



Cabinet Business Committee

Minute of Decision

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Climate Change Response (Auction Price) Amendment Bill: Approval for Introduction

Portfolio **Climate Change**

On 26 January 2021, the Cabinet Business Committee:

- 1 **noted** that policy decisions for the Climate Change Response (Auction Price) Amendment Bill (the Bill) were agreed by Cabinet in December 2020 [DEV-20-MIN-0173];
- 2 **noted** that the Minister of Climate Change will seek a category 2 priority (must be passed in the year) for the Bill on the 2021 Legislation Programme;
- 3 **noted** that the Bill introduces a process to set a confidential reserve price (previously referred to as a technical reserve price) for auctions in the New Zealand Emissions Trading Scheme (NZ ETS);
- 4 **noted** that the purpose of the confidential reserve price is to ensure the auction does not unduly influence secondary market prices or pose a fiscal risk to the Crown by preventing the sale of New Zealand units significantly below the secondary market price;
- 5 **noted** that for the confidential reserve price to be in place prior to the first auction the Bill must be enacted before 17 March 2021;
- 6 **noted** that the confidential reserve price will never be greater than the lowest auction cost containment reserve price trigger (set at \$50 for 2021);
- 7 **noted** that the Bill has been drafted as an amendment to the Climate Change Response Act 2002, with consequential amendments to the Climate Change Response (Auctions, Limits, and Price Control Settings for Units) Regulations 2020;
- 8 **noted** that changes to the Climate Change (Auctions, Limits, and Price Control Settings for Units) Regulations 2020 will enter into force immediately upon the commencement of the Bill;
- 9 **noted** that the accelerated timeline for this Bill means there is only a short period for Select Committee consideration, and therefore this will require an instruction to be moved, in accordance with Standing Order 295(2);
- 10 **approved** the Climate Change Response (Auction Price) Amendment Bill [PCO 23349/5.0] for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;

- 11 **noted** that the Climate Change Response Act 2002 binds the Crown (s 5) and the Bill enables (not requires) the Minister to issue regulations relating to a confidential reserve price therefore does not add additional substantive content that binds the Crown;
- 12 **agreed** that the Bill will bind the Crown;
- 13 **agreed** that the Bill be introduced by 5 February 2021;
- 14 **agreed** that the government propose that the Bill be:
- 14.1 referred to the Environment Select Committee for consideration;
- 14.2 enacted by 15 March 2021.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Carmel Sepuloni
Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Stuart Nash
Hon Kris Faafoi
Hon Peeni Henare
Hon Jan Tinetti
Hon Meka Whaitiri
Hon James Shaw

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

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