Carbon pricing in Singapore

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NCCS NATIONAL CLIMATE CHANGE SECRETARIAT SINGAPORE | STRATEGY GROUP PRIME MINISTER'S OFFICE

Singapore's climate ambition



Enhanced 2030 Nationally Determined Contribution (NDC)

Peak emissions at

65 $MtCO_2e$

around 2030

Based on current projections, this will allow us to achieve a 36% reduction in emissions intensity from 2005 levels by 2030.

MITIGATION

Transformations in Industry, Economy, Society

POWER GENERATION	INDUSTRY	TRANSPORT	BUILDINGS	HOUSEHOLDS	WASTE & WATER
Energy efficiency	Energy efficiency	Zero private vehicle growth	80% green buildings by 2030	Mandatory Energy Labelling Scheme	Circular economy approach
At least 2 GWp of solar energy by 2030	System-level solutions	9 in 10 peak period journeys on "Walk-Cycle-Ride" by 2040	Super Low Energy Programme	Minimum Energy Performance Standards	Waste
Low-carbon technologies	Low-carbon technologies	Cleaner vehicles by 2040		Green Towns Programme	Recycling
					Energy efficiency of desalination and used water treatment

CARBON TAX Initial rate of **S$5/$tCO_2e$** ▶ **S$10-S$15/$tCO_2e$** by 2030



Adoption of Advanced Low-Carbon Technologies

e.g. Carbon capture, utilisation and storage, use of low-carbon hydrogen



Effective International Collaboration

e.g. International climate action, regional power grid, market-based mechanisms





Long-Term Low-Emissions Development Strategy (LEDS)

Halve emissions from its peak to

33 $MtCO_2e$

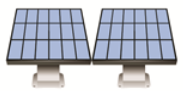
by 2050 &

net zero

emissions **as soon as viable** in the second half of the century

Carbon tax complements key mitigation measures

- Increase solar deployment to at least 2GWp by 2030
- 200MW energy storage deployment target beyond 2025

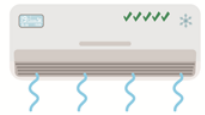


- Double water supply without using more energy
- Increase overall recycling rate from 61% in 2017 to 70% by 2030



- Achieve 1-2% industrial energy efficiency p.a.





- Mandatory Energy Labelling Scheme
- Minimum Energy Performance Standards



- Increase public transport share from 67% in 2016 to 75% by 2030
- Increase rail network from 229km to 360km by 2030
- Increase cycling path from 240km to 1000km by 2040
- Increase sheltered walkway network to 350km by 2040

- At least 80% of buildings to be greened by 2030
- Long-term aspiration of Positive Low-rise, Zero-Energy Medium-rise, Super-low Energy High-rise buildings for the tropics

Carbon tax provides an economy-wide price signal to encourage emissions reductions

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Carbon Tax – key design considerations

1. **Start at a low transitional rate to give companies time to adjust and improve energy efficiency**

- S$5/$tCO_2e$ (~US$3.70/$tCO_2e$) from 2019 to 2023, with the intention of increasing it to between S$10/$tCO_2e$ and S$15/$tCO_2e$ (~US$7.30-10.90/$tCO_2e$) by 2030.

- Carbon tax to be reviewed by 2023. The review will take into account international climate change developments, the progress of our emissions mitigation efforts, and our economic competitiveness

- Improving resource efficiency helps improves competitiveness, especially for carbon-intensive companies

Carbon Tax – key design considerations

2. Simple and clean tax, without exemptions, to ensure a transparent, uniform and consistent price signal across the economy

- 25 ktCO_2e threshold covers around 40 companies that contributes about 80% of our total emissions

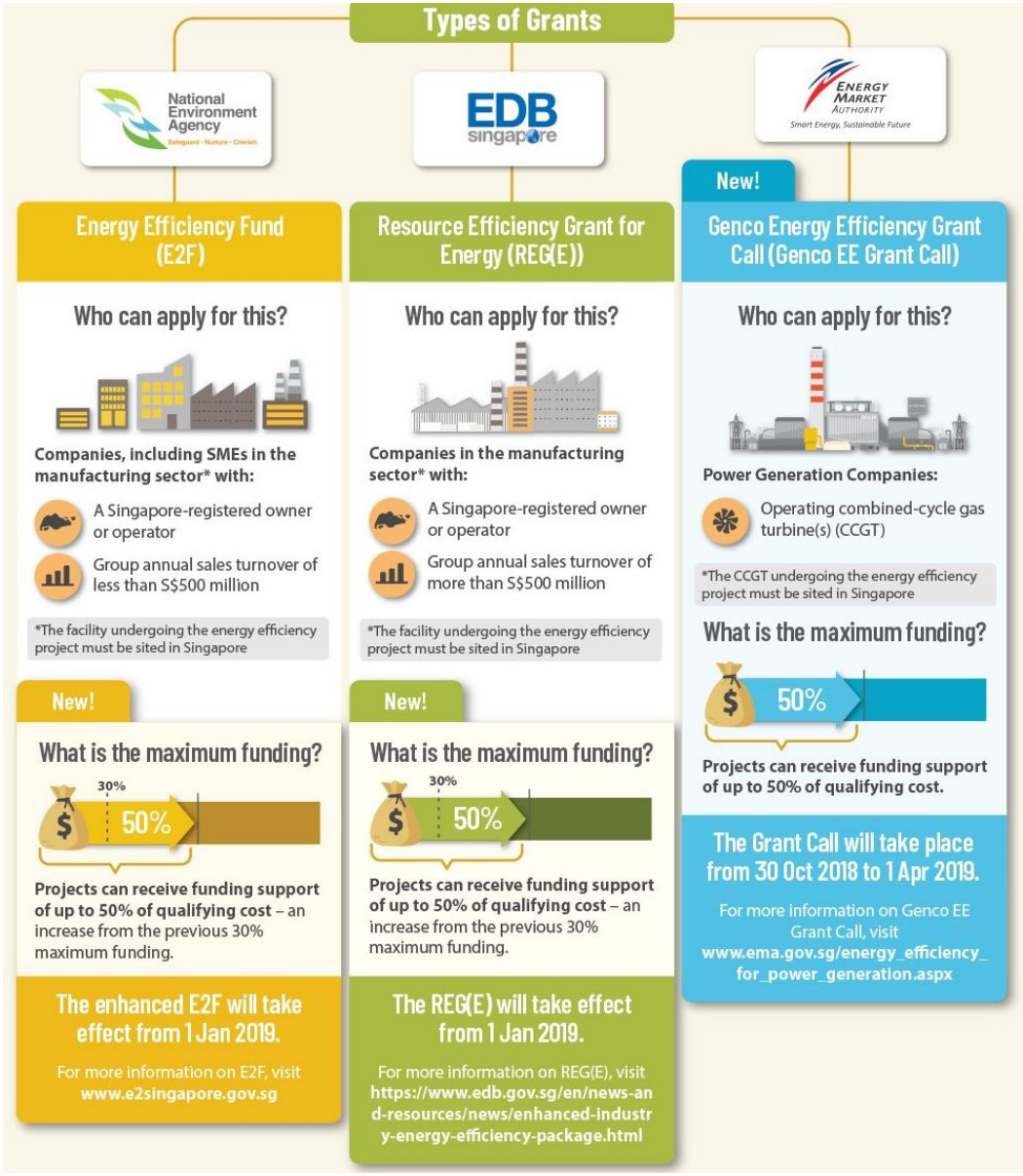
- Tax applies uniformly, without exemptions, for all covered sectors to provide transparent, fair and consistent carbon price signal across the economy

Carbon Tax – key design considerations

3. Carbon tax revenue will be used to help industry reduce emissions

- Prepared to spend more than the revenue collected from the industry in the initial five years to support worthwhile projects

- Funds set aside to enhance support for energy efficiency through existing grants
  - Projects receive up to 50% of qualifying costs (i.e. manpower, equipment/technology, and professional services), an increase from up to 30% previously



Carbon Tax – key design considerations

4. Transitional assistance for lower- and middle-income households

- Impact of less than 1% increase in electricity tariff is lower than the fluctuation of tariff due to changes in fuel prices

- S$20 (US$15) per year for each qualifying household, from 2019 to 2021 to offset part of their utilities bill

- Government to continue to cultivate conservation habits in households which can more than offset the impact of carbon tax on utility expenses

Carbon Tax – key design considerations

5. Future-ready mechanism to accommodate the use of carbon credits

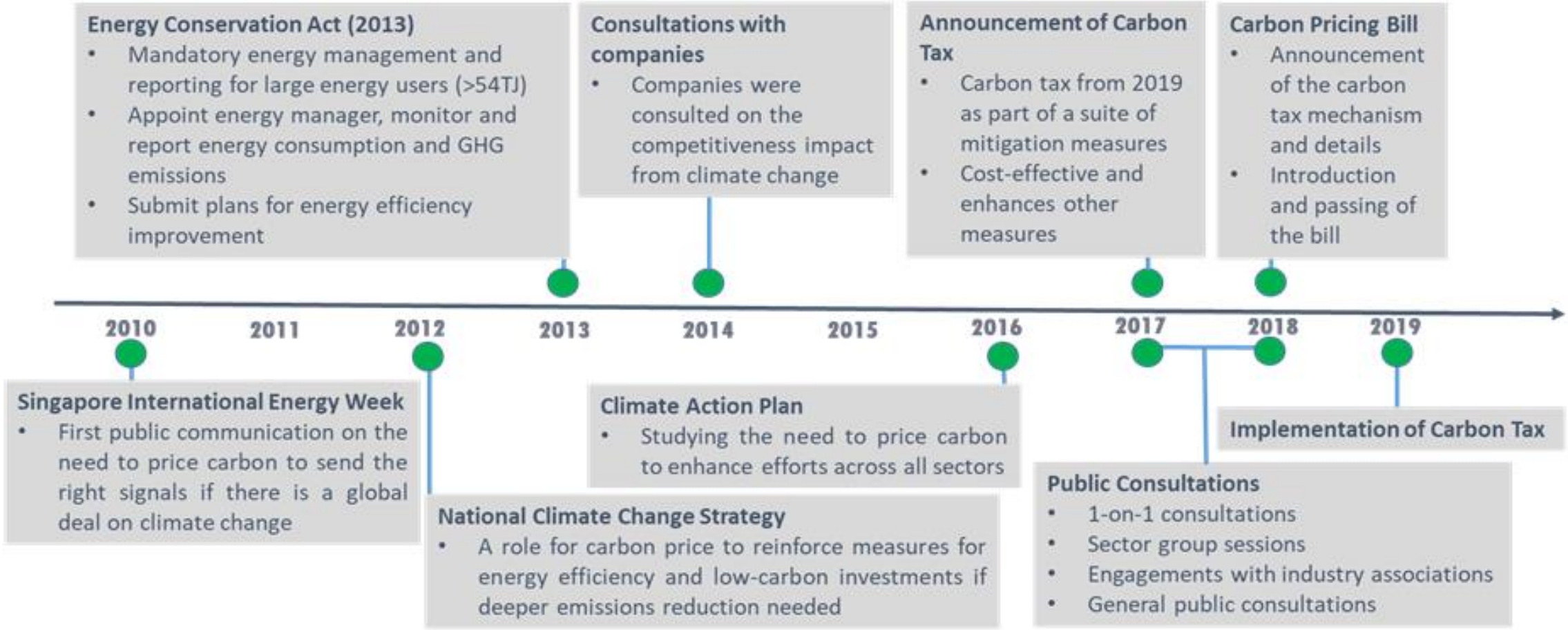
- Start with a fixed-price credit-based mechanism that is simple to implement and minimises burden on companies

- Building blocks (e.g. credit registry infrastructure) to facilitate use of international carbon credits in future

- Open to linking our carbon tax framework to external carbon markets where feasible

Preparation for carbon pricing implementation

Conversations on pricing carbon started early



Singapore's carbon pricing experience

- Provide a transitional period for companies and households to adjust to the impacts of carbon tax, by changing their emission pattern
- Start the conversation on pricing carbon early and consult widely to get buy-in and reduce uncertainties
- Carbon pricing important part of suite of mitigation measures
- Leverage carbon tax implementation to develop domestic carbon services sector and associated capabilities

Thank You