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Media Release

Business could make billions from new emissions trading-related investments

A new report released this morning says New Zealand businesses have an opportunity to make billions from new technology investments stimulated by the proposed emissions trading scheme.

The opportunities range from starting major new industries, exporting biomass (like woodchips) to fuel major new power plants in Europe, to storing carbon in soil – along with major renewables energy developments, and smaller scale activities which will let farmers create income from power generated from cow manure methane.

The report was being released at a business breakfast in Auckland this morning.

It was produced by Sam Tobin of NRS Consulting for the Tindall Foundation in May 2008, in support of Stephen Tindall's chairing of the Climate Change Leadership Forum, which is advising Ministers on emissions trading issues.

The report, to be released at the New Zealand Business Council for Sustainable Development's Clean Billions CEO Breakfast, preceding a Clean Billions investment symposium later this morning, warns that businesses competing with New Zealand can be expected to go beyond "carbon neutral" to become "carbon negative".

It also says many New Zealand firms are lagging behind those in other countries in measuring the potential impacts of pricing carbon and preparing strategic plans to reduce it.

However, there are major opportunities available for businesses and the economy which "actively" embrace emissions trading and efforts to cut emissions, improve products and reduce emission costs.

Some of the main opportunities identified in the report include:

SIGNIFICANT OPPORTUNITIES

BIOMASS:

Farm electricity generation: There are opportunities for some farmers to generate electricity from cow manure methane: One 850 cow farm is saving up to \$37,000 a year in electricity by generating it this way.

Waste biomass fermentation: Can be used for in steam processing and to create ethanol.

Liquid fuel self sufficiency: Theoretically it may be possible for New Zealand to be self sufficient by creating liquid fuel from sustainably managed forests, also mitigating floods and improving water quality.

Biomass exports: There may be possible opportunities to export bio mass (like wood chips) to fuel major overseas power plants (like the 350MW, 300 million pound biomass plant planned in Wales, which will import 3 million tonnes of biomass fuel from the USA and Canada). The new biomass industry “indicates significant opportunities for forestry groups and all organisations and individuals in that supply chain”.

A Fonterra-like forestry co-operative could be indicated.

SEQUESTRATION (CARBON STORAGE)

Farming:

There are opportunities to limit or remove organisations’ emissions liabilities.

Forest planting: One large North Island farm with 3000 cattle and 27,000 sheep is producing 14,702 tonnes of CO₂ equivalent emissions a year. Planting 500ha of Kyoto forest will cut emissions by 14,895 tonnes.

Carbon storage in soil: Organically sequestering carbon in the farm’s soil could also deliver another 8000 tonnes of CO₂ reduction, make the farm carbon negative and generate emission credit sales revenue.

Organic soil farming: Using grass roots and microbes in the soil to store carbon.

Grassland farming has 12.7 million hectares under productive management in New Zealand, producing 94,337 GgCO₂ (gigatonnes) of emissions a year. All of this could be sequestered if organic soil sequestration increases the carbon level in the top 10cm of the soil by only 0.17%. The area is worthy of closer attention and possible inclusion in the new international agreement replacing Kyoto as a source of tradable credits. The process will also result in healthier soil, better nutrition, better water retention and quality.

Soil carbon: both biochar and organic soil Carbon (soil microbes, pasture root depth) show promise in Carbon sequestration. Knock on benefits include better animal welfare, increased produce nutrition, water retention (against drought and less run off), and less erosion.

Maori land: 16,000 titles may have no land management structure. Much of it carries indigenous forest or is marginal land suitable for forestry. Credits may attach to the land – but no-one is empowered to enter into emissions trading and reap the rewards.

Other opportunities include:

- Significant investment in wind, geothermal, hydro and ocean power generation, leading to
- Job creation (the rapid expansion of the New Zealand-based wind farm technology company Windflow is cited, along with overseas experience)
- Accelerated use of smart meters on buildings by power generators to avoid costs of generation and emissions
- Specialist software (like IDRevolution's) allowing businesses to measure emissions and track their food miles and supply chain security issues
- Banking: green credit cards, earning emissions offsets with purchases, and \$1000 to \$3000 cash credits could emerge from banks to help people buying green homes and fuel efficient, low-emission vehicles.
- A stronger market for green housing
- Use of biomass for residential heating (like wood pellets)
- More telecommuting (with knock-on benefits for IT companies)
- An increase in bio discovery tourism, as a knock-on from increased afforestation
- Major electricity generation plant retrofits (Genesis' new 400MW gas turbine plant at Huntly is cited for cutting emissions 32%, while the firm also says the ETS will enable it to focus on wave, tidal, and carbon capture and sequestration opportunities)
- Significant chances to trade through the new TZ1 bourse, operating for a time as the only one in an all-gases, all-sectors Kyoto-linked ETS
- New carbon management, ETS and trading skills – allowing individuals to export their skills

The full report is available at www.nzbcscd.org.nz

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The Business Council believes sustainable businesses are profitable, contribute to social progress and ecological balance – and protect New Zealand's quality of life. The Business Council's 74 members jointly employ more than 67,000 people in managing resources, manufacturing, retailing and the service sector. Members contribute annual sales of \$44 billion to the economy, equivalent to 34% of GDP. The Business Council runs a national online survey panel, ShapeNZ, to allow public input on major issues. The panel has more than 14,000 members, is built from purchased lists and is representative of the population as a whole, compared with the 2006 census. ShapeNZ members register and provide demographic and previous party vote information to ensure results can be accurately weighted to reflect the New Zealand population. A report is available [here](#) on ShapeNZ methodology. Registration is also available at www.shapenz.org.nz.