

The New Zealand emissions trading scheme is part of the government's response to climate change. Emissions trading will help reduce greenhouse gas emissions, encourage and support global action on climate change, and help put New Zealand on a path to sustainability.

This factsheet explains how emissions trading will affect households.

Households and the emissions trading scheme

Factsheet 24



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What does the emissions trading scheme mean for New Zealand households?

New Zealand households contribute to climate change through their use of electricity, gas, and transport fuels, which create greenhouse gas emissions. Everyone can make a difference in reducing greenhouse gas emissions by using energy more efficiently, and using renewable energy alternatives such as solar water-heating.



The emissions trading scheme does not require households to trade emission units. However, households will feel some of the effects of the scheme as the sectors that are involved pass costs on to households.

The main impact of emissions trading for households will be a rise in transport fuel and electricity prices. For example, based on current estimates of carbon prices, transport fuels are likely to rise about seven cents per litre from 2011 and electricity prices to rise by about five percent from 2010. There will also be a range of secondary effects, such as increases in the prices of some goods as a result of increased freight charges.

How can households save money on power and fuel costs?

Householders can make choices and take action to lessen the impact of increased electricity and fuel costs. These actions will reduce their greenhouse gas emissions and give some health benefits. Some of these choices can be made now and take little effort or investment, others take more investment and effort but have larger potential benefits:

- > when buying a new or late model car compare the fuel performance at www.rightcar.govt.nz and look for the vehicle's fuel economy label. The more stars it has the more you save on fuel, and the lower your emissions
- > inflate your tyres correctly and you'll use up to five percent less fuel
- > walking and cycling are ideally suited to short trips. It is good exercise and can save you money on fuel
- > When buying appliances, look for the energy rating label and the ENERGY STAR mark to help you save money and electricity – the more stars on the energy label, the better the energy efficiency
- > switch off appliances at the wall – the average household could save about 10 percent on its power bill if appliances on standby were switched off
- > a well-insulated home takes less energy to heat – ceiling insulation can save you up to \$400 per year.

What assistance will be available to householders?

Financial assistance will be provided for households in the form of a one-off rebate for all households who face price increases associated with electricity entering the scheme in 2010 (the details and timing of this assistance are still being worked through). In addition to this rebate, financial assistance will be provided to families who receive benefits, superannuation or Working for Families tax credits.

The government has also created a billion dollar Household Fund under the emissions trading scheme to promote household energy efficiency and renewable technologies. The Household Fund is currently being designed, but may include household insulation and 'clean', low-emissions heating, such as heat pumps or wood pellet burners, energy efficient appliances, and lighting, space and water-heating efficiency improvements. Improving the energy efficiency of our homes and switching to clean heating devices will reduce our energy emissions and also provide significant health and air quality co-benefits.

The Household Fund is due to start in 2009 and will be in addition to initiatives under the New Zealand Energy Efficiency and Conservation Strategy.

While the financial impact of emissions trading on most households is expected to be small, there will be considerable benefits. Overall, a clean environment that is sustainable in the long term will benefit all New Zealanders. Reducing the effects of climate change is important to everyone now and in the future.

What other government climate change initiatives are relevant to households?

The Energy Efficiency and Conservation Authority's ENERGYWISE homes initiative has a number of programmes that offer financial support and information to New Zealanders to improve the energy efficiency of their homes. This includes funding for insulation, 'clean' heating, and other energy efficiency measures. Funding is available for:

- > homeowners with a community services card
- > middle-income homeowners (with annual before tax income of less than \$100,000 for two people)
- > landlords with low-income tenants.

Funding is also available for installing a solar water-heating system. This is either in the form of a contribution of up to \$1,000 towards the cost of a loan to pay for the system, or a one-off payment of \$1,000 towards the cost of installing a new system.

To find out more about the criteria for ENERGYWISE programmes visit www.energywise.govt.nz or call 0800 762 7837.

Fuel\$aver is a useful website that provides information to compare the fuel consumption of different vehicle models. The website enables drivers to calculate vehicle fuel costs by considering their vehicle model, the distance traveled, the kind of fuel that is used, and their driving habits. Visit www.fuelsaver.govt.nz



Where to go for more information

For more information on the government's climate change work, including more information about the emissions trading scheme, visit www.climatechange.govt.nz or call 0800 CLIMATE (0800 254 628).

To find out how to make your home and travel more energy efficient, visit the ENERGYWISE website www.energywise.govt.nz or call 0800 762 7837.

To find out more about things you can do to help the environment, visit www.sustainability.govt.nz