



# PRESIDENTIAL REGULATION OF THE REPUBLIC OF INDONESIA **NO.14 OF 2024 ON CARBON CAPTURE AND STORAGE**

REGULATION SUMMARIES



In line with the goal of Nationally Determined Contribution ("**NDC**") and to realize Net Zero Emissions ("**NZE**") by 2060, the Indonesian Government issued Presidential Regulation No. 14 of 2024 on Carbon Capture and Storage ("**PR CCS**"), which reportedly become the first of its kind in Indonesia (refer to US - Asia Business Council). Hereby are a few notable updates on PR CCS:

### **CCS Implementation:**

The implementation of CCS is performed in Work Areas based on a Cooperation Contract (i.e., a Product Sharing Contract / "**PSC**", Gross Split Contract / "**GSC**" or other Cooperation Contracts) between the Contractor (Business Entity or Permanent Establishment) and the Government (The Special Working Unit for Upstream Oil and Gas Business Activities / "**SKK Migas**" or the Aceh Oil and Gas Management Agency / "**BPMA**"). In connection with the above, PR CCS requires a Contractor to submit a CCS implementation plan, including Carbon Storage Capacity license, through SKK Migas or BPMA. On the other side, the implementation of CCS is performed in Storage CO<sub>2</sub> Areas based on the exploration permit and carbon storage operation permit, which issued by Minister of Energy and Mineral Resources / "**MEMR**".

### **Storage Fee:**

CCS implementation based on a Storage Operation Permit can only be monetized by storage fees and requires the payment of royalties to the government, which are non-tax state revenues. In contrast, CCS implementation based on a cooperation contract can be monetized in other forms as well as by storage fees.

### **Tax Incentive:**

To support the implementation of CCS, the Indonesian Government provides tax and non-tax incentives to Contractors and exploration, carbon transportation permits, and/or storage operation permit holders.

### **Cross-Border CCS:**

Indonesia, as the key player in the Southeast Asia CCS with an estimated carbon storage potential of up to 600 GT, allows CCS operators to import their CO<sub>2</sub> to Indonesian territory. To facilitate the implementation of cross-border CCS, the parties (Indonesia and CCS operators) have to enter the bilateral cooperation agreement in accordance with Articles 45 and 46 of the PR CCS.

It is mandatory for all CO2 Transport Operations entering Indonesian territory register and to utilise transportation modes that adhere to engineering standards and regulations that prioritise occupational health, safety, and environmental protection.

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