



# Cabinet Legislation Committee

## Minute of Decision

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### Climate Change (Limits and Price Control Settings for Units) Regulations 2020

Portfolio                      Climate Change

On 28 July 2020, the Cabinet Legislation Committee:

- 1        **noted** that on 14 May 2020 the Cabinet Environment, Energy and Climate Committee agreed:
    - 1.1        to draft regulations that set:
      - 1.1.1        the limit on overseas units used to be zero for 2021, 2022, 2023, 2024, and 2025;
      - 1.1.2        the annual limits on New Zealand Units (NZU) available by other means to be: 8.4 million in 2021, 8.2 million in 2022, 8.9 million in 2023, 8.7 million in 2024 and 8.7 million in 2025;
      - 1.1.3        the annual limits on NZUs available by auction to be 19 million in 2021, 19 million in 2022, 19 million in 2023, 17 million in 2024, and 16 million in 2025;
    - 1.2        agreed to draft regulations that set the annual overall limits on NZ ETS unit supply to be: 32.8 million NZUs in 2021, 32.9 million NZUs in 2022, 32.9 million NZUs in 2023, 31.3 million NZUs in 2024 and 29.6 million NZUs in 2025;
- [ENV-20-MIN-0016]
- 2        **noted** that:
    - 2.1        in the decision in paragraph 1.1.3, the ‘units available by auction’ volumes were rounded to whole numbers;
    - 2.2        the regulations set the annual limits on NZUs available by auction to be 19.0 million NZUs in 2021, 19.3 million NZUs in 2022, 18.6 million NZUs in 2023, 17.2 million NZUs in 2024 and 15.5 million NZUs in 2025;
  - 3        **noted** that no changes have been made to the New Zealand Emissions Trading Scheme Settings Regulations based on the announcement by New Zealand Aluminium Smelters that it will close its operations at Tiwai Point in August 2021;

- 4 **noted** that unit limit and price control regulations are required to operationalise the Climate Change Response (Emissions Trading Reform) Amendment Act 2020;
- 5 **noted** that the Climate Change Response (Limits and Price Control Settings for Units) Regulations give effect to the decision referred to in paragraph 1 above;
- 6 **noted** that the Regulations come into force on 7 November 2020, in accordance with the requirements of the Climate Change Response Act 2002, to be in force when unit auctioning begins in March 2021;
- 7 **noted** the advice of the Minister for Climate Change that the statutory prerequisites have been met;
- 8 **authorised** the submission to the Executive Council of the Climate Change Response (Limits and Price Control Settings for Units) Regulations 2020 [PCO 23094/6.0].

Charlotte Doyle  
Committee Secretary

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**Present:**

Hon Chris Hipkins (Chair)  
Hon Andrew Little  
Hon David Parker  
Hon Stuart Nash  
Hon Damien O'Connor  
Hon Ron Mark  
Hon Tracey Martin  
Hon James Shaw  
Hon Julie Anne Genter  
Hon Eugenie Sage  
Michael Woodhouse MP (Senior Government Whip)

**Officials present from:**

Office of the Prime Minister  
Officials Committee for LEG