



Environmental
Protection Authority
Te Mana Rauhi Taiao

CLIMATE CHANGE RESPONSE ACT 2002

2013 Emissions Trading Scheme Report

for the period 1 July 2013 to 30 June 2014, under section 89 and section 178A of the Climate Change Response Act 2002



Introduction

The Environmental Protection Authority (EPA) publishes the following information in accordance with sections 89 and 178A of the Climate Change Response Act 2002 (the Act).

All reported information:

- is current to 5 AM New Zealand Standard Time (NZST) 1 July 2014 and in respect to activities that were reported during the 2013-14 financial year (1 July 2013 to 30 June 2014).
- represents actual unit transfers recorded in the New Zealand Emission Unit Register (NZEUR), and
- is based on current requirements of the Act.

Activities covered in this year's report are:

- Stationary Energy, Industrial Processes, Liquid Fossil Fuels, Waste, Synthetic Greenhouse Gases (within the Industrial Processes sector) and Agricultural activities
- Forest land planted prior to 1990 being deforested
- Forest land planted after 1989, and
- Recipients of forestry, industrial or fishing allocations.

The forestry sector has been in the New Zealand Emissions Trading Scheme (NZ ETS) since 2008. The Stationary Energy, Industrial Processes and Liquid Fossil Fuels sectors entered the NZ ETS in 2010. Waste, Synthetic Greenhouse Gases and Agricultural activities concluded their first full year of mandatory emissions reporting in 2012, with Waste and Synthetic Greenhouse Gas activities generating a surrender obligation from the 2013 reporting year.

This report excludes Negotiated Greenhouse Agreements (NGAs), Projects to Reduce Emissions (PRE) and the Permanent Forest Sink Initiative (PFSI).

The Minister's Directions for NGAs, PRE and PFSI are published on the NZEUR website, and detail the actual number of emission units transferred:

https://app.eur.govt.nz/eats/nz/index.cfm?fuseaction=approval_log.direction&clearfuseattribs=true

The Ministry for the Environment (MfE) publishes the number of emission units available to PRE participants through their contracts (however, not the actual number of emission units transferred) on the PRE webpage:

www.mfe.govt.nz/issues/climate/policies-initiatives/projects/table-of-current-successful-pre-projects.html

MfE publishes the total number of units allocated to PRE and PFSI in their annual net position report that projects New Zealand's greenhouse gas emissions over the first commitment period of the Kyoto Protocol (2008-2012). The latest report is available at: www.mfe.govt.nz/issues/climate/greenhouse-gas-emissions/net-position/index.html

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Schedule 3 mandatory activities under section 89(1)(a)

Table 1 Schedule 3 mandatory activities

This table shows the total number of mandatory participants added to the Participant Register under section 56 or removed from the Participant Register under section 59 of the Act during the period of 1 July 2013 to 30 June 2014.

| Sector | Activity | Number of participants added | Number of participants removed | Total number of participants as at 30 June 2014 |
|--------------------------------|--|------------------------------|--------------------------------|---|
| Part 1 Forestry | Deforesting pre-1990 forest land | 68 | 44 | 98 |
| Part 2 Liquid Fossil Fuels | Owning obligation fuel | 0 | 0 | 5 |
| Part 3 Stationary Energy | Importing coal | 0 | 0 | 4 |
| | Mining coal | 1 | 1 | 20 |
| | Importing natural gas | 0 | 0 | 2 |
| | Mining natural gas | 4 | 0 | 47 |
| | Using geothermal fluid | 1 | 0 | 12 |
| | Combusting used or waste oil, tyres or waste | 0 | 0 | 4 |
| Part 4 Industrial Processes | Producing iron or steel | 0 | 0 | 2 |
| | Producing aluminium | 0 | 0 | 1 |
| | Producing clinker or burnt lime | 0 | 0 | 5 |
| | Producing glass using soda ash | 0 | 0 | 2 |
| | Operating electrical switchgear that uses sulphur hexafluoride | 1 | 0 | 5 |
| | Importing hydrofluorocarbons or perfluorocarbons | 1 | 0 | 11 |

| Sector | Activity | Number of participants added | Number of participants removed | Total number of participants as at 30 June 2014 |
|--|--|------------------------------|--------------------------------|---|
| | Importing or manufacturing synthetic fertilisers containing nitrogen | 0 | 0 | 12 |
| Part 5 Agriculture | Slaughtering ruminant animals, pigs, horses, or poultry | 1 | 0 | 43 |
| | Dairy processing of milk or colostrum | 0 | 1 | 13 |
| | Exporting from New Zealand live cattle, sheep, or pigs | 0 | 0 | 11 |
| Part 6 Waste | Operating a disposal facility | 1 | 1 | 34 |
| Total participants added or removed (Schedule 3 Activities) | | 78 | 47 | 331 |

The table above does not include activities without any participants.

For up-to-date information on participants registered in the NZ ETS, visit the NZEUR website:

www.eur.govt.nz.

The registration for mandatory activities takes effect from the date the participant began the activity or when the activity entered the NZ ETS.

Mandatory participants are removed from the Register on receipt of a notification from the participant, or on the determination of the EPA that they no longer carry out the activity. In the case of deforesting pre-1990 forest land, participants are removed once they have fully met their emissions liability.

Schedule 4 voluntary activities under section 89(1)(b)

Table 2 Schedule 4 voluntary activities

This table shows the total number of voluntary participants added to the Participant Register under section 57 or removed from the Participant Register under sections 58(4) and 59 of the Act.

| Sector | Activity | Total number of participants added | Total number of participants removed | Total number of participants registered as at 30 June 2014 |
|--|--|------------------------------------|--------------------------------------|--|
| Part 1 Forestry Removal Activities | Owning post-1989 forest land | 272 | 708 | 2,013 |
| | Holder post-1989 forestry right | 17 | 28 | 93 |
| | Holder post-1989 forestry lease | 52 | 29 | 37 |
| Part 2 Other removal activities | Producing a product with embedded substances | 0 | 0 | 1 |
| | Exporting hydrofluorocarbons or perfluorocarbons | 3 | 0 | 5 |
| Part 3 Liquid Fossil Fuels | Purchasing obligation jet fuel | 0 | 0 | 4 |
| Part 4 Stationary Energy | Purchasing natural gas | 0 | 0 | 3 |
| | Purchasing coal | 0 | 0 | 3 |
| Total participants added or removed (Schedule 4 Activities) | | 344 | 765 | 2,159 |

The table above does not include activities with no participants.

For up-to-date information on participants registered in the NZ ETS, visit the NZEUR website:

www.eur.govt.nz.

The registration for voluntary activities under Part 3 and 4 takes effect 12 months from the date the EPA notifies the participant that they have been entered on the Participant Register.

Schedule 4 participants are removed from the Register when they apply to withdraw their participation in the scheme and on receipt of a notification from them, or on the determination of the EPA that they no longer

carry out the activity. Deregistration for voluntary activities under Part 3 and 4 takes effect 48 months from the date of notification by the EPA to the participants that they have been removed.

Activities reported under section 89(1)(c)

Table 3 Activities reported

This table shows the type of activities reported in emissions returns. There were 27 activities reported in emissions returns.

| Schedule | Sector | Activity | |
|------------|-----------------------------|----------------------------------|--|
| Schedule 3 | Part 1 Forestry | Deforesting pre-1990 forest land | |
| | Part 2 Liquid fossil fuels | Owning obligation fuel | |
| | Part 3 Stationary energy | | Importing coal |
| | | | Mining coal |
| | | | Importing natural gas |
| | | | Mining natural gas |
| | | | Using geothermal fluid |
| | | | Combusting used or waste oil, tyres or waste |
| | Part 4 Industrial processes | | Producing iron or steel |
| | | | Producing aluminium |
| | | | Producing clinker or burnt lime |
| | | | Producing glass |
| | | | Importing hydrofluorocarbons or perfluorocarbons |
| | | | Operating electrical switchgear that uses sulphur hexafluoride |
| | Part 5 Agriculture | | Importing or manufacturing synthetic fertilisers containing nitrogen |
| | | | Dairy processing of milk or colostrum |
| | | | Exporting from New Zealand live cattle, sheep, or pigs |
| | | | Slaughtering ruminant animals, pigs, horses, or poultry |

| Schedule | Sector | Activity |
|-----------------|------------------------------------|--|
| | Part 6 Waste | Operating a disposal facility |
| Schedule 4 | Part 1 Forestry removal activities | Owning post-1989 forest land |
| | | Holder post-1989 forestry right |
| | | Holder post-1989 forestry lease |
| | Part 2 Other removal activities | Producing a product with embedded substances |
| | | Exporting hydrofluorocarbons or perfluorocarbons |
| | Part 3 Liquid fossil fuels | Purchasing obligation fuel |
| | Part 4 Stationary energy | Purchasing natural gas |
| Purchasing coal | | |

Refer to Schedules 3 and 4 of the Act and related regulations for the full descriptions of the activities.

Total emissions and removals under section 89(1)(d)

Table 4 Total emissions and removals

This table shows the total quantity of emissions and removals reported in emissions returns submitted in the 2013-14 financial year (1 July 2013 to 30 June 2014).

| Total quantity of emissions reported in emissions returns | Total quantity of removals reported in emissions returns |
|---|--|
| 97,131,843.1 tonnes of CO ₂ e emissions | 19,470,860.0 tonnes of CO ₂ e removed |

A breakdown of the total emissions and removals and the associated reporting periods can be found in Tables 5, 6 and 7 of this document.

The information in this table is correct as at 5 AM NZST, 1 July 2014. However, it may change as a result of amendments to emissions returns.

This table covers emissions returns received between 1 July 2013 and 30 June 2014. This covers:

- Emissions reported for the 2013 calendar year for all activities in the NZ ETS
- Removals between 1 January 2008 and 31 December 2013 for the Forestry Removals sector, and
- Removals between 1 April 2013 and 31 March 2014 for Other Removals Activities.

Table 4.1 Total amended quantity of emissions reported in previous years

Previous years' emissions may have changed due to amendments to emissions returns or the late submission of emissions returns. The table below details the emissions reported in previous annual ETS reports for each year and the amended figure.

| Year | Total quantity of emissions previously reported | Total quantity of emissions after amendments and including forestry emissions | Change in emissions reported |
|------|---|---|------------------------------|
| 2012 | 108,807,945.5 | 88,288,617.6 | -20,519,327.9 |
| 2011 | 32,303,564.0 | 32,312,492.0 | 8,9278.0 |
| 2010 | 33,636,739.0 | 33,469,773.0 | -166,966.0 |

All figures in the above table are in tonnes of CO₂e.

The 2008 and 2009 annual ETS reports did not report total emissions for those financial years. Only the forestry sectors participated in the NZ ETS in 2008 and 2009.

The 2012 total emissions reported has been amended significantly after the discovery of incorrect calculation of emissions by several Agriculture sector participants.

Table 4.2 Total amended quantity of removals reported in previous years

Previous years' removals have changed due to amendments to emissions returns. The table below details the removals reported in previous section 89 reports for 2012 and the amended figure.

| Year | Total quantity of removals previously reported | Total quantity of removals after amendments to emissions returns | Change in removals reported |
|------|--|--|-----------------------------|
| 2012 | 24,236,099.3 | 24,163,829.3 | -72,270.0 |

All figures in the above table are in tonnes of CO₂e.

Please note that there were no changes to removals reported for the years 2008-2011.

This table covers removals reported by the Forestry Removals sector and Other Removals Activities sector for the 2012 calendar year.

The figures relate to actual removals for each period reported.

Total emissions by activity under section 89(1)(e)

Table 5 Total emissions by activity

This table shows the total quantity of emissions reported in emissions returns by activity.

| Schedule | Sector | Activity | Emissions reported to the EPA from 1 July 2013 to 30 June 2014 (tonnes CO ₂ e emissions) |
|------------|--------------------------------|--|--|
| Schedule 3 | Part 1 Forestry | Deforesting pre-1990 forest land | 3,374,615 |
| | Part 2 Liquid fossil fuels | Owning obligation fuel | 16,022,594.5 |
| | Part 3 Stationary energy | Importing coal | 984,433.3 |
| | | Mining coal | 1,574,162.2 |
| | | Importing natural gas | 0 |
| | | Mining natural gas | 8,039,823.9 |
| | | Using geothermal fluid | 765,764.8 |
| | | Combusting used or waste oil, tyres or waste | 43,591.8 |
| | Part 4 Industrial processes | Producing iron or steel | 56,151.4 |
| | | Producing aluminium | 582,492.8 |
| | | Producing clinker or burnt lime | 733,232.7 |
| | | Producing glass | 15,965.4 |
| | | Importing hydrofluorocarbons or perfluorocarbons | 527,384.0 |
| | | Operating electrical switchgear that uses sulphur hexafluoride | 8,791.0 |
| | Part 5 Agriculture | Importing or manufacturing synthetic fertilisers containing nitrogen | 2,299,891.9 |
| | | Dairy processing of milk or colostrum | 15,242,497.5 |
| | | Exporting from New Zealand live cattle, sheep, or pigs | 78,600.1 |
| | | Slaughtering ruminant animals, pigs, horses, or poultry | 15,482,766.9 |

| Schedule | Sector | Activity | Emissions reported to the EPA from 1 July 2013 to 30 June 2014 (tonnes CO ₂ e emissions) |
|--|---|--|--|
| | Part 6 Waste | Operating a disposal facility | 1,970,373.1 |
| | Sub-total schedule 3 emissions | | 67,803,132.3 |
| Schedule 4 | Part 1 Forestry removal activities | Harvesting post-1989 land or removing post-1989 land from the Emissions Trading Scheme | 22,960,363 |
| | Part 3 Liquid fossil fuels | Purchasing obligation jet fuel | 528,315.9 |
| | Part 4 Stationary Energy | Purchasing natural gas | 2,410,590.6 |
| | | Purchasing coal | 3,429,441.3 |
| | Sub-total schedule 4 emissions | | 29,328,710.8 |
| Total tonnes of CO₂e emissions | | | 97,131,843.1 |

This table covers emissions returns received between 1 July 2013 and 30 June 2014. For non-forestry sectors this covers emissions during the 2013 calendar year for all sectors. For Deforesting pre-1990 land, the emissions related to the 2013 calendar year, while for post 1989 Forestry Removal Activities, the emissions can relate to the 2013 year, or the 2008-2012 reporting period.

Total removals by activity under section 89(1)(e)

Table 6 Forestry removal activities

This table shows the quantity of forestry removals reported in emissions returns by period.

| Schedule | Sector | Activity | Emissions reporting period | Tonnes of CO ₂ e removed |
|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Schedule 4 | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2008 – 31 December 2011 | 3,812 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2008 – 1 August 2012 | 540 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2008 – 31 December 2012 | 8,973,404 |
| | Part 1 Forestry removal activities | Forestry removal activities | 31 January 2008 – 31 December 2012 | 2,604 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 June 2008 – 31 December 2012 | 721 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 August 2008 – 31 December 2012 | 26,811 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2008 – 31 December 2013 | 16,517 |
| | Part 1 Forestry removal activities | Forestry removal activities | 31 December 2009 – 31 December 2012 | 327 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2010 – 31 December 2012 | 861 |
| | Part 1 Forestry removal activities | Forestry removal activities | 18 December 2010 – 31 December 2012 | 2,880 |
| Part 1 Forestry removal activities | Forestry removal activities | 31 December 2010 – 31 December 2012 | 2,011 | |

| Schedule | Sector | Activity | Emissions reporting period | Tonnes of CO ₂ e removed |
|--|---------------------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2011 – 31 December 2012 | 1,614 |
| | Part 1 Forestry removal activities | Forestry removal activities | 31 December 2011 – 31 December 2012 | 1,480 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2012 – 31 December 2012 | 10,549 |
| | Part 1 Forestry removal activities | Forestry removal activities | 20 December 2012 – 31 December 2012 | 1,657 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2013 – 14 March 2014 | 7,703 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2013 – 15 April 2014 | 5,615 |
| | Part 1 Forestry removal activities | Forestry removal activities | 1 January 2013 – 31 December 2013 | 8,129,610 |
| Total tonnes of CO₂e removed | | | | 17,188,716 |

This table covers the emissions returns received by the Ministry for Primary Industries and processed by the EPA between 1 July 2013 and 30 June 2014.

The emissions reported in this table include any amendments relating to emissions returns originally received in the 2013-14 financial year. Amendments to earlier years' emissions returns are captured in Table 4.2.

Forestry participants are entitled to receive one unit per whole tonne of CO₂e removed. They can choose to report annually and are required to file a mandatory return every 5 years. Partial periods reported above represent situations where forest land has been transferred or has been removed from the NZ ETS.

Table 7 Other removal activities

This table shows the total quantity of removals reported in emissions returns by participants engaged in Other Removal Activities.

| Schedule | Sector | Activity | Removals reported to the EPA from 1 July 2013 to 30 June 2014 (tonnes CO ₂ e removed) |
|--|---------------------------------|--|---|
| | Part 2 Other removal activities | Producing a product with embedded substances | 2,210,274.0 |
| | | Exporting hydrofluorocarbons or perfluorocarbons | 71,870.0 |
| Total tonnes of CO₂e removed | | | 2,282,144.0 |

Other Removal Activities participants are entitled to receive one New Zealand Unit for each two whole tonnes of removals. This covers removals between 1 April 2013 and 31 March 2014.

Compliance with obligations under section 89(1)(f)

Table 8 Compliance with obligations

This table shows the total number of participants who failed to comply with their obligation to submit an emissions return, or surrender or repay units by the specified date.

| | Failure to submit emissions returns | Failure to surrender units | Failure to repay units |
|------------------------|-------------------------------------|----------------------------|------------------------|
| Number of participants | 297 | 1 | 0 |

The information in this table is correct as at 5 AM NZST, 1 July 2014. All of the reported failures to comply came to light during the 2013-14 financial year, but may not relate to activities in that period.

Total units surrendered under section 89(1)(g)

Table 9 Units surrendered

This table shows the total number of units surrendered for emissions.

| Total number of units surrendered for emissions | |
|--|-------------------|
| Units surrendered | 45,898,716 |
| Less units reimbursed | 76,876 |
| Net number of units surrendered | 45,821,840 |

Participants carrying out activities relating to Liquid Fossil Fuels, Stationary Energy, Waste, and Industrial Processes (including Synthetic Greenhouse Gases) are liable to surrender one unit for each two whole tonnes of emissions from these activities.

There is no surrender obligation for participants engaged in Agricultural activities for the 2013 reporting year.

Units may be reimbursed if an amendment to an emissions return identifies that the participant surrendered too many units.

Total New Zealand Units transferred for removal activities under section 89(1)(h)

Table 10 Total New Zealand Units transferred for removal activities

This table shows the total number of New Zealand Units transferred for removal activities.

| Total number of New Zealand Units transferred for removal activities | |
|---|------------|
| | 18,352,949 |

The information in this table relates to the units transferred to participants between 1 July 2013 and 30 June 2014.

Other removal activities participants are entitled to receive one New Zealand Unit for each two whole tonnes of removals in respect of carrying out their activity. Forestry removal participants are entitled to receive one New Zealand Unit for each whole tonne of removals in respect of carrying out their activity.

The number of New Zealand Units transferred for removal activities shown above represents gross entitlement transfers and does not take into account repayments, which may occur if an amendment to an emissions return shows a participant over-reported their removals, and therefore received too many units.

Forestry removals repayments during the 2013-14 financial year may relate to any of the previous reporting years. Returns relating to previous reporting years are reflected in Table 4.2. Forestry participants must repay one emission unit for each whole tonne of CO₂e that was over reported.

Total New Zealand Units allocated under section 89(1)(i)

Table 11 Total New Zealand Units allocated

This table shows the total number of New Zealand Units allocated under sub-part 2, less units repaid.

| | Units allocated |
|--|------------------|
| Total number of New Zealand Units allocated | 4,718,466 |
| Less units repaid | 9,495 |
| Net number of New Zealand Units allocated | 4,708,971 |

The information in this table is correct as at 5 AM NZST, 1 July 2014 and covers units transferred to eligible persons between 1 July 2013 and 30 June 2014.

- For the forestry and fishing sectors, there was a one-off allocation under the Forestry Allocation Plan and the Fishing Allocation Plan. All transfers were completed prior to this reporting year, with the exception of those eligible applicants who have not yet completed the NZEUR account opening process.
- For Industrial Allocation, there are annual allocations.

Payment of money to meet surrender obligations under section 178(A(2)(b)(ii) or (iii))

Table 12 Payment of money to meet surrender obligation

This table shows the total sum of money paid to a Crown bank account or paid by the EPA.

| | From 1 July 2013 to 30 June 2014 |
|--|----------------------------------|
| Total sum of money paid to a Crown bank account instead of surrender of units to cover emissions | \$50.00 |
| Total sum of money paid by the EPA instead of reimbursing units | \$0.00 |

The information in this table is correct as at 5 AM NZST, 1 July 2014 and covers payments made between 1 July 2013 and 30 June 2014. The Act allows participants to meet their emissions surrender obligations through the payment of money, or a combination of the payment of money and the surrender of units. A participant may satisfy their obligation to surrender units by paying a sum of \$25 for each unit they are liable to surrender into a Crown bank account.