

NZ Emissions Trading Scheme Threatens Oil And Gas Industry: PEPANZ

Climate change plans recently announced by the New Zealand government pose significant risks to the investments required to achieve energy security, according to the Petroleum Exploration and Production Association of New Zealand (PEPANZ).

The New Zealand government announced its plans to introduce an emissions trading scheme, which will be phased in from next year, beginning with the forestry industry, and including all sectors and gases over time.

Commenting on the government's announcement, John Pfahlert, executive officer of PEPANZ, said care will need to be taken that the proposed scheme does not discourage investment in oil and gas exploration and production.

"Dependable, economic and environmentally efficient electricity supply is essential to our economy and the industry's efforts to provide an ongoing supply of natural gas is a cornerstone of future supply. We need to take care that the imposition of a carbon charge on electricity generated from gas does not unduly impact on future exploration and production levels so that base energy supply for future industry and household needs is secure", Pfahlert said.

Pfahlert proposed the structure of the system meant it was likely that suppliers of electricity



Pollution over Auckland, New Zealand.

generated from other fuels would make windfall profits, among them government owned state enterprises. He said that, as acknowledged by the government, the scheme would also inevitably cause rises in electricity prices.

The current government's policies to fight climate change include: the establishment of an emissions trading scheme to put a price on greenhouse gas pollution a goal to increase renewable electricity generation to 90% of New Zealand's total electricity generation by 2025. The government has further plans to reduce per capita emissions from the transport sector by half by 2040, and to make the public sector carbon neutral.

Prior to the announcement, Pfahlert said the government's plan to stop the construction of gas-fired power stations in a bid to tackle climate change would be disastrous for the gas and oil industry, which contributes about

A\$1.6 billion to the New Zealand economy each year.

"The domestic use of gas and oil in New Zealand is something which can make a contribution and should be seen in the broader economic context. In an economy like ours, we can't just rely on renewable energy", Pfahlert said. ■