

The voluntary market

The voluntary market will continue to be relevant within New Zealand and can operate alongside the compliance market. It will provide an opportunity outside the NZ ETS for organisations to gain credits for reduction activities and to purchase emission units to meet, for example, their carbon neutral aspirations.

In contrast to the compliance market, the voluntary market does not require anyone to participate through regulation, but people may choose to purchase emission units for other reasons, including to:

- > offset personal carbon emissions or emissions associated with activities such as international air travel, perhaps through an altruistic desire to lessen their impact on the environment
- > offset emissions generated by a business, perhaps to:
 - > maintain market access for products and services
 - > meet consumer demands
 - > enhance their branding as being environmentally responsible as a point of difference
 - > signal a commitment to move towards carbon neutrality.

The voluntary market is not one distinct market; rather, it consists of a range of service providers offering a range of different units. In the voluntary market, emission units are commonly referred to as carbon credits.

Within New Zealand, there are a range of brokers, traders and suppliers of voluntary emission units. People considering participating in a scheme need to fully consider and evaluate the merits or risks of any scheme themselves.

Emission units generated through the voluntary market are not able to be traded on the NZUER.

What does “carbon neutral” mean?

Carbon neutral means there are no net greenhouse gas emissions generated by a person, business or activity. Becoming carbon neutral is a three-stage process.

1. Measuring the emissions or the “carbon footprint” from that person, business or activity.
2. Reducing or mitigating those emissions as much as possible cost-effectively.
3. Offsetting the remaining emissions. This may be done by buying and cancelling emission units within the NZ ETS, buying and cancelling other Kyoto-compliant credits internationally, or buying and cancelling units via the voluntary market.

The NZ ETS will not necessarily make businesses carbon neutral. However, emissions trading is a step on the way toward carbon neutrality. Businesses can choose to purchase and cancel extra emission units from the market to make themselves truly carbon neutral, or they may wish to participate in other voluntary offset programmes outside the NZ ETS, such as the carboNZero programme.



Where to go for more information

To access or find out more information about the New Zealand Emission Unit Register, visit www.nzeur.govt.nz

To find out more information about the New Zealand Emissions Trading Scheme, visit www.climatechange.govt.nz

To find out more about things people can do around the home to reduce their impact on the environment, visit: www.energywise.org.nz and www.smarterhomes.org.nz