



## New Zealand Carbon Market



Nigel Brunel – OMFfinancial – August 2010

Copyright OMF 2010

[www.omf.co.nz](http://www.omf.co.nz)



## A brief history of time.....

- ❑ October 2008 – ETS passed by outgoing Labour government
- ❑ January 2009 – Incoming National government announce ETS review
- ❑ March 2009 – First trade under ETS – 50,000 tonnes at NZ\$20.00
- ❑ December 2009 – Revised ETS passed – 50% Obligations start July 2010
- ❑ April 2010 – NZ government confirm ETS will remain
- ❑ July 2010 – Obligations start for Energy, Industry & Liquid Fuels

Copyright OMF 2010

[www.omf.co.nz](http://www.omf.co.nz)





## The Carbon Tax of \$25 per tonne

- Emitters have an option to pay a \$25 per tonne tax or buy units
- 50% Obligation for emitters on CP1
- Tax is due in May each year following the year of obligation
- Risk free – no need to hold or by units
- Net Present Value of CAP influences local carbon price

Copyright OMF 2010

[www.omf.co.nz](http://www.omf.co.nz)

## CAP Comparison

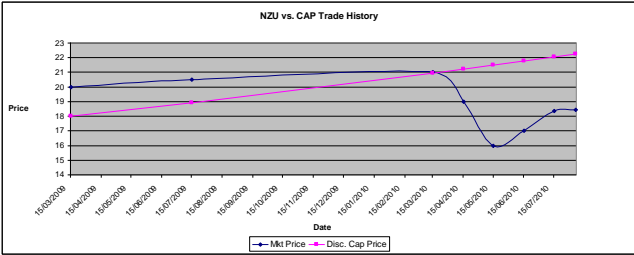
Unit	CAP Price	NZU Spot	NZU Vin 2010	NZU Vin 2011	NZU Vin 2012	CER Spot NZ\$
Cost per tonne	25.00	18.25	20.00	20.00	20.00	21.79
Holding Costs	0.00	1.13	0.60	0.60	0.60	1.35
Effective Cost per tonne	25.00	19.38	20.60	20.60	20.60	23.14
Savings per tonne in RED	0.00	5.62	4.40	4.40	4.40	1.86

Copyright OMF 2010

[www.omf.co.nz](http://www.omf.co.nz)



# Price History of NZUs



Copyright OMF 2010

[www.omf.co.nz](http://www.omf.co.nz)



# Thank you – Questions please

My contact details are:

Tel: +64 9 523 1166

Email: [nigel.brunel@omf.co.nz](mailto:nigel.brunel@omf.co.nz)



Copyright OMF 2010

[www.omf.co.nz](http://www.omf.co.nz)

