

**From:** [The Morgan Foundation](#)  
**To:** [NZETSReview@mfe.govt.nz](mailto:NZETSReview@mfe.govt.nz)  
**Subject:** 00128 New submission from ETS Submissions  
**Date:** Friday, 19 February 2016 4:05:57 p.m.

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**Do you agree with the drivers for the review?**

Yes, but some drivers are missing

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

What is the ETS trying to achieve in terms of domestic emissions reductions? Given we have no confirmed international trading, the starting point should be planning to meet our 2030 target with domestic emissions reductions. What carbon price would it take to achieve that goal? That information is central to this consultation.

Regardless of international trading, our economy needs to transition to net zero carbon this century. Where is the Government's plan for this transition?

What is the place of the ETS in encouraging reduction in transport emissions? An immediate increase in the price of transport fuel would show the governments resolve on this issue and directly encourage increased use of public transport, bicycles, walking and EV's. Increased use of public transport would allow greater investment in this sector with direct electric (non-battery) vehicle fleet transitioning. It would also start the shift of property values away from suburbia to inner city living

**Should the NZ ETS move to a full surrender obligation for the liquid fossil fuels, industrial processes, stationary energy and waste sectors?**

Yes

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

2016

**Outline your reasons for the above selection**

The Government kept the two for one offer far longer than recommended by the last panel. So there is no rationale for keeping it any longer now. See also comments on transport sector above.

Transport is an area everyone contributes to and everyone can control (to some extent at least) their personal emissions. Moving from petrol to electric also make no sense unless the electricity industry is given the same incentive to reduce emissions. So 1 big shock for everyone right away.

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

No

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

Other

**Please explain**

Prices should be pushed upwards as quickly as possible. In the first instance we recommend a one year moratorium on free allocation to clear the bank of unused free units from the last three years. Whilst international trading may follow, the priority has to be what individuals and companies do now. All taxation gained from carbon pricing should go to supporting low income families so they can participate in emissions reductions - insulation, public transport credit, efficient heating solutions, upgrading appliances etc

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

An immediate rise in carbon prices will help us kickstart the transition of our economy off fossil fuels. It may cause a short term cost, but will result in long term savings as we have to reach net zero emissions between 2050 and 2100. ETS only works by sending a price message. What is the point of "managing" the message. The message is "get off fossil fuels", not "maybe you should think about getting off fossil fuels sometime in the future because maybe the next government will continue or

increase the cost of carbon"

### Contact details

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