

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:

Most efficient way to reduce emissions: a price on carbon sends the most clear message possible that emissions reductions is in the nation's long-term economic interest. And meeting this 2030 target is a remote possibility given the current policy settings. The ETS, while flawed in its current implementation, is at least an existing framework to build on.

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:

Simply no need for this anymore, the transition phase is over. Every industry should be treated as equally as practically possible.

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.

The quicker these accurate price signals are in place the faster the economic shifts can occur away from polluting activities.

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

Answer 6: Yes

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:

- a) maintain the fixed price option at \$25
- d) other methods - please specify

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7A. Please explain your answer:

Remove the fixed price option or move to a price cap aligned with an evidence-based metric for carbon cost, over 1-2 years if necessary to manage price shocks.

I support a one-year freeze on free allocation of units to clear the 'bank' of units accumulated over the last three years.

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

Answer 8:

If a price cap is to be kept it should be set at a meaningful level - for example, benchmarked to the 'social cost of carbon', currently assessed by the US EPA at around NZD\$60 (central estimate).

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:

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:

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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:

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?

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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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