

Climate Change (Other Removal Activities) Regulations 2009

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Introduction

The Climate Change Response Act 2002 (the Act), has established the New Zealand Emissions Trading Scheme (NZ ETS).

This bulletin explains and should be read alongside the Climate Change (Other Removal Activities) Regulations 2009 (Removal Regulations). The Removal Regulations provide methods to calculate removals associated with other removal activities under the NZ ETS.

The purpose of providing for people to claim New Zealand Units for emissions embedded in a product, or 'removed', is to compensate them for pass-through costs imposed by the NZ ETS. This applies only to the extent that their activity results in a reduction in emissions for which New Zealand pays a cost.

Eligibility

The criteria for products that may be eligible removal activities are set out in Schedule 4, Part 2, Subpart 1 of the Act. In summary, an eligible product must embed, permanently or at least until exported, a substance that would otherwise result in the emission of greenhouse gases to the atmosphere. Those emissions must also be included in an emissions return filed under the NZ ETS.

The removal activity must result in a reduction of emissions reported in New Zealand's Greenhouse Gas Inventory (the Inventory). This means the activity must be recognised in the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories (specifically Volume 3, 2.14–2.16 and Chapter 5) with which New Zealand's Inventory must comply.

Currently, only two activities satisfy these criteria – methanol production and steel production.

Thresholds

The regulations prescribe a threshold for eligibility to register as a participant of 5000 tonnes of carbon dioxide equivalent gases removed in a year.

The threshold reflects the costs associated with providing for a removal activity, which outweigh the minor benefit from transferring a small number of New Zealand Units from the Crown to a person. Currently, the only activity that meets this threshold is methanol production.

Method

The regulations require participants undertaking removals from methanol production to collect data on tonnes of methanol produced.

The quantity of removals is to be calculated based on the provided calculation method. The calculation method is now based on the stoichiometric relationship between the carbon content of methanol and carbon dioxide, and is consistent with the method for calculating surrender obligations for natural gas.

Review

The Government can review the operation of the regulations at any time. There will be a formal opportunity to review the regulations and their methods during the scheduled reviews of the operation and effectiveness of the NZ ETS. The first review is to be completed during 2011.

Further information

To read the Climate Change (Other Removal Activity) Regulations 2009, and for further information on the NZ ETS, visit www.climatechange.govt.nz. For more information on registering as a participant in the NZ ETS and filing an emissions return, visit www.eur.govt.nz.

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