



# Cabinet Legislation Committee

## Minute of Decision

---

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

---

### Amendments to the New Zealand Emissions Trading Scheme (NZ ETS) Regulations

**Portfolio**                      **Climate Change**

On 19 September 2024, the Cabinet Legislation Committee:

- 1        **noted** that, in August 2024, the Cabinet Business Committee (CBC) agreed to unit limits and price control settings for auctions to sell New Zealand units under the New Zealand Emissions Trading Scheme for the years 2025–2029 [CBC-24-MIN-0083];
- 2        **noted** that CBC agreed to update limits for units and maintain the current price control settings, including the cost containment reserve volumes, with minor changes made to reflect Treasury Budget 2024 inflation forecasts, and to extend the price control settings to 2029;
- 3        **noted** that the Climate Change (Auctions, Limits, and Price Controls for Units) Amendment Regulations 2024 will give effect to the decisions referred to in paragraph 1 above;
- 4        **noted** that before making the Climate Change (Auctions, Limits, and Price Controls for Units) Amendment Regulations 2024 the Minister of Climate Change is required to comply with sections 3A(b), 3B, 30GC(2), 30GC(3), 30GC(4), 30GC(5), 30GC(6), and 30H(3)(b) of the Climate Change Response Act 2002;
- 5        **noted** that the Minister of Climate Change advises that the requirements in paragraph 4 have been met;
- 6        **authorised** the submission to the Executive Council of the Climate Change (Auctions, Limits, and Price Controls for Units) Amendment Regulations 2024 [PCO 26619/7.0];
- 7        **noted** that the Climate Change (Auctions, Limits, and Price Controls for Units) Amendment Regulations 2024 will come into force on 1 January 2025;
- 8        **noted** that the Minister of Climate Change recommends making the following amendment regulations under the delegation provided by the Cabinet Economic Policy Committee [ECO-24-MIN-0075]:
  - 8.1      the Climate Change (Auctions, Limits, and Price Controls for Units) Amendment Regulations 2024, to include an improved formula for calculating the collateral that auction participants must submit;

- 8.2 the Climate Change (Other Removals Activities) Amendment Regulations 2024, to clarify that synthetic greenhouse gases destroyed domestically can be recognised and awarded with NZUs;
- 8.3 the Climate Change (Stationary Energy and Industrial Processes) Amendment Regulations 2024, to prescribe new default emissions factors (DEFs) for the natural gas sector;
- 8.4 the Climate Change (Unique Emissions Factors) Amendment Regulations 2024, to correct or clarify:
  - 8.4.1 the reference to the waste DEF in the Climate Change (Waste) Regulations 2010;
  - 8.4.2 the historical waste composition values for reporting emissions from waste over time;
  - 8.4.3 the recognition of offsite destruction of landfill gases;
- 8.5 the Climate Change (Unit Register) Amendment Regulations 2024, to clarify the definition of a qualified person, and clarify the uses of this definition in subsequent clauses relating to managing holding accounts in the Unit Register;
- 9 **noted** that, in August 2024, CBC agreed to updates to regulations affecting the geothermal and liquid fossil fuel sectors, including to:
  - 9.1 make the Climate Change (Liquid Fossil Fuels) Amendment Regulations 2024 to prescribe new DEFs for obligation fuels, and to update cross-references to the tariff and excise duties tables;
  - 9.2 make the Climate Change (Unique Emissions Factors) Amendment Regulations 2024 to include new methodologies for recognising the reinjection of “non-condensable gases” back into the geothermal reservoirs.

[CBC-24-MIN-0084]
- 10 **noted** that the Minister of Climate Change recommends making the Climate Change (Synthetic Greenhouse Gas Levies) Amendment Regulations 2024 to:
  - 10.1 prescribe the price of carbon for the 2025 calendar year to be \$62.32 per tonne of carbon dioxide equivalent; and
  - 10.2 prescribe the levy rates for levy goods and motor vehicles using the updated price of carbon for 2025;
- 11 **noted** that the Minister of Climate Change advises that the requirements of sections 3A, 3B, 30G, 30GA, 30H, 30W, 163, 164, 166, 168, 244, 245, and 246 of the Act have been met in relation to updating the amendment regulations listed in paragraphs 8, 9 and 10 above;
- 12 **authorised** the submission to the Executive Council of the:
  - 12.1 Climate Change (Other Removal Activities) Amendment Regulations 2024 [PCO 26620/6.0];
  - 12.2 Climate Change (Stationary Energy and Industrial Processes) Amendment Regulations 2024 [PCO 26621/5.0];

- 12.3 Climate Change (Synthetic Greenhouse Gas Levies) Amendment Regulations 2024 [PCO 26622/6.0];
- 12.4 Climate Change (Unique Emissions Factors) Amendment Regulations 2024 [PCO 26623/8.0];
- 12.5 Climate Change (Unit Register) Amendment Regulations 2024 [PCO 26624/6.0];
- 12.6 Climate Change (Liquid Fossil Fuels) Amendment Regulations 2024 [PCO 26666/3.0];
- 13 **noted** that the amendment regulations in paragraph 12 above will come into force on 1 January 2025.

Tom Kelly  
Committee Secretary

---

**Present:**

Rt Hon Winston Peters (Chair)  
Hon Nicola Willis  
Hon Shane Jones  
Hon Brooke van Velden  
Hon Dr Shane Reti  
Hon Judith Collins KC  
Hon Mark Mitchell  
Hon Tama Potaka  
Hon Casey Costello  
Hon Nicole McKee  
Hon Matt Doocey  
Hon Andrew Bayly  
Hon Scott Simpson, MP  
Jamie Arbuckle, MP  
Todd Stephenson, MP

**Officials present from:**

Officials Committee for LEG