



Cabinet Legislation Committee

Minute of Decision

McGuinness Institute title:
[LEG-22-MIN-0156] New Zealand Emissions Trading Scheme and Synthetic Greenhouse Gas Levy Amendment Regulations 2022

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New Zealand Emissions Trading Scheme and Synthetic Greenhouse Gas Levy Amendment Regulations 2022

Portfolio Climate Change

On 22 September 2022, the Cabinet Legislation Committee:

- 1 **noted** that the Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013 need to be amended to:
 - 1.1 specify the price of carbon for the 2023 calendar year;
 - 1.2 specify the levy rates for levy goods and motor vehicles using the updated price of carbon for 2023;
 - 1.3 update the schedule of goods covered by the SGG levy to address possible gaps in coverage;
- 2 **noted** that using the methodology prescribed in regulations, the price of carbon for the 2023 levy calendar year is \$67.63 per tonne of carbon dioxide equivalent;
- 3 **agreed** to amend the Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013 to reflect this calculated price of carbon for the 2023 calendar year;
- 4 **noted** that August 2021, the Cabinet Environment, Energy and Climate Committee (ENV) agreed to issuing drafting instructions to update default emissions factors and other New Zealand Emissions Trading Scheme (NZ ETS) and Synthetic Greenhouse Gas Levy (SGG levy) reference data to reflect global warming potentials in the Fifth Assessment Report (AR5) from the Intergovernmental Panel on Climate Change [ENV-21-MIN-0041];
- 5 **noted** that updating the default emissions factors and other reference data to reflect AR5 data requires amending six sets of regulations under the Act:
 - 5.1 Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013;
 - 5.2 Climate Change (Liquid Fossil Fuels) Regulations 2008
 - 5.3 Climate Change (Other Removal Activities) Regulations 2009;
 - 5.4 Climate Change (Stationary Energy and Industrial Processes) Regulations 2009;
 - 5.5 Climate Change (Unique Emissions Factors) Regulations 2009;
 - 5.6 Climate Change (Waste) Regulations 2010;

- 6 **noted** that emissions factors in the Climate Change (Agriculture Sector) Regulations 2010 are not being updated as part of this process;
- 7 **noted** that in June 2022, ENV agreed to the issuing of drafting instructions to amend the following regulations [ENV-22-MIN-0019];
- 7.1 Climate Change (Unit Register) Regulations 2008;
- 7.2 Climate Change (Other Removal Activities) Regulations 2009;
- 7.3 Climate Change (Stationary Energy and Industrial Processes) Regulations 2009;
- 7.4 Climate Change (Unique Emissions Factors) Regulations 2009;
- 8 **authorised** the submission to the Executive Council of the Climate Change (Emissions Trading Scheme and Synthetic Greenhouse Gas Levies) Amendment Regulations 2022 [PCO 24954/3.0]
- 9 **noted** that Part 4 of the Climate Change (Emissions Trading Scheme and Synthetic Greenhouse Gas Levies) Amendment Regulations 2022 (the Amendment Regulations) comes into force on 1 February 2023, other than regulation 25;
- 10 **noted** that regulation 25 in Part 4 of the Amendment Regulations comes into force on 1 January 2023;
- 11 **noted** that the rest of the amendments introduced by the Amendment Regulations come into force on 1 January 2023;
- 12 **noted** that the Minister of Climate Change (the Minister) has considered the statutory prerequisites required for the making of regulations described in this paper under sections 30G, 30W, 163, 164, 168, 245 and 246 of the Climate Change Response Act 2002;
- 13 **noted** that the Minister is satisfied that all the statutory requirements have been met for the making of regulations.

Rebecca Davies
Committee Secretary

Present:

Hon Poto Williams
Hon Michael Wood (Chair)
Hon Kiri Allan
Dr Duncan Webb, MP (Senior Government Whip)

Officials present from:

Office of the Prime Minister
Officials Committee for LEG