



19 February 2016

NZ ETS Review Consultation
Ministry for the Environment

E: climate.contribution@mfe.govt.nz

Dear Sir/Madam,

New Zealand ETS Review 2015/16

Origin Energy Limited (Origin) welcomes the opportunity to make a submission to the New Zealand Government's discussion document *New Zealand's Emissions Trading Scheme Review 2015/16*.

Origin recognises that climate change is a global challenge and unequivocally supports measures to progressively reduce carbon emissions. We support the global target of no more than two degree temperature change and note the strong intention of the Paris Agreement to pursue efforts to a 1.5 degree scenario. We support New Zealand's announced 2030 target as a minimum goal for the nation and believe that greater ambition is possible.

About Origin

Origin is Australia's leading integrated energy company focused on gas exploration, production and export, power generation and energy retailing. Origin operates oil and gas projects in New Zealand and holds petroleum exploration acreage in the country.

Key points

Origin has the following key points to highlight:

- **Market mechanisms** - we are a participant in the New Zealand Emissions Trading Scheme (NZ ETS) and support the use of market mechanisms as an efficient and low costs means of meeting greenhouse gas reduction targets. Stable, long-term policy settings are important in building confidence in market mechanisms and also establish a price signal that flows through the economy.

Any changes to the scheme should be carefully managed, including the use of a price cap to mitigate against unintended price shocks. Origin supports the submission of the Petroleum Exploration and Production Association of New Zealand (PEPANZ) on this issue.

- **International units** - we support access to genuine international emission reductions as a cost effective means of meeting national targets. Continued access to international permits will be an important aspect of future policy. This will involve striking a balance between managing short term costs through access to such units and also encouraging longer term structural adjustment of the domestic economy.

We understand that future market mechanisms to promote international emissions reductions may look very different to the current Clean Development Mechanism. This is because most nations are likely to have their own targets under the Paris Agreement and be reluctant for

abatement projects to be sold to other parties. This suggests that international units may move to a focus on facilitating technology transfer to developing nations, or to specific parts of the land use sector such as protecting forests.

We support the New Zealand Government encouraging the development of future international market mechanisms, for example by leading the declaration to support carbon markets at the Paris COP.

If you have any questions regarding this submission please contact Matthew Kaspura (Manager Climate Change Policy) on [REDACTED]

Yours sincerely,

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