

s 9(2)(a)

19-D-01019

Dear s 9(2)(a)

Thank you for your email of 27 May 2019 requesting under the Official Information Act 1982 (the Act) the following information related to the implementation of the New Zealand Emissions Trading Scheme (NZ ETS):

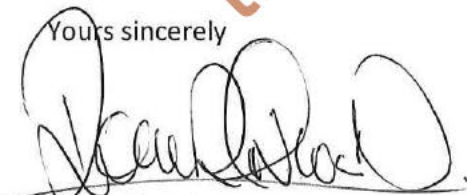
1. *The dates at which various parts of the New Zealand economy (agriculture, forestry, industry, households etc) were given start dates and sequential percentage "step ups" over which time they would fully enter the ETS.*
2. *The start date for entry, a revised start date (historical) and the current proposed start date for each sector of the economy to enter the ETS.*
3. *For those sectors of the economy that did not have to go in at 100% initially, please specify the phase in period, by percentage increment with time and the final date by which that sector of the economy was or will be 100% in the ETS.*

The approach is likely to specify that certain sectors of the economy had multiple start dates, which advanced into the future, and different end dates for when they would be 100% in the ETS. These various start dates are important for different sectors; sheep, beef, dairy, forestry, viticulture, cropping, households, energy, industrial activities etc.

Your request was transferred from the Ministry of Primary Industries to the Ministry for the Environment as the department with the overall responsibility for the NZ ETS. The information which you requested is publicly available, so we are refusing your request under s 18(d) of the Act but providing links to the available information on the next page. We hope that this information will be helpful in responding to your questions.

If you have any queries about this response, please feel free to contact our Executive Relations team. You have the right to seek an investigation and review by the Office of the Ombudsman of our decision to technically refuse this request, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman website at: www.ombudsman.parliament.nz

Yours sincerely



Roger Lincoln
Director, Climate Change

Information responding to queries about the implementation of the NZ ETS

This information can be retrieved by referring to the Legislation New Zealand website and examining the historical Acts which have amended the Climate Change Response Act 2002.

The Climate Change Response (Emissions Trading) Amendment Act 2008 which established the New Zealand emissions trading scheme (NZ ETS) can be found here:

<http://legislation.govt.nz/act/public/2008/0085/latest/DLM1130932.html>

Information about when participants from the various sectors would incur reporting and surrender obligations is explained in the June 2008 MfE publication *Emissions trading bulletin No. 7: Dates of commencement for Emissions Trading Scheme participant obligations*.

<https://www.mfe.govt.nz/publications/climate-change/emissions-trading-bulletin-no-7-dates-commencement-emissions-trading>

Note that the following sectors were included as participants:

- Forestry (required surrender emissions units for forestry removals from 2008)
- Agriculture (required to surrender emissions units from 2013)
- Industrial processes and synthetic gases (required to surrender emissions units from 2010 for industrial processes and 2013 for synthetic gases)
- Waste (required to surrender emissions units from 2013)
- Liquid fossil fuels (required to surrender emissions units from 2010)
- Stationary energy (required to surrender emissions units from 2010)

The Climate Change Response (Moderated Emissions Trading) Amendment Act 2009 can be found here: <http://legislation.govt.nz/act/public/2009/0057/latest/DLM2381636.html>

Note in particular the following changes made:

- Agriculture – free allocation was set at 90% for the sector. A phase-out of allocation was scheduled to begin in 2015 at a rate of 1.3% of the previous year's allocations. The start date for the surrender of emissions units was delayed until 2015.
- Industrial processes – allocations were separated into moderately emissions-intensive activity and highly-emissions intensive activity. The assistance level was set at 60% for moderately emissions-intensive activity and 90% for highly emissions-intensive activity. A phase-out of free allocation was set to begin in 2012, also at a rate of 1.3% of the previous year's allocations.
- Liquid fossil fuels, stationary energy and industrial processes – these sectors were required to surrender 1 emissions unit for every 2 tonnes of emissions.

The Climate Trading Response (Emissions Trading and Other Matters) Amendment Act **2012** can be found here: <http://legislation.govt.nz/act/public/2012/0089/latest/DLM4676517.html>

Note in particular:

- Agriculture – the incurrence of full surrender obligations was indefinitely delayed. The phase-out of allocations for agriculture was indefinitely delayed.
- Industrial processes – the incurrence of full surrender obligations and the phase-out of allocations were indefinitely delayed.
- Liquid fossil fuels, stationary energy and industrial processes – the ability to surrender 1 unit for every 2 tonnes of emissions (for eligible sectors) was indefinitely extended.

The Climate Change Response (Removal of Transitional Measures) Amendment Act **2016** can be found here: <http://legislation.govt.nz/act/public/2016/0024/latest/DLM6850607.html>

The changes are also explained in a fact sheet using this link:

<https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/one-for-two%20factsheet-final%20%282%29.pdf>

Note:

- The phase-out of the 1 for 2 unit surrender obligation across relevant sectors from 1 January 2017 and a 1-for-1 unit surrender obligation from 1 January 2019 onwards.

You will also find useful publications on the emissions trading scheme by Motu, available at <https://motu.nz/find-publications/>

Please also note the recent Government decisions on improvements to the NZ ETS. We expect that the Government will introduce an amendment bill to the House this year to make these improvements to the NZ ETS. Information on Government decisions announced in December **2018** and April **2019** can be found here: <https://www.mfe.govt.nz/climate-change/proposed-improvements-nz-ets>

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