

CarbonCopy

Kia ora ,

Welcome to CarbonCopy, where we keep you up to date on carbon-y things that are relevant to you.

This time round:

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The logo 'CarbonCopy' is centered over a background image of a dense forest with tall trees and green foliage. The text is in a dark, serif font.

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Since the start of the year, there have been several notable developments in New Zealand's carbon markets that you should be aware of. This editorial provides an update on the current state of affairs and what you need to know for the year ahead.

A year in the NZ carbon market

The carbon market experienced significant price fluctuations in 2023, particularly from April to June, when notable ETS price falls were observed. These fluctuations were influenced by a range of things, including reviews of auction price control settings and consultations

on the form of the ETS, especially the consideration of separating forestry and compliance markets within the system. A legal challenge by Lawyers for Climate Action against reduced ETS auction price controls led to a High Court ruling that resulted in price controls being revised to align with Climate Change Commission guidance, subsequently causing a price recovery. New fees were also introduced in the carbon market, with some being contested through a claim for judicial review.

The failure of the December auction was particularly significant, as the units that failed to sell were removed from the available supply, potentially affecting future supply and demand dynamics. Looking ahead, future ETS auctions and adjustments in price control thresholds indicate ongoing changes and potential volatility. The election of a new government and the resulting pause on proposed ETS reforms brought some level of clarity and stability to the carbon market, but the various developments throughout the year have implications for the supply and demand balance within the carbon market. With a reduced number of banked credits entering 2024, a cautious optimism for slight price increases is sensible, although market dynamics could still face disruptions. The next ETS auction is scheduled for 20th March, this will be an indicator of the market dynamics this year.

PER-fect Emission Returns

January kicked off the window for filing Provisional Emissions Returns (PERs). Though optional, if you want to claim credits for the carbon locked away in forests last year now is the time.

With CarbonCrop's platform you simply fill out the necessary information on a form, and your PERs will be sorted. As a full service customer, our workflow minimises the time you need to spend thinking about your ETS compliance from hours to minutes. This simple and secure approach makes it easy to get your credits for the carbon removed in 2023. Many CarbonCrop customers have completed this process, already receiving their credits. [You can see the PER workflow in action here.](#)

CarbonCrop Tech Tools

Alongside the PER tools, CarbonCrop account holders will soon be able to access 10-year earnings forecasts. These projections take into account the latest regulatory fee adjustments and speculative

carbon credit price trends, enabling owners to make informed decisions about their land. Our modelling tools allows for customisable scenario testing based on individual preferences and assumptions, enabling owners to make informed decisions about their land and planting for carbon forestry.

To stay up to date with the latest on the CarbonCrop platform, make sure to [register your interest](#).



Market Update

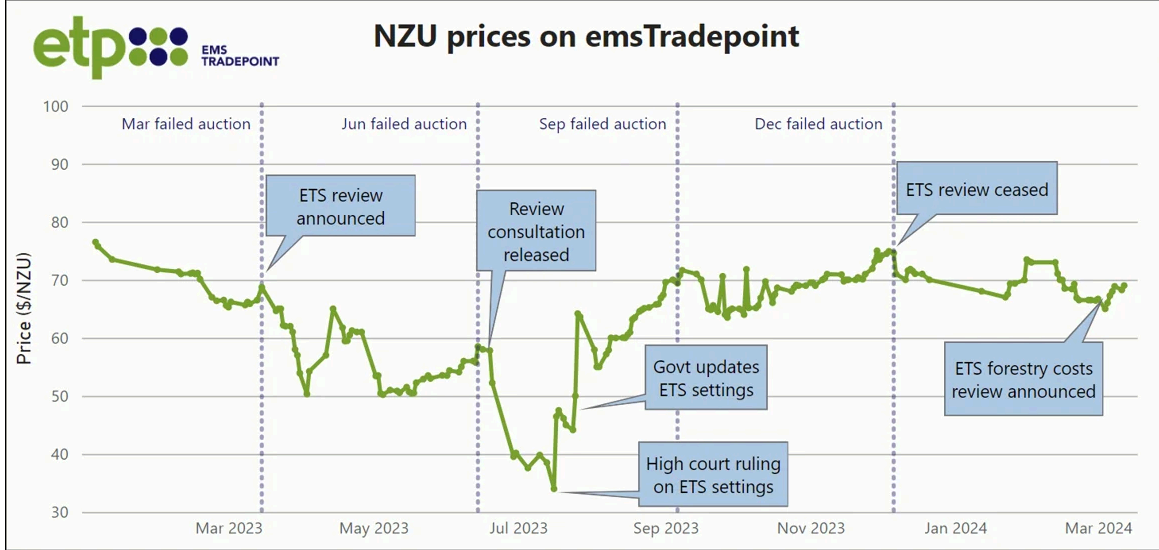


Carbon Market Commentary

emsTradePoint

- Since the announcement of the ETS review being ceased, the market price has been stable with prices ranging from \$65 to \$74 per unit.
- At the end of last week (Friday 8th March) the market closed at \$70. This is up 5% on the week before, and up 6% on that time last year.
- All ETS auctions failed to clear in 2023. 15 million NZU that had been made available for those auctions are now erased. The March auction will open with new units.
- In February 2024, the government announced an independent review of forestry ETS costs, due to concerns that the costs are excessive. The results of this review are expected by the end of April, we will wait to see what influence this may have on the market.

Watch our last carbon market discussion [here](#).



*These prices are emsTradepoint Daily Volume Weighted Average Prices (VWAP). Please see the indices calculation methodology on [our website](#) for more information.



- **December 2023: ETS review cancelled.**

In December the government made the decision to stop work on the ETS Review started earlier in the year. The aim was to help counteract some of the uncertainty, and support the stabilisation of the carbon market. [Read the official statement here.](#)

- **February 2024: ETS enquiry into pricing**

The forestry component of ETS will be reviewed to address forest owners' concerns about excessive costs and ensure the scheme's efficiency. It will evaluate the operational costs and adjust the funding model to restore confidence and ensure the sector's contributions to emissions reduction are supported effectively. [Check out the announcement here](#)

- **February 2024: Public consultation for ETS limit and price control settings for units**

The Climate Change Commission (CCC) is looking to advise on updating NZ ETS unit limits and price control settings for the next five years, to ensure the government has a clear direction using the ETS effectively as a tool to meet our climate goals as a country. Submissions will be open for feedback until the middle of the year, we're working on our submission and will share on our blog in advance. [You can read more about the CCC's upcoming work on their website.](#)



20th March - Next ETS Auction

Although forestry NZUs are not sold in these auctions, the results of the auction can affect NZU prices on the secondary market. More details below.



Upcoming Auctions

Next ETS Auction: 20 March 2024

Bidding window: 9am-12pm

Minimum purchase: 500 NZU (\$35,000)

Available units:

NZU Quantity	Price threshold
3,525,000	\$64.00
2,800,000	\$184.00
4,900,000	\$230.00

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30th June - Provisional Emissions Returns (PER)

If you want to access your carbon revenue for the carbon your forest removed in 2023, you can now file your PER. As a CarbonCrop customer we sort this out for you, so you don't have to worry about anything. If you've not received an email from your Account Manager, please reach out.

If you've already completed your PER and are looking at what's next, check out our ["selling credits" page](#) to see what options are available to you.



Things You Might Have Missed

External

- [Climate Change Commission's advice for ETS review](#)
- [Legal challenge on ETS settings forces change](#)
- [New Zealand's first biodiversity credit launched by Carbonz](#)
- [Big companies are increasingly distancing themselves from carbon offsets](#)

Internal

- [Tracing the threads of sustainability for Allbird's M0.0nshot net-zero shoe](#)
- [Near-real-time carbon monitoring is now possible](#)
- [Still Managing your carbon removals on a spreadsheet? Try this instead.](#)
- [Get a head start on your forest planting strategy.](#)
- [\[VIDEO\] Update on carbon-y things in our CarbonCurious webinar](#)

If you found this helpful, please feel free to forward on to others. They can subscribe [here](#) to receive the newsletter directly.

The CarbonCrop Team

www.carboncrop.com



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