



28 January 2016

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██████████  
Chief Executive  
Ministry of the Environment  
P O Box 10362  
**WELLINGTON 3**

By email: [nzetsreview@mfe.govt.nz](mailto:nzetsreview@mfe.govt.nz)

Dear ██████████

## **New Zealand Emissions Trading Scheme Review 2015/16 – priority issues**

The Rangitikei District Council thanks the Ministry for the opportunity to comment on the review of New Zealand's Emissions Trading Scheme, initially on the priority issues.

The Council agrees in principle with the proposed removal of the 'one for two' concession to certain sectors (such as liquid fossil fuels, industrial processes, stationary energy and waste); the rationale for that arrangement, the potential impact of the global financial crisis, being no longer relevant.

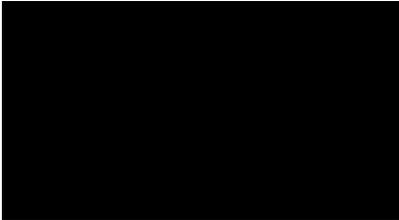
However, as the discussion paper notes, there will be price impacts on households and businesses because of the anticipated rise in the price of NZUs. Council considers a staged approach, say over three years, to removing the 'one for two' concession is appropriate. This allows time for consumers to adjust.

Council is conscious that there will be impacts on its own operations (and thus the rates or charges it imposes to cover costs). For example, in the Hunterville Rural Water Supply, which is a high electricity user because of the scheme's design, the additional costs are likely to be up to \$35,000 if the effective carbon price rose to \$50 per tonne. That is an increase of around 20%, highly significant for a subscriber-based scheme. Obviously, the potential volatility of the price of NZUs poses difficulties for budgeting and Council may need to establish a funding reserve, just as it does to manage costs arising from damage to the roading network from extreme weather events.

At the time of preparing this submission, Council was uncertain about the impact from the waste sector moving to a full surrender obligation, as the appendices in the discussion paper do not cover that and no additional detail was available.

I hope this comment is helpful. Council will consider the other matters raised in the discussion document and provide comment on these at a later time.

Yours sincerely



  
**Mayor of Rangitikei**