

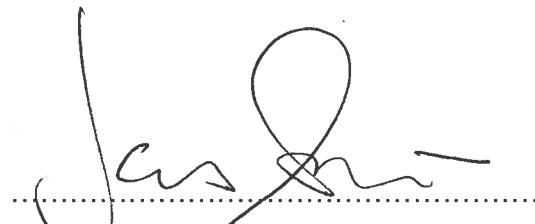
**Ministerial direction to the Registrar of the New Zealand Emissions Trading Register:
Issuance of New Zealand Units into the Crown holding account in the New Zealand
Emissions Trading Register**

Having consulted the Minister of Finance and having had regard to all the relevant matters pursuant to section 68 of the Climate Change Response Act 2002, I direct the Registrar appointed in accordance with section 11 of the Climate Change Response Act 2002 to issue into the Crown holding account (NZ-1010) up to an additional 56.222 million New Zealand Units. This direction does not affect any previous directions issued under section 68 of the Climate Change Response Act 2002.

Dated at Wellington this

25th

day of November 2019

A handwritten signature in black ink, appearing to read 'James Shaw', is written over a horizontal dotted line. The signature is fluid and cursive.

Hon. James Shaw

Minister for Climate Change

In making the above direction to the Registrar I have consulted with the Minister of Finance and I have had regard to the following matters specified in section 68 of the Climate Change Response Act 2002:

Section 68(2)(b)(i) *The number of units that New Zealand has received, or that the Minister expects New Zealand to receive, under any international agreement*

New Zealand decided not to take its commitment for the Second Commitment Period under the Kyoto Protocol. Therefore, New Zealand does not have an assigned amount for Commitment Period 2 (CP2).

Section 68(2)(b)(ii) *New Zealand's international obligations, including any obligation to retire units equal to the number of tonnes of emissions that are emitted in New Zealand*

New Zealand decided not to take its commitment under the Kyoto Protocol for the Second Commitment Period. Therefore no international obligation to retire NZUs equal to the number of tonnes of emissions that are emitted in New Zealand exists at this stage.

Section 68(2)(b)(iii) *The proper functioning of the greenhouse gas emissions trading scheme established under this Act*

The proper functioning of the NZ ETS requires the issuance of sufficient NZUs to meet entitlements of post-1989 forestry participants; and any auctions of NZUs the Crown undertakes. Officials estimate that between now and the end of the 2020/21 financial year 23.721 million NZUs will be transferred to post-1989 forest land owners and Permanent Forest Sink Initiative participants; and 23.131 million NZUs will be transferred to industrial allocation recipients, an entity with an Negotiated Greenhouse Gas Agreement and participants engaged in certain removal activities. No auctions are currently planned, although these are proposed to contribute to the NZ ETS once operational in 2020.

Officials will monitor the balance of NZUs closely to ensure a further issuance of NZUs can occur to maintain the proper functioning of the NZ ETS.

Section 68(2)(b)(iv) *Any other matters that the Minister considers relevant*

There are no other matters.