

New Zealand ETS review 2015/16 consultation



Copy of your submission

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:

The entry of agriculture, levels and destination of free allocations to emitters and more focus on the costs of climate change to society as opposed to a simple focus on the cost of action (mitigation).

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:

The half-surrender obligation is well overdue for removal and costs taxpayers in excess of \$100 million per year. These emissions are not free; they are paid for by taxpayers if they are avoided by emitters. Therefore, these costs should be shifted back to emitters so that they can make efficient decisions about emissions mitigation.

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

Answer 4:

I expect no significant impact from these changes to me or my business. Personally, I am happy to pay any increased climate change costs via increases in fuel or energy bills, especially considering the modest costs involved, provided the mitigation effort being paid for has high environmental integrity and results in meaningful emissions reductions in New Zealand.

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.

This question could be restated as, how much longer should we offer emitters a taxpayer subsidy? Or, how much longer should we delay the full price signal to discourage emissions and encourage forestry planting and other action that will have a carbon-positive impact on New Zealand's emissions? In either case, the removal of this market distortion should be immediate.

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

Answer 6: No

6A. Please explain your answer:

No. The return of carbon prices to levels that will reduce emissions, from levels that had no impact on emissions, is not a "shock" and should not be managed. The collapse of carbon prices in 2011-2013 were not managed; nor should a rise in prices be.

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

New Zealand ETS review 2015/16 consultation

Copy of your submission



be done?

Answer 7: a) maintain the fixed price option at \$25

7A. Please explain your answer:

This is the best of these options; note that the fixed price option is also a transitional measure that should have expired in 2012, and is an option that remains higher than any NZU price achieved to date.

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

Answer 8:

The fixed price option should be removed altogether, or should rise progressively over time and then be removed. The date of expiry for this provision should be clearly signalled as part of this review.

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

Answer 9:

page 2

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:

New Zealand ETS review 2015/16 consultation

Copy of your submission



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:

page 3

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

New Zealand ETS review 2015/16 consultation



Copy of your submission

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:

Name Sarah Sharp

Organisation (if applicable)

Address [REDACTED]

[REDACTED]
[REDACTED]

Telephone

Please enter your email address to receive a copy of your submission [REDACTED]