



Cabinet Environment, Energy and Climate Committee

Minute of Decision

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New Zealand Emissions Trading Scheme: Proposed Regulatory Changes

Portfolio Climate Change

On 23 June 2022, the Cabinet Environment, Energy and Climate Committee:

Background

- 1 **noted** that in March and April 2022, the Ministry for the Environment (the Ministry) undertook public consultation on the following proposed updates to the New Zealand Emissions Trading Scheme (NZ ETS):
 - 1.1 removing a redundant regulation allowing New Zealand Units (NZU) to be converted to Kyoto Protocol Assigned Amount Units which are then cancelled;
 - 1.2 removing regulatory barriers to NZ ETS incentives for collection of synthetic greenhouse gases for export or destruction;
 - 1.3 updating the schedule of default emissions factors for natural gas fields to maintain accuracy and minimise administrative cost to participants;
- 2 **noted** that:
 - 2.1 in 2021, the Ministry undertook public consultation on updating waste composition data used in calculating waste emissions;
 - 2.2 due to an oversight, the corresponding update to unique emissions factors for waste disposal did not occur and is now proposed as part of the 2022 updates;

Removing the regulation allowing cancelling of Kyoto Protocol era emission units

- 3 **noted** that regulation 11D of the Climate Change (Unit Register) Regulations 2008 is now redundant;
- 4 **noted** that there was broad support among consultation respondents for repealing the above regulation;
- 5 **agreed** to repeal Regulation 11D in Climate Change (Unit Register) Regulations 2008;

Removing regulatory barriers to encourage greater collection of synthetic greenhouse gases for export or destruction

- 6 **noted** that the criteria in the Climate Change (Other Removal Activities) Regulations 2009 allow persons exporting or destroying hydrofluorocarbons (HFCs) or perfluorocarbons (PFCs) and who meet eligibility criteria to register as an NZ ETS participant and receive NZUs for this activity;
- 7 **noted** that removing the above barrier would allow innovation and investment into recycling and destruction facilities to occur and would result in emission reductions in New Zealand;
- 8 **noted** the divergence in stakeholder opinions on the above proposed change;
- 9 **agreed** to remove eligibility criteria from Regulation 22 of the Climate Change (Other Removal Activities) Regulations 2009;

Updating the schedule of default emissions factors for natural gas fields

- 10 **noted** that emissions factors for natural gas fields need to be updated to align with the most recent natural gas composition data;
- 11 **agreed** that Schedule 2 Table 10 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009 be updated with emissions factors and classes based on 2021 calendar year data;

Updating waste composition data used in calculating unique emissions factors for waste disposal in relation to landfill gas collection

- 12 **noted** there was an omission in the implementation of regulations consulted on in 2021;
- 13 **agreed** to correct the above omission by updating waste composition data in schedule 3 of the Climate Change (Unique Emissions Factor) Regulations 2009 to the values consulted on in 2021;

Drafting instruction

- 14 **authorised** the Minister of Climate Change to further clarify and develop policy matters relating to the above amendments, in a way consistent with Cabinet's decisions.
- 15 **invited** the Minister of Climate Change to issue drafting instructions to the Parliamentary Counsel Office to promulgate amendment regulations by 26 September 2022 for the following:
 - 15.1 removing a redundant regulation allowing NZUs to be exchanged for Kyoto Protocol Assigned Amount Units which are then cancelled;
 - 15.2 removing regulatory barriers to encourage greater collection of synthetic greenhouse gases for export or destruction;
 - 15.3 updating the default emissions factors for waste and natural gas fields to maintain accuracy and minimise administrative cost to participants;

- 15.4 updating waste composition data used in calculating unique emissions factors for waste disposal in relation to landfill gas collection to maintain accuracy and minimise administrative cost to participants.

Vivien Meek
Committee Secretary

Present:

Hon Grant Robertson
Hon David Parker (Chair)
Hon Stuart Nash
Hon Willie Jackson

Officials present from:

Office of the Prime Minister
Officials Committee for ENV

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