

ASX Eyes Link To NZ ETS

The Australian Securities Exchange wants the New Zealand Government's emissions trading scheme linked to its Australian counterpart "at the earliest opportunity".

A trans-Tasman market would boost efficiency and allow trading to cut emissions at the lowest possible price, ASX general manager of emerging markets Anthony Collins has told the New Zealand Parliament's finance select committee.

The ASX says it intends to service the New Zealand market by providing a clearing house for over-the-counter trades in emissions credits, futures contracts, and settlement services. Collins told the committee that there was nothing in the Climate Change (Emissions Trade and Renewable Preference) Bill, now before Parliament, which would prohibit the development of a robust market in New Zealand. Collins predicted that successful exchange-based spot markets and futures markets in carbon emissions would emerge when a sufficient critical mass of buyers and sellers became available.

He says transparency of the market would be a key factor, as would the extent to which the Australian and New Zealand systems were compatible, for instance in the extent to which they each covered forestry and agriculture. New Zealand stock exchange (NZX) chief executive Mark Weldon told the committee that New Zealand would have a "first mover" advantage with its trading scheme.

The NZX says it plans to start operating a Wellington-based carbon trading market, TZ1, from the middle of 2008, providing the initial funding and acting as a cornerstone shareholder. The market would also use NZX's trading infrastructure.

Weldon called for rules which would allow players to hedge or manage risk in a forward market in a credible way. He also asked for tax incentives for global corporates to establish regional operations in New Zealand, and said there could be potential extra benefits for the economy if global companies traded out of New Zealand.

M-co, which operates New Zealand's wholesale electricity market as well as a voluntary carbon market registry, and is trialling a wholesale gas market, says it is pleased with the Government's move to emissions trading. The select committee is due to report back on the bill by the end of August 2008.

[Source essa]