



Joint Select Committee on Energy Affairs

Public Hearing Summary

Wednesday March 02, 2016 at 11:00 a.m.

Topic:

Inquiry into the strategies and incentives to promote new production in the energy industry.

Committee Members:

The following Committee Members were present for the meeting:

- Mr. Colm Imbert, MP - Chairman
- Mr. Franklin Khan - Vice-Chairman
- Mr. David Small - Member
- Mr. Daniel Solomon - Member
- Maj. Gen. (Ret.) Edmund Dillon - Member
- Mrs. Ayanna Webster-Roy - Member
- Ms. Paula Gopee-Scoon - Member

Witnesses who appeared:

- Mr. Selwyn Lashley Permanent Secretary
- Ms. Heidi Wong Deputy Permanent Secretary
- Mr. Richard Jeremy Chief Technical Officer (Ag.)
- Ms. Louise Poy Wing Senior State Counsel
- Mr. Ivor Superville Senior Energy Analyst (Ag.)
- Mr. Monty Beharry Director, Minerals (Ag.)
- Mr. Frank Look Kin Advisor
- Mr. Leroy Mayers Advisor

Key Issues Discussed:

The following are key issues discussed:

1. Administrative arrangements and measures to increase reserves and production of oil and gas:
 - Petroleum Profits Tax
Companies have the choice of two (2) options to write-off exploration and development expenditure to stimulate the mature oil and gas sector. Firstly, 100% write-off of the exploration expenditure may be allowed in the year the expenditure incurred from January 1, 2014 to December 31, 2017. Secondly, capital allowances can be written-off over three consecutive years (50% in year 1; 30% in year 2 and 20% in year 3).

- Incentives introduced resulted to increased rig days in drilling from 1628 rig days in 2011 to 2010 rig days in 2012 and 2092 rig days in 2014.
 - Several incentive provisions have sunset sections until 2017.
 - Companies have written-off more than exploration expenditure which has resulted in reduced tax revenues.
 - The rationale for other incentives, such as, the indefinite carrying forward of losses.
 - The need for an escape section from early write-off of taxes when oil prices are low.
 - The need for scientific and data driven analysis to determine the impact of incentives under the Petroleum Sharing Contract Model, the Petroleum Act and the Petroleum Taxes Act.
 - The Supplemental Petroleum Tax is applicable in high price windfalls and is reviewed annually by the Ministry.
2. Production activities are expected to improve the supply of natural gas by the end 2016 and early 2017.
 3. Research is ongoing on the use of tar sand products in Trinidad and Tobago.
 4. A review of resources not being utilized and under contractual arrangements is ongoing.
 5. Industry consultations have been planned to increase production of hydrocarbons in the energy sector within the first quarter of 2016.

View the Hearing:

The hearing can be viewed on our YouTube page via the following link:

<https://m.youtube.com/watch?v=WxPAQks6ZLs>

Contact Information:

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Committees Unit

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