

11 August 2023

Emissions Trading Scheme: Price Changes

Ministry for the Environment

[etsconsultation@mfe.govt.nz](mailto:etsconsultation@mfe.govt.nz)

Kia Ora,

**Emissions Trading Scheme: Price Changes**

Thank you for the opportunity to submit on the Government's review of the New Zealand Emissions Trading Scheme and the Redesign of the Permanent Forest Category.

Council has previously submitted on 'Pricing of agricultural emissions' and 'National direction for plantation and exotic carbon afforestation.' In those submissions, Council highlighted concerns with the management of exotic forest planting and the lack of incentives to decrease New Zealand gross emissions.

Council acknowledges that the NZETS is the primary tool to reduce emissions in Aotearoa but that the current system is unlikely to drive substantial gross emission reductions, relying heavily on removals, particularly from exotic forestry, to meet climate change goals and obligations under the Paris Agreement. Additionally, there are concerns about the previous NZETS auctions not meeting price targets.

Council is concerned about the uncertainty surrounding the impact of pricing and volume changes and how they may affect emission reductions and forestry. However, Council recognises the necessity for change in price and volume to make the scheme effective. Given the uncertainty, Council urges further analysis on the price options seeking to achieve better outcomes through the NZETS. Council stresses the importance of engaging with our ratepayers and stakeholders, providing clear information about the NZETS pricing impacts on the public and the possible unintended consequences of changes to the scheme.

Council is concerned that a change in price or volume of units may not drive significant gross emission reductions or promote other nature-based solutions for carbon removal. The NZETS must strike a balance between achieving emission reduction goals and encouraging native forestry rather than exotic afforestation.

Council worries about the ongoing changes and potential increased costs to businesses and individuals. Council advocates for pricing options that focus on technology adoption to decrease emissions and improve efficiency. This would encourage a focus beyond forestry and protect productive land from forestry. Council is concerned that current settings lead emitters to pay for emissions rather than investing in new technologies to reduce emissions.

Overall, the NZETS and technology adoption are interconnected in driving New Zealand's transition to a sustainable, low-carbon future. A price on carbon and financial incentives encourages cleaner technology adoption across sectors, supporting climate change mitigation efforts.

The NZETS should distinguish between emissions reductions and removals to avoid driving excessive carbon removals from planting exotic forests. Council recognizes the importance of forestry in removing carbon. However, the focus on exotic forestry has led to the replacement of efficient food production and only a limited number of indigenous or transition forestry.

Thank you for your consideration of our comments. We look forward to seeing the review of the New Zealand Emissions Trading Scheme and the Redesign of the Permanent Forest Category.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andy Watson', with a stylized flourish at the end.

Andy Watson

**Mayor of the Rangitikei**