

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:

The farming/agricultural sector of NZ must be brought into the fold. While it is politically difficult, it is necessary for 50% of emissions to be recognized and no longer subsidised relative to other industry. This includes fisheries.

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:

Ending the one unit for two tonnes of emissions arrangement immediately as the buffer that this was put in place to provide has served its purpose as is now a hindrance to the overall performance of the ETS.

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

Answer 4: None.

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

Answer 5: b) 2017

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.

The transitional nature of the 2 for 1 scheme has run its course and has served as a buffer for those for whom it applied. Adequate time has passed for those industries to make appropriate measures to move into line with current and future expectations as regards emissions.

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

Answer 6: No

6A. Please explain your answer:

As previously stated, adequate time has been allowed for transitions to have been made and for these industries to come up to speed.

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?

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Answer 8:

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

Answer 9: Yes

9A. How do you do this?

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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:

Full surrender across all industries, including agricultural, as it removes future uncertainty of if/when New Zealand's major emitter will enter the ETS Scheme and the shocks that would be inherent therein.

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

Answer 11:

All and every condition. The effective subsidisation of segment of the economy over others is no longer valid nor viable.

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: Unsure

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: c) other

16A. Please explain your answer:

They should not under any circumstances be allowed in the future for the same reasons that they were disallowed in the past.

17. Should auctioning be introduced in the NZ ETS?

Answer 17: No

17A. Please explain your answer:

It would set a false market as control would be of importance (assuming a price cap no longer exists, or is set far above current market price as is the case nowadays).

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: a) minor

20A. Please explain your answer:

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

Answer 21: No

21A. Please explain your answer: If New Zealand wants to be a market economy, let it be a market economy.

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

Answer 22: b) lower price limits (eg, price floor)

22A. Please explain your answer:

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

Answer 23:

The overall effectiveness in reducing/limiting emissions as is it's goal. Not the protection of industry from the repercussions of it's operation.

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?

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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:

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