



# Cabinet Legislation Committee

## Minute of Decision

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### Emissions Trading Scheme - Climate Change Eligible Industrial Activities Amendment Regulations 2022

Portfolio                      Climate Change

On 17 March 2022, the Cabinet Legislation Committee:

- 1        **noted** that in December 2018, the Cabinet Environment, Energy and Climate Committee (ENV) authorised the Minister of Climate Change to make adjustments to the allocation level for the New Zealand Aluminium Smelter Limited (NZAS) to reflect the New Zealand Emissions Trading Scheme (NZ ETS) costs to NZAS from electricity consumption without referring to Cabinet, except where the financial or policy implications are significant enough to warrant Cabinet consideration [ENV-18-MIN-0051];
- 2        **noted** that in December 2021, ENV agreed to set NZAS's electricity allocation factor to 0.0 tCO<sub>2</sub>-e/MWh for the electricity consumed under the main electricity contract with Meridian Energy Ltd from 14 January 2021 until the contract expires or is materially amended [ENV-21-MIN-0068];
- 3        **noted** that while the financial implications from the proposed adjustments in this paper are significant, these result from the Minister of Climate Change's application of Cabinet's decision in December 2021 on the emissions costs in the updated electricity agreement between NZAS and Meridian Energy Limited referred to in paragraph 2 above;
- 4        **noted** that the Climate Change (Eligible Industrial Activities) Amendment Regulations 2022 give effect to the decision referred to in paragraph 1 above;
- 5        **noted** that these amendments need to come into effect before the 30 April 2022 so that NZAS can apply for its NZ ETS allocation under the industrial allocation provisions of the Climate Change Response Act 2002 by this deadline
- 6        **noted** that the Climate Change (Eligible Industrial Activities) Amendment Regulations 2022 will result in a decrease in the Crown's expenditure of approximately \$71.9million in 2021/2022
- 7        **authorised** the submission to the Executive Council of the Climate Change (Eligible Industrial Activities) Amendment Regulations 2022 [PCO 24599/7.0];

- 8 **noted** that the Climate Change (Eligible Industrial Activities) Amendment Regulations 2022 come into force on 21 April 2022.

Rebecca Davies  
Committee Secretary

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**Present:**

Hon Dr Megan Woods  
Hon Andrew Little  
Hon David Parker  
Hon Poto Williams  
Hon Kris Faafoi  
Hon Michael Wood (Chair)  
Hon Kiri Allan  
Hon Dr David Clark  
Hon Meka Whaitiri  
Hon James Shaw  
Keiran McAnulty, MP (Senior Government Whip)

**Officials present from:**

Office of the Prime Minister  
Officials Committee for LEG