

# Introduction to carbon pricing

Carbon Pricing Communications Training

**Session 1**

# Learning objectives

## **This session aims to:**

- Provide a refresher on carbon pricing
- Give a teaser of simple ways to communicate about carbon pricing

# Content

- 1 What is carbon pricing?

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- 2 What role can carbon pricing play in domestic climate policy packages?

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- 3 What are simple ways of talking about carbon pricing?

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# What are we talking about?

## “Carbon pricing”

VEED.IO

Hi John, Bill Nye the Science Guy here.



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# What are we talking about?

## Carbon Tax

- Levy paid by polluters

## Emission Trading System (or Scheme) (ETS)

- Cap on pollution
- Sale of allowances, or *pollution permits*

## *Fossil fuel subsidy reforms*

- *Reduce incentives for fossil fuel production and consumption*

# Carbon pricing as part of a climate policy package

**Governments have numerous climate policy instruments at their disposal for achieving their NDCs – carbon pricing is just one of them**

Developing a climate policy package requires countries to balance numerous policy objectives as they transition to a low-carbon economy, e.g.:

- Reducing emissions
- Driving innovation and economic development
- Ensuring inclusive growth
- Build economic resilience and adapt to the impacts of climate change

Carbon pricing can play a key role in a wider policy package that addresses these different policy objectives.

# What are simple ways of talking about carbon pricing?

## Avoid technical jargon:

“In contrast to **prescriptive regulations**, carbon pricing provides a flexible approach for **environmental regulation** that **privileges market signals** to incentivize behavior change, while focusing on **aggregate outcomes**.”

## Instead, keep it simple:

“Carbon pricing requires **polluters to pay** for the carbon pollution they emit. This **encourages choices and investments** that are good for the environment and helps build a sustainable, green economy.”

# What are simple ways of talking about carbon pricing policies?

“A **carbon tax** is a levy that polluters pay on the carbon they emit. This encourages people and businesses to make **choices and investments** that are good for the environment. A carbon tax **raises money** for [...] and **reduces the need for other taxes.**”

“In an **emissions trading system** the government sets a **cap on pollution** and distributes or sells **pollution permits** within that cap. Companies that pollute more have to buy more permits. Companies that pollute less can save money by buying fewer permits or by selling any spare permits, so **it makes good financial sense to emit less.** And, because the number of **permits issued falls over time**, the total pollution also falls.”

# Questions?

# Group work | Where does your country stand?

10 minutes

Discuss where your country stands in **designing** or **implementing** a carbon pricing approach.

# Poll | Where does your country stand?

# Coffee break

(10 minutes)