Energy Resources Aotearoa
POWERING A BETTER NEW ZEALAND TOGETHER

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12 July 2026

Ministry for Cities, Environment, Regions and Transport
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Submission on Annual updates to New Zealand Emissions Trading Scheme limits and price control settings for units, and regulations, 2026

Introduction

1. Energy Resources Aotearoa is New Zealand's peak energy sector advocacy organisation. We represent participants from across the energy system, providing a strategic sector perspective on energy issues and their adjacent portfolios. We enable constructive collaboration to bring coherence across the energy sector through and beyond New Zealand's journey to net-zero carbon emissions by 2050.

2. We welcome the opportunity to comment on the proposed New Zealand Emissions Trading Scheme (NZ ETS) unit limits, price control settings, and technical regulatory amendments. We also commend staff who are going through changes to establish the new Ministry of Cities, Environment, Regions and Transport (MCERT) over the course of this consultation.

Submission

3. We support the Government-recommended changes. These are consistent with current evidence and advice.

4. The NZ ETS remains New Zealand's primary mechanism for reducing emissions at least cost. To operate effectively, it requires stable, credible settings that provide confidence to market participants. Through this and other stable policy settings, investment decisions can be made confidently across the economy.

Units and price control settings

5. We support the Government-recommended unit limits and price control settings because they do not substantially differ from what the Climate Change Commission has recommended and they maintain policy stability and predictability. They avoid unnecessary intervention in the market.

6. Consistent settings provide businesses with greater certainty when making long-term investment decisions and reinforce confidence in the NZ ETS as the primary driver of emissions reductions. If we make frequent or significant changes to unit supply or price controls, we risk undermining investment signals. The increase in regulatory uncertainty will reduce confidence in the durability of the scheme. New Zealand can ill afford to be making such risky decisions.

7. At a time when New Zealand faces ongoing energy security issues, as shown by the recent fuel security situation, our efforts need to be directed at affordability and using our energy system to tackle economic challenges. We can only do that by maintaining a predictable policy environment and allowing prices to inform market decisions.

8. Stable NZ ETS settings support *market-led* decarbonisation by allowing businesses to respond efficiently to emissions pricing signals. This can only be achieved by preserving flexibility in *how* those emissions reductions are achieved.

Technical updates

9. We support the proposed updates to default emissions factors for natural gas and liquid fuels. It is important to maintain accurate emissions factors for the integrity of the NZ ETS and ensuring emissions reporting reflects the best available information.

10. Periodic technical updates are appropriate where they improve the accuracy of emissions accounting and reflect changes in gas and liquid fuels composition over time, but we stress the need to keep updates to a minimum and that they are evidence-based.

11. We support the Government's approach of updating technical parameters using current evidence while maintaining stability in the broader policy settings of the scheme.

12. Technical refinements strengthen the operation of the NZ ETS without altering the long-term investment signals that businesses rely on when making decisions about where and when to make emissions reductions, and crucially, their industrial activity and investments.

Concluding comments

13. Overall, these proposals maintain the integrity, predictability, and effectiveness of the NZ ETS while ensuring emissions accounting remains accurate and up to date.

14. We encourage the Government to continue providing a durable policy framework that supports market-led decarbonisation, investment certainty, energy security, and least-cost emissions reductions.

15. Thank you for the opportunity to provide this submission.