

**Reprint  
as at 4 January 2021**



## **Climate Change (Limits and Price Control Settings for Units) Regulations 2020**

(LI 2020/185)

Climate Change (Limits and Price Control Settings for Units) Regulations 2020: revoked, on 4 January 2021, by regulation 37 of the Climate Change (Auctions, Limits, and Price Controls for Units) Regulations 2020 (LI 2020/264).

Patsy Reddy, Governor-General

### **Order in Council**

At Wellington this 3rd day of August 2020

Present:

The Right Hon Jacinda Ardern presiding in Council

These regulations are made under section 30GB of the Climate Change Response Act 2002—

- (a) on the advice and with the consent of the Executive Council; and
- (b) on the recommendation of the Minister for Climate Change made—
  - (i) after meeting the requirements of sections 3A, 3B, 30GB, and 30GC of that Act; and
  - (ii) having applied section 30GC(2)(a) as set out in clause 7(1) of Schedule 1AA of that Act (because these regulations are made before there is an emissions budget).

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#### **Note**

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made in this official reprint. Note 4 at the end of this reprint provides a list of the amendments incorporated.

**These regulations are administered by the Ministry for the Environment.**

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## Regulations

### 1 Title

These regulations are the Climate Change (Limits and Price Control Settings for Units) Regulations 2020.

### 2 Commencement

These regulations come into force on 7 November 2020.

### 3 Interpretation

- (1) In these regulations, unless the context otherwise requires,—

**Act** means the Climate Change Response Act 2002

**auction operator** means the Minister or an agent appointed by the Minister under section 6A(b) of the Act to conduct the sale of New Zealand units by auction.

- (2) In these regulations, unless the context otherwise requires, **approved overseas unit**, **auction**, **Minister**, and **New Zealand unit** have the meanings given in section 4(1) of the Act.
- (3) Other terms or expressions that are defined in the Act and used, but not defined, in these regulations have the same meaning as in the Act.

### 4 Transitional, savings, and related provisions

The transitional, savings, and related provisions (if any) set out in Schedule 1 have effect according to their terms.

### 5 Limits on units

- (1) In a calendar year listed in column 1 of the limits table in Schedule 2,—

- (a) the New Zealand units available by auction—
    - (i) must not exceed the number stated for that year in column 2 of the table; and
    - (ii) must not cause the overall limit for that year to be exceeded; and
  - (b) the approved overseas units used—
    - (i) must not exceed the number stated for that year in column 3 of the table; and
    - (ii) must not cause the overall limit for that year to be exceeded; and
  - (c) the overall limit is the number of units stated for that year in column 4 of the table.
- (2) The overall limit for a calendar year does not restrict the New Zealand units available by other means in that year, in that they may cause the overall limit to be exceeded.
- (3) Any additional units that are allocated under section 86C(5)(b) of the Act are not counted as New Zealand units available by other means.
- (4) In this regulation,—
- (a) **approved overseas units used**, **New Zealand units available by auction**, and **New Zealand units available by other means** have the meanings given in section 30GB(8) of the Act; and
  - (b) **overall limit** has the meaning given in section 30GB(2)(a)(iii) of the Act.

## 6 Price control settings

- (1) In a calendar year listed in column 1 of the price control settings table in Schedule 2,—
- (a) units must not be sold at auction for a price that is less than the minimum price stated for that year in column 2 of the table; and
  - (b) the trigger price for an auction is the price stated for that year in column 3 of the table; and
  - (c) the reserve amount of New Zealand units for a trigger price is the number of units specified for that year in column 4 of the table.
- (2) If the trigger price for a calendar year is reached or exceeded by bidding at an auction, the auction operator must release for sale at the auction the reserve amount of New Zealand units for that trigger price, less any of the reserve amount that were released on that basis and sold at a previous auction in the same calendar year.
- (3) Subclause (2) does not apply in any year for which the minimum price and reserve amount are both zero.

## Schedule 1

### Transitional, savings, and related provisions

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### Part 1

#### Provisions relating to these regulations as made

There are no transitional, savings, or related provisions relating to these regulations as made.

## Schedule 2

### Limits and price control settings

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#### *Limits*

Column 1	Column 2	Column 3	Column 4
Calendar year	New Zealand units available by auction (millions)	Approved overseas units used (millions)	Overall limit on units (millions)
2021	19.0	0.0	32.8
2022	19.3	0.0	32.9
2023	18.6	0.0	32.9
2024	17.2	0.0	31.3
2025	15.5	0.0	29.6

#### *Price control settings*

Column 1	Column 2	Column 3	Column 4
Calendar year	Minimum price at which units may be sold by auction (\$)	Trigger price for sale of reserve amount of New Zealand units (\$)	Reserve amount of New Zealand units (millions)
2021	20.00	50.00	7.0
2022	20.40	51.00	7.0
2023	20.81	52.02	7.0
2024	21.22	53.06	7.0
2025	21.65	54.12	6.9

Michael Webster,  
Clerk of the Executive Council.

## Explanatory note

*This note is not part of the regulations, but is intended to indicate their general effect.*

These regulations are made under section 30GB of the Climate Change Response Act 2002 (the **Act**). They come into force on 7 November 2020, which is 3 months after the date of their notification in the *Gazette* (*regulation 2*).

These regulations are made before the regulations for auctions to sell New Zealand units that are to be made under section 30GA of the Act (the **main regulations**). The purpose of making these regulations first is to give the emissions trading market advance notice of the prescribed limits and price control settings that will apply to auctions of New Zealand units.

Section 6A of the Act empowers the Minister for Climate Change, when the main regulations are made, to sell New Zealand units by auction within a prescribed individual limit and overall limit. These regulations set, for each of the 2021 to 2025 calendar years,—

- an individual limit on the New Zealand units available by auction (*column 2 of the limits table in Schedule 2* (the **limits table**)); and
- an individual limit on the approved overseas units used (*column 3 of the limits table*); and
- an overall limit on the sum of the New Zealand units available by auction, the approved overseas units used, and the New Zealand units available by other means (*column 4 of the limits table*).

There is no individual limit for the New Zealand units available by other means in a calendar year, and the number of those units may cause an overall limit to be exceeded (*regulation 5(2)*).

These regulations also set, for each of the 2021 to 2025 calendar years,—

- the minimum price at which units may be sold by auction (*column 2 of the price settings table in Schedule 2* (the **price control settings table**)); and
- the trigger price for the release for sale of the reserve amount of New Zealand units (*column 3 of the price control settings table*); and
- the reserve amount of New Zealand units that will be released for sale at an auction if the trigger price is reached or exceeded (*column 4 of the price control settings table*).

## Regulatory impact statement

The Ministry for the Environment produced a regulatory impact statement on 8 May 2020 to help inform the decisions taken by the Government relating to the contents of this instrument.

A copy of this regulatory impact statement can be found at—

- <https://www.mfe.govt.nz/more/briefings-cabinet-papers-and-related-material-search/regulatory-impact-statements/nz-ets-unit>
- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Issued under the authority of the Legislation Act 2012.  
Date of notification in *Gazette*: 6 August 2020.

## Reprints notes

### **1**    *General*

This is a reprint of the Climate Change (Limits and Price Control Settings for Units) Regulations 2020 that incorporates all the amendments to those regulations as at the date of the last amendment to them.

### **2**    *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

### **3**    *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

### **4**    *Amendments incorporated in this reprint*

Climate Change (Auctions, Limits, and Price Controls for Units) Regulations 2020 (LI 2020/264): regulation 37