



Ministry for the
Environment
Manatū Mō Te Taiao



Reporting Guidance for the
Stationary Energy and
Industrial Processes and Liquid
Fossil Fuels sectors *under the*
New Zealand Emissions Trading
Scheme

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Contents

Introduction	1
Am I a participant?	2
Do I have to participate?	3
How do I participate?	3
What data do I need to collect?	4
Unique emissions factors	5
Checklist to apply for a unique emissions factor	6
On completion of calculations report results	7
Once the data has been checked provide to MED	8
Reference list	9

Introduction

About this guide

This manual is for people who carry out stationary energy, industrial processes (SEIP) or liquid fossil fuel (LFF) activities that may be required to register as a participant in the New Zealand Emissions Trading Scheme (NZ ETS).

The purpose of this guide is to aid understanding of the:

- Climate Change (Stationary Energy and Industrial Processes) Regulations 2009
- Climate Change (Liquid Fossil Fuels) Regulations 2008
- Climate Change (Unique Emissions Factor) Regulations 2009

and act as a translation tool between a participant's business systems and the above Regulations.

The Regulations prescribe data collection requirements and emissions calculation methods which SEIP and LFF participants in the NZ ETS must follow under the Climate Change Response Act 2002 (the Act).

Specifically, this manual describes the steps involved to:

- identify whether your business is a participant in the NZ ETS
- register as a participant in the NZ ETS
- collect the relevant data to complete your emissions return
- calculate greenhouse gas emissions using the specified methods
- file an emissions return.

Guidance limitations

This manual is provided as guidance to the Regulations only and does not replace the Act, Regulations, or any other associated legislation. NZ ETS participants need to refer to the legislation as this takes precedence over these guidance notes. We recommend that you seek appropriate professional advice before relying on or implementing any of the guidance in this manual.

This manual is intended as generic guidance for all SEIP and LFF participants under the NZ ETS. Activity-specific guidance manuals will be released separately at a later date (subject to any changes to the Act and the Regulations).

Am I a participant?

A participant is someone who carries out a greenhouse gas producing activity listed in the Act. There are two types of participants: mandatory and voluntary.

Mandatory participants

Those conducting activities listed in Schedule 3 of the Act must register as a participant in the NZ ETS and are referred to as ‘mandatory participants’ in this manual. Mandatory participation in the SEIP and LFF sectors includes the activities listed in the table below.

Stationary Energy	Industrial Processes	Liquid Fossil Fuels
Importing coal or mining more than 2,000 tonnes of coal in a year	Producing iron or steel	Owning more than 50,000 litres of obligation fuel in a year at the time it is removed for home consumption
Mining natural gas or importing more than 10,000 litres of natural gas in a year	Producing aluminium	Owning more than 50,000 litres of obligation fuel in a year at the time it is removed from a refinery
Using geothermal fluid for the purpose of generating electricity or industrial heat	Producing clinker or burnt lime, resulting in calcination of limestone or calcium carbonates	
Combusting used oil, waste oil, used tyres, or waste for the purpose of generating electricity or industrial heat	Producing glass using soda ash	
Refining petroleum	Producing gold	

Voluntary participants

Those conducting activities listed in Schedule 4 of the Act may choose to register as a participant in the NZ ETS and are referred to as ‘voluntary participants’ in this manual. While voluntary participants have a choice about whether or not to take part in the NZ ETS, once they become a participant through registering, all the requirements of the Act and Regulations relate to them mandatorily.¹

Voluntary participation in the SEIP and LFF sectors is specific to the activities listed in the table below.

Stationary Energy	Liquid Fossil Fuels
Purchasing more than 250,000 tonnes of coal in a year from one or more participants who mine coal	Purchasing more than 10 million litres of obligation jet fuel in a year
Purchasing more than 2 petajoules of natural gas in a year from one or more participants who mine natural gas	

¹ Time lags associated with registration and deregistration are explained in the “How do I participate?” section.

Do I have to participate?

If you carry out one or more activities listed in Schedule 3 of the Act, you must register as a participant within 20 working days of carrying out the activity, or from 1 January 2010, and comply with the other requirements of the Act and Regulations.

If you carry out one or more of the activities listed in Schedule 4 of the Act and you have registered as a participant for this activity, you must comply with the other requirements of the Act and Regulations.

Obligations to participate are detailed in the Act and Regulations and summarised in the following sections of this manual.

There are civil penalties and criminal offences for non-compliance with NZ ETS obligations. Offences (and associated penalties) are detailed in Part 4, subpart 4 of the Act and include providing altered, false, incomplete or misleading information to the Chief Executive of the Ministry of Economic Development (MED), and failure to:

- register as a participant
- provide information or documents
- collect data, calculate emissions and keep records
- file an emissions return on time or at all
- surrender or repay New Zealand Units (NZUs).

How do I participate?

Enrol as a New Zealand Emission Unit Register (NZEUR) user at www.eur.govt.nz

As part of registering as a participant in the NZ ETS, you need to have opened, or have applied to open, a holding account in the New Zealand Emissions Unit Register. A holding account is necessary to receive and/or surrender NZUs. Participants involved in more than one activity captured by the NZ ETS can use a single holding account for all of those activities. All forms and further information are available at www.eur.govt.nz

Complete a participant notification form

For mandatory participants, if you are carrying out an activity listed in Schedule 3 of the Act, you are required to register by notifying the Chief Executive of MED within 20 working days of 1 January 2010. You do this by completing a participant notification form online at www.eur.govt.nz

Voluntary participants may register at any time if they wish to opt in and participate in the NZ ETS. After registering, NZ ETS obligations become mandatory. Registration will take effect after one year. Deregistration, or release from obligations under the NZ ETS, will take effect four years after notifying the NZEUR.

What data do I need to collect?

The Regulations provide the following information

Methods for calculating emissions

Each activity has a specific greenhouse gas emissions calculation method which is provided in the Regulations. Participants are required to use the calculation methods provided when filing an emissions return and determining their liability to surrender emission units.

Emissions factors

The Schedules of the Regulations provide emissions factors for certain activities. These emissions factors must be used in a participant's calculations unless a unique emissions factor has been approved.

You need to collect business information specific to each activity

The Regulations prescribe business information or activity data specific to each activity which participants are required to collect. This activity data will then be used to calculate and report emissions.

Original documentation showing this activity data must be retained for seven years.

The records you need to keep

Participants must retain sufficient records to enable the Chief Executive of MED to verify the assertions a participant makes in an emissions return. Records must be retained for a period of at least seven years after the end of the year to which they relate.

Records should include, but are not limited to, documentation which:	Examples of documents:
identifies the activities carried out by a participant in the NZ ETS	<ul style="list-style-type: none">• copies of signed emissions return forms filed by a participant
supports the emissions calculations and removals from those activities (not just the actual emissions return filed but the documents supporting background calculations and sources of raw data)	<ul style="list-style-type: none">• assumptions and uncertainties• sales receipts or invoices• customs documentation
supports the calculations and verification undertaken as part of applying for approval to use a unique emissions factor	<ul style="list-style-type: none">• supplier contracts, agreements, reports• laboratory reports and confirmation of laboratory accreditation
records verification activities (both internal and by independent parties) that have occurred	<ul style="list-style-type: none">• internal and independent sampling and testing records• evidence of internal control processes including peer review and record-keeping• verifier's assurance report

Unique emissions factors

Certain LFF and SEIP participants may apply for approval to use a unique emissions factor (UEF).

The generic eligibility criteria to apply for a UEF are that:

- the proposed UEF differs from the default emissions factor that would otherwise apply by more than the total sampling and testing uncertainty, or a prescribed eligibility threshold
- the class of fuel for which a UEF is being sought must have well-defined parameters so that fuel within this class is easily identified and accounted for separately from other classes of fuel
- the results of an activity-specific prescribed sampling and testing regime have been verified by a recognised verifier
- a plan for ongoing testing is submitted.

When people become recognised as verifiers, their names will be listed as recognised verifiers at www.eur.govt.nz

The following worksheet summarises the process that must be followed to seek approval for use of a UEF. The sampling, testing and calculation requirements referred to in this worksheet will vary depending on the specific SEIP or LFF activity to which the UEF approval relates.

Checklist to apply for a unique emissions factor

1. Complete the UEF application form available from www.eur.govt.nz and submit to the Chief Executive.		
A	Describe the class of fuel for which you are seeking UEF approval	
B	Specify the UEF which you are seeking approval to use	
C	Obtain representative samples of the class of fuel to which the UEF relates, taken at intervals and according to the standards specified in the UEF Regulations	
D	Have tests carried out on each fuel sample by a person or laboratory accredited to do so, using the standards for each test which the UEF Regulations refer to	
E	Calculate the fuel's UEF using the formula/s provided in the UEF Regulations	
F	Submit the following material to a recognised verifier (as per the definition of 'recognised verifier' provided in the UEF Regulations) according to the standards specified in the UEF Regulations	
	i record of the sampling regime	
	ii confirmation that the person or laboratory carrying out the tests is accredited	
	iii test results	
	iv calculations	
	v any other information required by the verifier as necessary to provide UEF verification.	
2. Attach a verifier's statement which certifies that the verifier:		
A	is satisfied that the samples collected and tested meet the prescribed standards for sampling the class of fuel that the UEF relates to	
B	is satisfied that the fuel samples collected were tested by a person with the prescribed certification or accreditation to carry out the tests	
C	is satisfied that any measurement or other tests carried out by the participant have been carried out in accordance with the requirements of the UEF Regulations	
D	has conducted their own calculations using the test results provided and is satisfied the UEF has been calculated correctly and in accordance with the prescribed method, and meets any prescribed threshold for applications.	
3. Attach a plan for ongoing testing of the class of fuel to which the UEF application relates.		
4. Attach any other information the Chief Executive has advised in any pre-application correspondence is required.		

How do I calculate emissions?

The Regulations provide methods to calculate emissions for each of the SEIP and LFF activities. In addition, the Regulations specify information participants are required to collect to use in these emissions calculation methods.

Further information can be found in individual sector-specific manuals, to be published at a later date.

On completion of calculations, how do I report the results?

Before filing an emissions return, a participant should review their calculations against the following guidance to ensure the information they provide to the Chief Executive of MED is accurate.

Data quality control

Uncertainty and assumptions

Participants should ascertain and keep records of the level of uncertainty that is present in, and the assumptions that have gone into, the raw data measurement and emissions calculations.

Verification

Independent third-party verification is required only when eligible participants apply for use of a UEF.

It is recommended, but not required, that participants undertake a third-party verification process, following similar standards and processes for verifying data to those already used in-house, for example with financial auditing. This will help provide rigour and credibility to the information reported.

Internal peer review

For similar reasons outlined in the 'Verification' section above, it is recommended that participants design and implement quality management systems which include internal peer review. Internal peer review is best performed by someone independent of the team responsible for compiling the emissions calculations and associated reports.

Rounding of numbers

Rounding of numbers should occur for the final emissions total only to avoid inconsistencies which may arise from cumulative rounding. Both the activity data entered and the final emissions total should be rounded to the nearest whole number eg, 158.64 is rounded up to 159 and 489.23 is rounded down to 489.

Once the data has been checked, provide it to the Chief Executive of MED

File an emissions return

A hard-copy completed emissions return needs to be signed and submitted within three months after the end of the calendar year to which the emissions calculations relate: eg, an emissions return covering the calendar year January–December 2010 must be submitted to MED by 31 March 2011.

As an interim measure, standard reporting templates based on the calculation formulas set out in Regulations will be developed for participants. The emissions return must be calculated using these reporting templates and submitted to the Chief Executive of MED by the due date.

The emissions return form will be made available at www.eur.govt.nz

In due course, emissions returns will be filed online through the NZEUR.

Participants must submit an annual emissions return for each activity they undertake that is included in the NZ ETS. Where a person is required to submit an emissions return for a period other than a calendar year, the emissions calculation methods can be applied with any necessary modifications.

The return must be signed by the participant. If the participant comprises more than one person, the return must be signed by, or on behalf of, each person.

Significant dates

The following table lists significant milestones and associated dates for the SEIP and LFF sectors participating in the NZ ETS.

Activity	Date
Mandatory participants give notice to register as a participant	Within 20 working days of carrying out the activity following the sector entering the scheme
Voluntary participants (coal, natural gas and jet fuel purchasers) register as an opt-in participant	At any time
Participants collect data required to perform emissions calculations	Throughout a calendar year
Participants file a UEF application (optional)	By 31 January of the year following that to which the UEF relates
Participants finalise emissions calculations and file an emissions return for the immediately preceding year	1 January–31 March
Participants surrender NZUs relating to the immediately preceding calendar year	By 31 May

Reference list

Legislation

All relevant legislation is available from <http://climatechange.govt.nz/emissions-trading-scheme/index.html>:

Climate Change Response Act 2002

Climate Change Response (Stationary Energy and Industrial Processes) Regulations 2009

Climate Change Response (Liquid Fossil Fuels) Regulations 2008

Climate Change Response (Liquid Fossil Fuels) Amendment Regulations 2009

Climate Change (Unique Emissions Factor) Regulations 2009

Climate Change (Unit Register) Regulations 2008

Government communications

Emissions Trading Bulletin Number 10: Draft Climate Change Regulations for Stationary Energy, Industrial Processes and Liquid Fossil Fuels: www.mfe.govt.nz/publications/climate/emissions-trading-bulletin-10/index.html

Emissions Trading Bulletin Number 9: Explanatory Note: Climate Change (Liquid Fossil Fuels) Regulations 2008: www.mfe.govt.nz/publications/climate/emissions-trading-bulletin-9/index.html

Frequently Asked Questions regarding the NZ ETS and, more specifically, the SEIP sector: Climate Change Solutions website: <http://climatechange.govt.nz/emissions-trading-scheme/questions-and-answers.html>

Further information can be found at: <http://climatechange.govt.nz/emissions-trading-scheme/index.html>