Summary of ETS Changes

1. Timetable

	EXISTING	AMENDED
Stationary Energy (includes electricity)	1st Jan 2010	1st July 2010
Industrial Processes (steel, cement, aluminium)	1st Jan 2010	1st July 2010
Liquid Fossil Fuels	1st Jan 2011	1st July 2010
Agriculture (cattle, sheep, deer, poultry)	1st Jan 2013	1st Jan 2015

2. Transitional Measures

a. 50% obligation from 1st July 2010 – 1st January 2013 means stationary energy, liquid fossil fuels and industrial processes will have to surrender a 1 tonne unit for every 2 tonnes of emissions.

b. fixed price option of $25/tonne will allow sectors facing obligations to pay rather than purchase units to limit cost and enhance stability in start up phase.

c. allocate support for trade exposed / emissions intensive industry on a production based, industry average approach.
   - production or intensity approach means that allocation is increased or reduced relative to production rather than just 2005 levels.
   - industry average approach means allocations based on average emissions per unit of production for particular industry not just 2005 levels.

d. align phase-out of industry support with Governments -50 by 2050 target and Australia's proposed CPRS (i.e. 1.3% / year rather than 8% / year)

e. increase transitional support for fishing industry from 50% to 90%

Industry Allocation Changes

Existing ETS

- **Fixed allocation**
- **Based on 2005 emissions**
- **Single absolute threshold**

  >50,000 tonnes CO^{2}e/annum
  (Approx 21 companies eligible)

Amended ETS

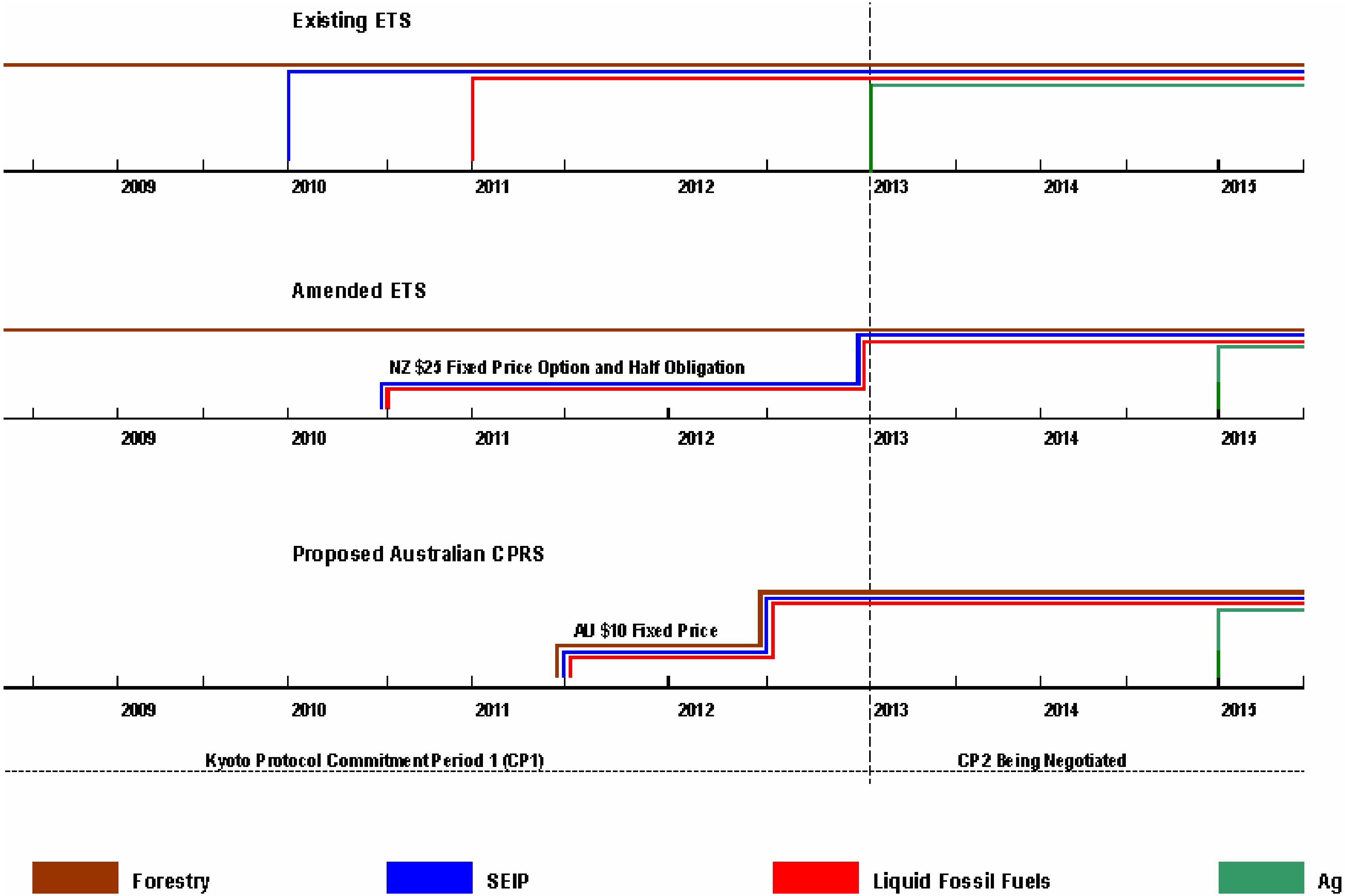
- **Production based allocation**
- **Based on industry average**
- **High intensity threshold**

  >1,600 tonnes CO^{2}e/$million
  (Approx 15 companies eligible)

- **Medium Intensity threshold**

  >800 tonnes CO^{2}e/$million
  (Approx 50 companies eligible)

NZ ETS Timing



Moderated Allocation Phase-out