

ENQ-38424-Y4F7T9

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Via: ██████████

Official Information Act Request

Dear ██████████

I refer to your request received on 31 March 2020, for the following information:

1. *What is the distinction between exportable NZUs and the non-exportable NZUs?*
2. *What are reimbursement and transfer NZUs?*
3. *As we are trying to calculate the daily bank units according to Kerr et al's method which is outlined in "The New Zealand Emissions Trading Scheme De-Link from Kyoto: Impacts on Banking and Prices". SSRN Electronic Journal. <http://www.ssrn.com/abstract=2824884>. We are wondering where we can find the highlighted "total replacements" units and the "Transferred overseas directly" units (see attached screenshot)? And whether there are reports at daily frequency that separately list the number of "total NZUs allocated", "Total NZUs transferred for entitlement", "total surrendered", "Total voluntarily cancelled" and "Converted to AAUs (and then transferred)"? We are also trying to find these data that cover from 2008 to the latest available date.*
4. *We are aware that on the EPA website, privately held units are provided under "as at 30 June 2017", "as at 30 June 2018" and "as at 30 June 2019". (<https://www.epa.govt.nz/industry-areas/emissions-trading-scheme/market-information/privately-held-units/>). Is the Total Holdings of NZUs and NZ AAUs an accumulative number? Also, do you have this data at a much higher frequency, for example daily frequency, from 2008 to the latest available date?*
5. *In a previous NZ ETS paper by Associate Professor Ivan Diaz-Rainey, NZ ETS Registry data at daily frequency from 2008 to 2013 was requested and data in the following format was received. This time, we would like to request something similar but with a coverage from 2008 to the latest available date. Also, could you please help explain below inquiries regarding the registry data attached?*

Your request has been treated as a request for information under the Official Information Act 1982 (OIA).

1. Exportable NZUs and the non-exportable NZUs

Prior to the end of international transfers of first commitment period Kyoto units, it was possible to convert some NZUs to NZ AAUs for the purpose of overseas transfer.

Please see section 30E(1)(a) of the Climate Change Response Act 2002 (CCRA): <http://www.legislation.govt.nz/act/public/2002/0040/latest/DLM1661791.html>.

The NZUs able to be converted in this manner are limited to those transferred as a pre-1990 forestry allocation, as a post-1989 forestry entitlement, or as a permanent forestry sink transfer. Please see section 178C(2) of the CCRA:

<http://www.legislation.govt.nz/act/public/2002/0040/latest/DLM4973141.html>. As such, NZUs associated with forestry were identified as “exportable” NZUs. All other NZUs are identified as “non-exportable”.

2. Reimbursement and transfer NZUs

When an amendment to an emissions return identifies that emissions have been over-reported, this can result in a reduction in the associated obligation to surrender units. Units surrendered above the amended obligation are reimbursed from a Crown controlled account to the private account in the New Zealand Emissions Trading Register (the Register) of the participant. Please see section 123(4) of the CCRA: <http://www.legislation.govt.nz/act/public/2002/0040/latest/DLM1662691.html>.

Units transferred for entitlement are those transferred for reported removals. This is distinct from units allocated, for example those allocated under the pre-1990 forest land allocation plan, the fishery allocation plan, or for eligible industrial activities. Please see sections 72, 74, and 86 of the CCRA for further details on allocations.

3. “Total replacements” NZUs and the “Transferred overseas directly” NZUs

You have requested the following information:

- total replacement NZUs
- units transferred overseas directly.

We are unable to provide this information as replacements of NZUs have not occurred, and no NZUs have been directly transferred overseas.

You have also requested reports at a daily frequency that separately list the number of total NZUs allocated and the total NZUs transferred for entitlement. These reports are combined in the attached spreadsheet under “Additions - transactions from Crown controlled accounts into private accounts in the Register.”

You have also requested reports at a daily frequency that separately list total NZUs surrendered, voluntarily cancelled, and converted to AAUs (and then transferred). These reports are combined in the attached spreadsheet under “Subtractions - transactions from private accounts in the Register to Crown controlled accounts.”

4. Total Holdings of NZUs and NZ AAUs

You have asked if the Total Holdings of NZUs and NZ AAUs is an accumulative number. We are not sure what you mean by “accumulative number.” The number reported is the total number of units eligible for use in meeting ETS obligations (i.e. NZUs and NZ AAUs) held in private accounts on this date.

You also asked if the EPA has the Total Holdings of NZUs and NZ AAUs at a much higher frequency, for example daily frequency, from 2008 to the latest available date. The daily holdings data can be generated from the information in the attached spreadsheet.

5. NZ ETS Registry data at daily frequency from 2008 to the latest available date

In response to your request, we have released the following information in the attached spreadsheet:

- International incoming transactions from overseas accounts to private accounts in the Register

- International - outgoing transactions from private accounts in the Register to overseas accounts
- Additions - transactions from Crown controlled accounts into private accounts in the Register
- Subtractions - transactions from private accounts in the Register to Crown controlled accounts
- Domestic transactions between private accounts in the Register (excludes all transactions to/from Crown accounts).

You have the right to seek an investigation and review of this decision by the Ombudsman. You can contact the Ombudsman on 0800 802 602, or by email at info@ombudsman.parliament.nz.

If you have any further queries, please do not hesitate to contact us via ministerials@epa.govt.nz.

Yours sincerely



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Environmental Protection Authority