

Questions and answers about the 2014 Emissions Trading Scheme reports required by the Climate Change Response Act

The ETS annual (section 89) report

1. Why does the information in the annual ETS report include data relate to reporting periods other than 2014/15?

Under the Climate Change Response Act, the EPA must release information about the previous reporting year (1 July 2014 to 30 June 2015). The report covers a wide range of sectors and returns. It mostly includes information on activities reported during the 2014/15 financial year, but the activity may have occurred over a longer period or in an earlier year. For example, the forestry removals sector can choose to report annually, but at a minimum is required to file a return at the end of each mandatory reporting period.

2. Why does the annual ETS report contain the total emissions for previous years?

Amendments made during the current reporting year could relate to any of the years of the ETS' operation. To allow for year-on-year comparisons, the EPA has included a table of each year's emissions to account for these amendments relating to what has been reported previously. The emissions reported in the 2014 annual report are those that occurred in the 2014 calendar year, or late reporting of previous years. Amendments to previous years will be reflected in the change to the previous year's total emissions.

3. Why have you changed the format of Table 6 of the annual ETS report?

The format has been changed for clarity by consolidating emissions reporting periods.

4. Why does the combined total tonnes of CO₂e removed in Tables 6 and 6.1 of the annual ETS report not equal the number of units transferred for removal activities in Table 9?

- Table 6 shows the total tonnes of CO₂e removed by participants engaged in Forestry Removal Activities (which means removing emissions, rather than removing forests). These participants receive one New Zealand Unit (NZU) for every tonne of CO₂e removed.
- Table 6.1 shows the total tonnes of CO₂e removed by participants engaged in Other Removal Activities. They receive one NZU for every two tonnes of CO₂e removed.
- This difference in NZUs received is reflected in the total number of units transferred for removal activities shown in Table 9.

5. How does the number of units surrendered in Table 8 of the ETS annual report relate to the total emissions reported in Table 5?

The total emissions recorded were 82,954,325 tonnes of CO₂e and the net number of emission units surrendered was 32,093,182 units. There are several reasons for the difference in the numbers this year and for the difference between the 2014 and 2013 numbers:

- Non-forestry sector participants carrying out activities with unit surrender obligations must surrender one emission unit for every two tonnes of emissions resulting from those activities.
- The tables include late surrenders from the previous year.
- Activities in the agriculture sector have an obligation to report their emissions, but not to surrender emission units for them.
- Deforestation was over-reported in 2013 and approximately 500,000 emission units were reimbursed.

6. Why are the total allocated units in Table 10 of the annual ETS report not broken down into sectors?

The annual ETS report aggregates information to show the total number of emission units allocated to businesses carrying out eligible activities. Allocation decisions for each participant

are made public on the Climate Change website (www.climatechange.govt.nz) and in the New Zealand Gazette.

7. How does the total dollar amount surrendered in Table 11 of the annual ETS report relate to emission units?

The Climate Change Response Act allows participants to meet their emissions surrender obligations by surrendering emission units, paying \$25 per emission unit, or a combination of the two. In 2014, participants opted to pay a total of \$600 rather than surrender 24 emission units to meet their obligations.

The synthetic greenhouse gas levy (section 250) report

8. How is the synthetic greenhouse gas levy set?

The synthetic greenhouse gas (SGG) levy is set out in the Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013. The regulations specify which products are subject to the levy and the levy amounts. Levy rates are calculated as set out in the Climate Change Response Act 2002.

9. What happens to the money?

All money collected is paid to the Ministry for the Environment on behalf of the Crown.

NZ ETS 2014 – Facts and figures

10. On page 2, why has the figure given for total units surrendered in 2012 changed significantly from the figure quoted in the NZ ETS 2013 – Facts and figures?

The table below Figure 1 in the 2014 Facts and figures shows a significant shift in the total units surrendered that relate to emissions in the 2012 calendar year when compared to that reported in the 2013 Facts and figures. This change is related to a flaw in the way in which post-1989 forestry emissions have previously been associated to the relevant calendar year. In previous years, some post-1989 activity has been incorrectly associated with periods later than the activity took place. This flaw has been corrected in this year's reporting, and also explains the differences between the 2014 and 2013 Facts and figures reports in the Figure 5 forestry values corresponding to 2012 post-89 forestry emissions.

11. Why are estimated pre-1990 forest land that did not receive an allocation, and estimated post-1989 forest land not currently registered in the ETS, in Figure 3 different from previous years?

Numbers are estimates and are regularly revised using the most up-to-date information available. This year's figures reflect the most up-to-date information available at the time of preparing this report.

12. Why is Figure 4 different from previous years?

In previous years, national afforestation and deforestation information was reported in Figure 4. This year, only the information specific to the ETS is reported. This includes the area of registered post-1989 forest land and notified deforestation of pre-1990 forest land in the ETS. For further afforestation and deforestation information, refer to the National Inventory Report, Manley Deforestation Survey or the National Exotic Forest Description (NEFD).

The Emissions Trading Scheme

13. Does the annual ETS report assess the effectiveness of the NZ ETS?

The annual ETS report is not required to provide any analysis of the NZ ETS' or carbon market's effectiveness.

14. What happens if participants do not comply with their NZ ETS obligations?

The EPA works closely with NZ ETS participants to help them comply with their obligations. The Climate Change Response Act provides for several enforcement options for non-compliance, including emissions penalties and prosecution.