

Creating a Good Atmosphere

Executive Summary

As a company in an energy intensive business, Holcim recognises the need to reduce global greenhouse gas emissions and energy consumption while fostering economic and social development.

In mid 2006, Holcim made a commitment to the New Zealand government to identify, in detail, emissions trading design elements that would be appropriate for New Zealand, taking into account the wide international experience already gathered by the Holcim Group in the European Union Emissions Trading Scheme (EU ETS) and elsewhere.

Based on the assessment of emissions trading system design and international experience, with specific focus on the energy intensive industry sector, Holcim draws some clear conclusions on appropriate future policy for New Zealand.

SUMMARY OF THE HOLCIM POSITION

For the “transitional” period up to 2012, Holcim recommends:

- That mandatory reporting of greenhouse gas emissions is introduced for all sectors likely to be incorporated in a future New Zealand Emissions Trading System (NZ ETS). Reporting should be to agreed international standards, taking into account guidance from government officials on New Zealand specific issues. Reporting should be on a calendar year basis in line with international ETS trading periods.
- That government introduces a Voluntary Agreement scheme for those sectors that are likely to be included in a future NZ ETS.

For the period from 2012, Holcim recommends:

- That government introduces a broad based emissions trading system.
- That for the energy intensive industrial sector:
 - Gratis allocation be employed;
 - Historical emissions ('grandparenting') not be used as the basis for initial allocation;
 - Government employs a WBP benchmark to set the baseline for initial allocation for the industrial sector to incentivise long-term emissions reductions post-2012;
 - A Performance Based Allocation (PBA) methodology be employed in the long term; and
 - An NZ ETS should flexibly and fully account for the manner in which competitiveness concerns are addressed by its trading partners.