

## **NZ Announces Emissions Trading Scheme**

An emissions trading scheme will reduce greenhouse gas emissions, promote environmentally friendly behaviour and create business opportunities for New Zealanders, according to Finance Minister Michael Cullen and Climate Change Minister David Parker.

The New Zealand Government has announced a series of initiatives to address climate change, including its proposal for a New Zealand Emissions Trading Scheme.

The scheme will be phased in from next year, beginning with the forestry industry, and including all sectors and gases over time.

Under the government's seven-year climate change plan, 90 per cent of NZ's electricity generation will be from renewable energy sources by 2025. At around 70 per cent, NZ already has the third highest level of renewable electricity in the world.

Agriculture, the country's single biggest source of greenhouse gases, will be included in an emissions trading scheme from January 2013.

New Zealand's emissions trading scheme will operate within the cap on emissions as established by the Kyoto Protocol during its first commitment period.

There will be no cap on the emissions that occur within New Zealand. However, domestic emissions that exceed New Zealand's allocation under the Kyoto Protocol need to be matched by emission units that have been purchased internationally from within the Kyoto cap on emissions.

Under an in-principle decision made by the government, the scheme will have no free allocation for electricity generators. However, allocation of emissions units will be discussed during the government's stakeholder engagement phase.

The forestry sector will be the first to be covered under the government's plan, from January 2008.

In other climate change initiatives, NZ intends to widely deploy electric vehicles assisting its target to halve per capita transport emissions by 2040.

Contact Energy chief executive David Baldwin says the government's announcements are significant in that all greenhouse gases and all sectors will eventually come under the emissions trading scheme.

"Contact has advocated that carbon must be priced across the economy and through a market-based mechanism, rather than through taxes levied on some sectors but not others. Today's announcement takes a whole of economy approach to the pricing of greenhouse

gas emissions and, as a result, has the best chance of delivering emissions reductions,” he says.

Australia’s Prime Minister John Howard announced earlier this year that Australia will establish an emissions trading regime for Australia beginning no later than 2012. The features of Australia’s scheme include a ‘cap and trade’ model, maximum coverage of carbon sources and sinks, and inclusion of all greenhouse gas emissions.

[Source essa news]