. transfer of emission reduction results among PTBAE-PU owners.
- (2) The carbon exchanges involved in the Emissions Trading mechanism registers:
- a. the first transfer of Carbon Units either domestic or international; and
 - b. the last transfer of Carbon Units at the end of the year for PTBAE-PU trading, the emission reduction GHG Emissions reduction achievement from PTBAE-PU, and SPE-GRK.

Article 45

- (1) Based on the registry as referred to in Article 44, the Minister prepares an annual Emissions Trading report.
- (2) The annual Emissions Trading Report as referred to in section (1) contains:
 - a. domestic transfer of Carbon Units from PTBAE-PU, emission reduction achievements from PTBAE-PU, and SPE-GRK;
 - b. international transfer of SPE-GRK when corresponding adjustments is conducted;

- c. Means of Implementation from Emissions Trading;
and
 - d. results of the total GHG Emissions reduction from
Emissions Trading.
- (3) The annual Emissions Trading Report as referred to in
section (2) is registered in SRN PPI.

Paragraph 2

Registry and Reporting of GHG Emissions Offset

Article 46

- (1) NEK organizer conducting GHG Emissions Offset
mechanism must register the following:
- a. the related ministries/institutions register:
 - 1. GHG Emissions Offset roadmap by the related
Ministers; and
 - 2. determination of GHG Emissions Baseline and
target of GHG Emissions Offset operators.
 - b. the governors register:
 - 1. GHG Emissions Offsets roadmap in accordance
with their authority in NDC Sector; and
 - 2. determination of GHG Emissions Baseline and
target of GHG Emissions Offset operators;
 - c. regents/mayors register:
 - 1. GHG Emissions Offsets roadmap in accordance
with their authority in NDC Sector; and
 - 2. determination of GHG Emissions Baseline and
target of GHG Emissions Offset operators;and
 - d. Business Actor of GHG Emissions Offset register:
 - 1. data of Business Actor containing information
on:
 - a) description of Business Actor and/or
activity;
 - b) identity of Business Actor and/or activity
to be used in the registry; and
 - c) proposals for the issuance of PTBAE-PU;

2. report on of GHG Emissions reduction achievement in each period of measurement, reporting, and Verification;
 3. result of Validation by Validator;
 4. result of Verification by Verifier;
 5. number of SPE-GRK that may be traded through GHG Emissions Offset;
 6. domestic transfer of SPE-GRK;
 7. international transfer of SPE-GRK during the first transfer; and
 8. results of SPE-GRK Direct Trading;
- (2) Carbon exchange operators involved in GHG Emissions Offset mechanism register:
- a. GHG Emissions Offset trading on the carbon exchange for the first transfer of SPE-GRK either domestic or international; and
 - b. trading of GHG Emissions Offset on the carbon exchange at the final transaction, within 3 (three) years after SPE-GRK is issued.

Article 47

- (1) Based on the registry as referred to in Article 46, the Minister prepares an annual GHG Emissions Offset report.
- (2) GHG Emissions Offset report as referred to in section (1) contains:
 - a. domestic transfer of SPE-GRK;
 - b. SPE-GRK transfer during the first international transfer through corresponding adjustments;
 - c. SPE-GRK transfer to foreign countries or international cooperation partners during the first transfer;
 - d. Means of Implementation of the GHG Emissions Offset mechanism; and
 - e. total of GHG Emissions reduction from GHG Emissions Offset mechanism.
- (3) GHG Emissions Offset report as referred to in section (2) is registered into SRN PPI.

Part Three

Registry and Reporting of Result-Based Payment

Article 48

- (1) NEK organizer conducting the Result-Based Payment mechanism must register the planning, implementation, and results of Result-Based Payment on SRN PPI.
- (2) The registry as referred to in section (1) is at least carried out on:
 - a. GHG Emissions Baseline or the highest emissions reference level that may be carried out;
 - b. emissions reduction targets;
 - c. planning document of the Climate Change Mitigation Action;
 - d. implementation report on the results of the implementation of Climate Change Mitigation Actions;
 - e. Validation report and Verification report; and
 - f. the results of Result-Based Payment.

Article 49

- (1) The Climate Change Mitigation Action planning document as referred to in Article 48 section (2) point c is prepared based on the results of:
 - a. Climate Change Mitigation as part of the achievement of NDC target;
 - b. Verification of the achievement of GHG Emissions reduction; and/or
 - c. Verification of conservation or increment of carbon stocks.
- (2) The planning document as referred to in section (1) at least contains:
 - a. emissions cap or emissions reference level carried out in Sector or Sub-Sector, and the value is below the emissions reduction target in Sector or Sub-Sector concerned;

- b. the national strategy contains Climate Change Mitigation Action to reduce GHG Emissions up to 2030;
 - c. safeguard which is intended as a plan to prevent negative impacts that occur; and
 - d. use a methodology that is:
 - 1. determined by the Director General; and/or
 - 2. determined by the National Standardization Agency.
- (3) The Climate Change Mitigation Action planning document as referred to in section (1) is determined by the Minister.

Part Four

Registry of Carbon Levy

Article 50

- (1) The implementation of Carbon Levy as referred to in Article 35 is registered into SRN PPI.
- (2) The registry as referred to in section (1) is carried out by the ministry administering government affairs in the field of state finance.
- (3) The registry as referred to in section (2) becomes the reference for the Minister to prepare an annual report on NEK implementation of Carbon Levy mechanism.

Part Five

Registry and Reporting of Other Mechanisms

Article 51

Registry and reporting of other mechanisms at SRN PPI at least contain:

- a. data of NEK organizer;
- b. Baseline and GHG Emissions reduction target determined by the Related Ministers or governor in accordance with their respective authority;
- c. PTBAE;

- d. PTBAE-PU;
- e. DRAM;
- f. report on the results of monitoring the implementation of Climate Change Mitigation Action;
- g. GHG Emissions reduction achievement;
- h. report of Validation result by Validator;
- i. report of Verification result by the Verifier;
- j. issuance of SPE-GRK; and
- k. transfer of Carbon Units.

Part Six

Registry of Carbon Units in SRN PPI Carbon Registry

Article 52

- (1) NEK organizers register Carbon Units into the carbon registry.
- (2) The registry of Carbon Units as referred to in section (1) includes:
 - a. the emissions achievement that are above PTBAE-PU or below PTBAE-PU;
 - b. SPE-GRK; and
 - c. GHG Emissions reduction achievement in Result-Based Payment.
- (3) The registry of the achievement as referred to in section (2) point a at least contains information of:
 - a. the issuance of SPE-GRK and PTBAE-PU;
 - b. domestic transfer of Carbon Units;
 - c. international transfer of Carbon Units during the first transfer in SRN by the Minister;
 - d. the result of annual emission balance is accounted by adding the actual emissions from the GHG Emissions Inventory to the Carbon Unit from PTBAE-PU and the emission reduction achievement from PTBAE-PU, and the first SPE-GRK transferred internationally;
 - e. transfer of Carbon Units or emission reductions certificate during the first international transfer

- through the international registry system for corresponding adjustments;
- f. the first transfer of carbon exchanges both domestic and international; and
 - g. final results for PTBAE-PU and SPE-GRK Emission Trading in the carbon exchange.
- (4) The SPE-GRK registry as referred to in section (2) point b is at least contains the following information;
- a. data on SPE-GRK holders;
 - b. emissions reduction performance in each period of measurement, reporting, and verification;
 - c. the amount of SPE-GRK that may be traded through GHG Emissions Offset;
 - d. domestic transfer of SPE-GRK;
 - e. international transfer of SPE-GRK is registered at the time of the first transfer in the SRN PPI;
 - f. the result of SPE-GRK Direct Trading at the end of the year;
 - g. the transfer of SPE-GRK during the first international transfer to the international registry system for corresponding adjustments;
 - h. the transfer of SPE-GRK to foreign countries or international cooperation partners during the first transfer, followed by registering the first transfer in the international registry system; and
 - i. the annual emissions balance is accounted by an actual number of emissions resulting from the GHG Emissions Inventory plus the transfer of SPE-GRK, GHG Emissions Offset plus the transfer of SPE-GRK to foreign countries and international cooperation partners.
- (5) The registry of GHG Emissions reduction achievements in Result-Based Payment as referred to in section (2) point c at least contains information on:
- a. GHG Emissions reduction performance;
 - b. incentives received from Result-Based Payment; and
 - c. incentives received from non-carbon benefits.

Article 53

- (1) The issuance, transfer, and use of SPE-GRK and PTBAE-PU as referred to in Article 52 are registered in the appropriate SRN PPI carbon registry operational account.
- (2) The operational account as referred to in section (1) is owned by the NEK organizer receiving the issuance of SPE-GRK and/or PTBAE-PU.

Article 54

- (1) The issuance of SPE-GRK and PTBAE-PU as referred to in Article 53 that has been used by the NEK organizer is transferred by the Director General to the cancellation account in the SRN PPI carbon registry.
- (2) The cancellation account as referred to in section (1) records information that at least contains:
 - a. the amount of SPE-GRK and/or PTBAE-PU used;
 - b. the intended of use; and
 - c. parties using SPE-GRK and/or PTBAE-PU in the event that the user is not the owner of the operational account that is the origin of the SPE-GRK and/or PTBAE-PU.

Article 55

Provisions regarding data security in the implementation of SRN PPI are carried out in accordance with the provisions of legislation.

Part Seven

Provision of Public Information

Article 56

- (1) SRN PPI provides public information regarding NEK implementation.
- (2) Public Information in SRN PPI as referred to in section (1) is in the form of:
 - a. graphics;
 - b. table; and

- c. map of the distribution of actions and means of implementation for Climate Change Adaptation and Mitigation.
- (3) The Public Information as referred to in section (2) contains:
- a. procedures and mechanisms for NEK implementation;
 - b. information related to activities and/or businesses that implement NEK including trade opportunities, carbon price, and carbon market;
 - c. Climate Change Mitigation Action planning documents and annual NDC achievement reports through NEK implementation;
 - d. monitoring and evaluation reports on NEK implementation; and/or
 - e. information of Climate Change roster of experts.
- (4) The Public Information as referred to in section (3) point d is announced periodically at least 1 (one) time within a period of 1 (one) year through SRN PPI.

Article 57

The public may participate in the implementation of Public Information as referred to in Article 56 to:

- a. obtain and disseminate Public Information related to NEK;
- b. provide suggestions, opinions, inputs, objections, complaints, and/or reports related to NEK implementation to the Minister and/or the Related Ministers through complaint forums both online and offline;
- c. obtain information on participation in NEK implementation; and
- d. obtain information in regards to benefit sharing in NEK implementation in accordance with the provisions of legislation.

CHAPTER VIII
CERTIFICATION OF GREENHOUSE GAS EMISSIONS
REDUCTION

Part One

General

Article 58

- (1) Certification of emissions reduction is used in the NEK implementation.
- (2) The certification of emission reduction as referred to in section (1) is used for:
 - a. a proof of GHG Emissions reduction result;
 - b. Carbon Trading;
 - c. payment for Climate Change Mitigation Action result;
 - d. GHG Emissions compensation; and
 - e. a proof of environmentally sound business and/or activity performance to obtain funding from bond and sukuk schemes.
- (3) The activities of GHG Emissions reduction and/or GHG sequestration increment may be proposed to obtain SPE-GRK are originated from the Sector as referred to in Article 2 section (3).
- (4) The GHG emissions as referred to in section (3) include the following compounds:
 - a. carbon dioxide (CO₂);
 - b. methane (CH₄);
 - c. nitrous oxide (N₂O);
 - d. hydrofluorocarbons (HFCs);
 - e. perfluorocarbons (PFCs);
 - f. sulfur hexafluoride (SF₆); and
 - g. other compounds in accordance with the development of science and technology.
- (5) Any issued SPE-GRK represents a reduction in GHG Emissions or an increment in GHG sequestration which is equivalent to 1 (one) tonne of carbon dioxide equivalent (CO₂e).

Article 59

- (1) In implementing certification of the GHG emissions reduction as referred to in Article 58, the Minister assigns the Director General.
- (2) The Director General as referred to in section (1) may assign MRV team.
- (3) The MRV team as referred to in section (2) has the task of carrying out a review of the proposed on the issuance of Indonesia's emission reduction certificate.
- (4) The results of the review as referred to in section (3) are submitted to the Director General as a basis for the issuance of SPE-GRK.

Part Two

Requirements for Issuance of SPE-GRK

Article 60

- (1) The issuance of SPE-GRK as referred to in Article 59 section (4) must meet the provisions which include:
 - a. GHG Emissions reduction and the performance of the remaining PTBAE-PU must be apparent, permanent, measurable, monitored and reported;
 - b. GHG Emissions reduction and the performance of the remaining PTBAE-PU are resulted from the Climate Change Mitigation Action;
 - c. GHG Emissions reduction resulting from low emissions activity plans and/or Climate Change Mitigation Actions may not be registered as carbon credits in other schemes; and
 - d. the issuance is transparent, accurate, consistent, comprehensive, and comparable.
- (2) In addition to the provisions as referred to in section (1), the issuance of SPE-GRK from GHG Emissions Offset must meet the following requirements:
 - a. preparing DRAM;
 - b. located in Indonesia;
 - c. duration of the project and the Compliance Period

- for measuring GHG Emissions reductions achievement in accordance with the characteristics of the Sector;
- d. registered in the SRN PPI;
 - e. in accordance with the provisions of:
 - 1. updated guidance from the Intergovernmental Panel on Climate Change;
 - 2. international standards or Indonesian national standards; and
 - 3. legislation;
 - f. using methodology that is:
 - 1. determined by the Director General;
 - 2. determined by the National Standardization Agency; and/or
 - 3. approved by the United Nations Framework Convention on Climate Change;
 - g. conduct publications and public consultations; and
 - h. contribute to sustainable development.

Part Three

Procedures for Issuance of SPE-GRK

Article 61

- (1) The issuance of SPE-GRK as referred to in Article 60 may be carried out on:
 - a. performance of remaining PTBAE-PU; and
 - b. performance of GHG Emissions reduction.
- (2) The issuance of SPE-GRK for the performance of remaining PTBAE-PU as referred to in section (1) point a is carried out in the following stages:
 - a. registration at SRN PPI;
 - b. planning of a low emissions activity and/or a Climate Change Mitigation Action;
 - c. reporting of PTBAE-PU implementation results by Business Actor;
 - d. Verification by Verifier;
 - e. issuance of performance of the remaining PTBAE-PU

in the form of SPE-GRK.

- (3) The issuance of SPE-GRK from the performance of GHG Emissions reduction as referred to in section (1) point b is carried out in the following stages:
 - a. registration at SRN PPI;
 - b. planning and preparation of DRAM;
 - c. DRAM Validation by Validator;
 - d. implementation and monitoring of Climate Change Mitigation Action;
 - e. Verification of the implementation of the Climate Change Mitigation Action by the Verifier; and
 - f. issuance of SPE-GRK and registration in SRN PPI.

Article 62

- (1) The NEK organizer submits an application for the issuance of SPE-GRK to the Directorate General through the SRN PPI by attaching the results of Verification as referred to in Article 61.
- (2) The application for the issuance of SPE-GRK as referred to in section (1) at least contains the following information:
 - a. applicant's data;
 - b. reports of monitoring, evaluation, GHG Emissions Offset and Emissions Trading implementations;
 - c. Validation report by Validator;
 - d. Verification report by Verifier; and
 - e. the amount of SPE-GRK requested.

Article 63

- (1) The NEK organizer as referred to in Article 62 must formulate a plan and prepare DRAM.
- (2) The preparation of the DRAM as referred to in section (1) at least contains information on:
 - a. explanation of the proposed Climate Change Mitigation Action;
 - b. application of the methodology that has been approved by the GHG methodology panel team;

- c. GHG Emissions reduction calculation;
 - d. environmental impact analysis;
 - e. Means of Implementations;
 - f. DRAM revision history;
 - g. monitoring implementation structure;
 - h. the public consultation process that has been carried out and the results obtained;
 - i. bibliography; and
 - j. supporting annexes.
- (3) DRAM as referred to in section (2) is prepared based on the guidelines as attached in Annex II as an integral part of this Ministerial Regulation.

Article 64

- (1) DRAM as referred to in Article 63 is validated by the Validator.
- (2) The validation as referred to in section (1) is carried out within a maximum period of 1 (one) month since the DRAM is received by the Validator.
- (3) The results of the validation as referred to in section (2) serve as a basis for determining the feasibility of the action to be registered as a Climate Change Mitigation Action.

Article 65

- (1) The NEK organizer prepares a report on the implementation of Climate Change Mitigation as referred to in Article 64.
- (2) The Verification of report on the implementation results as referred to in section (1) is carried out by the Verifier.
- (3) The Verification as referred to in section (2) is carried out within a maximum period of 6 (six) months since the report is received.
- (4) Verification results are submitted to NEK organizer to be recorded into SRN PPI.
- (5) Validation and Verification of SPE-GRK issuance is prepared based on the guidelines as attached in Annex III as an integral part of this Ministerial Regulation.

Article 66

- (1) Based on the results of the Verification as referred to in Article 65, NEK organizer can apply for the issuance of SPE-GRK to the Director General.
- (2) Based on the application as referred to in section (1), the Director General coordinates with the Related Ministers and conducts a review through the MRV team.
- (3) In the event that the results of the MRV team's review as referred to in section (2) of the application are declared appropriate, the Director General issues the SPE-GRK.
- (4) The issuance of SPE-GRK as referred to in section (3) is carried out within a maximum period of 14 (fourteen) workdays after the results of the review are received and declared appropriate.
- (5) The issuance of SPE-GRK as referred to in section (3) is subject to a levy in the form of tariffs for SPE-GRK issuance services which are non-tax state revenues.
- (6) The amount and/or component of the tariff as referred to in section (5) is determined in accordance with the provision of legislation.

Article 67

The issuance of SPE-GRK as referred to in Article 66 section (5) is recorded using a unique code that may be traced through the account of the concerned NEK organizer in the SRN PPI.

Part Four

Mutual Recognition Cooperation in Certification

Article 68

- (1) Emission reduction certificates issued by other certification agency may be declared equal to SPE-GRK after mutual recognition cooperation with the Minister is carried out.
- (2) The Minister carries out the management of mutual recognition cooperation as referred to in section (1) in international Carbon Trading.

- (3) The management of mutual recognition cooperation as referred to in section (2) is carried out through the following actions:
- a. mutually disclosing information on MRV standards application;
 - b. conducting conformity assessments of international standards and/or Indonesian national standards application;
 - c. conformity assessment statement international standards and/or Indonesian national standards;
 - d. establishing and implementing mutual recognition cooperation; and
 - e. publish certification recognized by both parties in the SRN PPI.

Article 69

- (1) Information on the use of MRV standards as referred to in Article 68 section (3) point a contains:
- a. information on the principles and requirements, standards and/or approaches used in calculating the GHG Emissions Baseline;
 - b. information on GHG Emissions monitoring, Validation, and Verification;
 - c. competency standard of Validator or Verifier; and
 - d. recording and tracing system or registry.
- (2) Assessment of conformity to the use of international standards as referred to in Article 68 section (3) point b refers to:
- a. the methodology recognized by the Intergovernmental Panel on Climate Changes; and
 - b. the results of Validation and Verification carried out by accredited Validators and Verifiers at the international level.

Article 70

- (1) In conducting the conformity assessment as referred to in Article 69, the Minister as the head of division of NEK

and NDC in the steering committee may form a secretariat and working group to prepare policy materials and conformity assessment criteria.

- (2) The working group as referred to in section (1) assesses the proposal for mutual recognition and reports the results of the conformity assessment in the form of a recommendation to the Director General.
- (3) Based on the recommendation as referred to in section (2), the Minister through the Director General issues a statement of conformity assessment results against international standards and/or Indonesian national standards.
- (4) Based on the statement as referred to in section (3), the Minister conducts a mutual recognition cooperation which is published in the SRN PPI.

Article 71

- (1) A foreign NEK organizer must register the SPE-GRK which will be included in the mutual recognition cooperation scheme and its supporting data into SRN PPI.
- (2) GHG Emissions reduction certificate originating from abroad and having been recognized as referred to in section (1) may be used in domestic Carbon Trading.
- (3) In the event of mutual recognition of cooperation, both parties upload cooperation documents into their respective registry systems for accountability and Public Information transparency.

Article 72

- (1) In carrying out the mutual recognition cooperation as referred to in Article 68, the Minister may delegate the authority to the Director General.
- (2) The mutual recognition cooperation as referred to in section (1) may be carried out between countries and/or between certification schemes.
- (3) The provisions regarding the cooperation as referred to in

section (2) are in accordance with the provisions of legislation.

CHAPTER IX
FUNDING MANAGEMENT FOR CARBON TRADING

Article 73

- (1) Funding management for Carbon Trading includes:
 - a. funding management by BPDLH;
 - b. collection and use of the proceeds from Carbon Trading, and Carbon Levy; and
 - c. procedures for benefit sharing.
- (2) Funding management by BPDLH as referred to in section (1) point a is carried out through the following stages:
 - a. collection;
 - b. development; and
 - c. distribution of funds.

Article 74

- (1) The funding management of NEK implementation as referred to in Article 73 section (1) point a is in the form of proceeds from Carbon Trading.
- (2) Proceeds from Carbon Trading as referred to in section (1) in the form of levies on:
 - a. Carbon Trading transactions; and
 - b. SPE-GRK issuance services.
- (3) The levies as referred to in section (2) refer to the pattern of preparing business strategic plans related to GHG Emissions control in achieving NDC.
- (4) Funding management and benefit sharing for NEK implementation as referred to in section (1) are carried out in accordance with the provisions of legislation.

Article 75

- (1) Levies on Carbon Trading are imposed on:
 - a. SPE-GRK transactions;

- b. PTBAE-PU transactions in Carbon Trading; and
 - c. SPE-GRK issuance services.
- (2) The levies as referred to in section (1) are paid through a bank account designated by BPD LH.
 - (3) The levies as referred to in section (1) are used with the main priority for GHG Emissions control in achieving NDC.
 - (4) The type and amount of levy from Carbon Trading in Sector or Sub-Sector are carried out in accordance with the provisions of legislation.

Article 76

The collection of levies from Carbon Trading as referred to in Article 75 is used for at least the following activities:

- a. service improvement;
- b. Climate Change Adaptation Action; and
- c. Climate Change Mitigation Action.

Article 77

- (1) Distribution of proceeds from Carbon Trading managed by BPD LH as referred to in Article 75 is carried out to:
 - a. ministers/institutions implementing Carbon Trading; and/or
 - b. a party appointed to organize the carbon exchange.
- (2) The distribution of funds as referred to in section (1) is determined by the Related Ministers.
- (3) In addition to the distribution of funds as referred to in section (2), distribution may be carried out through the proportion of profit sharing between the central government and local government which is carried out in accordance with the provisions of legislation.
- (4) Proceeds from Carbon Trading may be used by BPD LH to accelerate the implementation of Carbon Trading.
- (5) The use of proceeds from Carbon Trading as referred to in section (4) is determined by the Minister after coordinating with the Related Ministers.

CHAPTER X
PARTICIPATION OF PARTIES

Article 78

- (1) The Minister and the Related Ministers may enhance the participation of the parties in the NEK implementation.
- (2) The parties as referred to in section (1) include:
 - a. the provincial governments;
 - b. regency/municipal governments;
 - c. Business Actors; and
 - d. public.
- (3) The enhancement in the participation of the parties as referred to in section (1) is carried out through:
 - a. provision of information;
 - b. capacity building; and/or
 - c. appreciation and reward.

Article 79

- (1) The provision of information as referred to in Article 78 section (3) point a at least contains:
 - a. Procedure for NEK implementation;
 - b. trade opportunity, carbon price, and carbon market;
 - c. Climate Change Mitigation Action;
 - d. mapping level, status and projection of GHG Emissions in national, Sector, local government, and Business Actor;
 - e. annual results GHG Emissions reduction;
 - f. Climate Change Adaptation Action;
 - g. non-carbon value, including biodiversity, tourism, water value and other environmental services; and
 - h. mutual benefits from Mitigation Action and Climate Change Adaptation Action implementation.
- (2) The Provision of information as referred to in section (1) is made through electronic media or non-electronic media.

Article 80

- (1) The capacity building as referred to in Article 78 section (3) point b is carried out through technical assistance.
- (2) The technical assistance as referred to in section (1) is at least regarding:
 - a. GHG Emissions Inventory;
 - b. GHG Emissions reduction capability;
 - c. efforts to increase climate resilience; and/or
 - d. provision of Means of Implementation.

Article 81

The appreciation and reward as referred to in Article 78 section (3) point c may be in the form of material or immaterial.

CHAPTER XI

MONITORING AND EVALUATION

Article 82

Monitoring and evaluation of NEK implementation is carried out by:

- a. the Minister, for national monitoring and evaluation;
- b. Related Ministers in accordance with their respective authority, for the monitoring and evaluation of the Sector and Sub-Sector; and
- c. governors and regents/mayors, for monitoring and evaluation at the provincial and regency/municipal levels in accordance with their respective authority.

Article 83

- (1) The results of monitoring and evaluation of NEK Implementation as referred to in Article 82 are compiled in a report.
- (2) The report as referred to in section (1) consists of:
 - a. a report on the results of the monitoring and evaluation of the Sector and Sub-Sector compiled by the Related Ministers in accordance with their

respective authority and submitted to the Minister;
and/or

- b. a report on the results of monitoring and evaluation at the provincial and regency/municipal levels are prepared by the governors and/or regents/mayors in accordance with their respective authority and submitted to the Minister.
- (3) The Minister submits the report as referred to in section (2) to the President through the minister coordinating government affairs in the field of maritime and investment, as the chairperson of the steering committee.

Article 84

- (1) Based on the results of monitoring and evaluation of the NEK implementation, the Minister develops NEK implementation report for achieving NDC target by involving the Related Ministers.
- (2) The report on the results of monitoring and evaluation of NEK implementation as referred to in section (1) at least contains:
 - a. GHG Emission reduction performance from the Carbon Trading mechanism;
 - b. GHG Emissions reduction performance from Result-Based Payment;
 - c. GHG Emissions reduction performance from Carbon Levy;
 - d. GHG Emissions reduction performance from other NEK mechanisms;
 - e. total emissions reduction performance from the NEK implementation; and
 - f. monitoring and evaluation of SRN PPI.
- (3) The report on the results of monitoring and evaluation of NEK implementation as referred to in section (2) is submitted at least 1 (one) time within a period of 1 (one) year.
- (4) Reports on the results of monitoring and evaluation of the NEK implementation may be used as:

- a. material for the preparation of the national communication document on Climate Change;
- b. material for the preparation of Climate Change biennial updated report/biennial transparency reports; and/or
- c. material for the preparation of the national Climate Change policies.

CHAPTER XII
CLOSING PROVISION

Article 85

This Ministerial Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Ministerial Regulation by its placement in the State Bulletin of the Republic of Indonesia.

Issued in Jakarta
on 21 September 2022

MINISTER OF ENVIRONMENT AND
FORESTRY OF THE REPUBLIC OF
INDONESIA,

signed

SITI NURBAYA

Promulgated in Jakarta
on 20 October 2022

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

signed

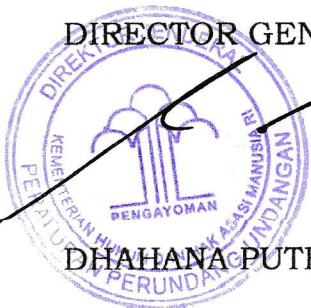
YASONNA H. LAOLY

STATE BULLETIN OF THE REPUBLIC OF INDONESIA OF 2022 NUMBER 1064

Jakarta, 14 February 2023

Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION AD INTERIM,



DHAHANA PUTRA

ANNEX I TO
REGULATION OF THE MINISTER OF ENVIRONMENT AND
FORESTRY OF THE REPUBLIC OF INDONESIA
NUMBER 21 OF 2022
ON
PROCEDURE FOR IMPLEMENTATION OF CARBON PRICING

FORMAT OF APPROVAL OF COOPERATION AGREEMENT AND FORMAT OF
APPROVAL OF AUTHORIZATION OF GREENHOUSE GAS EMISSION
REDUCTION CERTIFICATE THROUGH INTERNATIONAL CARBON TRADE

A. Approval Letter Format for Cooperation Agreement

APPROVAL LETTER FORMAT UNDER PARIS AGREEMENT *)
(LETTERHEAD OF MINISTER OF ENVIRONMENT AND FORESTRY)

Our Ref. : Jakarta, date and year
To:
Sector or Sub-Sector
Attach : (to achieve NDC target and support Coordinator/ Director
SDGs) of Company in
(the address)

Subject : Letter of Approval for Sector or Sub-
Sector Coordinator to make
international cooperation or for
Director of Company to register on
International Registry

As the National Focal Point on Climate Change Indonesia, I hereby agree on “Name of Project or Activity that can be collaborated between the Parties or between the Private and the Private or between the Private and the Government “in..... (state the address), which is a Climate Change Mitigation Action collaboration to achieve the targets of the NDC and SDGs, and confirm that:

- a. the Republic of Indonesia has ratified the Paris Agreement on 24 October 2016;

- b. the Republic of Indonesia is committed to achieving the NDC and SDGs targets through an international cooperation approach in Climate Change Mitigation Actions;
- c. International Cooperation can be carried out between two Parties or between private and private or private and government; and
- d. the approval can be follow-up to the existing Cooperation Agreement or can be registered in the International Registry.

On behalf of the National Focal Point on Climate Change and DNA representatives of the Republic of Indonesia based on the Paris Agreement, we agree to International Cooperation with International Transfer of Mitigation Outcomes or we agree to cooperation between private to private or private to government, as project participants to register for International Registration by the Supervisory Body.

Therefore we request the Supervisory Body to register this project and we agree to carry out International Cooperation between the two parties.

Sincerely yours,

.....

Minister of Environment and
Forestry as National Focal Point
on Climate Change Republic of
Indonesia

CC.:

- a. Coordinating Ministry for Maritime and Investment Affairs of Republic of Indonesia;
- b. Coordinating Ministry for Economic Affairs of Republic of Indonesia;
- c. Ministry of Foreign Affairs of Republic of Indonesia; and
- d. Ministry of Home Affairs of Republic of Indonesia.

Note:

*): the minimum approval format that must exist and the substance is adjusted to the current progress.

B. Authorization Letter Format

AUTHORIZATION LETTER FORMAT FOR INTERNATIONAL TRANSFER UNDER
PARIS AGREEMENT *)
(LETTERHEAD OF MINISTER OF ENVIRONMENT AND FORESTRY)

Jakarta, date and year
To:
Our Ref. :
Supervisory Body or
Attach : (SPE or CER or A6.4ER)
Partnership Party or
International User

(the address)

Subject : Letter of Authorization for
Supervisory Body or Partnership
Party or International User

As the National Focal Point on Climate Change Indonesia, I hereby agree that "Name of Project or Activity that can cooperate between the Parties or between the Private and the Private or between the Private and the Government" in.....(specify the address), has been implemented based on Cooperation Agreement and provides mitigation results as a Reduction Emission Certificates.

We have evaluated that these International Mitigation Results or Verified Emission Reductions can be transferred to International users on a cooperation Approach or on a carbon Pricing base, with the following principles:

- a. International transfers do not interfere with the achievements of NDC targets;
- b. International Carbon Pricing is carried out after the Sub-Sector NDC targets or Mitigation Activities are achieved;
- c. the Emission Reduction Certificate has taken into account the national NDC buffer as well as levies for Carbon Pricing transactions;
- d. the amount for International transferred Emissions Reduction and International Transfer Mitigation Outcomes (ITMOs) based on Cooperation Agreement and also consider to point a, point b, and point c; and

e. refer to COP Decision, CMA Decision and/or National Regulations.

On behalf of the National Focal Point on Climate Change and the DNA representative of the Republic of Indonesia under the Paris Agreement, we issue an Authorized for International Transfers.

This authorization is to achieve the targets of the NDC or Authorization for International Mitigation Purpose or Authorized for Other International Purposes.

Sincerely yours,

.....

Minister of Environment and
Forestry as National Focal Point
on Climate Change Republic of
Indonesia

CC.:

- a. Coordinating Ministry for Maritime and Investment of Republic of Indonesia;
- b. Coordinating Ministry for Economic Affairs of Republic of Indonesia;
- c. Ministry of Foreign Affairs of the Republic of Indonesia; and
- d. Ministry of Home Affairs of Republic of Indonesia.

Note:

*) : the minimum approval format that must exist and the substance is adjusted to the current progress.

MINISTER OF ENVIRONMENT
AND FORESTRY OF THE
REPUBLIC OF INDONESIA,

signed

SITI NURBAYA

ANNEX II TO
REGULATION OF THE MINISTER OF ENVIRONMENT AND
FORESTRY OF THE REPUBLIC OF INDONESIA
NUMBER 21 OF 2022
ON
PROCEDURE FOR IMPLEMENTATION OF CARBON PRICING

PREPARATION GUIDELINE
DESIGN DOCUMENT OF CLIMATE CHANGE MITIGATION ACTION

A. Scope and Implementation

1. DRAM Development Guideline for SPE-GRK mechanism, hereinafter referred to as “DRAM Guideline” is meant to facilitate the person in charge/executor of the Climate Change Mitigation Action in developing DRAM for the issuance and use of SPE-GRK, hereinafter referred to as the “SPE-GRK mechanism”.
2. The DRAM Guidelines describe the requirements that must be met in developing DRAM, except in cases indicated by the terms “should” and “may” as referred to in paragraph 4 below.

B. Terms and Definitions

1. DRAM is prepared by the person in charge/executor of the Climate Change Mitigation Action to describe in detail the Climate Change Mitigation Actions that will be carried out and included in the SPE-GRK mechanism.
2. Other terms contained in the DRAM guidelines refer to the “glossary” contained in the general provisions.

C. General Guidelines

1. When planning a Climate Change Mitigation Action in the SPE-GRK mechanism and developing a DRAM, the person in charge /executor of the Climate Change Mitigation Action applies this DRAM guideline and uses an approved methodology.
2. The person in charge /executor of the Climate Change Mitigation Action provides a project description that explains the background of the project and its implementation comprehensively.

3. DRAM is accompanied by Indonesian language version.
4. Descriptions regarding the application of the eligibility criteria and environmental impacts are not considered confidential documents.
5. Values appearing in DRAM documents, including those used for the calculation of emission reductions, must be in the national standard format, for example 1,000 represents a thousand and 1.0 represents one. The units used must be accompanied by standard units/norms (thousands/millions) to ensure transparency and clarity.

D. DRAM Development

The DRAM sheet must be completed as in the following format: (note: the text in blue font italicized in square brackets is the instructions for inputting answer and text)

DRAM Form

A. Description of the proposed Climate Change Mitigation Action		
A.1. title of proposed Climate Change Mitigation Action		
<i>(filled with the activity title from the Climate Change Mitigation Action registered in the SPE-GRK mechanism)</i>		
A.2. general description of actions and applied technology		
activity status	:	<i>(filled with activity status in the form of plans or ongoing activities)</i>
general purpose	:	<i>(filled with the general objective of the Climate Change Mitigation Action carried out, for example reducing emissions from power plants)</i>
Special purpose	:	<i>(filled with the specific objectives of the Climate Change Mitigation Action carried out, including a description of the activities and the technology/approach applied)</i>
A.3. Identity of person in charge /executor of <i>Climate Change Mitigation</i>		

<i>Action</i>		
Proposing organization	:	(.....)
Organization type	:	<i>(organization responsible for / executing the Climate Change Mitigation Action which is divided into ministries/institutions, provincial governments, regency/ municipal governments, and so on)</i>
Phone	:	(.....)
E-mail	:	<i>(filled with the e-mail address used for correspondence)</i>
Website	:	<i>(filled with online page description, if any)</i>
Address	:	<i>(filled with the address of the person in charge / executor of the Climate Change Mitigation Action, preferably in the form of the main operational location and/or the office in charge/ executor of the Climate Change Mitigation Action)</i>
Province	:	<i>(filled with the province where the person in charge / executor of the Climate Change Mitigation Action is located)</i>
Regency/City	:	<i>(filled with the regency/ city where the person in charge / executor of the Climate Change Mitigation Action is located)</i>
Postal Code	:	<i>(filled with postal code where the person in charge / executor of the Climate Change Mitigation Action is located)</i>

A.4. Identity of Contact Person		
Full name	:	<i>(if the person in charge / executor of the Climate Change Mitigation Action is an organization, then the contact person is filled with the identity of the individual who performs the correspondence function related to the SPE-GRK mechanism/ If the person in charge / executor of the Climate Change Mitigation Action is an individual then the contact person can be in the form of the same identity)</i>
Mobile	:	<i>(filled with cellular phone number that can be contacted):</i>
E-mail	:	<i>(filled with e-mail address used for correspondence)</i>
Position	:	<i>(filled with the position of the individual who is the liaison person, for example, head of division, chief executive, director, and so on)</i>
A.5. Project Location, including latitude coordinates:		
Province	:	<i>(.....)</i>
Regency/ District/Village / Postal code	:	<i>(.....)</i>
Longitude/ Latitude	:	<i>(.....)</i>
A.6. Project Duration		
Climate Change Mitigation Action start date	:	<i>(filled in with the date/ estimated date of the project starting to operate fully or commercially)</i>

Estimated time for Climate Change Mitigation Action to last	:	<i>(filled in with the estimated life of the project in years)</i>	
A.7. Contributions to buyers of GHG credits:			
<i>(to be filled in if there is a commitment to contribute emission reduction results to parties other than the person in charge /executor of the Climate Change Mitigation Action)</i>			
A.8. Others			
<i>(filled with information on financial support and managerial system)</i>			
B. Application of the approved methodology			
B.1 Selection of Methodology:			
Type of methodology used	:	<i>(filled with the name of the methodology used)</i>	
Methodology version number	:	<i>(filled with version number of the methodology)</i>	
B.2 Explanation on how the project meets the criteria/requirements of the methodology used:			
Eligibility	Explanation in the methodology	<i>Implementation by the person in charge /executor of the Climate Change Mitigation Action</i>	
(Run—off—river)	(the project does not use a dam/reservoir)	<i>(no dam/reservoir was built in this Climate Change Mitigation Action activity)</i>	
(etc.)	(etc.)	(etc.)	

(etc.)	(etc.)	(etc.)	
(etc.)	(etc.)	(etc.)	
(etc.)	(etc.)	(etc.)	
C. Calculation of GHG Emissions Reduction			
C.1. All sources of GHG Emissions related to Climate Change Mitigation Actions in the SPE-GRK mechanism			
Baseline emission levels of GHG Emissions			
Emissions Source	Type of GHG		
(emissions from generator)	(CO ₂)		
(etc.)	(etc.)		
(etc.)	(etc.)		
(etc.)	(etc.)		
Project Emissions			
Emissions Source	Type of GHG		
[unavailable]	(-)		
(etc.)	(etc.)		
(etc.)	(etc.)		
(etc.)	(etc.)		
C.2. Estimated Emissions Reduction from Climate Change Mitigation Action (per year)			
Year	Estimated baseline emissions (tCO ₂)	Estimated project emissions (CO ₂ e)	Estimated emissions reduction (tCO ₂ e)

(2019)	1000	0	1000
(2020)	1000	0	1000
(2021)	1000	0	1000
(2022)	1000	0	1000
(2023)	1000	0	1000
(2024)	1000	0	1000
(2025)	1000	0	1000
(etc.)	1000	0	1000
(etc.)	1000	0	1000
Total (tCO₂e)			7000

D. Environmental Impact Analysis (AMDAL/Analisis Mengenai Dampak Lingkungan Hidup)

<i>Is AMDAL/UKL/UPL mandatory in the project ?</i>	<i>(Yes/No)</i>
<i>What is AMDAL/UKL/UPL status ? Where is relevant ?</i>	<i>(Done/Unfinished)</i>

E. Means of Implementation

<i>Technology Transfer</i>	<i>(required/not required)</i>
<i>Capacity Building</i>	<i>(required/not required)</i>
<i>Total financial needs</i>	<i>(filled with estimated funding needed for the implementation of Climate Change Mitigation Action)</i>
<i>Financial Status</i>	<i>(already fulfilled/unfulfilled)</i>
<i>Source of Finance</i>	<i>(DDI/FDI/blended finance)</i>
<i>Structure of Finance (in percent)</i>	<i>Equity/loan/grant/carbon market</i>

F. Reference		
1. energy statistics of 2017		
2. IPCC 2006		
<i>(bibliography used in DRAM description, if any)</i>		
G. Annexes		
1. Annex 1	:	Monitoring Structure Sheet
2. Annex 2	:	Monitoring Sheet
<i>(list of annex used in DRAM description)</i>		
H. History of DRAM revision		
Version	Date	Revised content
0	<i>dd.mm.yyyy</i>	-
1	<i>dd.mm.yyyy</i>	<i>(revision based on PTK/ Corrective action request)</i>
<i>etc.</i>	<i>etc.</i>	<i>etc.</i>
I. Annex 1-Monitoring Structure Sheet (attached to DRAM)		
Monitoring Action Structure		
Position	Role	
(Project Manager)	<i>(responsible for planning, implementation, monitoring results, and reporting)</i>	
(Facility Manager)	<i>(assigned to be responsible for monitoring procedure (data collecting and storing) including monitoring and calibration equipment)</i>	

J. Annex 2-Monitoring Sheet (attached to DRAM)

J.1 Table 1- Ex Post Parameters

ID	Monitored	Data	Approx	Unit	Data	Method and	Monitoring	Other
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	parameters	description	imate value		source	Procedure for Measurement	Frequency	Descriptions
1.	<i>(EG)</i>	<i>(The amount of electrical energy produced by a project in the period)</i>	<i>(2000)</i>	<i>(kWh)</i>	<i>Energy measurement devices</i>	<ul style="list-style-type: none"> <i>• using kWh meter regularly every year</i> <i>• calibration schedule on March</i> 	<i>continuity</i>	<i>Calibrated devices according to SNI xxx</i>
2.	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>
3.	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>

J.2 Table 2 – Ex Ante Parameters

Parameters	Data description	Approximate value	Unit	Data Source	Other Descriptions
<i>(EF)</i>	<i>(amount of GHG emissions released by generator to produce 1 MWH of electric power)</i>	<i>(0,5)</i>	<i>(tCO₂/MWh)</i>	<i>(Ministry of Energy and Mineral Resources/ESDM)</i>	
<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>	<i>(etc.)</i>

J.3 Table 3 – The Estimation of CO₂ Emissions Reduction

<u>Determination of CO₂ Emission</u>	<u>Unit</u>
1000	tCO ₂ e/year
<i>(etc.)</i>	<i>(etc.)</i>

Instruction:

A.1 : write the title of proposed project

Instruction:

- A.2 :
 - describe the proposed project;
 - write concise explanation;
 - no more than 500 (five hundred) words;
 - explain plan or ongoing activity status; and
 - general and specific explanation of the purpose of activity implementation.
- A.3 : write name of institution/organization in charge/executor of Climate Change Mitigation Action and information as follows:
 - phone number;
 - e-mail;
 - website; and
 - address of person in charge/executor of Climate Change Mitigation Action.
- A.4 : write name of the contact person who will serve as a correspondent in relation to implementation of Climate Change Mitigation Action in SPE-GRK, and contact information.
- A.5 : if the project is land-based, columns may be filled with government administration details and geographical information (latitude, longitude).
- A.6 : write project initial date and estimated project duration.
- A.7 : describe how this project contribute to product's buyer.
- A.8 : provide information about financial support and managerial system in the implementation of Climate Change Mitigation Action.
- B.1 : write the type of methodology used according to established methodology, and version number of the methodology.
- B.2 : provide main criteria of the methodology being proposed.

Instruction:

- C.1 : provide sources and type of GHG emissions before implementation of activity, and during the project.
- C.2 : provide diagram of activity process and explain concisely.
- C.3 : calculate the estimation of emissions reduction/sequestration per year during Climate Change Mitigation Action.
- D. : Is environmental impact analysis (AMDAL/UKL/UPL) mandatory in the project?
- E. : provide information related to:
- technology transfer;
 - capacity building;
 - total of finance;
 - financial status ;
 - source of finance ; and
 - structure of finance.
- F. : include bibliography, report, publication used in DRAM.
- G. : attach document or data for supporting DRAM.
- H. : history of DRAM revision:
- history of changing/revision of DRAM with DRAM version;
 - date of revision; and
 - revised content.
- Annex 1 : monitoring structure sheet is filled with information on who is responsible for the implementation of monitoring and their respective roles.
- Annex 2 : monitoring sheet (attached to DRAM)

Instruction:

- J.1 : list parameters monitored during the Climate Change Mitigation Action, which is complemented by the monitoring options listed in the endmost table.
- J.2 : list the parameters used which are fixed and specified in advance (*ex ante*), for example emission factors, and more, and provide the source of the information.
- J.3 : provide potential annual emission reductions of the Climate Change Mitigation Action.

MINISTER OF ENVIRONMENT
AND FORESTRY OF THE
REPUBLIC OF INDONESIA,

signed

SITI NURBAYA

ANNEX III TO
REGULATION OF THE MINISTER OF ENVIRONMENT AND
FORESTRY OF THE REPUBLIC OF INDONESIA
NUMBER 21 OF 2022
ON
PROCEDURE FOR IMPLEMENTATION OF CARBON PRICING

GUIDELINES FOR VALIDATION AND VERIFICATION OF GREENHOUSE GAS
EMISSIONS REDUCTION CERTIFICATES ISSUANCE

A. Introduction

Reducing the level of GHG Emissions as an effort to undertake a climate change impact has to be increased, especially after Indonesia ratified the Paris Agreement by enacting Law Number 16 of 2016 on the Ratification of the Paris Agreement on the United Nations Framework Convention on Climate Change. The Paris Agreement is a commitment of the parties to keeping global warming below 2° C (two degrees Celsius).

Measurement, reporting, and verification of Climate Change Mitigation Action is required to measure the achievements and performance of a Climate Change Mitigation Action. The guidelines are developed to assist Verifier in conducting Validation and Verification. In particular, the guidelines are drawn up according to the Validation and Verification guidelines on clean development mechanism and joint crediting mechanism.

B. Objectives

The Validation and Verification Guidelines on the SPE-GRK mechanism, hereinafter referred to as “Guidelines for V/V” aims to ensure:

1. the clarity of the minimum requirements for conducting Validation and Verification under Implementation of Issuance and Use of SPE-GRK, hereinafter referred to as the SPE-GRK Mechanism; and

2. the quality of preparing, implementing, and reporting Validation and Verification of Climate Change Mitigation Actions for SPE-GRK issuance.

C. Scope

This document comprises guidelines for Verifier under contractual agreement with the person in charge/ executor to validate or verify a Climate Change Mitigation Action in the SPE-GRK mechanism based on the approved methodology.

The guidelines describe requirements that must be met, unless the terms "should" and "may" are indicated as referred to in paragraph 10 below.

D. Normative Reference

The application of the Validation and Verification guidelines must refer to the following documents:

1. Regulation of the Minister of Environment and Forestry Number P.72/MENLHK/SETJEN/KUM.1/12/2017 on Guidelines for Implementation of Measurement, Reporting, and Verification of Action and Means of Implementation;
2. SNI ISO 14064: 2009 on Greenhouse Gases part 3: Specifications with guidance for Validation and Verification of GHG statements hereinafter referred to as "ISO 14064-3";
3. General Provisions of the Implementation of Issuance and Use of Indonesian Emission Reduction Certificates, hereinafter referred to as "General Provisions"; and
4. Guidelines for developing Mitigation Action Plan Documents, hereinafter referred to as "DRAM Guidelines".

E. Terms and Definitions

1. Validation is a systematic, independent and documented evaluation process carried out by the Verifier to ensure that the design of Climate Change Mitigation Action meets the requirements set out in the SPE-GRK mechanism.

2. Verification is a systematic, independent and documented evaluation process that is carried out periodically after the Climate Change Mitigation Action has taken place (ex-post) by the Verifier to ensure the success of implementing the design of Climate Change Mitigation Action including the amount of emission reduction it produces.
3. Corrective Action Request (*Permintaan Tindakan Korektif*), hereinafter abbreviated as PTK, is a request submitted by the Verifier to the person in charge/ executor during the Validation or Verification process in the event that an error is occurred, the Validation or Verification requirements are not fulfilled or a risk causing emission reductions cannot be monitored or calculated is found.
4. Clarification Request (*Permintaan Klarifikasi*), hereinafter abbreviated as PK, is a request submitted by the Verifier to the person in charge/ executor during the Validation or Verification process in the event that the information provided is insufficient or unclear.
5. Forward Action Request (*Permintaan Tindakan Selanjutnya*), hereinafter abbreviated as PTS, is a request raised by Verifier to the person in charge/ executor during Validation process to issues that require review during the first Verification of Climate Change Mitigation Action or raised during Verification process to issues that require review in the next Verification process.

The Guidelines for V/V is construed as follows:

1. "should" is used to indicate that among several possibilities, one course of action is recommended; and
2. "may" is used to indicate an action that is allowed.

Other terms contained in the Guidelines for V/V refer to the "Glossary of Terms" contained in the general provisions document.

- F. General Instructions for the implementation of Validation and Verification
 1. Validation and/or Verification begins when the Verifier has obtained authorization from the person in charge/ executor to carry out the Validation and/or Verification.
 2. Validation and Verification of Climate Change Mitigation Actions may be carried out by the same Verifier.

3. Validation and Verification may be done at the same time or separately.
4. Verifier is responsible for forming a competent team to validate and verify climate change mitigation actions.
5. In carrying out the Validation and Verification of Climate Change Mitigation Actions, the Verifier must:
 - a. follow these Guidelines for V/V and integrate them into the Verifier's quality management system;
 - b. apply the latest decisions of the MRV team;
 - c. assess the accuracy, conservativeness, relevance, completeness, consistency, and transparency of the information provided by the person in charge/ executor of the Climate Change Mitigation Action;
 - d. determine whether the information provided by the person in charge/ executor of the Climate Change Mitigation Action is accurate and credible¹;
 - e. apply consistent Validation and Verification criteria:
 - 1) in fulfilling the requirements of the methodology used;
 - 2) for GHG emissions reduction action that have similar characteristics, for example using the same methodology, similar technology, or the same location area; and
 - 3) on expert judgment;
 - f. base all findings and conclusions on objective evidence and carry out all Validation and Verification activities in accordance with applicable rules and guidelines;
 - g. consider evidence that may alter the results of Validation and Verification;
 - h. create a Validation and Verification report that:
 - 1) present factual, neutral, and coherent information;
 - 2) document all assumptions used;
 - 3) provide a reference for all supporting information used; and
 - 4) record changes in report development;
 - i. maintain the confidentiality of all information obtained or generated during the Validation or Verification process; and

¹ Information is considered credible if it is authentic, generates trust and willingness to accept the evidence presented. Information is considered accurate if it is used repeatedly, it always produces the same output

- j. If the Verifier applies a sampling technique in conducting Validation and Verification, then the sampling technique used by the Verifier must be in line with the "standard for sampling and surveys for CDM project activities and program of activities" for large-scale CDM Climate Change Mitigation Actions².

G. Validation Requirements

1. General Requirement:

a. Validation Approach:

In carrying out Validation activities, the Verifier:

- 1) determines whether the proposed Climate Change Mitigation Action fulfills the requirements of the methodology used in the Guidelines for V/V and the decisions made by the MRV team; and
- 2) assesses documents, statements, and assumptions in the DRAM. In conducting this assessment, the Verifier may request additional information from the person in charge/ executor of the Climate Change Mitigation Action or use information from other parties.

b. Validation Method:

- 1) Verifier assesses the information provided by the person in charge/ executor of the Climate Change Mitigation Action.
- 2) In assessing the information, the Verifier applies the Validation method described in the Guidelines for V/V, including but not limited to:
 - a) desk review;
 - b) follow up as deemed necessary (e.g. field visit and interviews by phone and/or e-mail);
 - c) refer to availability of Public Information relating to activity or technology similar to the proposed Climate Change Mitigation Action.
- 3) If the Validation method is not specifically determined, the Verifier applies the appropriate audit technique.

² These standards can be obtained from the website Clean Development Mechanism at the <http://cdm.unfccc.int>

- c. PTK, PK, and PTS
- 1) If the Verifier finds a matter that requires further explanation, research or elaboration to determine whether the Climate Change Mitigation Action fulfills the Validation requirements, the Verifier ensures that it has been carefully identified, formulated, discussed and concluded in the Validation report.
 - 2) The verifier provides a PTK, if any of the following situations occur:
 - a) person in charge/ executor makes mistakes in DRAM;
 - b) the applicable Validation requirements as described in the Guidelines for V/V have not been met; and
 - c) there is a risk that caused emission reductions cannot be monitored or calculated.
 - 3) Verifier provides PK if the information provided by the person in charge/ executor is insufficient or not clear enough to determine whether the Validation requirements have been met.
 - 4) Verifier provides PTS to identify problems in the implementation of Climate Change Mitigation Actions that require follow-up during the first Verification of Climate Change Mitigation Actions. Verifier does not give PTS for things that can be completed prior to the first Verification.
 - 5) Verifier stops or closes PTK and PK, only if the person in charge/ executor has corrected the Climate Change Mitigation Action design, corrected DRAM or provided additional explanation or sufficient evidence. If the person in charge/ executor satisfies all the requirements mentioned, the Verifier will provide a positive Validation opinion on the Climate Change Mitigation Action.
 - 6) Verifier reports all PTK, PK, and PTS in the Validation report. The report describes the issues raised, the responses given by the person in charge/ executor, the method of checking the conformity of the responses, and references to changes that have occurred in the DRAM or its supporting attachments.

2. DRAM Form

Validation Criteria	Validation Method	Reporting Criteria
DRAM is prepared using the latest version of the DRAM form which has been approved by the MRV team and DRAM is prepared in accordance with applicable guidelines.	Comparing the DRAM format used by the person in charge/ executor of the Climate Change Mitigation Action with the latest version approved by the MRV team.	Provide a statement on the conformity of the DRAM prepared by the person in charge/ executor of the Climate Change Mitigation Action with the applicable forms and guidelines.

3. Description of Climate Change Mitigation Action

Validation Criteria	Validation Method	Reporting Criteria
The description of Mitigation Action submitted by the person in charge/ executor of the Climate Change Mitigation Action in the DRAM is precise, complete, and provides sufficient understanding of the proposed Climate Change Mitigation Action.	Verifier should conduct Climate Change Mitigation Action field visit . If the Verifier does not conduct an inspection at the Climate Change Mitigation Action site during the Validation process, then these reasons are explained in the Validation report. Under certain conditions, the Verifier may apply a sampling	a) describes the process undertaken to assess the accuracy and completeness of the description of the Climate Change Mitigation Actions; b) provide opinion on the accuracy and completeness of the description of Climate Change Mitigation Action; and c) describe the

Validation Criteria	Validation Method	Reporting Criteria
	technique.	reasons/justifications if the field visit is not carried out.

4. Methodology Implementation

Validation Criteria	Validation Method	Reporting Criteria
The feasibility of the Climate Change Mitigation Action to apply the selected SPE-GRK methodology and that the methodology used is the latest version that was approved by the government when the design of Climate Change Mitigation Action in the SPE-GRK mechanism began to be validated.	<p>a) assessment of whether the methodology was applied correctly by comparing it with the text of the prevailing methodology at that time.</p> <p>b) checking whether the methodology used is the latest version approved by the government when the draft Climate Change Mitigation Action in the SPE-GRK mechanism began to be validated. If the DRAM is not based on the latest version of the methodology, the Verifier asks the person in charge/ executor of the Climate Change Mitigation Action to provide the corrected DRAM according to the latest version of the</p>	For each eligibility criteria in terms of the methodology used, the Verifier describes the steps taken to assess the validity of the information used in the DRAM as the basis for fulfilling the eligibility criteria.

Validation Criteria	Validation Method	Reporting Criteria
	<p>methodology.</p> <p>c) determination of whether the Climate Change Mitigation Action fulfills each of the eligibility criteria to apply the methodology used. This is done by examining the documents referenced in the DRAM and by reviewing the comparative information deemed necessary to confirm that the Climate Change Mitigation Action meets the eligibility criteria for applying the methodology.</p>	

5. Emissions Source and Emissions Reduction Calculation

Validation Criteria	Validation Method	Reporting Criteria
a) The relevance of all GHG	a) Ensure the source and type of GHG	a) Explain how the validation of

Validation Criteria	Validation Method	Reporting Criteria
<p>Emissions sources to the proposed Mitigation Action Climate Change and the methodology used has been sufficiently considered for the calculation of Climate Change Mitigation Action emissions and baseline emissions. □</p> <p>b) The suitability of the value to be determined is based on the value set at the beginning (ex-ante) for the monitoring parameters for Climate</p>	<p>Emissions based on existing documentary evidence and may be strengthened by field visit.</p> <p>b) If the methodology allows the person in charge/ executor to choose the inclusion of a source or type of GHG, then the Verifier determines whether it may be justifiable. The verifier determines the reasonableness of the choice based on the considerations that given and supporting documents provided and it may be strengthened by direct observation.</p> <p>c) ensure that the format of the monitoring sheet is not altered and has been properly filled out.</p> <p>d) If values for specific parameters of Climate Change Mitigation</p>	<p>sources and types of GHG Emissions has been carried out by explaining the documents reviewed and observations made.</p> <p>b) Provide a statement whether the selected source and type of GHG Emissions may be justifiable. If the Verifier finds that there are emission sources that will be significantly affected by the implementation of the proposed Climate Change Mitigation Action but not covered by the applied methodology, the Verifier will inform the MRV team.</p> <p>c) Describe the</p>

Validation Criteria	Validation Method	Reporting Criteria
<p>Change Mitigation Action as in the Monitoring Sheet (<i>Lembar Pemantauan</i>) hereinafter abbreviated as “LP”, if any. □</p>	<p>Action are set ex-ante, the Verifier ensures the conformity of all data sources and assumptions used and the accuracy of the calculations performed.</p>	<p>steps taken to determine the conformity of the ex-ante value used in the monitoring sheet and describe the method/process to it.</p> <p>d) Verifier provides an opinion whether the value is considered reasonable to be use in the context of mitigation actions in the proposed SPE-GRK mechanism.</p>

6. Environmental Impact Analysis

Validation Criteria	Validation Method	Reporting Criteria
<p>The person in charge/ executor of the Climate Change Mitigation Action has</p>	<p>Reviewing documents and/or information from local government officials or competent experts regarding the</p>	<p>Provide an opinion whether the person in charge/ executor of the Climate Change Mitigation</p>

Validation Criteria	Validation Method	Reporting Criteria
conducted an environmental impact analysis, if it required by the Government of Indonesia, in accordance with the provisions of the legislation.	compliance of the person in charge/ executor of the Climate Change Mitigation Action to the regulations related to environmental impact analysis.	Action indicated it has conducted an environmental impact analysis in accordance with the procedures required by the Government of Indonesia.

7. Monitoring Plan

Validation Criteria	Validation Method	Reporting Criteria
<p>a) The details of the LP monitoring plan are in accordance with the approved methodology and the applied DRAM format.</p> <p>b) The monitoring points for the measurement are appropriate and whether the type of equipment to be used for monitoring is also appropriate, if</p>	<p>a) To assess the conformity of the monitoring plan with the methodology used and the applied DRAM format, the Verifier conducts a desk review to identify the monitoring parameters required by the applied methodology;</p> <p>b) To assess the implementation of the monitoring plan, the Verifier assesses whether:</p> <p>1) the organizational structure of the</p>	<p>a) Express an opinion whether the monitoring parameters and monitoring facilities have been adequately described in the DRAM using the applicable format and fulfill the methodological requirements.</p> <p>b) Express the opinion on the ability of the person in charge/ executor of the Climate Change Mitigation Action</p>

Validation Criteria	Validation Method	Reporting Criteria
any.	<p>monitoring described in the monitoring sheet is adequate for the design of Climate Change Mitigation Action; and</p> <p>2) the means for implementing the monitoring plan, including data management methods and procedures for quality assurance and control, are adequate for ex-post reporting and verification.</p>	to implement the monitoring plan including the feasibility of the monitoring organizational structure used.

8. Avoiding Double Registration

Validation Criteria	Validation Method	Reporting Criteria
The proposed Climate Change Mitigation Actions are not listed in other carbon credit mechanisms ³ .	a) Check the written statement from the person in charge/ executor of the Climate Change Mitigation Action that the proposed	Express an opinion on whether the proposed Climate Change Mitigation Action is registered/unregistered under other

³ The carbon credit mechanism is a mechanism that certifies activities of climate change mitigation in the form of granting credit for emission reduction results

Validation Criteria	Validation Method	Reporting Criteria
	<p>Climate Change Mitigation Action is not registered under any other carbon credit mechanism or Climate Change Mitigation mechanism.</p> <p>b) At least conduct a search on the CDM, JCM and VCS websites to check whether Climate Change Mitigation Actions with the same technology and location have been registered in such mechanism. When a Climate Change Mitigation Action with the same technology and location is found, the Verifier ensures, through desk review and/or interviews with the person in charge/ executor of the</p>	<p>carbon credit mechanisms.</p>

that has been verified, for example Clean Development Mechanism (CDM), Joint Implementation (JI), or the Joint Crediting Mechanism (JCM).

Validation Criteria	Validation Method	Reporting Criteria
	Climate Change Mitigation Action, whether the proposed Climate Change Mitigation Action is different from the Climate Change Mitigation Action listed under the mechanism.	

9. Validation Report

- a. Verifier reports the results of the assessment in a Validation report which is completed by the reporting date.
- b. The Verifier states, in the Validation report, one of the following final conclusions:
 - 1) positive Validation opinion, if all the Validation criteria have been fulfilled by the person in charge/ executor of the Climate Change Mitigation Action; or
 - 2) negative Validation opinion, completed by the Verifier explanation about the opinion why the proposed Climate Change Mitigation Action does not fulfil the requirements of the SPE-GRK mechanism.
- c. The Validation Report provides a general overview of the Validation conclusions obtained and the Validation process used by the Verifier. All Validation findings are identified and basis for consideration is given.
- d. In the validation report, the Verifier provides:
 - 1) a summary of the Validation process and its conclusions;
 - 2) all approaches applied, their findings and its conclusions;
 - 3) the response of the person in charge/ executor of the Climate Change Mitigation Action for PTK and PK, including

- discussions and revisions carried out to the Climate Change Mitigation Action document;
- 4) lists of personnel interviewed and documents reviewed;
 - 5) details on the members of the Validation team, technical experts, and observers involved, along with their respective roles in the Validation activity and details on personnel who made field visit to the Climate Change Mitigation Action ;
 - 6) information on the quality control system within the team and in the implementation of the validation process; or
 - 7) Certificate of competence and/or curriculum vitae of members of the Validation team, technical experts and observers involved in the Climate Change Mitigation Action.
- e. Verifier provides a validation report and the supporting documents to the person in charge/ executor of the Climate Change Mitigation Action, and informs the final conclusion of the Validation to the MRV team.

H. Verification Requirements

1. General Requirements

a. Validation Approach

- 1) Verification activities are carried out by the Verifier only on Climate Change Mitigation Actions that have received positive Validation conclusions.
- 2) The main focus of Verification activities is on assessing the following aspects:
 - a) the eligibility criteria determined in the methodology used for the Climate Change Mitigation Action have been well fulfilled;
 - b) the data used in the monitoring sheet is accurate and credible;
 - c) double registration may be avoided; and
 - d) there are no changes after registration of Climate Change Mitigation Action which will invalidate the feasibility of the applied methodology.

the assessment as referred to in paragraph 41 above is carried out by reviewing relevant documents and/or field

visits. It is recommended to conduct a field visit for the first verification process.

- 3) In addition to the monitoring sheet document, the Verifier taking into account:
 - a) Registered DRAM, including any approved revision thereto and relevant Validation opinions;
 - b) DRAM Validation results and relevant Validation opinions, in the event that Validation and Verification are carried out simultaneously;
 - c) Validation report;
 - d) previous Verification report (if any);
 - e) the applied methodology document;
 - f) any other information and references that are relevant to reducing emissions from the Climate Change Mitigation Action (e.g.: IPCC reports, laboratory analysis data, and the legislation); and
 - g) written statement of the absence of double registration.
- 4) Verifier also observes whether the person in charge/executor of the Climate Change Mitigation Action has followed up on the PTS identified during the previous Validation or Verification (if any).

b. Quality of Evidence

- 1) When examining the reported emissions reduction, the Verifier ensures that there is an audit trail consisting of evidence and records that support/do not support the validity of the values stated in the monitoring sheet, including other reference documents and information that forms the calculation basis for emissions reduction.
- 2) In assessing the audit trail, the Verifier:
 - a) takes into account whether sufficient evidence is available, both in terms of frequency (time period between evidence) and coverage (in covering the full monitoring period); and
 - b) takes into account the source and nature of the evidence (external or internal, oral or recorded, and so on).

- 3) Verifier only verifies emissions reduction based on verifiable evidences.
- c. Verification Method
- 1) Verifier assesses the information provided by the person in charge/ executor of the Climate Change Mitigation Action.
 - 2) In assessing information, the Verifier applies the Verification method specified in this guideline, but not limited to:
 - a) document review; and
 - b) field visit.
 - 3) Verifier applies the appropriate audit technique if the Verification method is not specifically determined.
- d. PTK, PK, dan PTS.
- 1) Verifier identifies, discusses and concludes in its verification report the issues related to the monitoring, implementation and operation of the registered/validated Climate Change Mitigation Actions that may affect the capacity of the Climate Change Mitigation Actions to achieve emissions reduction or may affect the monitoring and reporting of emissions reduction.
 - 2) The Verifier provides PTK, if any of the following situations occur:
 - a) non-conformity with the eligibility criteria of the SPE-GRK methodology applied in the implementation of the Climate Change Mitigation Action, or if the evidence provided to prove conformity is insufficient;
 - b) changes to the implementation, operation and monitoring of registered/validated Climate Change Mitigation Actions are not properly documented by the person in charge/ executor of the Climate Change Mitigation Actions. In particular, changes that may render the applied SPE-GRK methodology unusable;
 - c) errors in applying assumptions, data or emissions reduction calculations that may affect the amount of emissions reduction; or

- d) issues identified in PTS during the previous Validation or Verification have not been resolved by the person in charge/ executor of the Climate Change Mitigation Action.
 - 3) Verifier provides PK, if there is insufficient and unclear information to be able to determine whether the requirements of the methodology and DRAM have been fulfilled.
 - 4) All PTK and PK provided by the Verifier during the Verification process are completed before the person in charge/ executor of the Climate Change Mitigation Action submits an application for the issuance of SPE-GRK.
 - 5) Verifier provides PTS during Verification, if monitoring and reporting actions require attention and/or adjustment for the next Verification period.
 - 6) Verifier reports all PTK, PK and PTS in the Verification report. This report is carried out transparently which allows the reader to understand the issues raised, the responses given by the person in charge/ executor of the Climate Change Mitigation Action, how to verify these responses and references to any changes that occur in the monitoring sheet or its supporting attachments.
- e. Level of Assurance
- The verifier applies adequate level of assurance for Verification according to the Indonesian national standard (SNI) ISO 14064-3:2009.
- f. Materiality:
- 1) Verifier uses the concept of materiality for Verification in accordance with the Indonesian National Standard (SNI) ISO 14064-3: 2009.
 - 2) Materiality threshold for Verification is set out at 5% (five percent) of the total emissions reduction.
 - 3) Conformity of the implementation of the Climate Change Mitigation Action with the eligibility criteria of the applied methodology:

Verification Criteria	Verification Method	Reporting Criteria
<p>The conformity of the Climate Change Mitigation Action and its actual operation with the eligibility criteria of the applied methodology.</p>	<ol style="list-style-type: none"> 1. Conduct a field visit to ensure: <ol style="list-style-type: none"> a) conformity of the physical characteristics of the Climate Change Mitigation Action; and b) the person in charge/ executor of the Climate Change Mitigation Action has operated the Climate Change Mitigation Action according to the eligibility criteria of the applied methodology. 2. If a field visit is not carried out, the Verifier provides the basis for consideration of the decision. 	<p>Provide opinion on conformity with the eligibility criteria of the applied methodology for each monitoring period.</p>

- 4) Assessment of the conformity of the implementation of the Climate Change Mitigation Action to the DRAM or the approved revision of the DRAM:

Verification Criteria	Verification Method	Reporting Criteria
<p>The actual condition of the Climate Change Mitigation Action and its operation compared to the registered/validated DRAM or its approved revisions. □</p>	<p>1. Conduct a field visit to ensure:</p> <ul style="list-style-type: none"> a) conformity of the physical characteristics of the Climate Change Mitigation Action; and b) the person in charge/executor of the Climate Change Mitigation Action has operated the Climate Change Mitigation Action according to the registered/validated DRAM or its approved revisions. <p>2. If a field visit is not carried out, the Verifier provides the basis for consideration of the decision.</p>	<p>For each monitoring period, report changes/deviations of the registered/validated DRAM or its approved revisions, if any.</p>

- 5) compliance with provisions related to instrument calibration and correction of measurement values:

Verification Criteria	Verification Method	Reporting Criteria
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Verification Criteria	Verification Method	Reporting Criteria
<p>a) If the monitoring of parameters related to GHG emissions reduction, Climate Change Mitigation Action is carried out with measurement equipment. □</p> <p>b) The verifier determines whether the measuring instrument has been calibrated in accordance with the monitoring plan and whether the measurement values have been corrected, if</p>	<p>a) Determine whether the equipment has been calibrated according to the monitoring plan;</p> <p>b) If the measuring equipment has been calibrated according to the monitoring plan, the Verifier determine whether the measured values have been corrected, if necessary, to calculate emissions reduction according to the DRAM guidelines and monitoring sheets.</p> <p>c) If the measurement equipment is not calibrated according to the monitoring plan, the Verifier determines whether the measurement results of the delayed calibration may be used to calculate emissions reduction according</p>	<p>Create the list of each parameter that has been monitored using the measuring equipment and state whether the calibration of the measuring equipment is carried out correctly according to the monitoring plan and whether the measurement values have been corrected, if necessary, according to the DRAM and monitoring</p>

Verification Criteria	Verification Method	Reporting Criteria
<p>necessary, in order to calculate emissions reduction according to the DRAM guidelines and monitoring sheets.</p>	<p>to the DRAM and monitoring sheet⁴; and</p> <p>d) Where it is allowed to use the measurement results of the delayed calibration as referred to in point c, and the calibration has not been carried out at the time of Verification, the Verifier asks the person in charge/executor of the Climate Change Mitigation Action to carry out the necessary calibration, before completing the Verification.</p> <p>e) In the case of The Verifier has opinion that it is not possible for the person in charge/executor of the Climate Change Mitigation Action to</p>	<p>sheet.</p>

⁴ See the specific guidelines for delayed calibration cases.

Verification Criteria	Verification Method	Reporting Criteria
	calibrate according to the frequency determined by the applied methodology and/or monitoring plan due to matters beyond the control of the person in charge/ executor of the Climate Change Mitigation Action, then the Verifier requests for consideration from MRV team.	

6) Data assessment and calculation of GHG Emissions:

Verification Criteria	Verification Method	Reporting Criteria
Data and calculation of GHG emissions reduction resulted by Climate Change Mitigation Action by applying the	<p>a) Ensure that a monitoring sheet that is appropriate with the applied SPE-GRK methodology has been used;</p> <p>b) Ensure that a complete data set is available for a certain monitoring</p>	<p>a) Confirm that a monitoring sheet that is appropriate with the applied methodology has been used;</p> <p>b) Confirm that a data set for a certain monitoring</p>

Verification Criteria	Verification Method	Reporting Criteria
<p>selected and used SPE-GRK methodology.</p> <p>□</p>	<p>period. If there is incomplete data, the Verifier provides a negative verification opinion during monitoring period where data is not available, or requests for consideration from MRV team;</p> <p>c) Check the sources of information provided in the monitoring sheet such as log book, inventory, purchase records, laboratory analysis results, and so on;</p> <p>d) Check that the basic consideration for each assumption used in the emission calculations is explained and justified; and</p> <p>e) Ensure that emission factors, default values, and</p>	<p>period is complete, or if some data are not available, a list of actions taken by the Verifier are in line with the consideration of MRV Team;</p> <p>c) Explain how the Verifier checks the reported data; and</p> <p>d) Provide opinion whether the assumptions, emission factors, default values, and other reference values used in the calculations are justified.</p>

Verification Criteria	Verification Method	Reporting Criteria
	other referenced values are applied correctly	

7) Avoiding Double Registration:

Verification Criteria	Verification Method	Reporting Criteria
Climate Change Mitigation Actions are not registered in other carbon credit mechanisms.	<p>a) Receive and check written confirmation from the person in charge/ executor of the Climate Change Mitigation Action that the proposed Climate Change Mitigation Action is not registered under any other carbon credit mechanism; and</p> <p>b) At least conduct a search on the CDM, JCM and VCS websites to check whether Climate Change Mitigation Actions with the same technology and location have been registered in such mechanism. If a Climate Change</p>	Provide opinion whether this Climate Change Mitigation Action is not registered under any other carbon credit mechanisms.

Verification Criteria	Verification Method	Reporting Criteria
	<p>Mitigation Action with the same technology and location is found, the Verifier ensures, through document review and/or interviews with the person in charge/executor of the Climate Change Mitigation Action, whether the proposed Climate Change Mitigation Action is different from the Climate Change Mitigation Action registered under any other carbon credit mechanisms.</p>	

8) Post-registration modifications:

Verification Criteria	Verification Method	Reporting Criteria
<p>Changes to the Climate Change Mitigation Action that occur after registration</p>	<p>In line with the conformity assessment as referred to in point 8.2 and point 8.3, The Verifier checks</p>	<p>a) In the event modifications are found in the Climate Change Mitigation Action as referred to in the verification criteria, and the MRV Team</p>

Verification Criteria	Verification Method	Reporting Criteria
<p>in the SPE-GRK mechanism that can invalidate the feasibility of using the methodology applied to such Climate Change Mitigation Action.</p>	<p>whether there is a modification in the Climate Change Mitigation Action as referred to in the verification criteria. If any, Verifier provide PTK and request the person in charge/executor of Climate Change Mitigation Actions to seek approval from the MRV Team regarding the change. Furthermore, the Verifier continues verification according to the consideration of the MRV team.</p>	<p>approves the modification, the Verifier explains in the verification report the types of changes that have occurred and how the PTK provided has been considered by the person in charge/executor of the Climate Change Mitigation Action.</p> <p>b) In the event that modifications are found that do not invalidate the feasibility of using the applied methodology, the Verifier explains the types of modifications that occur in the Verification report.</p>

g. Verification Report

- 1) The Verification Report provides a general overview of the conclusions of the Verification results and the Verification process used by the Verifier. All findings in Verification are indicated and explained.
- 2) The Verifier reports:
 - a) summary of process and scope of the Verification;
 - b) summary of the Verification results and the level of assurance decided;
 - c) details about the members of the Verification team, technical experts, and observers involved, as well as their respective roles in Verification activities and details of the personnel conducting the field visit;
 - d) the findings of desk review and field visit;
 - e) all findings and conclusions of the Verifier if:
 - (i) Climate Change Mitigation Actions have been implemented and operated in accordance with the eligibility criteria of the applied SPE-GRK methodology;
 - (ii) negligent or errors of reported values may be considered as immaterial;
 - (iii) the measuring equipment has been calibrated according to the monitoring plan and the values of the measurement results have been corrected according to the DRAM and LP for the monitored parameters using the measurement option;
 - (iv) data and calculations of GHG emissions reduction have been assessed for conformity to support the claimed GHG emissions reduction; and
 - (v) Climate Change Mitigation Actions are not listed under any other carbon credit mechanisms;
 - f) list of parameters specified in the monitoring plan and statement of how the values in the LP have been verified;
 - g) statement of findings if there is a modification in the Climate Change Mitigation Action compared to

registered DRAM, and the date of approval of the MRV team on the modification (if needed);

- h) assessment and completion of each PTK, PS or PTS provided by the Verifier for the person in charge/ executor of the Climate Change Mitigation Action;
- i) assessment of remaining issues from the previous Verification period (if any);
- j) conclusions about the amount of GHG Emissions reduction that has been achieved and verified; and
- k) Verifier explains all Verification supporting documents and ensures that they are available to the MRV team, if requested.

MINISTER OF ENVIRONMENT
AND FORESTRY OF THE
REPUBLIC OF INDONESIA,

signed

SITI NURBAYA