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Environment
Manatū Mō Te Taiao



Improvements to the New Zealand Emissions Trading Scheme

Summary of Consultation Responses

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Abbreviations

CCRA	Climate Change Response Act 2002
CCR	Cost Containment Reserve
EITE	Emissions Intensive and Trade Exposed
EPA	Environmental Protection Authority
FPO	Fixed Price Option
GDP	Gross Domestic Product
MfE	Ministry for the Environment (referred to here as ‘the Ministry’)
MPI	Ministry for Primary Industries
NGA	Negotiated Greenhouse Agreement
NGO	Non-Governmental Organisation
NZ ETS	New Zealand Emissions Trading Scheme
NZU	New Zealand Units
UEFs	Unique Emission Factors
UNFCCC	United Nations Framework Convention on Climate Change

1 Introduction

1.1 Purpose of this consultation

The New Zealand Emissions Trading Scheme (NZ ETS) is the Government's key tool to help Aotearoa New Zealand meet its emissions reduction targets and support our transition to a low-emissions economy. It does this by putting a price on greenhouse gas emissions and removals (voluntary activities under the Climate Change Response Act 2002 (CCRA) that remove carbon from the atmosphere, including forestry activities).

During August and September 2018, the Government asked for feedback on a range of proposals to improve the NZ ETS. The aim is to make the scheme fit for purpose to help Aotearoa New Zealand meet its emissions reduction targets in 2020 and beyond. The proposals will improve the framework of the NZ ETS to provide more predictability for market participants and give the Government flexibility to make well-signalled adjustments in response to changing circumstances.

1.2 How did we get to here?

Since it was established in 2008, the NZ ETS has undergone a series of reviews to ensure that it is a strong, credible and well-functioning scheme that helps us meet international climate change targets and reduce greenhouse gas emissions below business-as-usual levels.¹

A two-stage review, with public consultation, was held in 2015/2016 ahead of the Paris Agreement, the international climate change agreement ratified by New Zealand in 2016. The review found two overarching problems with unit supply in the NZ ETS that would make the current scheme unfit for purpose after 2020:

1. A mismatch between unit supply volumes in the NZ ETS and New Zealand's emissions reduction targets.
2. Regulatory uncertainty about future unit supply settings, which undermines the credibility of the NZ ETS price signal and its ability to influence investment decisions.

The findings led to the Government agreeing a number of in-principle decisions to strengthen the framework of the scheme. As a package, these would enable a cap (a limit) to be placed on emissions covered by the NZ ETS, and align the scheme with New Zealand's emissions reduction targets.

In 2018, the Government agreed an all-of-government framework for decisions about climate change policy. This framework guides the proposals set out in the Improvements to the NZ ETS consultation document. The proposals will support the Government's three fundamental objectives for climate change policy and Aotearoa New Zealand's transition to a net zero emissions economy:

- leadership at home and internationally

¹ The Intergovernmental Panel on Climate Change (IPCC) defines a "business-as-usual" baseline case as the level of emissions that would result if future development trends follow those of the past and no changes in policies take place.

- a productive, sustainable and climate-resilient economy
- a just and inclusive society.

The current consultation on Improvements to the NZ ETS built on the 2015/2016 review and the all-of-government framework for climate change policy.

We sought feedback on a package of proposed changes to the NZ ETS framework and forestry settings, which aimed to give effect to the in-principle decisions and improve the overall operation of the scheme. At the same time, the Ministry for Primary Industries (MPI) and Te Uru Rākau consulted on improvements to the scheme for forestry.

This summary, produced by the Ministry for the Environment (the Ministry), only presents responses to proposed improvements to the NZ ETS. It does not include analysis of proposed changes to forestry settings. MPI will publish a separate summary of the analysis and findings for these proposals on its website.

Key themes and responses are set out in sections 3 and 4. Section 6 breaks down statistics for the individual questions.

1.3 What happens next?

Submissions received during the consultation are considered when the Government makes decisions on legislative changes to improve the framework for the NZ ETS. They also inform the ongoing policy work on the scheme by the Ministry.

The Climate Change Response Act 2002 is the establishing legislation for the NZ ETS. The Climate Change Response Amendment Bill is planned to be introduced to the House of Representatives in mid-2019 to implement the amendments.

Further consultation in 2019 will address the regulations for technical aspects of the proposed improvements, and the unit supply volumes that will set a cap on the NZ ETS.

2 Who responded to the consultation?

2.1 Over 200 submissions

We received 253 submissions following the consultation; 162 submitters responded to the non-forestry proposals and 147 to the forestry proposals; 60 commented on both. Appendix 2 lists all submitters.

We received 11 submissions from respondents who identified themselves as iwi/Māori, many of them after the Māori Leaders' Forum held in Wellington. There may have been submissions from iwi/Māori who identified themselves as foresters, business groups, or other types of stakeholders.

This document only summarises responses to the proposed improvements to the NZ ETS. It does not include analysis of proposed changes to forestry settings. Therefore the total number of submissions analysed here is 162 rather than 253.

2.2 A wide range of respondents

Submitter type	Number
Agriculture	10
Business/industry group	45
Electricity	10
Forestry	61
Individual	49
Industrial processors	8
Iwi/Māori	13
Liquid fossil fuels	7
Local government	15
Market intermediaries	2
Non-government organisation (NGO)/community group	13
Research and tertiary organisations	5
Stationary energy (excluding electricity)	6
Waste	1
Wood processor/manufacturer	2
Other	6
TOTAL	253

3 Unit supply framework: What did submitters say?

Decisions on the NZ ETS unit supply are key to improving regulatory predictability and aligning the scheme with emissions targets. The consultation document proposed introducing annual announcements of NZ ETS unit supply volumes on a rolling five-year basis. This would be the means of setting an overall limit on the number of New Zealand Units (NZUs) being supplied into the market. The proposed amendments will ensure the scheme gives market participants more predictability and the Government the flexibility to make well-signalled adjustments.

The proposed changes included:

- co-ordinating unit supply decisions
- introducing auctioning of NZUs
- replacing the fixed price option with a cost containment reserve (the CCR)
- limiting the future use of international units
- phasing down industrial allocation.

3.1 Broad support for the proposals

Of the 15 proposals, 12 drew majority support from those submitters who expressed a view. There was clear majority support for:

- introducing auctions, to be open to all NZ ETS account holders (views differed on the auction format)
- a cost containment reserve within the auctioning mechanism
- infringement offences for low-level non-compliance
- nearly all the operational and technical improvements.

Many supported the overall aim to improve the framework of the NZ ETS:

“Vector generally supports MfE’s proposed improvements to the New Zealand Emissions Trading Scheme ..., which would help facilitate New Zealand’s transition to a net zero emissions economy.” (Vector Ltd, submission 289.)

“Waikato-Tainui supports the Ministry’s proposal to amend the New Zealand Emissions Trading Scheme. The inclusions of provisions for setting NZ ETS supply volumes, a Cost Containment Reserve, management of international units and the averaging approach provide both business certainty and incentives to reduce emissions.” (Te Whakakitenga o Waikato Incorporated, submission 108.)

“Metals New Zealand congratulates the leadership of the Coalition Government in acting to bring into effect the Carbon Zero Bill, the steps to establish a Climate Change Commission and review the Emissions Trading Scheme. All will become key components for New Zealand to meet our global commitments to the Paris Agreement on Climate Change.” (Metals New Zealand, submission 150.)

Others noted the consistent approach to the NZ ETS review process:

“It is very encouraging to see that the core proposals contained in this consultation document build on the previous Government’s in-principle policy decisions announced in July 2017. The underlying driver for these proposals has not changed across election cycles: New Zealand is facing a challenging low-emission transition and effective emission pricing needs to be part of the solution, alongside other regulations, policies and measures.” (Catherine Leining, Dr Suzi Kerr and Dr Niven Winchester, submission 177.)

3.2 Regulatory stability builds confidence

A consistent message from all sectors was that regulatory stability is crucial to underpin confidence in the NZ ETS. ‘Regulatory stability’ here refers to the interconnected themes of long-term coherence in NZ ETS policy settings, the scheme being clear and easy to understand, and the timely signalling of any changes. In the past, regulatory uncertainty somewhat undermined the scheme’s effectiveness as a climate change policy tool. This had implications for long-term investment in low emissions technology and afforestation.

There was support for aligning the NZ ETS with new domestic climate change legislation and incentivising long-term planning for a low-emissions economy. Some submitters also emphasised the need to link it to the Government’s wider climate change policy, to ensure continuity and credibility for the scheme and garner buy-in from the public. Some commented that the settings should win cross-party support, so that the impact endures over time and through political cycles:

“Stable and enduring policies are required to support investment decisions. Political decision-making and changes in Government can create uncertainty for investments. Māori interests should not be disadvantaged by these issues.” (Te Arawa Primary Sector, submission 342).

“The long-term forecast abatement level versus the NZ commitment should be signalled as clearly and early as possible to enable industry to make necessary operational and investment decisions confidently and in a timely way. This will lead to up to date on going market price drivers which will incentivise the intended environmental benefits with minimal social impacts, for example, on employment or energy security, and economic costs. Introducing potential for ad hoc intervention will undermine market confidence, particularly in situations where there is a lack of bi-partisan support.” (BP, submission 167.)

Transparent decision-making with advance notice

Submitters said that the NZ ETS should be easy to understand and engage with:

“We want the focus and innovative energy of NZ businesses to be on reducing emissions, growing jobs and future resilience – not trying to understand the ETS.” (New Zealand Climate and Health Council, submission 330.)

Many recognised that decision-makers need some flexibility, but stressed that decisions should be transparent and well-signalled, to maintain credibility and certainty in the market. Advising of changes in advance, such as increases to the fixed price option, would help businesses manage long-term planning and investment decisions. This was particularly important given that investment decisions are often made many years in advance of technology being

implemented. Advance notice would also reduce the risk of significant fluctuations in the market price.

3.3 A co-ordinated process for unit supply decisions

The ‘co-ordinated decision-making process’ forms a framework for making unit supply decisions and setting price controls. It includes decisions on auctioning, international units, a price ceiling and free allocation. It is a key tool to improve regulatory predictability and align the NZ ETS with emissions targets.

A co-ordinated framework

The consultation document proposed introducing annual announcements of NZ ETS unit supply volumes on a rolling five-year basis. This would set an overall limit (a cap) on the number of NZUs to be supplied into the New Zealand emissions trading market (excluding units from removal activities such as forestry). We sought feedback on factors to consider when setting unit supply volumes, and whether there should be restrictions on how and when decisions are made.

Submitters broadly agreed that the framework’s strength is that it strikes a balance between predictability for market participants, and flexibility for the Government to align the scheme with emissions budgets and targets.

Importance of the proper functioning of the NZ ETS for unit supply decisions

When asked what the decision-maker should consider when addressing unit supply, submitters expressed most support for issues related to:

- the proper functioning of the NZ ETS (81)
- emissions budgets (74)
- recommendations from the Climate Change Commission (72).

Twenty thought all the listed factors should be considered. Receiving the least support were inflation rates (31) and forestry reporting periods (41).

Almost half the respondents suggested ‘other’ issues, including costs to Aotearoa New Zealand households, emissions leakage, the availability of technology, and the level of action taken by New Zealand’s trading competitors/partners.

Sector groups tended to influence views. A number of industry and business groups commented on the importance of co-ordinated decision-making for businesses:

“The coordination of unit supply decisions should offer greater certainty and predictability to business and investors in New Zealand. Setting the key components of the ETS in advance will allow investors some certainty of the likely costs to their business for both their current operation and emissions reduction opportunities.” (First Gas, submission 249.)

Many submitters from industry and business groups highlighted emissions leakage and economic impacts. In contrast, a number of NGO groups and individuals prioritised setting and meeting ambitious emissions reduction targets, and ensuring the effectiveness of the NZ ETS in achieving genuine emission reductions. Clear, predictable unit supply decisions for market and investor confidence

Respondents supported annual unit supply decisions, looking out five years. They generally agreed that the decision-maker should be restricted from making changes except in specific circumstances, for example, linking with other international carbon markets, a change in emissions budgets, or a force majeure event (ie, unforeseen external change in circumstances).

As NZ ETS prices are based on expectations of long-term supply, submitters called for advance signalling to foster business certainty. Some wanted decisions to be published on a pre-announced date, and implemented from the start of a compliance year. Participants could then consider external factors, such as long-term contracts. A few thought that sufficient notice would protect against political interference in the market.

Nineteen submitters supported retaining the current one-year notice period for changes to unit supply volumes:

“NZ Steel agrees that such decisions should be signalled one compliance year in advance. This timeframe achieves a balance between certainty for market participants and the ability to make unit supply adjustments to respond to market issues within appropriate timeframes (for example to address low market liquidity issues).” (NZ Steel, submission 275.)

However, 14 felt this was inadequate for planning and sought a longer notice period. Clear communication was the key message for this question:

“We recommend that decisions on unit supply (encompassing free allocation, auctioning, cost containment reserve level and price trigger, level of any fixed-price option, auction reserve price, limits on international purchasing and free allocation) should be made five years in advance and fixed for the full period of five years, with an exception only in the case of clearly defined force majeure events. With the exception of free allocation, these coordinated decisions on unit supply should be extended by one year, each year (ie, a rolling Year 6 update).” (Catherine Leining, Dr Suzi Kerr, Dr Niven Winchester, submission 177.)

3.4 Support for auctioning, with variations on format and proceeds

In 2017 the Government decided to introduce auctions to supply units into the NZ ETS. Consultation on improvements to the NZ ETS focused on implementing this decision. We sought feedback on auction format, frequency and participants.

Support for the introduction of auctions during the 2015/2016 review was reiterated during the consultation. One hundred and six submitters gave clear, though not majority, support for the proposed single-round, sealed bid auction format. Some advocated an alternative ascending clock format. There was greater support for the preferred uniform pricing option and a clear preference for monthly or quarterly auctions. Many submitters supported putting

the proceeds from auctions towards a specific purpose, although there were varied views on what this should be.

Single-round, sealed bid format

Submitters agreeing with the single-round, sealed bid format (45%) noted it is a simple and appropriate format for the NZ ETS. It is suitable for a market with multiple small compliance participants, it ensures all market participants pay the same clearing price whatever their size or level of market information or experience, and is a format that is used successfully in other jurisdictions.

Other reasons for support included enhanced transparency and greater protection from collusion. A number of submitters noted this bid format is suitable where an active secondary/spot trading market exists:

“Other proposals would have advantages were there not an active and growing secondary market for ETS units, but in this case the option provides the necessary value with minimal excess administration.” (Individual, submission 37.)

Several respondents noted that regardless of the auction format, sufficient volumes should be made available and aligned to the liquidity of the secondary market. Others linked their support to governance:

“We consider this option is less complex and has a lower risk of collusion, but do strongly advise the Government strengthens the ETS governance framework.” (Individual, submission 172.)

A few noted the need for auctions to deliver efficient and dependable emission prices, as a stable price signal enables economic operators to make long-term investment decisions to reduce emissions at the least cost:

“The most accurate and reliable carbon prices will be generated through high levels of participation (liquidity), open competition with strong visibility (transparency) and a dependable closing price (price stability)”. (Air NZ, submission 293.)

Ascending clock auction format

Thirty-five per cent of submitters did not support the preferred single-round, sealed bid auction format and another 21 per cent were not sure. A significant number of this group preferred an ascending clock auction. The most common reasons were that it is fully transparent, gives buyers more time and opportunity to adapt their bidding options, and would be more effective in preventing larger market participants from manipulating prices to the detriment of smaller players.

Some said the secondary market lacks the liquidity to give adequate price signals through a single-round bid format, and that price discovery could be better facilitated through an ascending clock auction.

Uniform pricing

Of submitters commenting on pricing options for the auction format, most favoured uniform pricing. In this format all successful bidders pay the same clearing price at auctions, as opposed

to discriminatory pricing where bidders pay the price they bid. One reason for this preference was the tendency for discriminatory pricing to result in bids below true value.

The few who preferred discriminatory pricing thought the bid price should be paid to ensure bids are genuine and the risk of gaming reduced.

Preventing collusion and enhancing transparency

Regardless of the auction format, respondents were concerned about larger market bidders dominating auctions and colluding to influence prices. Information asymmetry due to resourcing helps larger bidders read and influence the market. Views varied on whether fairness and transparency are better served through single- or multiple-round bidding, and on how best to protect smaller bidders.

The secondary market

Some submitters indicated that the secondary market price will be a key signal of how to bid at auction, and that the clearing price at auction is likely to be close to the secondary market price:

“With regard to auction design ... to the extent there is a liquid, well-functioning secondary market for NZUs, the design, frequency and price signals from an auction process will largely be in response to information readily available from ongoing trading in the secondary market. The proposed format (Q3) of a single round, sealed bid auction with uniform pricing seems consistent with these considerations and has the virtue of being relatively simple so that participants in the NZ ETS can readily access the auction. (New Zealand Aluminium Smelter, submission 353.)

Opinions varied on how well the secondary market is functioning in Aotearoa New Zealand’s small trading market environment. These views tended to inform auction preferences. For example, one submitter noted in the absence of a regulated emissions exchange with published transaction volumes, parcel sizes and prices, there is little market information available. Another commented that the secondary market may not always provide the liquidity needed to guarantee access to NZUs, given the relatively small size and low volumes of units traded. This is important as the auctioning mechanism provides an alternative method for businesses to secure NZUs when needed.

Quarterly or monthly auctions

The vast majority (97%) of submitters who responded to this question preferred quarterly or monthly auctions. Comments often related to views on the secondary market:

“Auctioning frequency should be quarterly as the dominant force in the emissions market should remain the day to day trading. It will prevent too many units from being introduced at any one time, as annually would represent, as well as limiting the administrative impact.” (Individual, submission 37.)

Those preferring quarterly auctions (62%) noted this would align with business planning and seasonal variations, and would not administratively burden market participants.

Business groups, stationary energy suppliers and industrial processors comprised most of those preferring monthly auctions (35%). Some commented this frequency would give ongoing

signals to the secondary market, and help with supply volumes into the NZ ETS without flooding the market or prompting price falls.

Some recommended flexibility – if quarterly auctions did not help set the price and enable access to units, the frequency could be reviewed.

Using auction proceeds for specific purposes

A significant number of submitters (91 out of 106) supported putting auction proceeds to specific use. They gave clear reasons, including that this would ensure the integrity of the NZ ETS, increase the scheme’s behaviour change component, and yield a double dividend of lower emissions and public benefit.

Environmental or social benefits

Submitters suggested a range of uses for auction proceeds, yet almost all wanted to see the money spent on projects that would benefit the environment.

The top suggestion (60 submitters) was to recycle revenue into mitigating and adapting to climate change. New Zealand could improve its emissions profile, or support the just transition to a low-emissions economy. Investment options included low-emissions technology, research and development, seed funding and grants, forestry, electric vehicles and public transport.

The second most popular use was helping specific population groups, such as Māori or those on low incomes. These groups may be more vulnerable to rising prices such as transport and heating costs, and the impacts of climate change:

“... various research has highlighted the disproportionate impact of climate change on Māori, Te Rūnanga has a strong interest in knowing that Government funds will be available to assist adaptation and transition, including targeted programmes that support impacted Māori populations”. (Ngāi Tahu, submission 303.)

A small number favoured funding only domestic climate change efforts. By contrast, several submitters recommended buying international units.

Other suggested projects included public education campaigns, agricultural research, covering NZ ETS administrative costs, supporting local government’s climate change adaptation responses, insulation subsidies to reduce household heat loss, soil erosion control, pest control in native forests to increase wood biomass, and tackling emissions reduction in difficult sectors such as marine and aviation fuel:

“The use of revenue from the auction process for specific carbon reduction initiatives will only further enhance the integrity of the NZ ETS and the Government commitment to climate change.”(Fletcher Building, submission 233.)

“It is essential that government policy be consistent with a ‘just and fair transition’ to a low carbon economy and a climate-ready New Zealand. Therefore, funds raised by the NZ ETS should be used to help New Zealand and major population centres with larger overall emissions, like Auckland, mitigate greenhouse gas emissions and adapt to expected climate impacts. Climate change exacerbates existing inequity in that it affects society’s vulnerable ‘first and worst’. Furthermore, vulnerable groups are often those who have contributed least to the problem of climate change.” (Auckland Council, submission 271.)

Keeping proceeds in the Government consolidated fund

Those wanting the revenue to go into the Government's consolidated fund said this would avoid creating inefficiencies and high administrative costs. Directing funds to specific purposes could also have the perverse effect of encouraging businesses to expend energy in lobbying for funding, and would benefit some New Zealanders more than others:

"Creating special classes of things has large admin costs over time." (Anonymous, submission 187.)

"We believe that the proceeds from auctioning units should be used to benefit the whole of New Zealand, and therefore part of the Consolidated Fund." (Trustpower Ltd, submission 270.)

3.5 Qualified support for a new price ceiling

At present, a price ceiling of \$25 (the fixed price option or FPO), has been set for the NZ ETS and is legislated in the CCRA. Participants can purchase units for \$25 each to meet their NZ ETS obligations, instead of purchasing from the secondary market.

The consultation document set out the Government's proposal to replace the \$25 FPO with a different price ceiling, the cost containment reserve (the CCR). This would release units for auctioning if the price ceiling (or 'trigger price') was reached.

The Government has signalled that the FPO will remain in place until at least 2020, but views were sought on whether to adjust the price level before then.

The cost containment reserve (CCR)

We received 105 responses. Nearly 60 per cent of submitters agreed with replacing the FPO with the CCR when auctioning is introduced. Thirty per cent disagreed and the rest were unsure. Some discussed how to manage the price and level of units in the CCR. Of those, more believed that the settings should be determined at the decision-maker's discretion (40%) rather than by formulae (37%):

"The proposal for replacing the fixed price option with a cost containment reserve makes a great deal of sense. The current FPO creates too much of a hard ceiling that is unresponsive to the market's reflection of the value of carbon sequestration and savings. A cost containment reserve will serve as a braking mechanism once the CCR price threshold has been crossed, but it won't persist beyond the number of units in the reserve and it won't require as much management to ensure the price level reflects the true cost of carbon as a result." (Wellington City Council, submission 37.)

"Waikato-Tainui support the proposed CCR. The increasing price ceiling provides more incentive to business to innovate and invest in low-emissions technology. At the same time, the CCR process and the price ceiling will continue to provide an element of certainty." (Te Whakakitenga o Waikato Incorporated, submission 109.)

Reasons for supporting the CCR included that it would help to achieve a balance between allowing carbon prices to rise and minimising disruption to business, as well as helping to safeguard against price shocks.

The main concern of opponents was that it would reduce certainty. Six felt that a price ceiling of any kind distorted the market and that it should be removed.

Some submitters felt they had not been given enough information about the CCR, for example on potential volumes:

“A lot more information/worked examples with pros and cons should be provided to the public on the role/workings of the ‘cost containment reserve’, and how it will or could affect behaviour.” (Individual, submission 322.)

The Māori Climate Change Commission (submission 346) opposed the price management proposals:

“The proposal to implement a cost containment reserve and to manage the price pathway is in effect a proposal for the Government to contain prices for the benefit of polluters. Any actions that constrain prices will disproportionately disadvantage Māori landowners investing in permanent carbon forestry by holding down the returns that our people receive.

In effect, this proposal is a tool that protects polluters from the full costs of their pollution allowing them to pollute for a known and contained cost. In effect, they are rewarded for polluting as the costs are contained.”

Reviewing the price ceiling

Submitters were asked about preferred actions when the price ceiling was struck and whether it should be reviewed when significant events occur. In both cases, the most popular action was to undertake a review (69% when significant events occur, and 55% when the price ceiling is struck).

Other actions included increasing the price trigger level (42%), increasing the limit on international units (40%), the Government buying international units to compensate (34%) and adjusting the overall cap (26%). A small number made other suggestions, such as releasing units for auction when an initial trigger level was reached, and holding a full review when a second, higher trigger level was reached; or only reviewing when the trigger level had been reached for a certain length of time, not just on one occasion.

The most common reason to support a review was that it would better match the new situation and help to avoid adverse events. Other reasons included providing stability for investor confidence and responding to emerging scientific evidence.

Some favoured reviews only in certain circumstances. Eight were concerned that adequate notice of any decisions resulting from the review be provided:

“...reviews are required to avoid adverse arbitrage risks resulting from linking. The market should be given adequate notice prior to any review decisions, e.g. 1 year with implementation at the commencement of the next compliance year.” (Ballance Agri-Nutrients Ltd, submission 56),

A higher price ceiling

All respondents who said the current FPO level was not appropriate supported raising it (57%). The main reason was to speed up emission reductions:

“Definitely yes. The Productivity Commission, Vivid Economics, and Motu all agree that the price has to raise markedly if New Zealand is to reach its internationally-promised

target of net zero emissions by 2050.” (New Zealand Farm Forestry Association, submission 239.)

Another common reason was that the NZU price is likely to climb, meaning participants will increasingly make use of the FPO. This would result in a liability for the Crown and therefore to taxpayers. Raising the FPO would reduce this fiscal risk to the Crown:

“The \$25 FPO limits genuine price-discovery by the market. It creates a perverse incentive for industries with compliance obligations to purchase unlimited units from the Government rather than seek forestry units.” (Carbon Market Solutions Ltd, submission 215.)

Some suggested how to raise the FPO. One noted that an increase would need to be steady to allow businesses to plan for the long term. Others were clear that any increase should not apply retrospectively. Several referred to impacts on forestry, one noting that an FPO above \$25 could reduce the profitability of forestry investments by early NZ ETS adopters. Another said there should not be a supply gap in new carbon forest creation while participants wait to find out the new price.

Negative impact of raising the FPO

Thirty-one of 98 respondents thought the \$25 FPO was appropriate in the short term and would not need adjusting, noting the need to retain certainty and predictability. For them, retaining the current FPO would enable sound business planning and ensure investor confidence. Eleven were unsure whether changes to the \$25 FPO was appropriate:

...business plans and capital investment decisions have been made for 2020 with a \$25 price ceiling in mind. Changing this introduces uncertainty to business planning and emissions cost forecasting.” (Fletcher Building, submission 233.)

A number of submitters indicated that raising the FPO would increase costs to households. Other concerns included that this could risk unintended consequences such as market manipulation, that alternative mitigation measures are needed before the price is raised, and that a higher price would severely affect business, given the phasing out of the 2 for 1 units policy:

“The Government’s focus should remain on the NZ ETS design post 2020. This is especially important to ensure that the person who ultimately pays, the consumer, doesn’t receive any price shock.” (Contact Energy, submission 166.)

A price floor and other issues

A number of submitters made more general comments about price, including that the emissions price needs to rise to drive behaviour change, that it should be linked to international pricing, and that a price floor should be considered. This consultation did not include a question on price floors, although stakeholder views were sought in the 2015/2016 review.

Stakeholders who commented on a price floor were largely in favour. A number of NGOs, research and academic organisations favoured a price band for greater certainty in the price of emissions and to drive emission reductions. Many stakeholders from the forestry sector, including iwi/Māori submitters, support a price floor to protect against an NZ ETS unit price collapse, and to provide certainty about minimum returns on long-term investments:

“Te Rūnanga is concerned at the lack of price floor in the proposal, given the severe impact that previous low unit prices (~\$1) had on the value of forestry and forested land. Only since decoupling from access to international units has the price recovered enough (~\$25) to support domestic foresters, a high proportion of whom are iwi owners. The approach outlined by Motu Research that incorporates a “price band” with both a ceiling and a floor, projected in advance for market stability and to support business planning and low emissions investment, aligns well with Te Rūnanga expectations of scheme performance.” (Te Rūnanga o Ngāi Tahu, submission 303.)

Some opposed a price floor, generally due to a preference that market forces drive prices in the NZ ETS free from government intervention, or because a price floor could increase the costs of their NZ ETS obligations:

“While domestic policy attention is focussed on price ceilings, international experience suggests that low prices continue to be a source of policy concern. This is because of the need to sustain prices at a minimum level to promote investment, maintain auction revenue, and ensure the level and quality of R & D investment in mitigation technology is consistent with long-term climate change goals. This has resulted in some schemes introducing auction reserve prices. We note the comments in the Discussion Paper that the Government does not have plans to implement a price floor within the ETS at this point. However, we suggest this issue needs to remain on the Government’s forward policy agenda.” (DairyNZ, submission 250.)

3.6 Mixed views on international units

Slightly more support for direct purchase

The Government intends to limit the number of international units that NZ ETS participants can use if the scheme reopens to international carbon markets. We sought feedback on two modes through which NZ ETS participants could potentially access international units.

- *Direct purchasing*: Participants purchase, trade and surrender international units themselves.
- *Indirect purchasing*: Only the Government can purchase international units for auctioning into the NZ ETS.

About half of submitters who commented (57 of 115) preferred direct purchasing, if international units were used within the NZ ETS. The main reason (mentioned by 11) was that it would provide flexibility for NZ ETS participants and give businesses greater control over their planning decisions. This would increase business certainty, build investor confidence and assist businesses to compete globally.

Some also mentioned that the direct mode would be faster and more efficient.

Of those supporting direct purchase, a significant number thought both modes could be suitable, being introduced either at the same time or starting with indirect purchase and then allowing direct purchase. Several supported indirect purchasing by the Government until the Paris Agreement mechanisms were settled, with direct purchasing to follow, provided the quality of units could be assured:

“The indirect approach would be simpler and probably less costly for participants but it might deny opportunities for businesses which are happy to take on the complexity and price risk in dealing with international markets.” (Federated Farmers, submission 202.)

Indirect purchasing favoured by those who prefer the Government to oversee international unit quality

About one-third of comments supported indirect purchase. The main reason (mentioned by 20) was that the Government would oversee international unit quality on behalf of all NZ ETS participants and ensure that units were of high environmental value, and the price controls and environmental integrity of the NZ ETS would be maintained. Many commented that New Zealand needs to learn from its mistakes when cheap credits of low environmental value flooded the scheme:

“From past experience we know that direct purchase was disastrous for the effectiveness of the NZ ETS, so that it did not foster further tree-planting as it should have done. There is already a difficulty that the ETS trades in something intangible, and the market should not be allowed to be any more ethereal. Any purchase of international units should be minimal, and under tight Government control unless or until the NZ market shows responsibility.” (Individual, submitter 146.)

Opposition to international units

Some submitters (15) opposed any use of international units, taking the view that Aotearoa New Zealand should focus on reducing domestic emissions and that reintroducing international units risked eroding the integrity of the NZ ETS.

No clear support for varying the percentage of allowable international units

More submitters (54%) disagreed than agreed with varying the percentage of allowable international units. Of these, a number (17) were concerned it could lead to inconsistent and unfair outcomes for NZ ETS participants and that this risked overcomplicating the scheme:

“We are very clear on one aspect. If international options are made available, then these should be made available uniformly. The document acknowledges that “windfall” profits unrelated to emission removal efforts are a risk with any direct participation but then suggests that forestry participants or those receiving industrial allocation of NZU’s might have a different percentage allocation because of this. This is not consistent.” (Forest Owners Association, submission 101.)

Twenty-five per cent of respondents agreed with the proposal for different types of participants to have different limits on direct access to international units. Only a few gave reasons. Some said it would limit the risk of arbitrage and encourage high-emitting sectors to reduce their emissions. Several submitters felt that recipients of industrial allocation should only be able to access a restricted number or percentage of international units:

“We consider there may be merit in restricting the percentage of international units available to participants with free allocation. For those participants with full surrender obligations, there should be no limit, subject to satisfying the integrity criteria.” (Genesis Energy, submission 172.)

3.7 Phasing down industrial allocation

We sought views on the conditions, timing and rates for phasing down industrial allocation of NZUs. Free allocation for industries (industrial allocation) is designed to reduce the risk of

emissions leakage. This refers to the risk that the cost to New Zealand firms of complying with NZ ETS obligations would leave them unable to compete with firms in jurisdictions without equivalent policies, and could encourage activity and emissions to be shifted offshore.

NZUs provided for industrial allocation have a direct cost to the Government. They also have opportunity costs, in that units provided for free cannot be auctioned and puts pressure on Aotearoa New Zealand's emissions budgets.

How to start a phase-down

Eighty-eight submitters responded to this question, mainly reflecting sector interests. Thirty-eight preferred a decision-making process to determine allocation rates over time, and 35 an up-front decision. Twenty-two supported setting a test as a trigger for a phase-down. Some (12) favoured an up-front decision to phase down allocations at a slow rate, as well as a test or decision-making process for a faster phase-down.

Sectors supporting a test or decision-making process for the phase down were more likely to be companies receiving an allocation for carrying out emissions-intensive and trade-exposed (EITE) activities (nine EITE companies preferring a test, and five a decision-making process). Two EITE companies preferred an up-front decision.

Several submitters with EITE allocations supported a '70 per cent test' in any test that triggered a phase-down. This would assess whether 70 per cent or more of the industry's international trade competitors faced a comparable emissions cost.

Seventeen chose 'other' as their preferred choice. Nine were industry groups and EITE companies who urged that stringent conditions be met before starting any phase-down, to ensure trading partners bore equivalent emissions costs. A number from this sector noted the importance of their activities to local economies, their commitment to energy efficiency and the need to avoid emissions leakage:

"The Consultation Document focuses on the fiscal cost to the Government that industrial allocation represents. It does not recognise the substantial economic, employment and social contributions that EITE firms who receive such allocation make to New Zealand and the Government. To recognise the cost without the contribution results in an unbalanced and unfair view of the EITE sector." (NZ Steel, submission 275.)

Submitters not receiving free allocations, such as NGOs, individuals, foresters, and research and tertiary sectors, were more likely to highlight the pressures allocations place on emissions budgets, and to prefer a more rapid phase-down:

"WWF-New Zealand considers phasing down industrial allocation should be a priority for the Government. Until free industrial allocation is phased down, it will take up an increasing share of New Zealand's carbon budget and will put pressure on future carbon budgets. We recommend the phase down starts as soon as possible. We consider the best approach is to make an up-front decisions to phase-down industrial allocation from 2021. This will reduce regulatory uncertainty, reduce emissions budget and over allocation risk, and minimise complexity." (WWF-New Zealand, submission 237.).

Some called for prioritising long-term investor confidence and certainty:

"Irrespective of what phase-down approach is selected, it is crucial that there is cross-party agreement on this matter. Ongoing political intervention in the ETS in the past has undermined certainty for participants, and made the operation of the scheme challenging

to predict (with flow-on impacts on investment decisions). Any phase-down of industrial allocation will result in a significant change in the operation of the ETS for EITE participants. Accordingly, businesses need to be sure that, once confirmed, the phase-down approach will endure into the long term, and not be adjusted over future political cycles.” (O-I New Zealand, submission 286).

Others thought that deciding on the phase-down was a matter for the independent Climate Change Commission.

Emission budgets, leakage and other decision points

Submitters were asked which factors a decision-maker should take into account if a decision-making process for industrial allocation is implemented (multiple options could be selected). Of the 100 submitters who selected one or more factors, over half (52) chose ‘New Zealand’s emission budgets’ and 49 chose ‘the risk of emission leakage’. There was also substantial support for considering the availability of low-emission technologies and Aotearoa New Zealand’s international obligations.

Some EITE firms and business groups commented on how to assess the risk of emissions leakage, based on emission pricing and allocation in competing jurisdictions, and noted the economic benefits of the EITE sector.

Rate of phase-down

The proposed rate of phase-down prompted a range of views, from a more rapid withdrawal of allocation to the risk of emission leakage. The latter group included EITE firms, industry groups and energy suppliers. Only one industrial submitter did not support any phase-down of their allocation.

About half of those who specified a phase-down rate sought a rate of 0.03 or more per year. Five preferred 0.02, and 15 a 0.01 rate. The ‘other’ option was also a common choice (24 submitters). This reflected a wide range of views, but most supported a decision-making process.

Impact of phase-down

We sought feedback on the impact of any phase-down on investment or business decisions.

Some submitters, mainly foresters, noted that there would be positive effects for their business. The forestry sector does not receive free allocations, and some submitters felt they were subsidising industries with high emissions. Others noted there would be indirect flow-on benefits from a phase-down, including incentives for innovation.

About one-third of responses were from EITE firms. Their views varied, but mostly indicated that the phase-down would have a negative impact on them:

“From our business perspective, decisions such as investment are based on certainty and rates of financial return. In this context investment certainty would be undermined by policy decisions that do not maintain a level playing field against international competitors in respect of carbon costs (emissions leakage) ... Our German parent company will look very closely at whether industrial allocation policy is sufficient and appropriate to ensure

the financial robustness of significant investments.” (Evonik Peroxide Limited, submission 134).

Others foresaw a mixed impact:

“As an emitter and industrial allocation recipient, changes to the levels of industrial allocations leaves us more exposed financially which both encourages us to make changes to low emission technologies but increasing costs don’t free up capital to invest in these.” (Anonymous, submitter 67.)

4 What were the views on operational issues?

The consultation included proposals on a range of operational issues, focused on how participants engage with the scheme. These proposals cover four areas: market governance; market information, compliance and penalties; and technical and operational improvements.

4.1 More concern about future than current misconduct

The Government is considering changes to the market governance regime for the NZ ETS market. This refers to the processes, policies and rules to manage risks of misconduct in the NZ ETS primary, secondary or derivatives market. It helps to ensure market participants are adequately informed and protected. An appropriate balance is necessary between rules and oversight to prevent misconduct and allow participants flexibility to transact.

We sought feedback on the risk of various types of misconduct occurring in the NZ ETS market, either now or in the future. In general, submitters were more concerned about future misconduct than current behaviour:

“As the market becomes more mature and the volume and value of trading increases, it will become important for units to take on some of the features that ordinary financial products have as well as a more sophisticated compliance monitoring and enforcement regime.” (Mercury, submission 234.)

Some commented that moves to address risks and improve governance could have unintended consequences for market participation, or lead to higher compliance costs, especially for smaller participants. They therefore recommended carefully considering any change, ensuring any proposed regulation is proportionate to the risks and not too onerous:

“Over-regulation of the NZ ETS will add costs and is a risk to participation — changes to market governance should be made in a measured and considered way.” (New Zealand Aluminium Smelter, submission 353.)

Others noted the immediate need to strengthen the NZ ETS governance framework, which could help improve market liquidity and reduce barriers for participants.

4.2 Conditional support for more market information

Transparency and accountability are important to those who support increased publication

On the question of whether to publish more market information, a slim majority supported the release of emissions data (54 out of 97), and 47 out of 82 the release of non-compliance information. Transparency and accountability were themes regarding emissions data (39 of 97) and non-compliance (8 of 82). Submitters said that consumers need transparency to make informed decisions about which businesses to support and invest in. The public’s trust in, and engagement with the scheme might also increase if data is more readily available:

“It is about transparency – companies not complying should not have advantage – competitors and consumers have a right to know. Climate change education may be necessary to fully realise the intergeneration injustice of their actions.” (Individuals, submission 161.)

In terms of compliance, nine submitters noted that the release of information could promote compliance and put pressure on non-compliers. Publishing individual emissions data could create a level playing field, as participants would be able to compare their performance. This might also encourage businesses to share information on reducing emissions:

“The potential benefits of publishing emissions and compliance data include increased transparency and trust, and positive incentives that come from enabling competition. Consumers are becoming increasingly interested in environmental performance of firms and companies, and making information available may support competition between companies to achieve emissions reductions. Good transparent information will also build New Zealand’s reputation as an international units trader in the future, and prove the quality and integrity of the New Zealand units.” (WWF New Zealand, submission 237.)

Publishing individual emissions

Several submitters, although comfortable with the principle of transparency, had concerns about releasing individual emissions data. One requested that it be anonymised before publication. A number wanted privacy and commercial sensitivity to be considered.

“As with other elements of the stock market this should be public information, as it makes up part of a company’s liabilities and many participants are public companies. Faith in the regulators is needed, for it to function and this is often best provided by transparency. In this matter the council notes the statutory obligations under the Official Information Act 1982 and the Privacy Act 1993.” (Waikato Regional Council, submission 97.)

A number supported publishing only cases of non-compliance that met certain criteria. Several recommended restricting publication to intentional non-compliance, while others believed that case details could be published but with no identifying details.

“...information regarding lower-level offences that are of public interest could be made available to provide learnings for other participants, and assist them with compliance. However, such information should only be published on a ‘no-names’ basis. NZ Steel supports a similar system to that utilised by the annual audit reports produced by Australian Clean Energy Regulator under the National Greenhouse and Energy Reporting Scheme. These reports included anonymised details regarding detected errors that were intended to assist parties to develop learnings and avoid future errors or non-compliance.” (NZ Steel, submission 275,)

Opposition to publishing data on non-compliance

Among those opposing publication, the main views were that it was unnecessary and might result in the release of commercially sensitive information.

Ten felt it unnecessary to publish individual emissions data.

“...from an NZU price perspective, it is the aggregate supply and demand balance that is important, not individual’s emissions data. Data should only be released on a broad sector basis to avoid commercially sensitive information being directly released or being inferred from emissions data.” (Ballance Agri-Nutrients Ltd, submission 098).

Several noted that commercially sensitive information might be released, and that international competitors could use this. There were also concerns that business practices might be misunderstood by the general public and misrepresented by media:

“With the upstream point of obligation that the ETS employs, producers of oil and gas would nominally be over-represented in their contribution to the emissions profile, even though the vast majority of emissions arise when hydrocarbons are burnt by the end consumer. We note that large downstream consumers can ‘opt-in’ to the ETS to take on the obligations, but this is not required.” (Petroleum Exploration and Production Association of New Zealand, submission 301.)

Key reasons for not publishing non-compliance were that discretion is necessary, and that low-level non-compliance should not be treated in the same way as a criminal offence. A few commented on perceived fairness, saying that the damage that publication caused could be disproportionate to the offending:

“...the Government should bear in mind that the ETS is complex, and not all participants are well-resourced to manage compliance. In such circumstances, publication of minor (or accidental) infringements may lead to unfair or disproportionate flow-on impacts on ETS participants (eg unjustified reputational impacts, ability to raise finance).” (O-I New Zealand, submission 286.)

Impact of publishing non-compliance

There were 57 responses to this question. Thirteen noted that publication would cause them to feel unfairly targeted and misrepresented, due to the risk of the information being taken out of context.

For example, submitters said that publishing minor or unintentional non-compliance could lead to disproportionate impacts, such as loss of reputation or ability to raise finance.

“Mandatory publishing would create unnecessary embarrassment for a party when a non-compliance was minor or proven to be accidental. Needs to be discretion on this point so that wilful non-compliance is published.” (Chemiplas NZ Ltd, submission 247.)

On the other hand, others said that publication would help them make informed choices to support companies complying with the NZ ETS and reducing emissions. The information could affect consumer, investor and procurement decision-making, as well as engagement with non-compliant participants by advocacy groups. A few felt it would encourage them to comply with their obligations:

“Our local community would see how hard the company is working to meet the emission discharge requirements”. (G L Bowron Ltd, submission 112.)

Eleven said publication would not affect them.

4.3 Varied opinions on changing the compliance and penalties regime

We asked for feedback on changes to improve the integrity of the NZ ETS and encourage compliance.

Support for infringement offences

Of the 79 submitters who commented on the introduction of a new range of infringement offences for low-level non-compliance, a majority (62%) agreed with the proposal. Several said that infringement offences would be more suitable than prosecution for low-level offending, and less administratively burdensome. Three felt that participants' and public trust in the scheme would increase. Two envisaged that participants would respond by taking more care to meet their NZ ETS reporting and compliance obligations:

“A lot of processes [are] not being completed mainly around transfer of participation in the forestry ETS due to low-level non-compliance. This would be a way to make sure those issues are tidied up and for people learn to understand the issues. If they get fined then they are unlikely to do it again.” (JTL Carbon Farming Consultancy Ltd, submission 88.)

Conditions for support included allowing time for participants to correct their non-compliance, that non-compliance was ongoing, that the rules of the NZ ETS are clear, and that participants are not penalised for genuine errors.

Among those opposed, most (11 of 18) felt that issuing infringement fees and fines needed discretion, due to the complexity of the regulation. One submitter was concerned that strict liability offences could unfairly burden smaller businesses without NZ ETS specialists. Two warned that industry support could be lost:

“Again, there is too much change being undertaken in a very complex field where there is a chronic shortage of qualified advice available; becoming punitive will not garner the support of industry players who are largely being moved by public and cultural change, which is the optimal outcome. They should only result as a last resort following clear and persistent refusal to comply.” (Naumai Farm Trust, submission 25.)

Suggestions for limiting the disproportionate impact on industry included working closely with participants to help them understand their obligations, and publishing clear guidance online. Submitters also commented that the enforcement should be proportionate to the level of non-compliance, and that the Government should support smaller businesses, so they were better able to comply.

Nearly half were comfortable with the proposed fines

Twenty-one of 47 respondents were comfortable with the level of proposed fines, noting that they were not excessive, but high enough to deter non-compliance.

“NZ Steel considers the proposed level of fines is appropriate. These fines are material enough to provide suitable deterrence, but not excessive.” (NZ Steel, submission 275.)

Eleven felt the fines were excessive.

Some cited other factors to consider when setting fines. A number believed in using discretion and deciding on a case-by-case basis, with warnings for non-compliance.

Changing the excess emissions penalty

At present, to encourage participants to meet their obligations, a civil penalty of \$30 per unit may be applied if participants fail to surrender or repay units by the due date (this is known as the 'excess emissions penalty').

There are two potential issues:

- the \$30 level may no longer be appropriate
- the discretion to reduce penalties may be creating uncertainty for participants, and can be challenging to apply consistently.

Six submitters gave feedback on how the penalty had affected them. Issues included miscalculating the lead time on buying units, non-aligned timing of surrender notices and misinterpreting CCRA obligations.

When asked if the penalty needs to change, 56 submitters responded. Answers were fairly evenly split: in favour of change (34%), no change (27%) and unsure (39%). Reasons for change included that the current penalty did not sufficiently motivate participants to comply, and that it should rise in line with expected higher carbon prices.

Of those opposing change, many felt it was high enough to deter non-compliance, possibly even too high. Some felt that stricter penalties would require justification, and that the regime should include an element of discretion.

Of those who were unsure, the most prevalent comment was that the penalty must match the offence. Some wished to see penalties applied only after a certain period (six months or one year).

A proportional approach

Only a small group (39) responded on whether a proportional approach or a fixed dollar value is more appropriate for the excess emissions penalty. However, nearly all (37) supported a proportional approach.

4.4 Majority support for most operational and technical improvements

Eight out of ten of the proposals for operational and technical improvements drew more than 60 per cent support. One proposal, to allow the Government to amend Unique Emissions Factors from previous years, drew only 43 per cent support, with 32 per cent opposed. The proposal to allow large purchasers of coal, natural gas or obligation fuels to opt in for only a portion of their obligations had more opposition (48%) than support (29%). See section 6 for more details.

5 Comments on topics outside the consultation

5.1 The role of agriculture

The consultation did not consider the role of agriculture in the NZ ETS. The Climate Change Commission is expected to consider whether and how agricultural methane and nitrous oxide emissions should enter the scheme. Still, almost 50 submitters took the opportunity to express their views on the matter.

Some stated that the current exemption from surrender obligations for agriculture disproportionately burdens other sectors with the cost of reducing emissions. A number believed that Aotearoa New Zealand will be unable to reach its emissions targets without an ‘all gases, all sectors’ approach in the NZ ETS, given that almost half of New Zealand’s emissions come from agriculture. Some referred to the Productivity Commission’s Low-emissions Economy report. This noted that pricing emissions across all land uses, including agriculture, will drive more efficient decisions on how land is used (although it recommended that long- and short-lived gases have separate emissions budgets):

“Te Rūnanga has repeatedly stated expectations that a well performing ETS would incorporate all sectors and all gases on a level playing field (eg inclusion of agriculture and one-for-one surrender obligations).” (Te Rūnanga o Ngāi Tahu, submission 303.)

Others disagreed, highlighting the differences between agriculture’s short-lived methane emissions and the long-lived gases of other sectors. Some from the agriculture sector felt it was unfair for farmers to incur liabilities for biological emissions but not be given credit for on-farm native forests and vegetation.

5.2 The obligation to consult and engage with iwi/Māori

A number of iwi/Māori submitters urged decision-makers to consider Aotearoa New Zealand’s historical context, and to ensure Māori views are represented:

“In summary, we ask that Government moves away from constraining returns for investors in emissions reduction planting by introducing the measures detailed in this consultation document. To persist is to penalise those working to heal our environment and mitigate climate change impacts. If you do persist, then in the least we ask that you form a policy partnership with us and we co-design policy mechanisms that so severely impact our people.” (The Maori Climate Commission, submission 346.)

Some said that Māori may shoulder the gap in ambition for New Zealand’s emissions targets through land-use impacts, and that due attention has not been paid to Treaty of Waitangi obligations. A number highlighted the importance of iwi/Māori being appropriately represented in decision-making for this reason:

“As a Treaty partner, Tangata Whenua and as kaitiaki within its tribal rohe it is very important that Waikato-Tainui are engaged at the earliest opportunity regarding the development of any plans or policies (i.e. co-design or co-development) to provide

guidance regarding Māori values, principles, knowledge and perspectives regarding our natural resources and the environment.” (Te Whakakitenga o Waikato Incorporated, submitter number 108.)

“Given the importance of land-based activities as both causes and solutions in the emissions space, connections are critical between government and Māori landowners.” (Federation of Māori Authorities, submission 347.)

Respondents also pointed to the need to consult a wide range of Māori stakeholders

“... it needs to be understood that the ‘Māori sectors’ most impacted are Māori landowners and cannot be viewed primarily as an iwi or hapū issue (many of who own little if any significant land). Moreover, Māori landowners (i.e. Trusts, Incorporations and other private interests) are not represented by the Iwi Leaders Forum, so it cannot be assumed that the views of this forum accounts for those groups with significantly more ownership and control of Māori land interests. Therefore, Māori landowners must be directly and centrally involved in the development of a workable and equitable carbon minimisation regime.” (The Federation of Māori Authorities, submission 347.)

“There is a strong need for better information about future carbon prices and opportunities to invest. There needs to be more information, modelling and data to develop an improved understanding of the opportunities and challenges for investments. Māori organisations hold information that the Government does not have access to.” (Te Arawa Primary Sector, submission 342.)

The importance of themes of engagement and genuine partnership were also evident during the Māori Leaders Forum, conducted in Wellington on 17 September 2018. The hui was an opportunity to build on the existing relationship between the Ministry and iwi/Māori, to further conversations around the climate change work programme, and to ensure there are strong processes in place to value iwi/Māori input into policy-making.

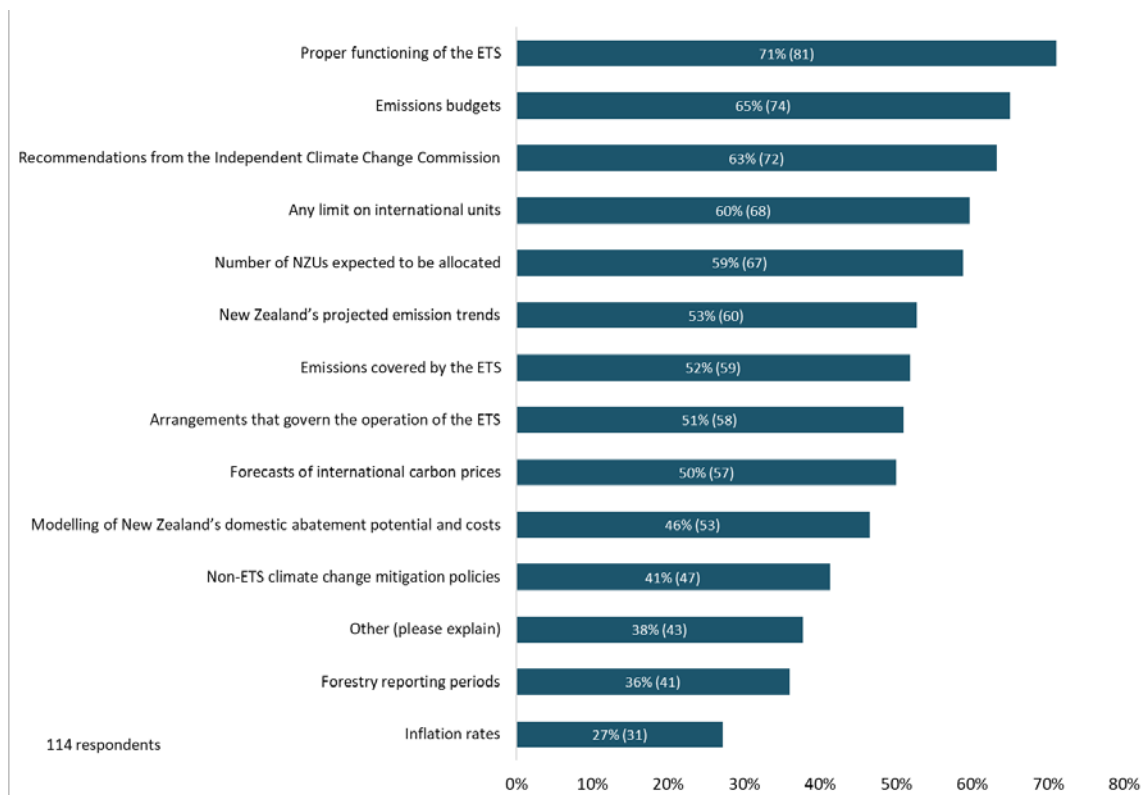
6 Statistics breakdown for consultation questions

6.1 Co-ordinating unit supply decisions: Q1–2

The Government proposed introducing an annual process for setting and announcing NZ ETS unit supply volumes over a five-year rolling period. We sought feedback on factors to consider when setting unit supply volumes, and potential restrictions on how and when decisions are made.

Q1: What issues should the decision-maker consider when making unit supply decisions?

Figure 1: Unit supply decision points



Q2: What, if any, restrictions should be placed on the NZ ETS decision-maker when making unit supply decisions?

We received 92 responses. Many took the view that changes should only be made to unit supply in special circumstances or a force majeure event.

6.2 Auctioning: Q3–6

During the 2015/2016 review of the NZ ETS, we sought feedback on whether auctioning should be introduced as a means to efficiently distribute units to participants, and to help align the NZ ETS with emissions targets.

Following clear support for this proposal, the 2018 consultation sought views on four questions about auctioning: the format, frequency, participation, and use of proceeds.

Q3: Do you agree with the proposal to implement a single-round, sealed bid auction format with uniform pricing?

We received 106 responses to this question, 86 with comments.

Figure 2: Single-round, sealed bid auction format

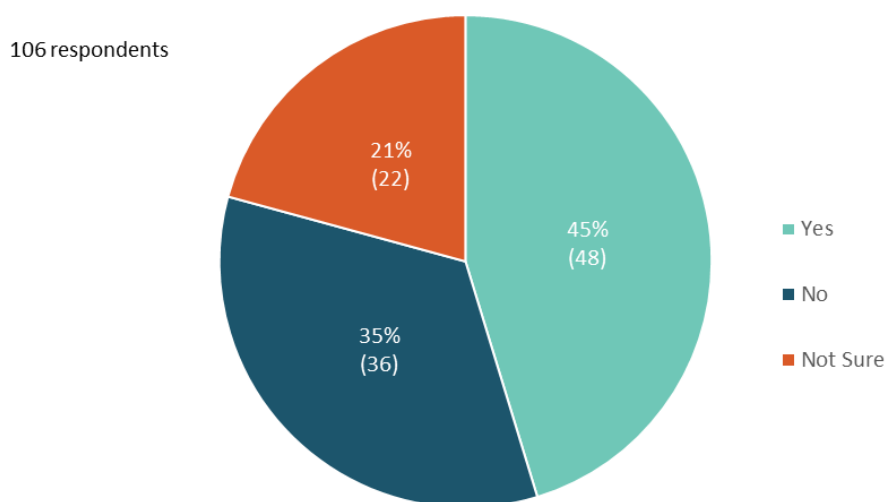


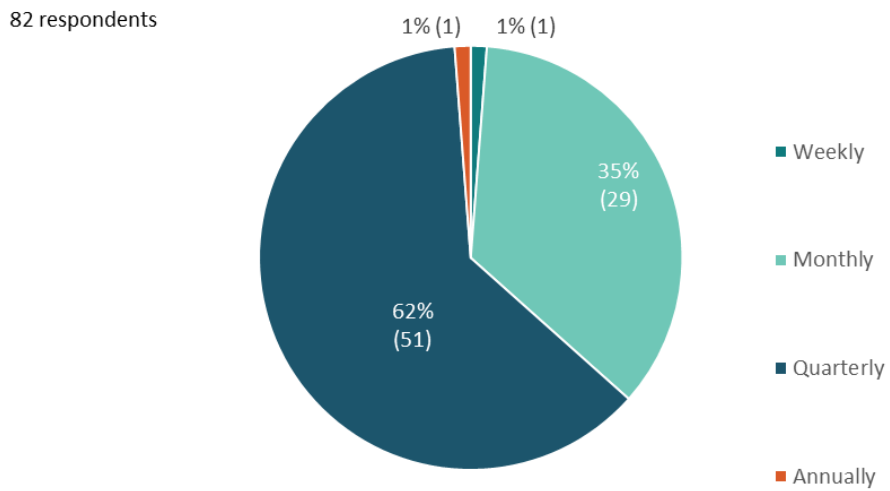
Table 1: Single-round, sealed bid auction format, by sector

Sector	Yes	No	Unsure	Total
Agriculture	3	2	1	6
Business groups	10	11	4	25
Electricity	7			7
Forestry		8	4	12
Individuals	9	1	6	16
Industrial processors	3	4		7
Iwi/Māori	2	1	3	6
Liquid fossil fuels	4			4
Local government	4	2		6
Market intermediaries	1	1		2
NGOs	3	1		4
Research and tertiary		2	2	4
Stationary energy	1	2	1	4

Sector	Yes	No	Unsure	Total
Waste			1	1
Wood processor		1		1
Other	1			1
TOTAL	48	36	22	106

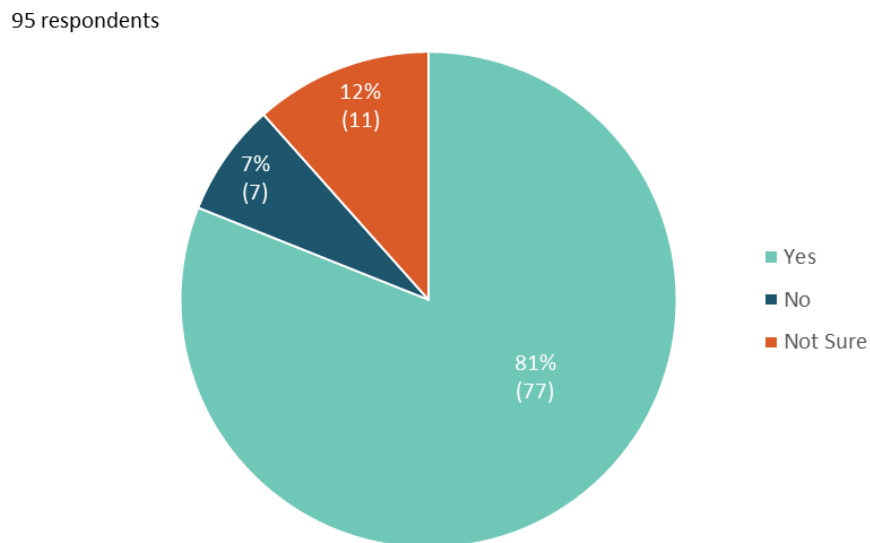
Q4: Do you think that auctioning frequency should be weekly, monthly, quarterly or annually?

Figure 3: Auction frequency



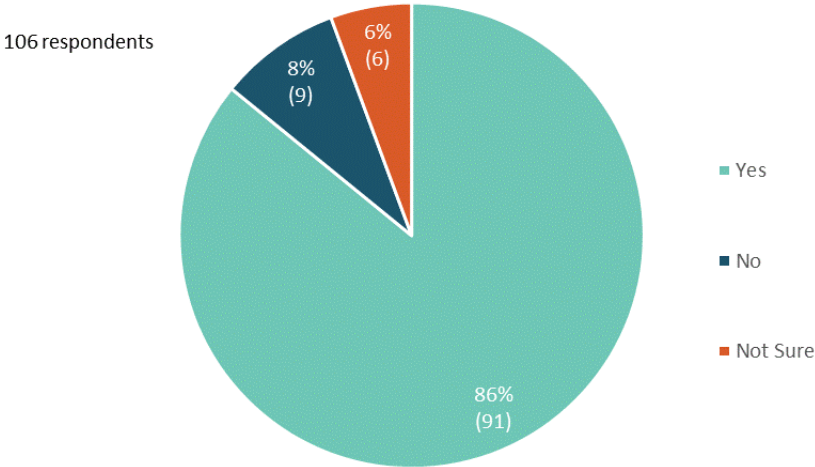
Q5: Do you agree with the proposal that all NZ ETR account holders should be able to participate at auction?

Figure 4: Auction participation by all account holders



Q6: Do you think that the Government should use the proceeds gained from the auctioning of NZUs for specific purposes?

Figure 5: Use proceeds for specific purposes



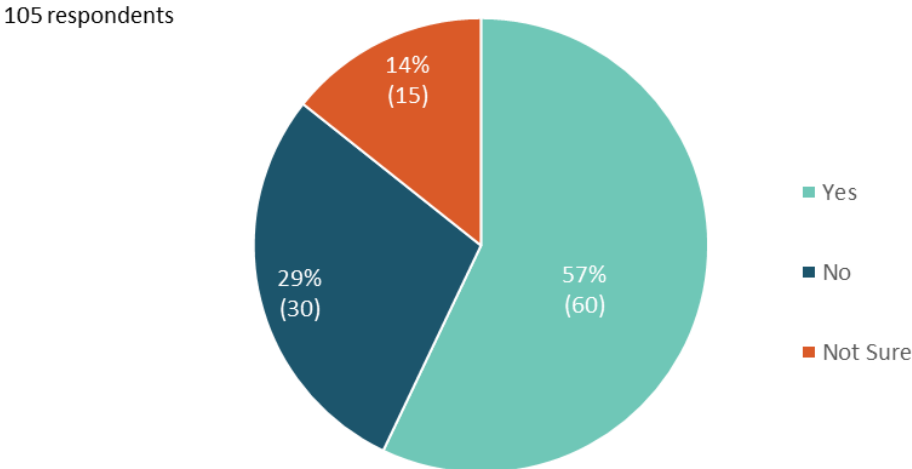
We received 106 responses. Others also commented on this topic, which drew the highest number of comments in the consultation (117 responses).

6.3 Price ceiling: Q7–11

The Government proposes replacing the current NZ ETS price ceiling (the fixed-price option), with a cost containment reserve that will be incorporated into the auction mechanism.

Q7: Do you agree with the proposal to replace the \$25 fixed priced option with a cost containment reserve price ceiling implemented through the auctioning mechanism?

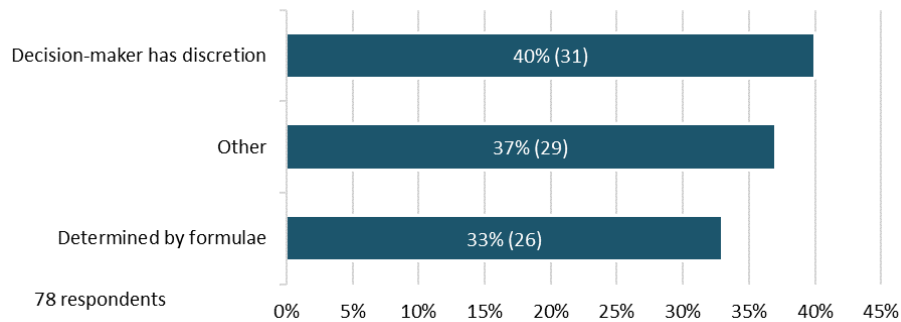
Figure 6: Replace fixed price with a cost containment reserve



Twice as many respondents favoured replacing the fixed priced over keeping it.

Q8: How do you think the price level and number of units in the cost containment reserve should be managed over time?

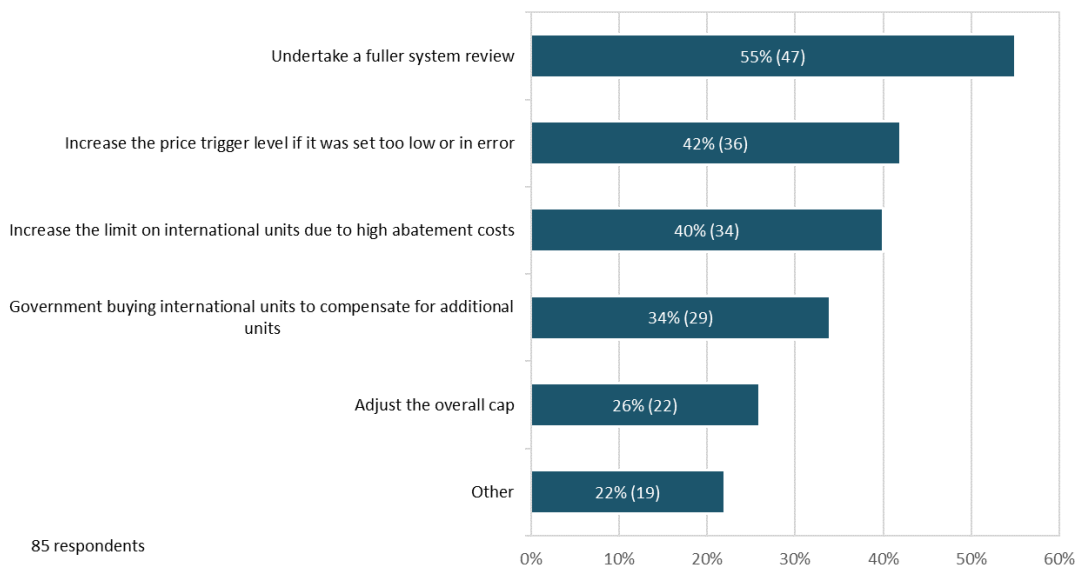
Figure 7: Managing price and number of units over time



We received 78 responses. A slim majority believed that the decision-maker should have the discretion to determine the settings, while considering certain factors.

Q9: What actions should occur if the price ceiling is struck?

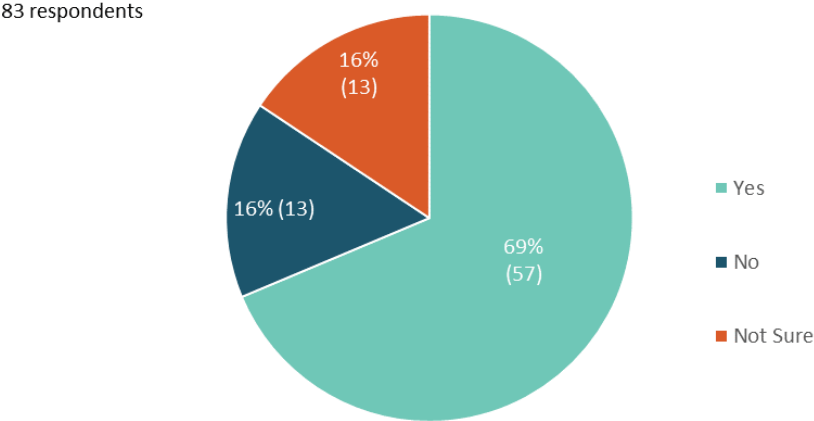
Figure 8: Actions if the price ceiling is struck



We received 85 responses. Submitters could choose multiple answers from five suggested actions, or suggest alternative actions.

Q10: Do you agree with the proposal to review the price ceiling if another significant event occurs (such as a decision to link the NZ ETS with another carbon market)?

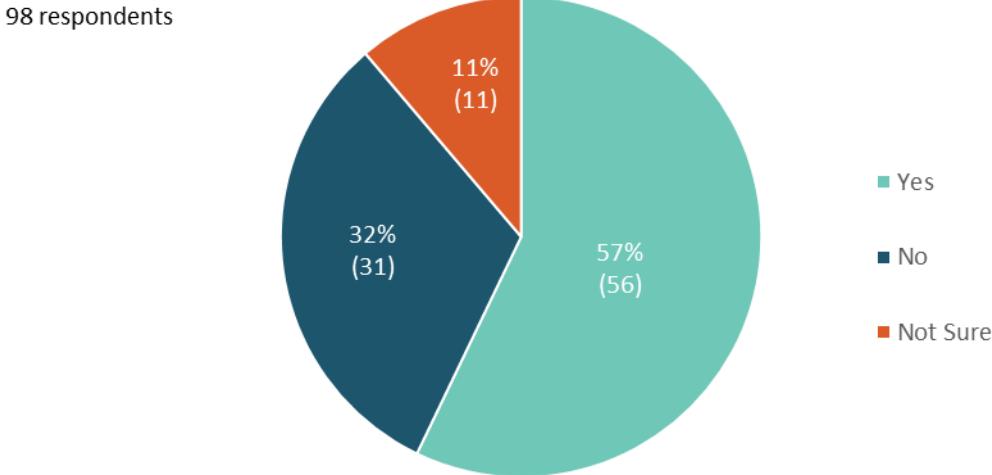
Figure 9: Review price ceiling after significant event



A further 170 submitters did not answer this question.

Q11: Do you agree that the \$25 FPO may not be appropriate for the short term, and may need to be adjusted before 2020?

Figure 10: FPO appropriate for the short term



6.4 Limiting the use of international units: Q12–13

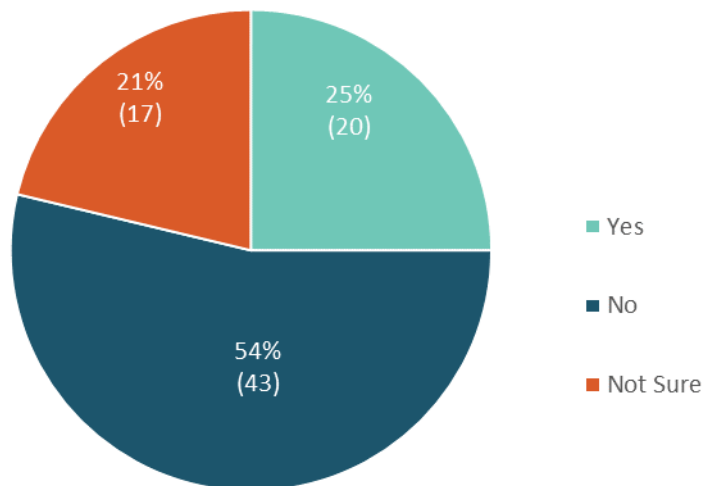
Q12: Which mode of purchase for international units (direct or indirect) would be the best approach for the NZ ETS, acknowledging that there are other significant factors that will influence this decision?

We received 115 written responses. Of those, 57 preferred direct purchase of international units, 47 supported indirect purchase and 15 opposed purchase by any method. Eighteen supported direct and indirect purchase under various conditions – see section 3.6.

Q13: If NZ ETS participants are able to purchase and surrender international units directly, do you think that there is justification for varying the percentage of allowable international units by participant type?

Figure 11: Vary the percentage of allowable international units

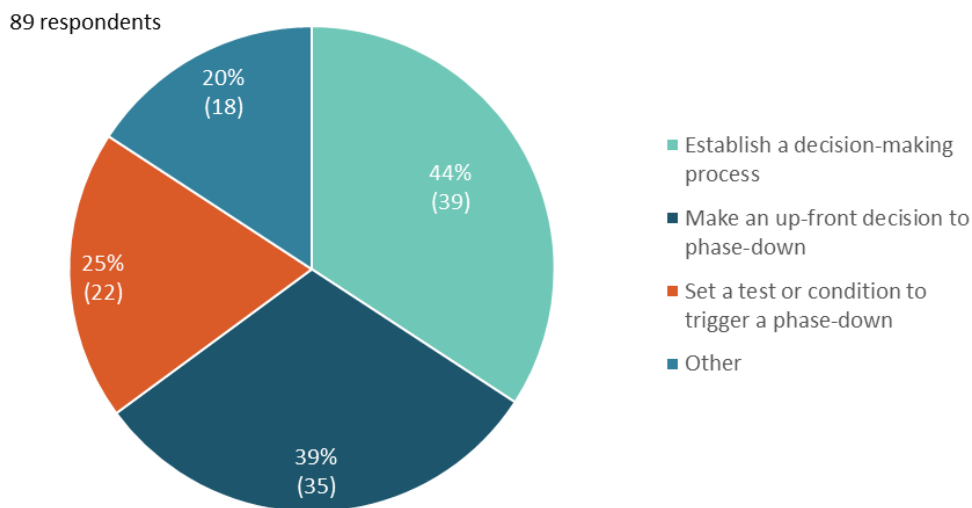
80 respondents



6.5 Phase-down of industrial allocation: Q14–17

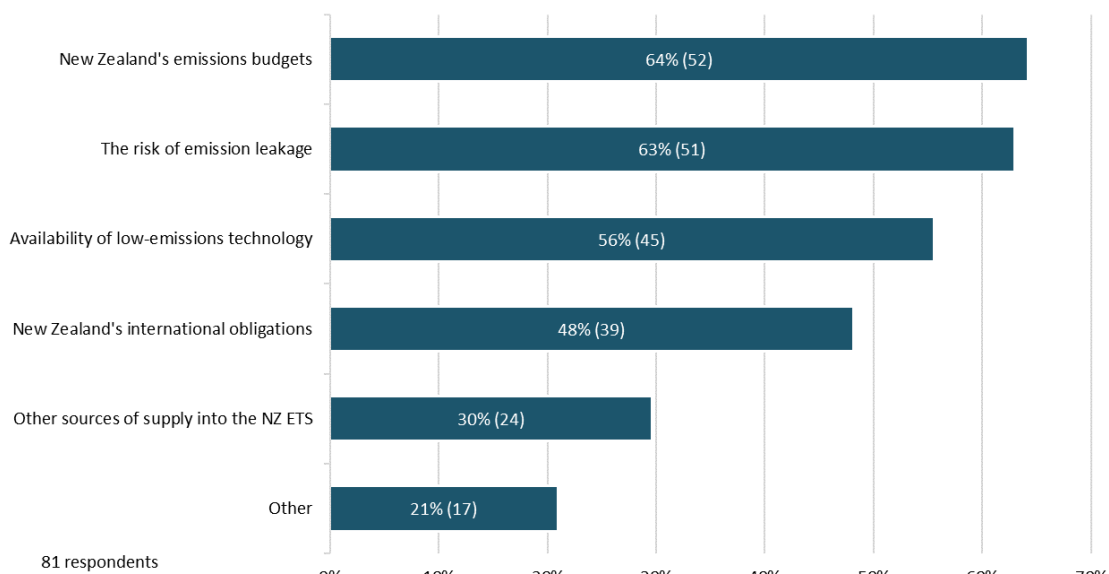
Q14: How do you think decisions on a phase-down of industrial allocation should be made?

Figure 12: Decision on phase-down of industrial allocation



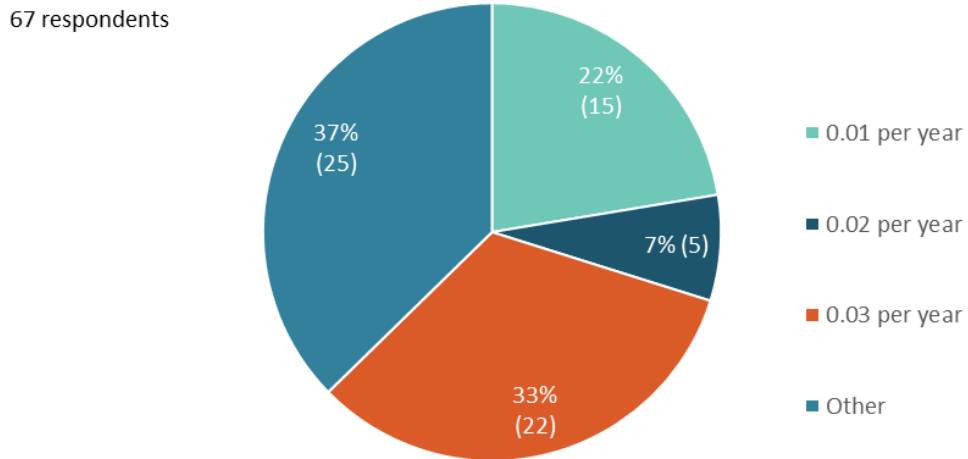
Q15: If a decision-making process for industrial allocation is implemented, which of the following factors should the decision-maker take into account?

Figure 13: Decision factors for industrial allocation



Q16: If phase-down of industrial allocation is initiated in future, which of the following rates for phasing down industrial allocation should be considered?

Figure 14: Rates of phase-down for industrial allocation



A high number of submitters (25 or 37%) suggested a different option as detailed in the main body of this summary document, at 3.7.

Q17: What impact would changes to the levels of industrial allocation from 2021 have on your investment or business decisions?

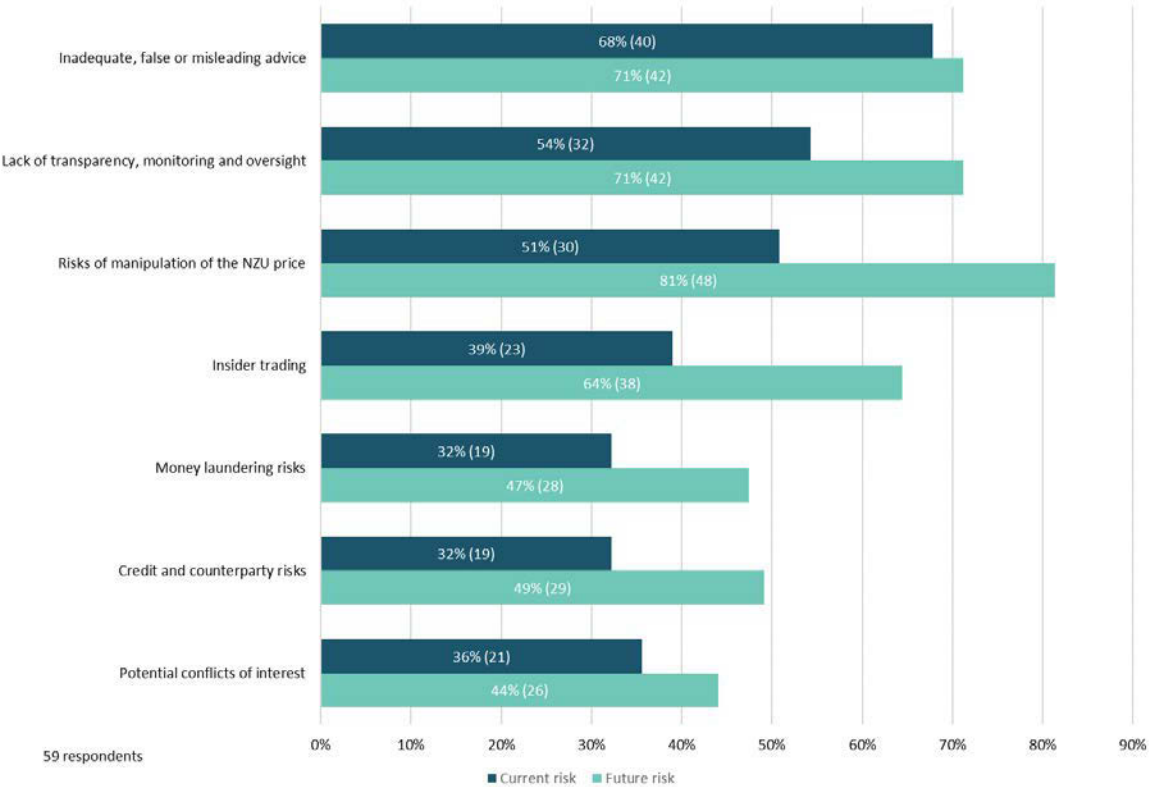
We received 52 responses; 15 expressed concern that changes to industrial allocation could increase costs to businesses, meaning that some manufacturing could shift to offshore jurisdictions with weaker environmental regulation.

6.6 Market governance: Q18–21

The Government sought feedback on how to manage potential risks of misconduct in the New Zealand carbon market.

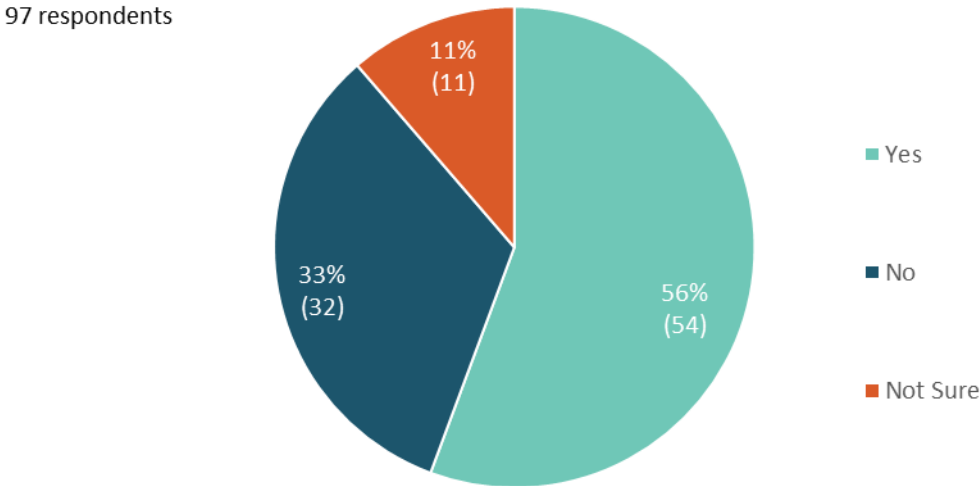
Q18: For each of the seven areas that we have identified as being sources of potential risk, what is your assessment of the level of risk that they create, both now and in the future?

Figure 15: Assessment of market governance risks



Q19: Do you think that there would be benefits from publishing individual emissions data reported by NZ ETS participants?

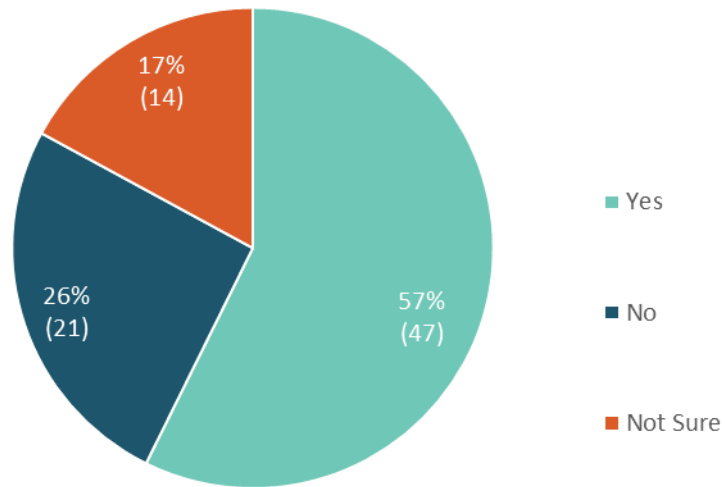
Figure 16: Benefits from publishing emissions data



Q20: Do you think cases of non-compliance should be published?

Figure 17: Publish cases of non-compliance

82 respondents



Q21: How would publishing these types of information impact you?

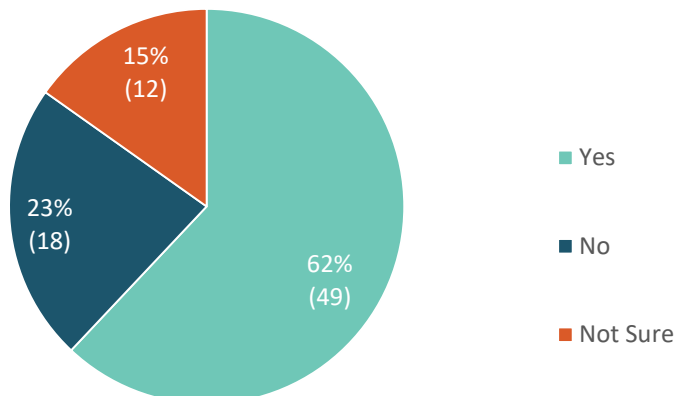
We received 57 responses, summarised in section 4.3. Eleven submitters said that publishing non-compliance would not affect them, and one was unsure of the impact.

6.7 Compliance and penalties: Q22–26

We sought feedback on options to improve the NZ ETS compliance regime.

Q22: Do you agree with the proposal to introduce strict liability infringement offences for low-level non-compliance?

Figure 18: Strict liability infringement offences for low-level non-compliance



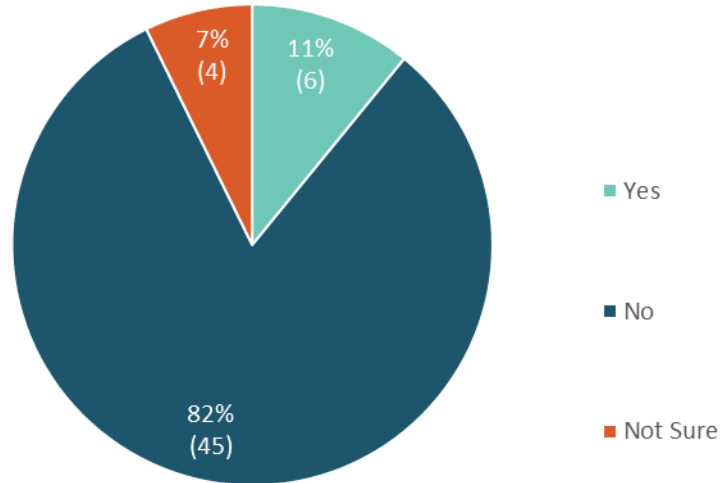
Q23: What are your views on the levels of the proposed fines?

We received 47 responses; 21 submitters were comfortable with the proposed fines, 11 felt they were too high, and one that they were too low. Section 3.8 summarises the feedback.

Q24: Has the excess emissions penalty for failing to surrender or repay units by the due date caused issues for you?

Figure 19: Excess emissions penalty causes issues

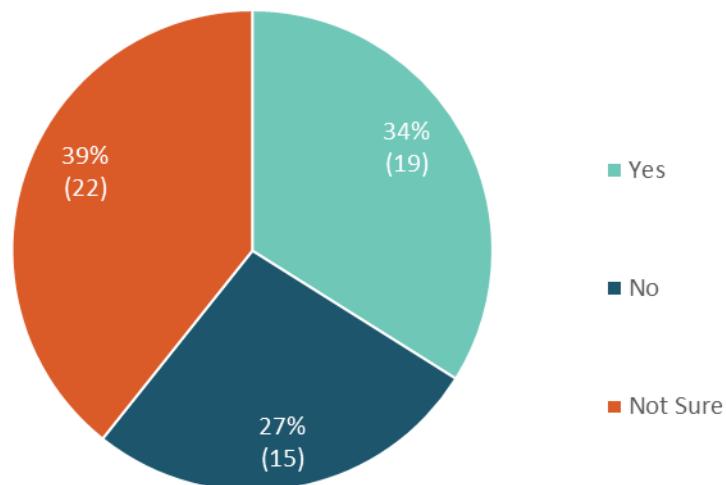
55 respondents



Q25: Should the excess emissions penalty for failing to surrender or repay units by the due date be changed?

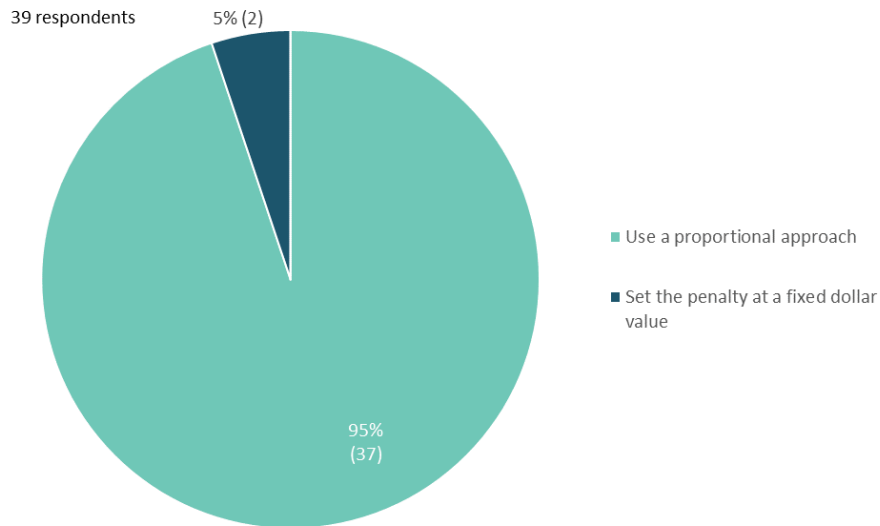
Figure 20: Change the excess emissions penalty

56 respondents



Q26: What option do you see as most appropriate for the excess emissions penalty?

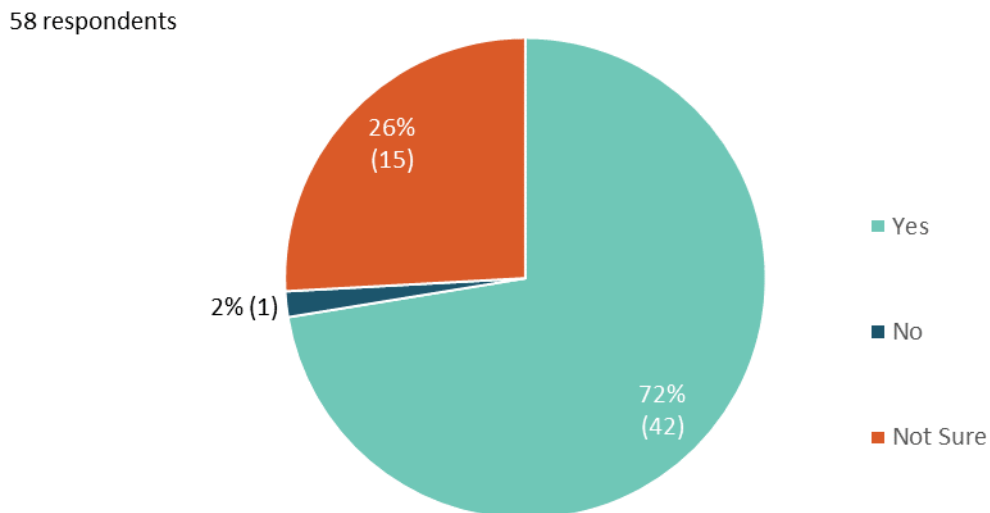
Figure 21: Options for the excess emissions penalty



6.8 Technical and operational improvements: Q27–37

Q27: Do you agree with the proposal to use approved units to repay any overdue unit obligation from a previous reporting period, before any remaining balance is transferred to the owner?

Figure 22: Use approved units for repayments

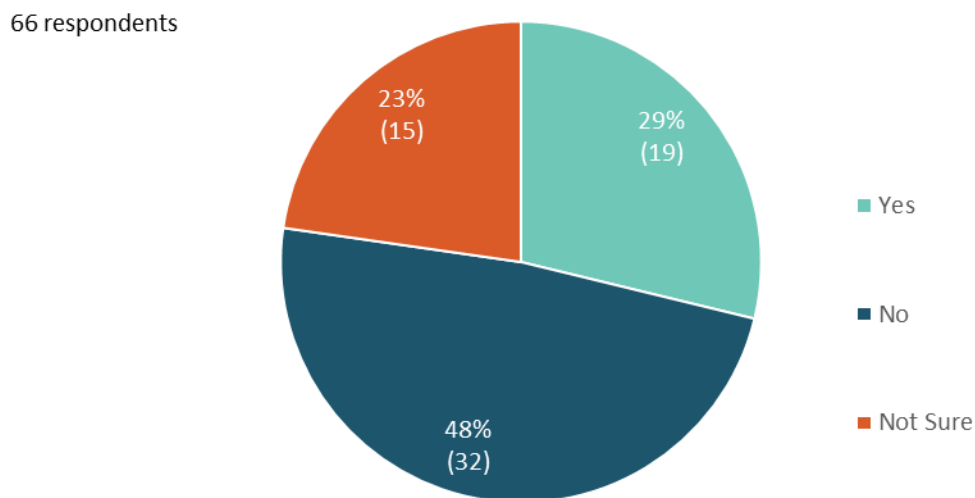


Reasons for supporting the proposal included that it would give more flexibility to participants, and make it easier for them to meet their obligations. Respondents believed that the current situation of providing further units to a party with overdue obligations does not make sense.

They believed that this proposal would make debt repayment more likely, and align with other regulators such as Inland Revenue.

Q28: Should large purchasers of coal, natural gas or obligation fuels have the ability to opt-in for only a portion of their obligations?

Figure 23: Partial opt-in for large purchasers of fuel



Those favouring the opt-in said it increased companies' flexibility to manage their obligations and minimise costs, thereby maintaining a competitive energy market.

Those against, or unsure, were concerned that the scheme might become more complex, or believed that fuel users should be responsible for their purchasing decisions.

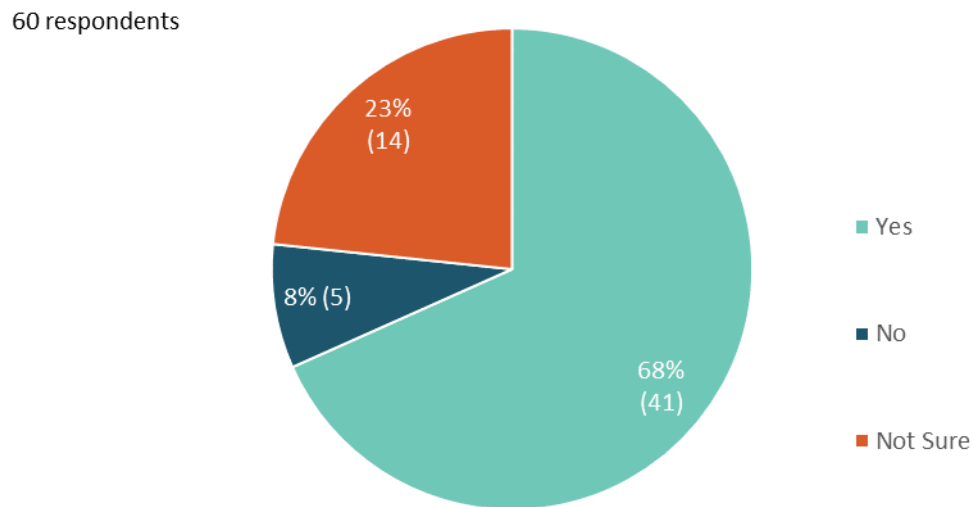
Q29: As a mandatory participant that supplies this controlled fuel, what burden would it create if more of your large purchasers were to opt-in?

Ten suppliers of coal, natural gas or obligation fuels responded. Five reported that more large purchasers opting in would not be a burden. One saw the increase as positive, as it would allow suppliers to offer a complete service of fuel and NZUs. Four cited the negative effects of regulatory uncertainty, increased complexity and an imbalance of responsibility and allocations.

Q30: Do you agree with the proposal that all coal sold or used from a stockpile be reported, regardless of whether the participant meets the

threshold for coal importing or mining in the year the coal was sold or used?

Figure 24: Report all coal sold or used from a stockpile



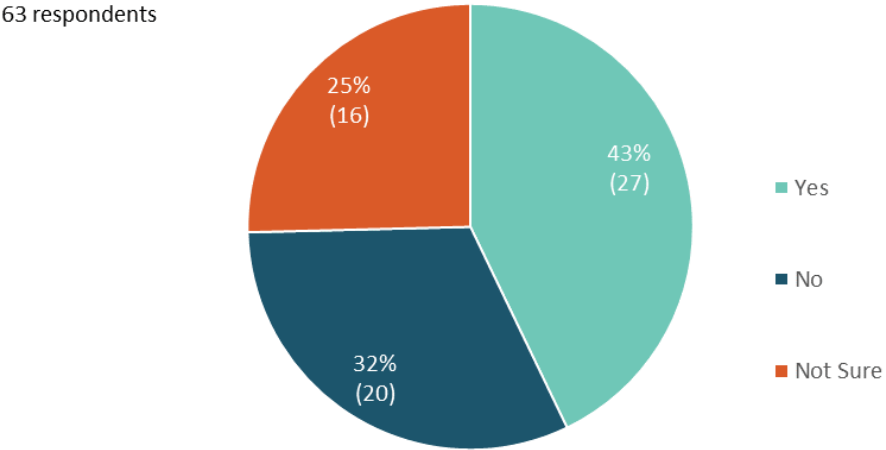
Most submitters did not give reasons for their response.

One key reason for supporting the proposal was that the current situation undermined the integrity of the NZ ETS and that this should be fixed promptly. Submitters also said that closing this loophole would prevent manipulation of the scheme and increase administrative efficiency. Several agreed so long as the de minimis threshold of 2000 tonnes was retained to exclude non-combustion coal users, such as water filtration companies that use coal in their operations.

Opponents were concerned about the impact on small businesses of extending coal reporting requirements. They noted this could be a burden, and not all coal is used or sold for combustion.

Q31: Do you agree with the proposal that the Government should be able to amend Unique Emission Factors from previous years?

Figure 25: Amend UEFs from previous years



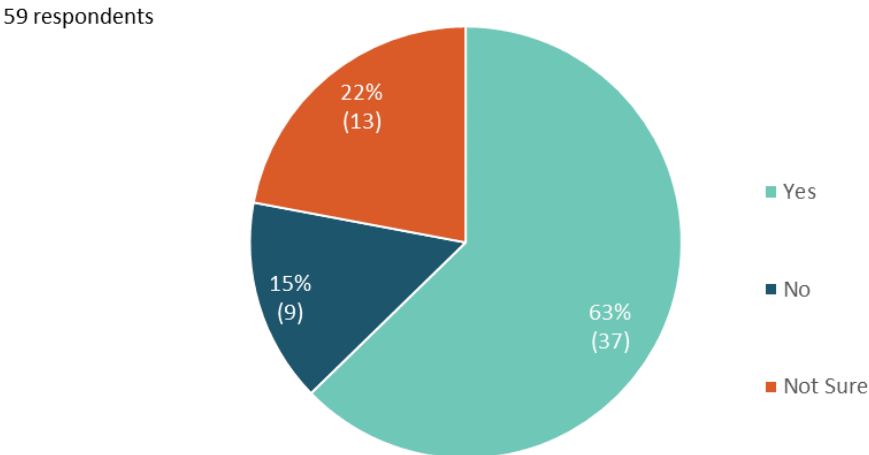
Those in favour thought it would promote accuracy by correcting errors and ensuring that actual emissions had been recorded. Several said they would support this only if corrections occurred within a set period.

“The ability to amend unique emissions factor errors from previous years is still fair for those meeting their obligations and promotes accuracy, and does not preclude the possibility to apply any appropriate penalties.” (Waikato Regional Council, submission 97.)

Some submitters felt retrospective amendment would decrease certainty and stability for the market, and that it would be unfair and unreasonable to retrospectively apply penalties. This would also be unnecessary given that UEFs are already independently verified.

Q32: Do you agree with the proposal that participants should repay the same type of units, rather than the exact same unit?

Figure 26: Repay the same type of units



Those in favour supported the increased flexibility and simplicity the proposal offered. They stated that the current requirement was inflexible and that the proposal would increase compliance.

“An NZU is an NZU. The source and pedigree should not matter.” (Taumano Ltd, submission 212.)

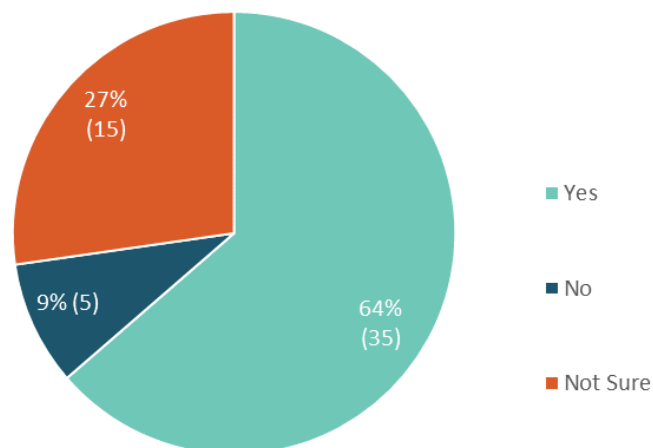
Submitters also noted that the original NZUs might have been traded by the time of repayment, so the proposal would help to prevent arbitrage and profiteering.

Some thought the proposal did not offer enough flexibility. For participants who had already sold units transferred in error to return replacements units of the same type, it might sometimes be difficult to source particular types of units. The preference was to broaden repayment requirements to NZUs generally, and not apply subtypes.

Q33: Do you agree with the proposal to extend the general 30-day due date for repayments to annual allocation adjustment repayments?

Figure 27: Extend the 30-day due date for repayments

55 respondents

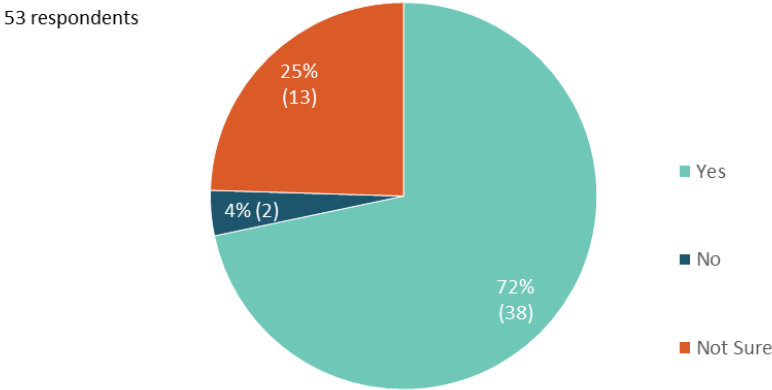


Supporters of the proposal felt an increased timeframe would allow participants some leeway in deciding when to make their repayments. Opponents of the proposal felt that 30 days was sufficient and that there was no problem with the status quo:

“This amount of time [one year] provides flexibility and certainty.” (Waikato Regional Council, submission 97.)

Q34: Do you agree with the proposal that the deadline for surrenders and repayments is 60 working days from the date a notice is sent?

Figure 28: 60-day deadline for surrenders and repayments

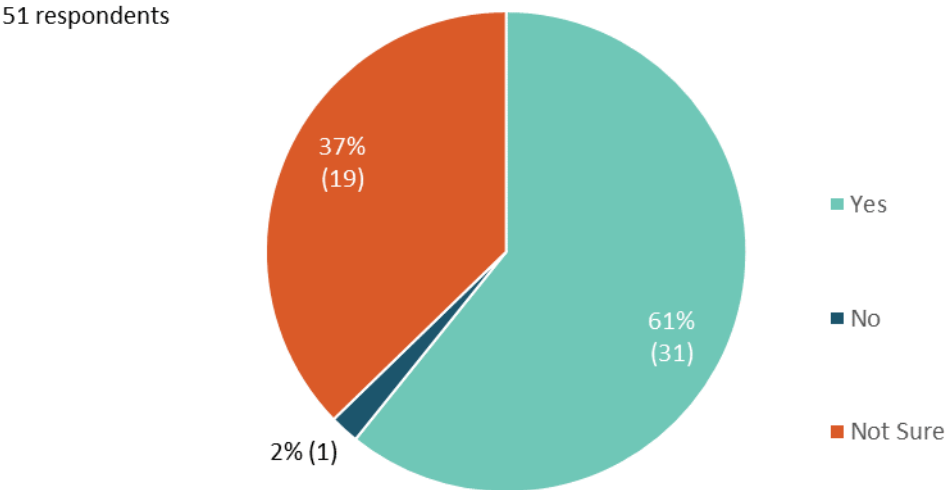


Submitters were generally comfortable with the proposed deadline, commenting that it was appropriate.

“Encouraging engagement and compliance is vital rather than using that pointy stick.”
(Climate Control Companies Association of New Zealand, submission 228.)

Q35: Do you agree with the proposal that industrial allocations can be transferred to a consolidated group account?

Figure 29: Transfer industrial allocations to a group account



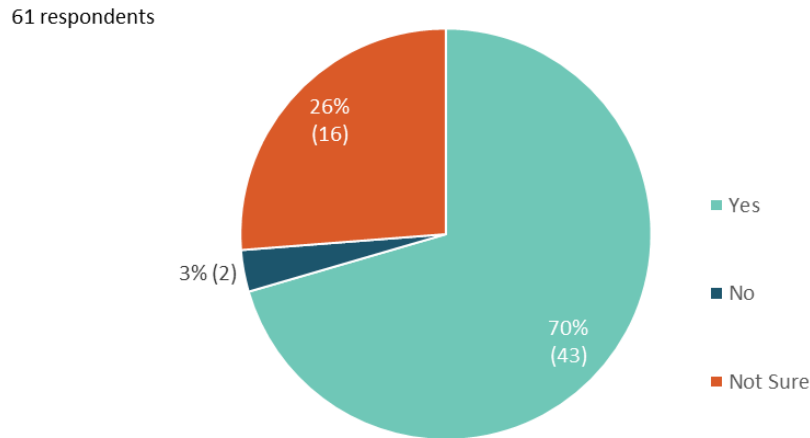
A consolidated account was seen to promote efficiency in accounting, make things simpler, increase flexibility and could benefit firms with multiple activities or subsidiaries:

“Entities should have flexibility to manage at a corporate level where they have multiple facilities” (BP New Zealand, submission 167.)

A number of submitters added provisos. These included that parties agreed to consolidation, that units were transferable, and that entities shared common ownership.

Q36: Do you agree with the proposal that account operators continue to operate NZ ETS accounts until a succession plan is in place?

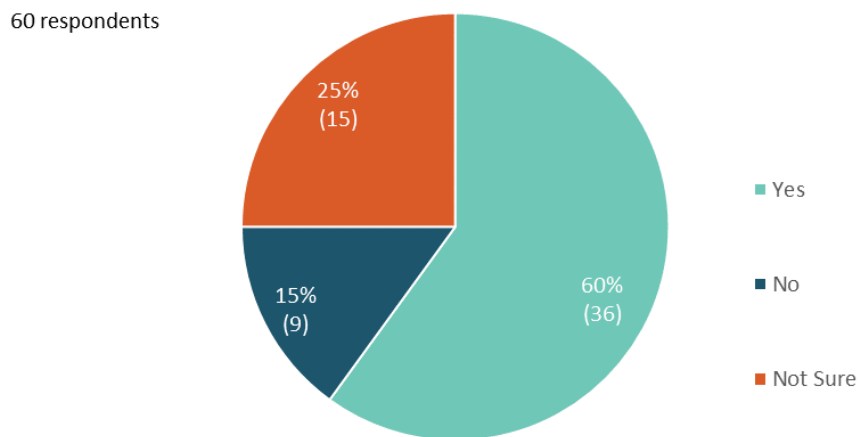
Figure 30: Retain accounts, pending succession plans



Most submitters did not give reasons for their choice.

Q37: Do you agree with the proposal that units should vest in the Crown if the account operator chooses to close the account?

Figure 31: Units vest in the Crown if accounts closed



Supporters commented that this would be the simplest option. The main view of opponents was that units belong to participants and therefore should return to participants.

Appendix 1: Consultation process

A six-week public consultation on proposed improvements to the NZ ETS was jointly held by the Ministry for the Environment (the Ministry), the Ministry for Primary Industries (MPI), and Te Uru Rākau between 13 August and 21 September 2018. A consultation document set out the background and called for written submissions [<http://www.mfe.govt.nz/publications/climate-change/improvements-new-zealand-emissions-trading-scheme>].

The following measures promoted awareness of the review. They were designed to foster an open and equitable consultation and encourage submissions.

- Public announcement of NZ ETS consultation. [<https://www.beehive.govt.nz/release/emissions-trading-scheme-fit-purpose>]
- Publication of the consultation document on the Ministry for the Environment website, and linking back to this from the MPI website. [<https://www.mpi.govt.nz/protection-and-response/environment-and-natural-resources/emissions-trading-scheme/#review>]
- Direct email to all NZ ETS registered account holders via the New Zealand Emissions Trading Register, sent by the Environmental Protection Authority (EPA).
- Direct email to stakeholders who had registered their interest in notification of NZ ETS changes with the Ministry for the Environment.

MPI, the Ministry for the Environment and Te Uru Rākau held combined public consultation workshops in 10 centres around Aotearoa New Zealand, attended by about 580 people. A separate Māori Leaders Workshop was also held in Wellington. Slide-packs that formed the basis of the workshop presentations were published on the Ministry website and emailed to attendees. Two after-hours Skype sessions were held for stakeholders who could not attend a workshop (see appendix 2 for meeting details).

Submissions were published on the Ministry's [website](#), and submitters and New Zealand Emissions Trading Register users were emailed about their release.

Submitters received privacy notifications when they sent in their submissions, advising that all submissions would be published unless the Ministry was instructed to withhold their individual or company name, contact details, or any commercially sensitive material. Twenty-four submitters requested their submissions be either published anonymously, or withheld in full. These are included in the overall analysis.

Appendix 2: Consultation meetings

Stakeholders were invited to meetings to discuss the proposals in the [Improvements to the New Zealand Emissions Trading Scheme](#) consultation document and the [ETS forestry consultation document: A better Emissions Trading Scheme for forestry](#). Meetings were held on a regional basis, jointly run by the Ministry, MPI and Te Uru Rākau. Meetings covered the NZ ETS framework improvements in a morning session and improvements for forestry in the afternoon. Stakeholders were welcome to attend either or both sessions. Two Skype meetings were held for people unable to attend a meeting.

Stakeholders were emailed meeting information and all NZ ETS participants were invited to attend through the NZ ETS register. Once the consultation began, stakeholders could register to attend via the Ministry website.

Meetings provided information on the proposals in both the forestry and the NZ ETS framework improvements consultation documents, and allowed time for questions. This was to help attendees write their submissions, and allowed officials to gather initial feedback.

Table 2: NZ ETS consultation meetings

Date	Location	Number of attendees (approx.)
31 August 2018	Wellington	90
3 September 2018	Auckland	95
4 September 2018	Rotorua	70
6 September 2018	Christchurch	60
7 September 2018	Dunedin	50
10 September 2018	Whangarei	30
11 September 2018	Gisborne	40
12 September 2018	Napier	60
13 September 2018	New Plymouth	45
14 September 2018	Nelson	35
11 and 13 September 2018	Online Skype meeting	6
17 September 2018	Māori Leaders Forum, Wellington	11

Māori Leaders Forum, Wellington

The hui was attended by representatives from:

- Māori Economic Development, Northland Inc
- Te Rūnanga-Ā-Iwi-O-Ngāpuhi
- Taitokerau Forest Ltd
- QEII National Trust
- Federation of Māori Authorities
- Māori Carbon Foundation
- Te Awahohonu Forest Trust
- Scion
- Lake Taupo Forest Management.

Appendix 3: Analysis of submissions

We used an online tool to process submissions. Submitters either used online forms, or emailed submissions directly to the Ministry or MPI. Three were handwritten.

All submissions were assigned a unique identification number. Submissions were classified according to the submitter type (such as individual, business, local government). If no type was selected, analysts made a selection based on the content of the submission.

A small number of parties sent more than one submission document. In these cases, all documents were logged as a single combined submission to avoid duplication.

Analysts received instructions and guidance to ensure analysis was consistent across all submissions. Every effort has been made to ensure the report accurately summarises the overall feedback on the consultation document and the proposals. However, we cannot guarantee this report reflects all views.

Appendix 4: Conventions used in this document

Where numbers and percentages are used when referring to the submitters who supported or opposed specific proposals, these are based on analysts' interpretation of the submissions. Protocols were established to ensure as much consistency in interpretation as possible.

Submitters did not always identify whether they agreed, disagreed, or were ambivalent to proposals, even when they submitted comments. The category of 'not specified' reflected these views. If comments appeared to strongly support or oppose a proposal, analysts entered a selection on behalf of the submitter.

This document includes selected quotations. These have been chosen for their value in illustrating issues or because they express points in a way that is difficult to paraphrase without losing the original meaning. Their inclusion here does not mean that they have been given more weight over submissions that have not been cited.

Percentages in this document have been rounded to the nearest whole number. Total values may not always add to 100 per cent.

Some submitters addressed NZ ETS issues that are outside the scope of this document. Feedback on some of these issues was included here – for example, comments about a price floor. Other suggestions, such as the desirability of regulatory stability and the role of agriculture in the NZ ETS, have been earmarked for further consideration.

Appendix 5: List of submitters

Unique number	Name of the organisation
001	Pastural Farming Climate Research Inc
005	Rauweka Carbon Forests Ltd
011	George Sabonadiere
017	Simon Papps
019	Braebourne Trust
020	Eagle Eye Developments Ltd and GF Plus Investments Ltd
021	Nigel Bamford
022	Alan Bell
023	Anonymous
024	Ian Lindsay
025	Naumai Farm Trust
026	Western Beach Ltd
027	NZ Forestry, Forest Management & Consulting
028	Anglesea Agriculture Ltd
030	Tailored Energy Solutions Ltd
031	Anonymous
032	Sherwood Forests Ltd
033	Forest Management Ltd
034	Anonymous
036	OMFinancial Limited
037	Wellington City Council
038	Neil Walker
040	Waipaoa Forests Ltd
042	Andrew Bishop
044	Newstead Farm Ltd
045	Francis Saxton
046	ForestStat Ltd
047	Te Maire Farm
051	John deBueger
052	Motor Trade Association
054	Anonymous
055	Patrick and Marlene Anderson
056	Paraheka Holdings Ltd
057	David Lourie

Unique number	Name of the organisation
058	Dave Read
059	Activated Carbon Technologies Ltd
060	John and Jane Mason
062	Bill Collis
067	Anonymous
069	Canterbury District Health Board
070	James Hoskins
072	Bathurst Resources Ltd
075	Geoff Thompson
078	Temperzone Ltd
080	Hugh Barr
083	Permanent Forests NZ Ltd
085	AIL Advisory NZ
086	Lindsay & Dixon Ltd
088	JTL Carbon Farming Consultancy Ltd
090	Anonymous
091	Patricia Scott
092	Tunakino Forestry Ltd
095	Landsdowne Forestry Ltd
097	Waikato Regional Council
098	Ballance Agri-Nutrients Ltd
101	Forest Owners Association
102	Motor Industry Association
103	Nicky Auld
105	Ngāti Porou Forest Ltd
107	The Policy Observatory AUT University
108	Te Whakakitenga o Waikato Incorporated
110	Gibbons Forestry Limited
111	Ernslaw One
112	GL Bowron Ltd
114	Marlborough District Council
115	Michelle Cave
119	Minerals West Coast
120	Greater Wellington Regional Council
123	John-Paul Praat, Peter Handford, Phil Journeaux
124	Anonymous
125	Wiremu Thompson
130	Northland Regional Council

Unique number	Name of the organisation
131	Anonymous
132	Martin Albrecht
133	Geoff and Esther Meadows
134	Evonik Peroxide Ltd
135	Kai Point Coal
138	Anonymous
141	MacHops Ltd
142	PD & KJ Sieling
143	Rick Peebles
144	Manaaki Whenua – Landcare Research
145	Chris Howden
146	Ben Liley
147	James Hunter
150	Metals New Zealand
151	Anonymous
152	Michael Clements
153	Ian Esson
154	Anonymous
155	Anonymous
156	Neil Henderson
158	James Dennison
161	Donna Marie and Robert Peacock
162	Waitomo Partnership
163	Tania Huata
165	Windflow Technology Ltd
166	Contact Energy
167	BP New Zealand
168	Garry Muir
170	NZ Wind Energy Association
171	Carbon Forest Services Limited
172	Genesis Energy
174	Ngāti Porou East Coast Forestry Working Group
175	Port Blakely New Zealand Ltd
176	Mick Ormond
177	Catherine Leining, Suzi Kerr, Niven Winchester
178	Venture Southland
179	Log Marketing New Zealand Ltd
180	Native Forest Restoration Trust

Unique number	Name of the organisation
181	Wood' Search Marketing Ltd
182	Diana Clark
183	Tim Riding
185	Sage Partners Ltd
186	NZX Ltd
187	Anthony Bradshaw
188	Watercare Services Ltd
190	Thomas Stazyk
191	Refrigerant Recovery New Zealand
192	Matariki Forests
195	Rod Donald Banks Peninsula Trust
196	New Zealand Automobile Association Incorporated
201	John McLean
202	Federated Farmers of New Zealand
204	Raepahu Forests Ltd
206	Refrigeration Specialties Ltd
208	Boston Investments Ltd
209	Golden Bay Cement
210	New Zealand Institute of Forestry
211	Abby Ayson
212	Taumano Ltd
213	CNI Iwi Land Management
214	Owen Springford
215	Carbon Market Solutions Ltd
216	Pan Pac Forest Products Ltd
217	Miscanthus New Zealand Ltd
219	Timberlands Management Limited and Global Forest Partners LP
220	Greymont
221	Sanford Ltd
223	Transpower
224	Fonterra Co-operative Group Ltd
225	The New Zealand Redwood Company
226	Ngāi Whakaue Tribal Lands
227	Banks Peninsula Conservation Trust
228	Climate Control Companies Association of New Zealand (CCCANZ)
229	Joe Cooper
231	Robert McLachlan
232	Therese Marsh

Unique number	Name of the organisation
233	Fletcher Building
234	Mercury
235	Margules Groome Consulting Ltd
237	WWF-New Zealand
238	Interpine NZ
239	New Zealand Farm Forestry Association
240	MJ & JM Charteris Farming Partnership
241	Shell International Eastern Trading Company
243	Forest Management (NZ) Ltd
244	Oji Fibre Solutions
247	Anonymous
248	Generation Zero
249	First Gas Ltd
250	DairyNZ
251	Woodnet 2005 Ltd
252	Owhaoko C Trust
254	EnviroWaste Services Ltd
255	Meridian Energy Ltd
256	Lewis Tucker & Co.
257	Anonymous
258	Bay of Plenty Regional Council
259	Proprietors of Nuhiti Q
260	Peter Whitmore
261	Anonymous
262	Anonymous
263	NZ Shipping Federation
264	Carbon Solutions NZ Ltd and Southern Forests NZ Ltd
265	Strattera
266	Forest Management NZ Ltd
267	Royal Forest and Bird Protection Society Inc
269	Greenco Ltd
270	Trustpower Ltd
271	Auckland Council
272	Warren Forestry Ltd
275	New Zealand Steel
276	Horticulture New Zealand, Tomatoes New Zealand Inc, Vegetables New Zealand Inc
278	Orion New Zealand Ltd

Unique number	Name of the organisation
279	Tom Clarkson
280	OMV New Zealand Ltd
281	Anonymous
282	Major Electricity Users' Group
284	Enviro-Mark Solutions
285	Roderick Aldridge
286	O-I New Zealand
287	Anonymous
288	Ruapehu District Council
289	Vector Ltd
290	Anonymous
291	Carbon Forest Services
292	Meat Industry Association of NZ, and Beef & Lamb NZ, and Deer Industry NZ
293	Air New Zealand
295	Kirsten Bjoerchmar-Rudolph
296	Anonymous
297	Otago Regional Council
299	Anonymous
300	Anonymous
301	Petroleum Exploration & Production Association of New Zealand
302	Sustainable Initiatives Aotearoa
303	Te Rūnanga o Ngāi Tahu
304	Wise Response Society Inc
305	Infratil Ltd
308	Oil Free Wellington
310	Anonymous
312	Greenbriar Ltd New Vale and Ohai Coal
313	Euan Mason
314	Martin Toop
315	Hikurangi Forest Farms Ltd
316	Skilbister Forest Farm
317	Sustainability Council of New Zealand
318	Niagara Sawmilling Co Ltd
319	Anonymous
320	Wood Processors & Manufacturers Association of New Zealand
321	NZ Clams
322	Alan Ogle
323	Rhodes & Co

Unique number	Name of the organisation
325	Dairy Companies Association of New Zealand
330	Ora Taiao – NZ Climate & Health Council
335	Z Energy
336	Business NZ
337	Methanex New Zealand Ltd
338	Nick Seymour
339	Refining NZ
340	Maurice Bell
341	Westpac New Zealand Ltd
342	Te Arawa Primary Sector Inc
344	Scion
345	Environment and Conservation Organisations of NZ
346	The Māori Climate Commission
347	Federation of Māori Authorities
348	Māori Carbon Foundation
350	Te Awahohonu Forest Trust
351	Hawke's Bay Regional Council
353	New Zealand Aluminium Smelter Ltd
354	Bodis Forest Farms Ltd
355	Pat Condon
356	PINZ Management Ltd
357	Roger Dickie (N.Z.) Ltd
358	Andrew Webster
359	Rivendell Family Trust
361	George Preddy
362	Michael Hyson
363	Kevin Hearle
364	Staff of Gisborne District Council