



16 September 2024

9(2)(a)

Tēnā koe 9(2)(a)

Thank you for your email of 25 August 2024 to the Ministry for the Environment (the Ministry) requesting the following under the Official Information Act 1982 (the Act):

*...The consultation documents you released includes modelling that models the ETS as if it was a carbon tax, and not what it actually is: a quantity control. This is quite unhelpful for judging the merits of different policy choices as it wrongly means 'complementary' policies can have an impact on total emissions rather than only affecting the cost of emission reductions such as decreasing (in the case of removing regulatory barriers to housing intensification) or increasing (in the case of the Clean Car Discount).*

*The consultation documents say that you can model the ETS as a quantity control:*

**Carbon prices** are a key feature of the model. These can be exogenously specified or can be endogenously determined by solving for a carbon price trajectory that will achieve a specified emissions objective (eg, net zero long-lived gases by 2050 plus a targeted reduction in biogenic methane by 2050).

*No results from this approach are presented, however. Next time, please include the results of modelling where you solve for the carbon price, rather than assume the carbon price.*

*I expect that modelling solving for the carbon price / treating the ETS as a quantity control was done. Can you, under the Official Information Act 1982, please send the results and conclusions of that work to me...*

The Emissions in New Zealand (ENZ) model that was used for the interim baseline projections includes the capability to model a price endogenously, but this function was not used. The consultation used the same price assumption that has been used as input to the official projections, which will be released later this year.

The modelling for the carbon price treating the ETS as a quantity control was completed as part of the recent decision on ETS Unit and Price Control Settings for 2025-2029. The Ministry is refusing your request for this modelling under section 18(d) as the information is publicly available on our website here: <https://environment.govt.nz/what-government-is-doing/cabinet-papers-and-regulatory-impact-statements/nz-ets-unit-limits-and-price-control-settings-for-2025-2029/>.

The Regulatory Impact Statement within this package of proactive release materials is the most relevant part to your request.

You have the right to seek an investigation and review by the Office of the Ombudsman of my decision relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found on their website at: [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

Please note that due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our [OIA responses page](#) shortly after the response has been sent. If you have any queries about this, please feel free to contact our Ministerial Services team: [ministerials@mfe.govt.nz](mailto:ministerials@mfe.govt.nz).

Nāku noa, nā,

A handwritten signature in blue ink, appearing to read 'Hemi Smiler', is positioned above the typed name.

**Hemi Smiler,**  
General Manager - Climate Change Mitigation  
Ministry for the Environment | Manatū Mō Te Taiao