

9 June 2020

Government moves the Fixed Price Option for NZUs to \$35

Last week the New Zealand Government announced an increase in the Fixed Price Option (FPO) for NZUs from \$25 to \$35 for emissions produced in 2020. After leaving the FPO out of the Environment Select Committee report on Emissions Trading Scheme changes in May, there had been doubt as to whether the increase would go ahead.

The initial announcement at the end of 2019, which indicated the increase, caused NZU spot market prices to spike to \$29. Prices then reduced back down to levels around the previous FPO of \$25, before dropping further during New Zealand's COVID-19 lock-down. During lock-down, NZU prices dropped as low as \$22.

The supplementary order paper raising the FPO went out last Tuesday 2 June. Spot prices for NZUs rose to \$26 that day and have since increased to \$29. emsTradePoint expects this increase to be sustained.

emsTradePoint is continuing to sign participants to our carbon trading market, which now has live NZU prices posted on the exchange.

Read more about the proposed amendment [here](#).