

12 December 2008

The Emissions Trading Group  
Ministry for the Environment  
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Wellington 6143

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**cc.** Larry Bilodeau Chief Executive Officer: Balance Agri-Nutrients Limited  
John Maxwell Site Manager: Balance Agri-Nutrients Limited - Kapuni  
Warwick Catto Head of Agro-Sciences: Balance Agri-Nutrients Limited

Dear Emissions Trading Group,

**Submission on the Climate Change (Stationary Energy and Industrial Processes) Regulations 2008 (Draft for Consultation)**

Balance Agri-Nutrients Limited (Balance) welcomes the opportunity to submit on the Climate Change (Stationary Energy and Industrial Processes) Regulations 2008.

Balance is a specialist fertiliser firm which is a 100% farmer owned co-operative.

The attached submission focuses on Balance's urea operations, as the most significantly impacted part of the business.

Balance believes the New Zealand Emissions Trading Scheme (NZ ETS) approach for domestic urea production is seriously flawed and inappropriately treats:

- domestic and imported urea
- the domestic urea manufacturing process

Balance's analysis of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2008 highlights significant gaps in development, which jeopardise the NZ ETS implementation timeline for the SEIP sector.

Balance is supportive of a price of carbon into the New Zealand economy in general, and of an emissions trading scheme in particular. However, the design of the NZ ETS as implemented and the SEIP sector regulations as drafted, inadequately addresses concerns that Balance has identified that will lead to unnecessary economic harm to New Zealand.

Balance recommends the Climate Change Response Act be rigorously reviewed for dependency links and their potential impacts are properly assessed and mitigated through Act amendments.

In the attached written submission we have set out these concerns and provide recommendations to aid in the continued implementation of an NZ ETS that is functional and durable.

If you have any queries or require further information, please feel to contact me at the address below.

Yours Sincerely,



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