

New Zealand ETS review 2015/16 consultation

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

Answer 1: Yes

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

Answer 2:

Integration of the ETS within a climate change action strategy which consists of the long term plan to reduce New Zealand's carbon emissions. This strategy should also include how climate change action information is communicated to the public.

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:

Without a regulatory based price signal, climate change action is left to be driven by individuals' and businesses' non-monetary value judgements. This is unlikely to lead to sufficient action in New Zealand, especially for an issue as important as climate change. A full surrender obligation is necessary for this price signal to be truly impactful.

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

Answer 4:

A shift in personal expenditure as the carbon price is passed onto me as a consumer. Particularly for products with large embodied GHG emissions such as dairy items. Also a change in the timing of my electricity use from peak periods when thermal generation is a major supplier (especially during winter).

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. Preferably as soon as possible (i.e. end of 2016), but I believe the best course of action is to first conduct studies into the price shocks that are likely to occur. From the results of these studies, a ramp up of surrender obligations up to full surrender by an appropriate year (i.e. 2018), possibly through a ramping-up carbon price cap.

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

Answer 6: Yes

6A. Please explain your answer:

As stated in (5), an incremental ramp up of a carbon price cap should be applied, based on studies investigating the financial impacts to New Zealand's major sectors, particularly those who are most vulnerable such as low income household. Assistance to the vulnerable group should be given as well.

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

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Answer 7: c) gradually move to full surrender obligation

7A. Please explain your answer: As in (5)

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

Answer 8:

If changed, the fixed price surrender should be based on the price's impact on GHG emissions forecasts such that New Zealand reaches our emissions targets and places us into a good position to further reduce our emissions once our goal is achieved.

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:

16A. Please explain your answer:

17. Should auctioning be introduced in the NZ ETS?

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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 for reducing emissions?

Answer 26:

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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:

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