

Focus on the climate continues into spring

Following the consultation on the Zero Carbon Bill by the Ministry for the Environment, work on climate change-related matters remains a focus for MEUG through September with consultation on the Emissions Trading Scheme.

MEUG supports the movement towards a low carbon future. Members are already highly incentivised to increase efficiency and reduce emissions – and are doing so. Pan Pac Forest Products reduced emissions 8-10% in the past year and New Zealand Steel by 5%.

A key issue for MEUG is, in developing the pathway towards a low carbon future, Government should align New Zealand's actions with other countries, e.g. through equalised costs of abatement or other mechanisms.

We are an open, trading economy. We export and compete in international markets, and our domestic businesses face low-cost competition from foreign imports. Imposing costs on our businesses that our international competitors don't face will make us uncompetitive, cost jobs and export production to countries powered by fossil fuels and with lower environmental, labour and health and safety practices than New Zealand.

With regard to the ETS consultation, key points for MEUG are:

- **Price ceiling proposals:** We don't support lifting the effective carbon price higher than what the majority of what our trading partners face. Any increase in the price cap should be done from the start of a compliance year; doing otherwise could create significant adverse contractual complications.
- **International unit limit proposals:** Provided units have integrity, we don't support limiting the ability of New Zealand businesses to offset emissions through capping the number of units they can purchase.

Industrial allocation phase-down: If the Government is going to phase down industrial allocations that needs to be tagged to the rate of phase down in the majority of our trading partners so New Zealand businesses aren't rendered uncompetitive.

Electricity pricing review

The Government's electricity pricing review issues paper will be released on Monday. That should give the sector an indication on what achieving "fairness and equity" might involve and what issues they see that might need addressing. Our submission to the review will be a priority for MEUG through September and into October.

MEUG meetings

MEUG would like to thank Climate Change Minister Hon James Shaw for meeting with members this week to discuss the pathway towards a low carbon future.

We look forward to hosting Fletcher Tabuteau, Deputy Leader of New Zealand First, at our Executive Committee meeting in September along with EECA and Wellington Electricity.

Key dates

What's on	Who	When	Notes for members
Meeting: ASX NZ Electricity Users' Group, Auckland	ASX	6 Sept	NZ electricity futures & options markets are governed by the ASX.
Submission: Accelerated depreciation for regulated electricity distribution businesses (EDB)	Commerce Commission	6 Sept	MEUG opposed accelerated depreciation for EDB when it was introduced in 2016. This consultation is on implementation; not re-opening that policy debate. Cross-submissions close on 14 September.
Meeting: Hon James Shaw, Minister of Climate Change	Hon James Shaw	7 Sept	Meeting on Climate Change-related issues and the pathway to a low carbon future.
Workshop: EPOC winter workshop, Auckland	EPOC	7 Sept	Electric Power Optimization Centre, University of Auckland School of Engineering
Cross-submission: \$25.5m for Transpower's Otarenga/Haywards A section of the HVDC	Commerce Commission	12 Sept	Major capex greater than \$20m must be individually approved by the CC. MEUG has no objection to this needed conductor replacement work.
Seminar: Dr Andrew Crossland, Welcome to the store-age	BEC	25 Sept	BusinessNZ Energy Council lunchtime seminar, Wellington – how energy storage is revolutionising electricity.
Workshop: Large Energy Users' Forum, Auckland	EECA	26-27 Sept	Energy Efficiency & Conservation Authority (EECA) forum for commercial & industrial energy practitioners.
MEUG Executive Committee monthly meeting	MEUG	27 Sept	Guests: <ul style="list-style-type: none"> Fletcher Tabuteau, Deputy Leader of NZ First, Under Secretary (amongst other portfolios) for Regional Economic Development. Greg Skelton, Chief Executive Officer, Wellington Electricity Lines Ltd. Andrew Caseley, Chief Executive EECA.