Bennett says one-for-two obligation to go; risk tools available - Swiss Re

Felicity Wolfe - Wed, 16 Mar 2016

Climate Change Minister Paula Bennett says artificial measures in the emissions trading scheme, including the one-for-two surrender obligation, will be removed.

She says the five-year review of the “first phase” of the scheme in coming months will look at ways to increase its effect on emissions.

To date the low price of New Zealand units means the scheme has had “limited” effect, which she says “needs to change”.

“Quite frankly carbon can’t stay at the cost it is now.”

She says the one credit for two carbon units provision, introduced in 2009, will be removed. The question is “when and how,” she told the Asia Pacific Energy Leaders’ Summit in Wellington today.

Bennett says it is important to develop “a plan to have a plan” on reducing New Zealand’s carbon emissions. She noted that some people and policy makers around the world are still debating the science of climate change.

“This Government isn’t.”

But she says it is important the Government takes the time to find the right actions to take and to provide certainty to businesses.

“So we do a white paper in next six months? Do we have a forum?”

Other possibilities

Bennett was speaking to about 200 summit delegates.

The two-day BusinessNZ Energy Council hosted event has brought together government and regional policy-makers and businesses from across the Asia Pacific region and Europe.

Its core theme is building energy resilience in the face of the threats posed by climate change, the need to balance energy with other resource demands, such as food production, and growing concerns around cyber security. As well as identifying issues, BEC hopes the event will give different groups an opportunity to discuss solutions.

Bennett says it will be important to understand the role central and local government can play alongside what businesses and individuals can and are doing.

The upcoming ETS review will also look at ways to encourage more investment in tree planting, identifying the big emitters, where NZUs are “stockpiled” and the impact of changing technologies.

She says the Paris climate agreement in December was “revolutionary” with the participating countries together covering more than 90 per cent of global emissions.

Bennett says the record average global temperatures reported in the three months since December, when she took on the climate portfolio, demonstrates the need for action. She says it is likely that New Zealand will sign the Paris climate accord in New York next month.

The destruction seen following cyclone Pam in Vanuatu last year and cyclone Winston in Fiji last month are examples of the effect of climate change in the Pacific region.

Closely to home, the central Wellington venue of the summit could be ankle deep in water with just a 30-centimetre sea level rise, she says.

“Not taking action is not an option.”

But Bennett says there is no “silver bullet” and that all the parts and outcomes need to be analysed rather than rushing to action “tomorrow”.

Planning for change

While policy has an important role to play in setting strategies for countries and regions, two speakers from reinsurer Swiss Re highlighted the importance of providing financial resilience to businesses so they can survive disruptive change.

Energy businesses often think about infrastructure resilience but also need to think about financial resilience, said Jamie Summons, who heads Swiss Re’s Australian Energy business.

By providing energy businesses hedges against disruption they can gain financial and operational certainty while planning ahead for future industry changes, he says.

Summons said that new financial instruments, such as index-based parametric insurance, can help businesses rebound from extreme weather events, or the market changes caused by disruptive technology.

Parametric insurance sets “categories within a box,” he says. When events fall within the box, immediate pay-outs are triggered, rather than waiting several weeks for
Cyclones are not demonstrating the effect of climate change, they are a natural part of weather. The recent high temperatures are undoubtedly influence by human emissions, but are also part of the El Nino and Southern oscillation. Please don’t confuse weather and natural cycles with human induced climate effects.

Anonymous
Thu, 17 Mar 2016

what if they were *the*

what if they were "the strongest tropical cyclone to make landfall over Fiji on record", or "the second most intense storm of the South Pacific Ocean according to pressure, after Zoe of 2002"? Is that helping to demonstrate anything?

Anonymous
Fri, 18 Mar 2016

Record what?

Yes, but I think we need to recognise the limits of the data. It’s a bit like the way we treat NZ hydrology data. Do we really think the world’s NZ’s most extreme weather events can only have occurred in the 100-200 years we’ve been recording them? That seems unlikely.

Anonymous
Fri, 18 Mar 2016

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Dislike

(0 likes, 3 dislikes)