Potential for Carbon Pricing in Trinidad and Tobago

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Policy Framework – National Environmental Policy

- Premised on various Environmental Governance Principles including the polluters pay principle
- market-based measures (E.g. Taxes).
- application of this principle using pollution standards:
  - Charges are levied for compensation and damages associated with pollution of the environment.
  - Charges are levied as:
    - i. An application or processing fee proportional to the cost of processing a license or permit;
    - ii. A licence or permit operating fee proportional to: (1) the quantities/concentration/amount of pollutants which the holder is permitted to generate, or (2) to the best approximate of the total cost to society due to polluting activities undertaken.

Money collected will be used to correct environmental damages and improve pollution management.
Mitigation

➢ Maximising the use of the carbon market
➢ Developing incentives for participation in feasible domestic cap-and-trade regimes

NCCP currently being updated which includes provision for carbon pricing
➢ Recognised role for carbon pricing in maximizing mitigation opportunities
### Policy Framework – Carbon Reduction Strategy and Nationally Determined Contribution

#### NDC Implementation Plan

<table>
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<tr>
<th>Policy Instruments</th>
<th>Assumptions</th>
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| **Subsidy Reduction**| - The electorate understands that economic competitiveness can be significantly improved by fossil fuel subsidy reduction.  
  - Budget pressure persists and drives subsidy reduction. |
| **Carbon Tax**       | - **Carbon tax** revenues are important to reduce public deficit, and allow reduction of highly distorting taxes.  
  - **Carbon tax** can easily be combined with offsets generated by mitigation projects or programmes. |
Policy Framework – Carbon Reduction Strategy and Nationally Determined Contribution

NDC Implementation Plan

Assess public and private financing options

Incorporate mainstreaming of climate change into national budgetary processes and infrastructure through setting carbon budget line, reforming the Green Fund and/or introducing a carbon tax.
**Policy Framework – Carbon Reduction Strategy and Nationally Determined Contribution**

**NDC Financial Investment Plan**

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<th>Industry</th>
<th>Strengthen Emissions Policy, Legislative and Regulatory Framework</th>
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<td>I.3.1 Conduct research on emissions trading schemes (ETS) and recommend an appropriate ETS model and required enabling environment for Trinidad and Tobago.</td>
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<td>I.6.3 Review and amend Air Pollution Rules (APR) to include a schedule for GHGs.</td>
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<td>I.1.7.d Design and Implement NAMA for the Petrochemical and Heavy Industry sub-sector which promotes energy efficiency through the use of financial incentives: ETS Scheme.</td>
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<td>I.4.5.e Design and Implement NAMA for the Oil and Gas sub-sector on gas venting and flaring reduction, including targets for venting and flaring and reporting and monitoring processes: Design and Implement a Carbon Tax.</td>
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Policy Framework – emissions reductions

- Incentives/disincentives for internal combustion engines
- Removal of fuel subsidy and incentivizing switch to CNG
  - (implicit price on carbon)
Legislative Framework – Environmental Management Act

Air Pollution Rules/Water Pollution Rules
Application of PPP through permitting system
Legislative Framework – Green Fund

Capitalised by 0.3% tax on profits from all businesses
Recommendation in NDC Implementation Plan to use a portion of GF levy as a carbon tax.
Current work

Development of carbon pricing approaches in Trinidad and Tobago under the CI-ACA (Collaborative Instruments for Ambitious Climate Action) Initiative

Preliminary:

- Establishing a carbon pricing instrument in Trinidad and Tobago can potentially be a public policy tool that enhances climate ambition and provides a source of financing to accelerate the energy transition.
Next Steps

Conduct necessary analysis to formulate feasible approach in respect of determining what threshold of emissions qualifies

Operationalising carbon pricing to implement NDC in light of above
THANK YOU