

## Introduction

The Climate Change Response Act 2002 (the Act) creates obligations for people carrying out certain activities listed in the Act. The obligations include monitoring and reporting on greenhouse gas emissions associated with those activities as part of the New Zealand Emissions Trading Scheme (NZ ETS).

This bulletin provides guidance on the Climate Change (General Exemptions) Order 2009. This Order exempts certain people or firms from the requirement to participate in the NZ ETS.

This guidance note is not legal advice. If you require legal advice on the operation of this Order, you should seek independent legal advice.

## Framework

The Order in Council is intended to:

- maintain the environmental integrity of the NZ ETS
- minimise administrative and compliance costs associated with the NZ ETS.

The General Exemption Order sets exemption thresholds for the following activities:

- importing coal
- mining coal in the form of peat
- using geothermal fluid to generate electricity or industrial heat
- combusting used or waste oil to generate electricity or industrial heat
- producing gold.

People who carry out these activities at or below the specified threshold are exempt from being a participant in the NZ ETS for that activity.

## How do I know if I'm exempt?

The NZ ETS is based on a 'self-assessment' model like that used in the New Zealand tax system. This means you must carry out your own calculations to determine whether or not you cross the threshold for an activity in the General Exemption Order.

The process for calculating the volume of emissions associated with an activity reflects the following basic formula:

$$\text{Emissions} = \text{Activity data} \times \text{Emissions factor}$$

In most cases, the relevant activity data will be the total tonnes of a substance used in a year, such as used oil combusted or coal imported. For the activities of using geothermal fluid for generating electricity or industrial heat, and producing gold, the activity data will be the tonnes of carbon dioxide equivalent emissions (CO<sub>2</sub>-e) as calculated in accordance with the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009.

Details of specific activity data, relevant emissions factors and how to calculate emissions can be found in the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009. These regulations and accompanying guidance material can be found at [www.climatechange.govt.nz](http://www.climatechange.govt.nz).

If two or more 'associated persons' carry out the same activity, you must count them together as one person when determining whether or not the threshold is met.

## Threshold exemptions

The General Exemption Order specifies thresholds, as shown in the table overleaf.



Activity	Threshold	What this means
Importing coal	2000 tonnes coal per annum	You will be exempt from being a participant in the NZ ETS for this activity if the amount of coal you import does not exceed 2000 tonnes of coal per annum.
Using geothermal fluid to generate electricity or industrial heat*	4000 tonnes of CO <sub>2</sub> -e per annum	You will be exempt from being a participant in the NZ ETS for this activity if the level of CO <sub>2</sub> -e emissions per annum does not exceed 4000 tonnes of CO <sub>2</sub> -e per annum. <sup>†</sup>
Combusting used or waste oil to generate electricity or industrial heat	1500 tonnes of used or waste oil per annum	You will be exempt from being a participant in the NZ ETS for this activity if the level of used or waste oil combusted does not exceed 1500 tonnes of used or waste oil per annum.
Producing gold*	5000 tonnes CO <sub>2</sub> -e per annum	You will be exempt from being a participant in the NZ ETS for this activity if the CO <sub>2</sub> -e emissions per annum do not exceed 5000 tonnes of CO <sub>2</sub> -e per annum. <sup>†</sup>
Mining coal in the form of peat	10,000 tonnes of coal per annum	You will be exempt from being a participant in the NZ ETS for this activity if the volume of coal in the form of peat mined does not exceed 10,000 tonnes of coal per annum.

\*As calculated in accordance with the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009.

<sup>†</sup> CO<sub>2</sub>-e per annum = Carbon dioxide equivalent emissions per annum

## Compliance and enforcement

As the Order will operate under the NZ ETS, it can be enforced under the relevant enforcement provisions of the Climate Change Response Act 2002.

The compliance system for the NZ ETS is based on a 'self-assessment' model like that used in the New Zealand tax system. The Act confers powers on the chief executive of the Department or Minister responsible for administering the Act or appointed enforcement officers to require information necessary to ascertaining whether a person is complying, or has complied, with Part 4 or 5 of the Act (including the General Exemptions Order). There are penalties under the Act for failing to provide this information and failing to comply with Part 4 or 5 of the Act.

## Further information

To access the Climate Change (General Exemptions) Order 2009, Climate Change (Stationary Energy and Industrial Processes) Regulations 2009 and background documents, and for further information on the NZ ETS, visit [www.climatechange.govt.nz](http://www.climatechange.govt.nz). The administering agency of the NZ ETS is the Ministry of Economic Development. For information on registering as a participant in the NZ ETS and filing an emissions return, visit [www.eur.govt.nz](http://www.eur.govt.nz).

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