

New Zealand ETS review 2015/16 consultation



Copy of your submission

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

Answer 1: Unsure

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

Answer 2: Biological emissions from the agricultural sector

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:

These sectors have been aware that the 1 for 2 regime was transitional only, and should have planned (i.e. acted to reduce their emissions) for an eventual move to full surrender obligations.

These sectors are also responsible for large proportions of the country's emissions, so should be encouraged through any and all available means, including full surrender obligations, to reduce their emissions.

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

Answer 4:

increased carbon prices may in the short term increase the price of consumer goods and utilities. However, I would hope that it will act as a strong incentive for suppliers and producers to find ways of reducing their emissions and become more efficient at the same time, reducing the price impact.

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. but should commence gradually as soon as possible.

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

Answer 6: Yes

6A. Please explain your answer:

Price shocks may negatively affect international competitiveness and will inevitably be passed on to consumers. However, some degree of price increase to the market may encourage and incentivise producers and suppliers to reduce their emissions more swiftly to remain competitive.

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

Answer 7:

- c) gradually move to full surrender obligation

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- d) other methods - please specify

7A. Please explain your answer:

A gradual move to full surrender should be imposed, to reduce potential price shocks, but should still be implemented relatively swiftly - as the CO₂ level in the atmosphere is already perilously close (if not already past) causing irreversible climate change.

Additional methods to reduce potential price shocks might include subsidising adoption of new technologies, and research & development etc to assist businesses to reduce their emissions (and thereby reduce their costs, which inevitably get passed on to consumers).

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: No

9A. Please explain your answer:

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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:

Certainty around carbon price and time frames for the shift to full surrender obligations, so providers of goods and services can plan and give indications of any likely price impacts.

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

Answer 11:

All conditions. Emissions must be reduced urgently - climate change takes no account of whether we have a recession or reduce international competitiveness. Price / Cost will be irrelevant if we don't have fresh air, clean water, food.

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?

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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:

- a) restrictions on where units can be sourced from (location of and/or types of projects)
- b) restrictions on how many units can be surrendered

16A. Please explain your answer: NZ units need to remain competitive

17. Should auctioning be introduced in the NZ ETS?

Answer 17: Unsure

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: Yes

21A. Please explain your answer:

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

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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:

an weak ETS would reduce the uptake of opportunities and technologies for reducing emissions as there would be less incentive to do because the cost / pain to the supplier/producer would be more acceptable.
The cost of research & development to find better techologies, and the cost of changing to them is a potential barrier

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:

Funding and/or subsidies for research & development into emissions-reducing technologies.
Potentially provide subsidies and/or low interest loans for adoption of emissions-reducing technologies
Provide a robust, equitable ETS

28. Please comment here

Answer 28:

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Organisation (if applicable)

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