

# New Zealand ETS review 2015/16 consultation

Copy of your submission



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

Answer 1: No

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

Answer 2:

The overwhelmed burden on the local primary industries that are struggling now and in future. the fact there is no correlation between the price the industry receives for its product in the market and the price it pays for carbon units.

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: No

3A. Please explain your answer:

It will shut the door on innovation for these energy options in the future. commercial suicide for what left of New Zealand Primary Industry's.

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

Answer 4:

Impossible to absorb increase and to pass down to customers, will result in loss of trade and closure to a very viable business and employer in an already declining region's

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

Answer 5: d) other - please specify

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. not viable till all countries equal in implementing.

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

Answer 6: Yes

6A. Please explain your answer: Management is vital to the core industry required to purchase carbon units.

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

Answer 7: d) other methods - please specify

7A. Please explain your answer:

A fixed cap within reason would be necessary and agreeable to the effected parties ie Coalmines.

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

Answer 8: \$1 to \$6.00

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

Answer 9: Yes

9A. How do you do this?

Yes we operate a modern well maintained fleet of machinery with highly trained workforce.

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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: Competitive access to carbon units.

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

Answer 11:

Should not be reduced. Free allocation rates should only be reduced once a definitive, clear international framework has been created, with evidence that it is being adhered to by NZ trading partners/competitors. That would include international carbon markets to which NZ has access at affordable prices.

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:

Our customer base would be effected by increase in carbon and would seek investment offshore.

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

Answer 13:

The Forestry industry should rely on the quality of the wood in the trees and the positioning of their forest's to attract investment not the carbon market. This is a recipe for disaster for both industry's

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

Answer 14: No

15. What are your reasons for the above answer?

Answer 15: You would be basing the industry on assumptions'

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:

Restriction to carbon prices and international units is a concern, all countries should have access to international carbon markets.

17. Should auctioning be introduced in the NZ ETS?

Answer 17:

17A. Please explain your answer:

There should still be appropriate protection to relevant sectors and auctioning could go either way to give sector an advantage or disadvantage, sector are still unsure if demand would require auctioning.

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

Answer 18: b) to more actively manage NZU prices

18A. Please explain your answer:

Auctioning should only be introduced only if there is an abundance of international supply

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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: To be competitive along side a global market.

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

Answer 20: c) significant

20A. Please explain your answer:

The volatile NZ carbon market creates impossible pricing structure for fixed contracts within our industry. It has had significant impact within our business to outlay high prices NZU's thru our cashflow.

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

Answer 21: Yes

21A. Please explain your answer:

We are a coalmine so we have the greater impact and responsibility to annually buy carbon units so a well managed stable price within NZ ETS scheme is required.

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

Answer 22:

22A. Please explain your answer:

Price stability nationally and internationally to market's for all to access carbon units.

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

Answer 23: As above, priority to access fair carbon prices.

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

Answer 24: No

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:

Technologies for already efficient carbon combusting within primary industries should be subsidised to promote employment and growth.

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:

Primary industries have to be promoted and supported starting from coal energy thru to the dairy/manufacturing factories for the larger and small communities to survive.

All communities have to have the flow on jobs opportunities and dairying, mining, manufacturing can work along side the likes of tourism for example to survive.

28. Please comment here

Answer 28:

Carbon tax is a blunt instrument in our industry, and is not the way to control emission's, it is another tax onto our already over levied/taxed industry, this is why low/control NZU's are for important to us to keep our business viable.

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