

Submission to Ministry for the Environment on
“PROPOSED REGULATIONS RESTRICTING THE USE OF CERTAIN
INTERNATIONAL UNITS IN THE NZ ETS (NOVEMBER 2012)”

INTRODUCTION

1. Straterra¹ welcomes the opportunity to submit on the paper entitled “Consultation on Proposed Regulations Restricting the use of Certain International Units in the NZ ETS” released on 13 November 2012. We do so in the interests of achieving benefits for the minerals sector, and for the New Zealand economy as a whole. The submission deadline of 30 November 2012 is noted.
2. Straterra submits from the point of view that, properly managed and encouraged, the New Zealand minerals sector’s contribution to the national economy could triple or quadruple. In this context, Straterra has an interest in climate change issues, both New Zealand’s domestic policy, and New Zealand’s approach to the international negotiations.

CONTENTS

INTRODUCTION	1
CONTENTS.....	1
EXECUTIVE SUMMARY/DISCUSSION	2
RECOMMENDATIONS TO THE MINISTRY FOR THE ENVIRONMENT.....	3

¹ Straterra represents more than 90 % by value of NZ minerals production, exploration, research, services, and support <http://www.straterra.co.nz/About+Straterra>

EXECUTIVE SUMMARY/DISCUSSION

3. Straterra broadly supports the submission to the Ministry for the Environment consultation paper² by Business New Zealand.
4. BusNZ concludes that it will not oppose the proposal to restrict further types of international emissions unit on the basis of alleged questionable environmental integrity, because the Government has already decided to do that for a first tranche of allegedly questionable units³.
5. Straterra opposed the earlier proposal⁴ because we oppose ad hoc behaviour in the climate change arena, or in any policy arena, as a matter of principle. We continue to believe that it is not for New Zealand to decide unilaterally whether or not some types of international unit are appropriate to be traded.
6. The present consultation paper says: “CERs generated from industrial projects that destroy HFC-23 and N₂O industrial gases are banned from the NZ ETS due to a lack of environmental integrity.” No evidence was provided at the time, or since, in support of that assertion. Once more, we appear to be copying what some other countries are doing, without question. We believe that it is not good enough for New Zealand to make decisions in this way.
7. In our earlier submission, we raised concerns over the broader foreign policy implications for New Zealand in taking unilateral action. We also counselled against departing from existing review processes under the UNFCCC. We do so again here.
8. Straterra supports BusNZ’s arguments re the development of a liquid international carbon market based on the international trading of units that meet commonly-acceptable quality standards. This will provide confidence to those who trade in carbon to know that their decisions are not subject to undue regulatory risk.
9. We also support BusNZ’s views in relation to timing of introducing the proposed measures and forward contracts.

² MfE consultation paper <http://climatechange.govt.nz/consultation/ets/consultation-on-proposed-regs-nzets-units.pdf>

³ Certified emissions reductions for HFC-23 and N₂O industrial gas destruction projects

⁴ http://www.straterra.co.nz/uploads/files/straterra_submission_industrial_gas_cers_oct_2011.pdf

RECOMMENDATIONS TO THE MINISTRY FOR THE ENVIRONMENT

- a) Note Straterra's broad support for the Business New Zealand submission on the consultation paper;
- b) Note Straterra's continuing concern that the Ministry is proposing unilateral action, outside of the UNFCCC;
- c) Note Straterra's belief that taking such unilateral action could have implications for New Zealand's broader foreign policy;
- d) In relation to Recs. (b) and (c), agree to seek advice from the Ministry of Foreign Affairs and Trade before taking any further action; and
- e) Note Straterra's support of the BusNZ submission in relation to the timing of introduction of any measures, and on forward contracts.