

Submission to ETS Review

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19 February 2016

Due to the fact that the ETS has been worked against meaningful progress toward curbing carbon emissions, I submit that it be withdrawn completely and replaced with a simple price on carbon through carbon charge, which is in keeping with our market economy.

My reasons follow:

1. In seven years the ETS has not reduced emissions at all, which the government has acknowledged, nor has it influenced investment decisions. This failure has been at considerable public expense. Our government attended the Paris Climate Summit, in doing so we acknowledge that Climate Change is a key issue facing our place in history. The ETS was little more than a bureaucratic bumble of rules, units, inventory, and allocations and for no purpose other than to enrich a handful of speculators.
2. Tweaking a broken system is good money after bad. Our resources would be better used on measures that will actually reduce emissions and be in keeping with the user-pays economic model that is so often bolstered by the business community.
3. The removal of the one-for-two rule will be of no significant use. The consultation document states that the ETS will be the “main policy tool” to achieve the Government’s target of a 30% reduction in emissions by 2030, yet it also says the effect of removing the one-for-two will be a reduction of only 1.1% by 2030. Simple arithmetic dictates that there is no solution waiting in the wings of this idea. Is the other 28.9% to come from good will? Divine intervention? We cannot expect other countries to have genuine emissions reduction units to sell because other countries are taking climate change seriously, even if the current New Zealand government is not. There will be far fewer spurious units for trade.
4. The document states that the ETS has not influenced investment decisions, but a carbon price will. Long term investment decisions taken now will result in building plant that will still be operational in 2050. We need results that detour any plant from relying on or requiring large amounts of fossil fuels. A price on carbon is an economic factor that CEOs and boards will clearly understand.
5. The ETS has no price floor and no emissions cap. It wasn’t designed to incentivise transformation to a low carbon economy. It was intended to provide a trading platform for speculators, which is what has happened. In far too many instances the largest polluters can make considerable money from their pollution through arbitrage, which results in a transfer of wealth from the public and small energy users to large corporations, some of which are foreign owned.

6. The emphasis on trading also reinforces the foolish idea that speculation or swapping burning coal for a growing forest can effectively address climate change, which is dangerous nonsense and probably the most damaging aspect of ETS. We need to give voice to new ideas because the most profitable way to address the business risks of a carbon price is to invest in low carbon technology and processes, and that's just sound financial judgement.
7. The ETS has been used to justify not having another way to address climate change. A good deal of progress could be made by simply improving product standards, especially for motor vehicles, and that idea carries virtually no cost. The idea doesn't get picked up because the ETS has been brandished as the one-size-fits-all solution, meanwhile the government encourages more intensive development of the fossil fuel industry through a variety of hidden subsidies and preferential treatment.
8. A carbon charge will be highly effective deterrent against businesses continuing with a stale business-as-usual model. It will encourage diverse, creative thinking and foster development of a robust renewable energy sector; all of which are signs of progress.

Climate change is not just an environmental issue, it is an economic, social, and humanitarian issue. It is the most pressing issue facing our generation. Surely we have the intelligence to address it honestly and with conviction.

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