



## COVERSHEET

<b>Minister</b>	Hon Simon Watts	<b>Portfolio</b>	Energy
<b>Titles of Cabinet Papers</b>	Enabling Carbon Capture, Utilisation and Storage Policy Approach for Carbon Capture, Utilisation and Storage	<b>Date to be published</b>	27 March 2025

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
October 2024	Enabling Carbon Capture, Utilisation and Storage	Office of the Minister for Energy
16 October 2024	Enabling Carbon Capture, Utilisation and Storage ECO-24-MIN-0223 Minute	Cabinet Office
9 October 2024	Regulatory Impact Statement: Enabling Carbon Capture and Storage	MBIE
9 October 2024	Climate Implications of Policy Assessment: Enabling Carbon Capture and Storage	MBIE
December 2024	Policy Approach for Carbon Capture, Utilisation and Storage	Office of the Minister for Energy
11 December 2024	Policy Approach for Carbon Capture, Utilisation and Storage ECO-24-MIN-0305 Minute	Cabinet Office
26 November 2024	Regulatory Impact Statement: Further decisions on an enabling framework for Carbon Capture and Storage	MBIE

### **Information redacted**

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Confidential advice to Government, Negotiations, and National Economy.



# Cabinet Economic Policy Committee

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Enabling Carbon Capture Utilisation and Storage

**Portfolio**                      **Energy / Climate Change**

On 16 October 2024, the Cabinet Economic Policy Committee (ECO):

- 1        **noted** that the lack of an enabling framework for the forms of carbon capture utilisation and storage (CCUS) involving permanent storage of the carbon is a gap in New Zealand's regulatory landscape;
- 2        **noted** that regulatory change is neither needed nor proposed to enable carbon capture and use or geothermal re-injection;
- 3        **noted** that the CCUS regime is likely to consist of the following features:
  - 3.1      application to all forms of storage that are countable against New Zealand's international climate change targets;
  - 3.2      a financial incentive (the New Zealand Emissions Trading Scheme, or NZ ETS) for storage operators;
  - 3.3      an assessment and monitoring function; and
  - 3.4      a clear long-term liability framework;
- 4        **noted** that the first CO<sub>2</sub> storage activity in New Zealand (outside geothermal) is likely to occur at Todd Energy's plant at Kapuni;
- 5        **agreed** that activities must be countable against New Zealand's international climate change commitments to be eligible to enter the CCUS regime;
- 6        **agreed** to amend legislative and regulatory settings under the Climate Change Response Act 2002 (CCRA) to permit those with existing NZ ETS obligations to claim value from CCUS activities against their existing NZ ETS liabilities;
- 7        **noted** that the Minister for Energy and Minister of Climate Change intend to report back in December 2024 on the mechanism to reward CCUS by parties without existing NZ ETS obligations;
- 8        **agreed** that the number of units payable (or equivalent reduction in NZ ETS obligation) if CCUS occurs, or repayable if there is leakage from a site, is equivalent to the tonnes of CO<sub>2</sub> that are either sequestered or leak from a CCUS site;

- 9 **agreed** that CO<sub>2</sub> produced by a third party is permitted to enter the storage facility, but the legislative and regulatory responsibilities (including any post-operation liabilities) for the CCUS activity remains with the company undertaking the storage activity;
- 10 **agreed** that the company undertaking the storage activity should remain liable for any leakage of emissions into the atmosphere unless this liability is transferred to the Crown;
- 11 **noted** that the Minister for Energy and Minister of Climate Change intend to report back to ECO in December 2024 on the detail of the proposed monitoring requirements and liability regime, including the timeframe and circumstances for possible transfer of liability to the Crown;
- 12 **authorised** the Minister for Energy and Minister of Climate Change to further clarify and develop policy matters relating to the proposals in the paper under ECO-24-SUB-0223 relating to the CCRA changes and associated regulations referred to above, in a manner not inconsistent with the policy recommendations contained in the paper;
- 13 **invited** the Minister for Energy and Minister of Climate Change to issue drafting instructions to the Parliamentary Counsel Office for the CCRA changes and supporting regulations referred to above;
- 14 Confidential Advice to Government
- 15 **invited** the Minister for Energy, Minister of Climate Change, and Minister for RMA Reform to report back to ECO by December 2024 on the high-level changes to other legislation needed to operationalise the CCUS regime;
- 16 Confidential Advice to Government

Rachel Clarke  
Committee Secretary

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**Present:**

Hon David Seymour  
Hon Chris Bishop (Chair)  
Hon Brooke van Velden  
Hon Simeon Brown  
Hon Erica Stanford  
Hon Paul Goldsmith  
Hon Louise Upston  
Hon Todd McClay  
Hon Tama Potaka  
Hon Simon Watts  
Hon Melissa Lee  
Hon Penny Simmonds  
Hon Nicola Grigg  
Hon Andrew Bayly  
Hon Andrew Hoggard  
Simon Court MP

**Officials present from:**

Office of the Prime Minister  
Officials Committee for ECO