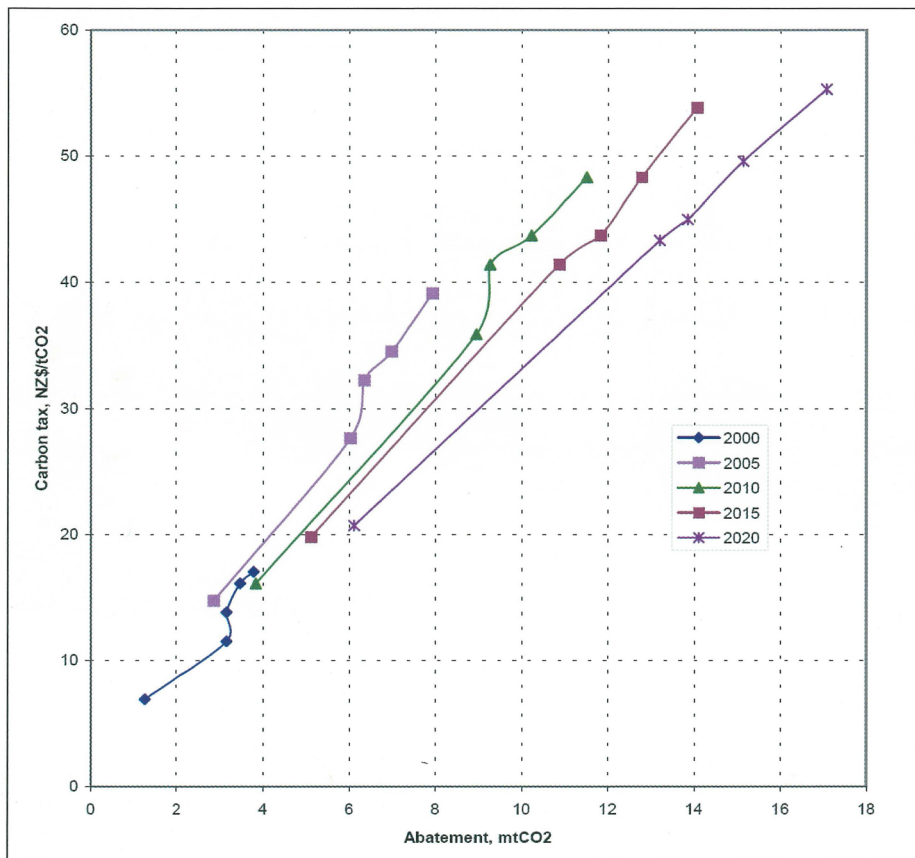


Praise For New Zealand's Plan For Emissions Trading



New Zealand Abatement Supply Curve, derived from charts in McKibbin & Pearce research 1997.

The International Energy Agency has praised New Zealand on the design of its proposed Emissions Trading Scheme, said David Parker, New Zealand's Climate Change Minister. "This is welcome analysis and endorsement from the international agency which monitors and advises on energy policy development among 26 OECD countries", he said.

Parker released a letter from the Executive Director of the Paris-based International Energy Agency. The government invited the IEA to review the emissions trading framework, following on from that organisation's in-depth review of New Zealand's energy policies last year.

The IEA compliments the government for a "well-integrated" strategy which takes a "very realistic approach". It is particularly interested in the way the scheme links to existing Kyoto Protocol mechanisms, which it says offers a "lower cost" method for reducing New Zealand's emissions.

The IEA applauds the way the scheme offers an "innovative option for a better distribution of costs" in the power generation sector, allowing

industrial consumers to be partly compensated for higher costs.

The commentary does question two aspects of the proposed scheme: how it treats emission allowances when emitting plants are closed down or replaced with lower emission alternatives; and whether there should be greater constraints on the types of units allowed into the New Zealand scheme, such as the so-called 'hot air' units from Russia and the Ukraine. "These are also issues which have been raised with the Emissions Trading Group during the intensive engagement process underway since late September. The government is carefully considering these and other issues", Parker said.

"This positive response and the fact that New Zealand has been invited to join the International Carbon Action Partnership (ICAP) places us in the leading group of nations on climate change issues. While some aspects of our scheme are world-leading, New Zealand is not out on its own, as some commentators are suggesting, but part of the leading group of developed nations which is tackling climate change issues", Parker concluded. ■