

Carbon Credits Used To Help Fund Two New Wind Farms

The New Zealand Government has allocated carbon credits to assist with the construction of two proposed wind farms, ensuring they will be economically viable.

New Zealand Energy Minister, Pete Hodgson, said the allocation of the credits was a way for the government to support the development of renewable energy by making use of the opportunities created by the Kyoto Protocol. "These wind farms could be commissioned in 2004 and 2005, helping to meet New Zealand's need for new electricity generation capacity in a sustainable way."

The projects are TrustPower's proposed 36 MW extension of its existing 32 MW Tararua wind farm and a new 40 -80 MW wind farm proposed by Meridian. They would roughly triple New Zealand's current wind generation capacity of just under 40 MW.

Under its climate change policies the government plans to use some of New Zealand's carbon credits to recognise the climate change benefits of new renewable energy sources. A projects mechanism to enable this is being developed and will be trialled later this year.

"Electricity from these wind farms would avoid some gas or coal-fired generation, with

its associated greenhouse gas emissions", Hodgson said. "That is clearly in New Zealand's interests, but the initial costs mean that the wind farms would probably not proceed without the credits the government is offering. Providing the credits therefore helps us meet both our climate change and our energy security objectives."

Promissory notes for Kyoto Protocol emission units would be allocated to the companies depending on the final amount of generation involved. The wind farms could deliver emissions reductions of up to 1 MMt of carbon dioxide over the protocol's first commitment period 2008-2012.