

New Zealand ETS review 2015/16 consultation

Copy of your submission



1. Do you agree with the drivers for the review?

Answer 1: Yes

2. What other factors should the Government be considering in this NZ ETS review?

Answer 2:

3. Should the NZ ETS move to a full surrender obligation for the liquid fossil fuels, industrial processes, stationary energy and waste sectors?

Answer 3: Yes

3A. Please explain your answer:

4. What impact will moving to full surrender obligations have on you or your business?

Answer 4:

5. If full surrender obligations are applied, when should this be implemented?

Answer 5: a) 2016

Outline the reasons for your answer, and include any comments on the pros and cons of applying an increased surrender obligation to a partial or a full NZ ETS reporting a year.

6. If the NZ ETS moves to full surrender obligations, should potential price shocks be managed?

Answer 6: No

6A. Please explain your answer:

7. If potential price shocks associated with moving to full surrender obligations should be managed, how should this be done?

Answer 7:

7A. Please explain your answer:

8. If the \$25 fixed price surrender option value should change, what should it change to and why?

Answer 8:

9. Do you consider the future cost of emissions in your business planning?

Answer 9:

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10. What would improve your ability to take into account the future cost of emissions in your business planning?

Answer 10:

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11. Under what conditions should free allocation rates start to be reduced after 2020?

Answer 11:

12. What impact would it have on your investment decisions over the next few years if there was a clear pathway or criteria for phasing out of free allocation after 2020?

Answer 12:

13. How does the carbon price impact your forestry investment decision-making?

Answer 13:

14. Are there opportunities for the NZ ETS to increase incentives for forestry investments, outside of NZU price?

Answer 14:

15. What are your reasons for the above answer?

Answer 15:

16. If international units are eligible for NZ ETS compliance in the 2020s, should any of the following restrictions be placed on their use?

Answer 16:

16A. Please explain your answer:

17. Should auctioning be introduced in the NZ ETS?

Answer 17:

17A. Please explain your answer:

18. What should be the role or purpose of an auctioning function in the NZ ETS, if one were introduced?

Answer 18:

18A. Please explain your answer:

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19. How should auctioned NZUs relate to other sources of unit supply in the NZ ETS, especially NZUs generated through forestry removals and / or international units?

Answer 19:

20. What impact has carbon price volatility in the NZ ETS had on your business?

Answer 20:

20A. Please explain your answer:

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21. Do you think measures should be in place to manage price stability?

Answer 21:

21A. Please explain your answer:

22. What do you consider are important factors for managing price stability?

Answer 22:

22A. Please explain your answer:

23. What should the Government consider when managing price stability?

Answer 23:

24. Are you aware of ways the administrative efficiency of the NZ ETS could be improved?

Answer 24:

25. Can you provide further information to support your answer?

Answer 25:

26. Are there any barriers or market failures that will prevent the efficient uptake of opportunities and technologies for reducing emissions?

Answer 26:

27. If so, is there a role for the Government in addressing these barriers or market failures and how should it do this?

Answer 27:

28. Please comment here

Answer 28:

I support the immediate removal of the 2 for 1 discount on carbon credits to remove uncertainty for business and allow them to plan their carbon properly. This discount is effectively a subsidy that the taxpayer will have to cover if we are serious about our Paris targets, so it is unconscionable that businesses receive this subsidy when they should be encouraged to be an effective business entity. The state should not be propping up these businesses. I also support an immediate freeze on free credit allocation for up to two years to force business to burn through free taxpayer funded credits they have hoarded over the past years when fraudulent overseas credits have been used to offset carbon instead. Additionally I support a ban on all dubious or fraudulent overseas credits. I do not support a gradual introduction of these policies but I believe only immediate introduction is going to help us reach our targets. I also support large fines relative to revenue for businesses who infringe emissions limits and prohibitive penalty rates for any carbon credits businesses are forced to buy by auditors.

I support the immediate inclusion of all agricultural emissions in the ETS, including all variety of greenhouse gases emitted, with a cost relative to their greenhouse potential weighted against the carbon price. For example, if an emitted gas is twice as greenhouse effect causing as carbon per tonne, twice as many credits must be purchased to cover it. I believe agriculture should have to shoulder the same costs as all other industries, and again this is effectively a taxpayer subsidy if we are serious about our targets. Had the ETS been in effect, agriculture would have been in a much better state today, dairy farmers would have been able to more accurately weigh up the costs

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of intensifying their land use, and many of them would have discovered that intensification is not the value prospect it seemed when milk prices were high considering the additional debt that farmers have taken on for proportionally meagre additional profits. Additionally, shifting the costs of agricultural emissions back to the polluter would move the onus of research and development and then adoption of technologies to reduce emissions back to the bodies who benefit. Enforcing agricultural emission costs would quite quickly result in new innovative technologies to reduce these emissions as well as immediate economic advantage to responsible farmers who choose to implement these technologies. Considering this is a cornerstone of the governments plan to reduce emissions, it's time we put in place real economic incentives to encourage this proper behaviour.

I also support the extension of the carbon credit allocation currently given to forestry to all agricultural and other businesses whose activities absorb atmospheric carbon. This should include all crops, and any other technologies such as carbon absorbing algae and building materials such as fibre based concretes that absorb carbon throughout their lifetime. The inclusion of novel building materials like this in the scheme has a twofold effect of reducing building costs through carbon credit allocation to people living or building with them, and we may see an increase in affordable housing because material costs may reduce significantly or even decrease below zero when credit allocation is included. Imagine if polluters were paying people to build houses that absorbed the carbon they emitted. The knowledge gained from these innovations and from the aforementioned agricultural technologies could be a boon to our weightless exports.

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