



Client Alert

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INTEGRATION OF RISK- BASED LICENSING IN THE ENERGY AND MINERAL RESOURCES SECTOR

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The Ministry of Energy and Mineral Resources of the Republic of Indonesia (“MEMR”) has issued Regulation of the Minister of Energy and Mineral Resources No. 7 of 2026 regarding Standards for Business Activities in the Implementation of Risk-Based Business Licensing in the Energy and Mineral Resources Sector (“RM 7/2026”). This regulation came into force on 12 June 2026 and revokes Regulation of MEMR No. 5 of 2021.

Under the previous regime, the implementation of risk-based licensing through the Online Single Submission (“OSS”) system was only partially integrated, with certain technical verification and evaluation processes conducted outside the OSS platform. RM 7/2026 introduces a fully integrated licensing mechanism through OSS system as the single gateway for the submission and issuance of licenses.

RM 7/2026 also introduces more detailed and structured technical standards of the scope of regulated activities, including the recognition of Carbon Capture and Storage (“CCS”) and Carbon Capture Utilization and Storage (“CCUS”), reflecting Indonesia’s policy direction toward energy transition and the reduction of carbon emissions.

Set out below are key provisions under RM 7/2026:

1. Full Integration of Licensing through OSS System

RM 7/2026 iterates that all licensing processes within the Energy and Mineral Resources (“EMR”) sector must be submitted and processed through the OSS system. The OSS now serves as a unified platform covering application submission, fulfilment of requirements, process monitoring, and license issuance.

Notwithstanding this integration, the regulation reserves the technical authority of relevant EMR units. Technical evaluations will continue to be conducted by the respective directorate generals (including Mineral and Coal, Oil and Gas, and Electricity), which are now integrated within the OSS workflow.

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2. Risk-Based Approach

RM 7/2026 reinforces the implementation of a risk-based licensing framework as mandated under Government Regulation No. 28 of 2025 regarding Risk-Based Business Licensing. Business activities are classified according to their level of risk, which determines the type of licenses required and the corresponding obligations imposed on business entities.

To support this approach, RM 7/2026 provides more comprehensive and detailed business activity standards, set out in its annexes, covering operational and technical aspects across various EMR sub-sectors.

3. Regulation of CCS and CCUS

A notable development under RM 7/2026 is the formal inclusion of CCS and CCUS as recognized business activities within the EMR sector. This provides a clearer legal basis for carbon capture, utilization, and storage projects, which were previously not explicitly regulated under sectoral frameworks.

4. Flexibility in Early Stages of Business Activities

RM 7/2026 introduces certain flexibilities aimed at accelerating investment, particularly during the exploration stage. Under specific circumstances, business entities may be granted leniency in fulfilling basic requirements, including spatial utilization conformity, especially for exploration activities in renewable energy, mineral and coal sectors, and certain electricity infrastructure projects.

5. Enhanced Supervision and Administrative Sanctions

RM 7/2026 strengthens supervisory mechanisms and the imposition of administrative sanctions for non-compliance. Sanctions may be applied progressively, ranging from written warnings to the revocation of business licenses, depending on the severity of the violation and its impact on safety, the environment, and the public interest.

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Conclusion

RM 7/2026 strengthens the licensing regime in the EMR sector through full integration with the OSS system. RM 7/2026 also opens new investment opportunities through the regulation of CCS and CCUS, in line with Indonesia's broader agenda on energy transition and carbon emissions reduction.

This Client Alert is provided for general informational purposes only and does not constitute legal advice. Please contact us if you require further information or assistance in relation to risk-based licensing integration in the EMR sector or related matters.

For further information regarding the above Client Alert and future updates, please contact our counselors at:

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