

Emissions trading bulletin

Dates of commencement for Emissions Trading Scheme participant obligations

No.7 June 2008

Participants within different sectors enter the Emissions Trading Scheme (ETS) at different times.

This bulletin explains the dates and the relevant provisions relating to participant obligations in the Climate Change (Emissions Trading and Renewable Preference) Bill, as reported back to Parliament by the Finance and Expenditure Committee.

The Bill amends the Climate Change Response Act 2002 (CCRA) to provide for implementation of a New Zealand greenhouse gas emissions trading scheme.

Provisions relating to participant obligations

The Bill inserts Schedules 3 and 4 into the CCRA. These schedules contain the "activities" that lead to participant obligations.

Schedule 3 '*Activities with respect to which persons must be participants*' sets out the activities within the different sectors that are captured by the ETS. Anyone carrying out a listed activity must register as an ETS participant.

Schedule 4 '*Activities with respect to which persons may be participants*' sets out the range of activities where people can choose to "opt-in" to become ETS participants.

Clause 4 of the Bill inserts new section 2A, which specifies when the parts or subparts of the schedules apply. Participants carrying out the activities must (or may) register as participants from the date the part or subpart of the schedule containing the activity applies. Transitional provisions in sections 178A to 178D qualify how the ETS applies in voluntary and mandatory reporting years.

Dates of sectoral entry

The table overleaf shows when participant obligations for each sector commence, including new dates for voluntary and mandatory reporting. Unit obligations for the liquid fossil fuels (transport) sector now start on 1 January 2011 rather than 2009. Unit obligations for imported hydro fluorocarbons (HFCs) and

imported per fluorocarbons (PFCs) synthetic gases start on 1 January 2013 rather than 2010. Alongside the dates for sector entry, the Bill introduces voluntary and mandatory reporting for liquid fossil fuels, industrial processes, agriculture, waste and other removal activities relating to HFCs and PFCs.

Voluntary reporting

Voluntary reporting gives participants the option of registering as participants in order to begin reporting their emissions and get used to reporting systems, such as preparing emissions returns. No penalties apply to voluntary reporting and participants do not have to surrender units.

Mandatory reporting

Mandatory reporting obligations start the year following voluntary reporting, and participants are then required to complete an emissions return for the activities carried out in that year. Participants do not have to surrender units but penalties and offences do apply for reporting failures as do other administrative provisions relating to emissions returns.

Opt-in provisions

Schedule 4 sets out the range of activities where persons may "opt-in" to become ETS participants. These apply to activities relating to post-1989 forest land; purchasers of obligation jet fuel (above 10 million litres/year); purchasers of coal (above 250,000 tonnes/year) or natural gas (above 2 petajoules/year); farmers (farming above a prescribed level, if the point of obligation is at the processor level); and people undertaking non-forestry removal activities.

The range of non-forestry removal activities provided for in Part 2 of Schedule 4 includes embedded products; exporting HFCs or PFCs; destroying HFCs or PFCs. A removal activity for capturing and storing carbon dioxide (CCS) can also be brought into force on a date determined by Order in Council.

Publication number: INFO 286

NZ ETS participant obligations: dates of commencement and relevant compliance periods

Sector	Schedule	Voluntary reporting period	Mandatory reporting period	Unit obligations/ entitlements commence	End of initial compliance period for surrendering units
Forestry (pre-1990 forests)	Part 1 of Schedule 3	not applicable	not applicable	1 January 2008	31 Dec 2009
Forestry removal activities (post-1989 forests)	Part 1 of Schedule 4	not applicable	not applicable	1 January 2008	31 Dec 2008 (if registered)
Liquid fossil fuels	Part 2 of Schedule 3	1 Jan 2009 – 31 Dec 2009	1 Jan 2010 – 31 Dec 2010	1 January 2011	31 Dec 2011
Liquid fossil fuels (opt-in for obligation jet fuel)	Part 3 of Schedule 4	1 Jan 2009 – 31 Dec 2009	1 Jan 2010 – 31 Dec 2010	1 January 2011 (if registered)	31 Dec 2011 (if registered)
Stationary energy	Part 3 of Schedule 3	not applicable	not applicable	1 January 2010	31 Dec 2010
Stationary energy (opt-in for purchasers of coal or natural gas)	Part 4 of Schedule 4	not applicable	not applicable	1 January 2010	31 Dec 2010 (if registered)
Industrial processes (subpart 1)	Subpart 1 of Part 4 of Schedule 3	not applicable	not applicable	1 January 2010	31 Dec 2010
Industrial processes (subpart 2 – synthetic gases)	Subpart 2 of Part 4 of Schedule 3	1 Jan 2011 – 31 Dec 2011	1 Jan 2012 – 31 Dec 2012	1 January 2013	31 Dec 2013
Agriculture	Part 5 of Schedule 3	1 Jan 2011 – 31 Dec 2011	1 Jan 2012 – 31 Dec 2012	1 Jan 2013	31 Dec 2013
Agriculture (opt-in by farmers if point of obligation at processor level)	Part 5 of Schedule 4 (if brought into force)	1 Jan 2011 – 31 Dec 2011 (if registered)	1 Jan 2012 – 31 Dec 2012 (if registered)	1 Jan 2013 (if registered)	1 Jan 2013 (if registered)
Waste	Part 6 of Schedule 3	1 Jan 2011 – 31 Dec 2011	1 Jan 2012 – 31 Dec 2012	1 Jan 2013	31 Dec 2013
Other removal activities (subpart 1 – embedded products)	Subpart 1 of Part 2 of Schedule 4	not applicable	not applicable	1 Jan 2010	31 Dec 2010 (although may report quarterly before this date)
Other removal activities (subpart 2 – CCS)	Subpart 2 of Part 2 of Schedule 4	not applicable	not applicable	Date determined by an Order in Council	
Other removal activities (subpart 3 – HFCs and PFCs)	Subpart 3 of Part 2 of Schedule 4	1 Jan 2011 – 31 Dec 2011	1 Jan 2012 – 31 Dec 2012	1 Jan 2013	31 Dec 2013