

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:

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:

First and foremost, the scheme is underpricing carbon and this discount has to be a significant contributor. It must therefore be removed if the ETS is ever to become a clear force reducing NZ's emissions to a sustainable level.

The discount was always going to end at some time and we must not fall into the trap of waiting for a perfect time of economic convenience to take that step.

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

Answer 4:

As the ETS becomes more effective at setting a price which drives emissions towards a sustainable level my household will be able to trust general pricing to prefer low carbon options. This will free us up from the economically inefficient process of sourcing and evaluating data on emissions embedded in our purchases.

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

Answer 5: a) 2016

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.
Generally, I support this happening ASAP.

If the change is phased in then a) it should start immediately and b) it should be phased in over two years not the previously planned three years as everybody has had ample warning that the changes were coming.

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

Answer 6: No

6A. Please explain your answer:

Clear price changes provide useful information to buyers at every level from source to consumer.

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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7A. Please explain your answer:

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

Answer 8:

Ideally this price cap would be removed. At the very least it should only be increased, never reduced.

It does not appear to be relevant in the near term, but with the fairly steady rise in prices since 2013 and increasing price pressure from moving to full surrender obligations it would be good to raise the cap before it becomes significant.

The economic assessment included in the discussion documents suggests that a cap designed to prevent outrageous and damaging prices would sit higher than \$50/tonne.

9. Do you consider the future cost of emissions in your business planning?

Answer 9:

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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:

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

Answer 11:

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?

Answer 14:

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:

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16A. Please explain your answer:

17. Should auctioning be introduced in the NZ ETS?

Answer 17:

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:

21A. Please explain your answer:

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

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

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for reducing emissions?

Answer 26:

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:

28. Please comment here

Answer 28:

My present submission relates only to the priority issues.

I am submitting as an individual consumer. I agree with the 2016 evaluation that the ETS is failing to significantly reduce emissions and thus consider it to be incorrectly pricing emissions.

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Please enter your email address to receive a copy of your submission

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