

Appendix 2: Relevant Clauses of amended Climate Change Response (Auction Price) Amendment Bill

Clause 4 amends Section 30GA of the Climate Change Response Act (Regulations for auctions to sell New Zealand units)

This clause of the Bill inserts new section 2A. The amended version of subsection 2A(b)(i) reads:

- (b) the Minister must, if recommending the making of regulations under paragraph (a), also recommend that the regulations—*
 - (i) specify criteria or requirements for the Minister’s decision to set the methodology, including a requirement to ensure that the methodology promotes the purpose of confidential reserve prices;*

Clause 9 creates new regulations 15A to 15C in the Climate Change (Auctions, Limits, and Price Controls for Units) Regulations 2020

This clause of the Bill inserts new regulation 15A. The amended version of this new regulation 15A subsections (2) and (3) reads:

- (2) In setting the methodology, the Minister must —*
 - (a) consider the main matters and additional matters in section 30GC(5) and (6) of the Act; and*
 - (b) ensure that the methodology promotes the purpose of confidential reserve prices, which is to prevent sales by auction under section 6A of the Act at prices significantly below the prices of New Zealand units sold at the time in other ways (on secondary markets) so that the sales by auction do not unduly affect secondary markets; and*
 - (c) ensure that the methodology includes—*
 - (i) a way to determine a representative price for New Zealand units sold on secondary markets recently before the auction, taking into account any volatility in prices; and*
 - (ii) a way to determine a price below the representative price that will achieve the purpose of confidential reserve prices.*
- (3) In setting the methodology, the Minister must consult—*
 - (a) the Minister of Finance; and*
 - (b) the 1 or more auction monitors, if any.*