

Emissions Reduction Plan: Waste and F-gases work programme - Cabinet paper briefing

Date Submitted:	15 February 2022	Tracking #: BRF-1169	
Security Level	Policy and Privacy In-Confidence	MfE Priority:	Not Urgent

	Action sought:	Response by:
Hon David PARKER, Minister for the Environment	Take Cabinet paper to Ministerial consultation	21 February
CC Hon James SHAW, Minister of Climate Change	Noting only	

Actions for Minister's Office Staff	Return the signed report to MfE.
Number of appendices and attachments	[REDACTED]
1	

Key contacts

Position	Name	Cell phone	1st contact
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Emissions Reduction Plan: Waste and F-gases work programme - Cabinet paper briefing

Key Messages

1. This paper provides you with advice accompanying a draft paper for Cabinet's Economic Development Committee, which seeks approval of the proposed work programme for waste and F-gases under the emissions reduction plan.
2. The Cabinet paper outlines next steps for the implementation of a suite of policies that will enable us to reduce waste biogenic methane and hydrofluorocarbon emissions in line with the target pathway outlined in the emissions reduction plan discussion document.
3. You have previously been briefed on the policy proposals and recommendations contained in this document [BRF-1006].
4. Through your review, and discussion with officials on February 10, we were given feedback on the emissions reduction plan waste and F-gases proposals.
5. In response to this feedback landfill gas capture proposals are further discussed in the Analysis and Advice section of this briefing note. In summary, our proposals for landfill gas capture differ from the Climate Change Commission's advice primarily to ensure that we have certainty in the information we would be basing potential regulations on and ensure that undue financial and compliance pressure is not placed on landfill operators.
6. Officials will continue to engage with Scion, Ministry for Business, Innovation and Employment, Ministry for Primary Industries and relevant sectors to better understand the barriers and opportunities to reducing and diverting wood waste.
7. We have, also in response to your feedback, expanded on the need to work with WorkSafe and the Ministry of Business, Innovation and Employment to further develop the training, and potential accreditation, scheme for handling refrigerants that has previously been agreed by Cabinet [DEV-19-MIN-0105].
8. Since our previous briefing, agency consultation has been completed on our Cabinet paper. We have incorporated agency feedback from this process.
9. The next step is for the attached Cabinet paper to be taken to Ministerial consultation.
10. It is proposed that this will proceed to lodgement on 10 March, Cabinet Economic Development Committee (DEV) on 16 March and to Cabinet on 21 March.
11. If approved, these will become the waste and F-gas work programmes under the emissions reduction plan. These will commence as soon as practicable, subject to funding, with some work already underway on regulatory and legislative changes (New Zealand waste strategy and legislation consultation).
12. Initiatives reliant on Budget 22 can commence as outlined in the Climate Emergency Response Fund 'Reducing emissions from waste' bid if funding is confirmed in mid-April.

Recommendations

We recommend that you:

- a. **Agree** to take CAB-112 (Emissions reduction plan: waste and F-gases work programme) to Ministerial consultation Yes/No

- b. **Agree** to then proceed to lodgement on 10 March, for Cabinet Economic Development Committee on 16 March and Cabinet on 21 March Yes/No

- c. **Note** that further consultation will be required on the implementation of F-gas proposals, on which you will be briefed post-publication of the initial emissions reduction plan.

Signature

Glenn Wigley Director - Policy and Regulatory Waste and Resource Efficiency	
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Hon David PARKER, Minister for the Environment	
[Date field]	

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Purpose

13. This paper provides you with advice accompanying a draft paper for Cabinet's Economic Development Committee, which seeks approval of the proposed work programme for waste and F-gases under the emissions reduction plan.
14. The Cabinet paper outlines next steps for the implementation of a suite of policies that will enable us to reduce waste biogenic methane and hydrofluorocarbon emissions in line with the target pathway outlined in the emissions reduction plan discussion document.
15. The purpose of this briefing note is to explain the content of the Cabinet paper for which we are seeking lodgement on 10 March.

Context

16. The Government is required by the Climate Change Response Act 2002 (CCRA) to publish the emissions reduction plan (ERP) by May 2022.
17. You have previously been briefed on the full context of the waste chapter [BRF-1006], which focuses on organic waste materials.
18. As noted in the Cabinet paper, the waste chapter covers biogenic methane emissions from waste, to accord with how emissions are reported internationally, and the way in which the Climate Change Commission made its recommendations. Initiatives to decrease biogenic methane emissions from waste are a sub-set of the wider waste reduction work programme [CAB-21-MIN-0181]. Many of these other initiatives may also reduce emissions elsewhere in the economy (or internationally).

Analysis and advice

19. As you have previously been briefed on the full analysis of the emissions reduction plan proposals, this section contains updates on the areas for which you requested more information on February 10: landfill gas capture and treated timber, and the training and accreditation scheme for handling of lower global warming potential F-gases.

Landfill gas capture

20. The Commission's advice was to move relatively quickly to ensure organic waste is only disposed of at sites that have landfill gas capture systems in place. This could be achieved by requiring:
 - a. **gas capture systems at a wider range of sites such as smaller municipal landfills and construction and demolition fills.** This could be achieved through amendment of the National Environmental Standard for Air Quality – but we think significant further investigation is required first to test the need for, and economics of, the proposed approach to Class 2-5 landfills. This is because many sites are likely unsuitable for landfill gas capture, and/or may not generate enough gases to justify investment in a gas capture system?
 - b. **organic material to be disposed of only at sites with landfill gas capture already in place.** While this will be a component of our overall approach, if diversion from disposal to landfill without gas capture is to occur, we would prefer that the

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organic materials be reduced in the first instance, or diverted to composting, recycling, anaerobic digestion or if possible solid/liquid biofuels applications.

21. Investment in minimisation and recovery is also preferred to investment in landfill gas capture for Class 2 to 5 landfills. This would prevent additional cost pressures for construction projects (disposal costs would be substantially higher if organic waste from construction and demolition activities had to go to municipal landfills with landfill gas capture).
22. The decision to capture gas and either flare it or use it to generate power is both a regulatory requirement and an economic decision. The NES Air Quality states that landfills must have a gas capture system while they are accepting waste, if they:
 - a. have a lifetime capacity of at least 1 million tonnes
 - b. contain more than 200,000 tonnes of waste and at least 5 per cent of which is organic
 - c. is, or is likely to be accepting organic waste
 - d. the waste is likely to consist of 5 per cent or more (by weight) of matter that is putrescible or biodegradable.
23. Currently 18 operating Class 1 landfill sites meet this criteria and capture gas. A further 9 closed Class 1 landfills also continue to operate gas capture systems on economic grounds. It is noted that these are the larger scale landfills as triggered by the NES Air Quality. Sixteen smaller Class 1 landfill sites fall below the size threshold criteria. Notably, these sites only represent around 4 per cent of total Class 1 waste disposal in 2018 (approximately 135,668 tonnes per annum collectively).
24. Cleanfills are exempted from the NES Air Quality requirements along with any fill that receives less than 5 per cent organic putrescible or biodegradable matter. Our proposal therefore differs from the Climate Change Commission advice in that in addition to looking at smaller class 1 landfills, we are also looking to build up our knowledge base regarding Class 2-5 landfills, the composition of waste at these sites and subsequently the associated emissions. Without this information, there is low confidence in the efficacy of landfill gas capture for Class 2-5 landfills.
25. We consider that regulating to require installation is, at this stage, is potentially an unnecessary financial burden.
26. The proportion of landfill gas that is generated that is actually captured is the subject of considerable debate, and the complicated nature of this has previously been detailed in a briefing note [2021-B-07844]. Our data proposals include a focus on composition that will enable increased understanding of Class 2-5 landfills by 2030, at which stage regulations may be considered.

Waste Timber

27. Officials have engaged with Scion, Ministry of Business, Innovation and Employment and Ministry for Primary Industries in order to better understand the opportunities and barriers within the Government's emission reduction plan priorities for forestry, construction and bioenergy. These work streams will likely coalesce around the Forestry Industry Transformation Plan and Wood Fibres Futures project, Stage 2 [Refer B22-0064]

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and work toward decarbonising key industries such as aviation and onshore manufacturing. While untreated waste wood is a key feedstock and emissions reduction opportunity, treated wood presents challenges and officials will continue to work to better understand any technical barriers.

28. In response to feedback from officials at the Ministry of Business, Innovation and Employment specific reference to the Construction Sector Accord has been removed from the Cabinet paper on grounds that the accord is voluntary and already has an agreed set of priorities and established work programme (which includes waste). You may wish to raise this with Minister Williams if wanting to make this a stronger commitment to have it included as part of the Accords work programme. Please refer to the “Reducing emissions from building and construction waste: meeting 10 Feb 2022” [BRF 2122-2610] for further information on the Accord’s work stream priorities.
29. Officials from the Ministry for the Environment and other agencies will continue to engage and collaborate on the Building for Climate Change Programme, the Construction Sector Accord and other related opportunities for advancing wood waste reduction and diversion opportunities.

Training and accreditation for F-gases

30. WorkSafe has already commenced work on a training scheme for the handling of refrigerants [DEV-19-MIN-0105].
31. These regulations introduce a licensing regime for individual technicians that work on commercial and industrial refrigeration, heat pump, or air conditioning systems that use flammable, toxic, or very high operating pressure refrigerant gases. Additional consultation has also been undertaken by Ministry for Business, Innovation and Employment on technical details of potential regulations [DEV-20-MIN-0050].
32. However, the training scheme has not yet been implemented as a regulatory requirement. Although voluntary training schemes are available and provided by the industry, there is no formal accreditation required to handle lower- global warming potential refrigerants/gases, which may be more flammable. This is of concern to the industry, who informed us throughout the consultation period that the key concern in the transition to more environmentally sustainable F-gases is increased health and safety risk.
33. The synthetic greenhouse gas product stewardship working group have also independently identified the need for a mandatory training and accreditation scheme for refrigerants, as part of their final report.
34. Due to the recommendation of the product stewardship working group and the need for a health and safety lens to be applied over our F-gas recommendations in the emissions reduction plan, Ministry for the Environment is committed to working with WorkSafe and the Ministry of Business, Innovation and Employment to ensure that the training and accreditation scheme is implemented in a way that meets the needs of our proposals.
35. It is currently proposed that the training and accreditation scheme would become a regulatory requirement for all workers handling refrigerants (for example, through servicing and installation). However, further public consultation will be required before the details of this scheme are confirmed.

Other considerations

Consultation and collaboration

36. Formal consultation was completed in November 2021, and you have previously been briefed on how consultation responses were reflected in our final policy proposals [BRF-1006].
37. Agency consultation has now been completed. Feedback was received from Treasury, Ministry of Business, Innovation and Employment, Energy Efficiency & Conservation Authority, Ministry for Primary Industries, Ministry of Social Development, Ministry of Transport, Waka Kotahi – New Zealand Transport Agency, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development, Te Puni Kōkiri, and WorkSafe Te Arawhiti.
38. Feedback from the above agencies has been incorporated where relevant.

Risks and mitigations

39. It is important to note that the recommendation of a full work programme remains subject to a Budget 22 Climate Emergency Response Fund bid which is required to deliver on the waste biogenic methane emissions reduction target.
40. Some aspects of the work programme, such as the improving kerbside proposal and F-gas proposals, require legislative and regulatory change to enable full implementation. The option to consult on kerbside standardisation proposals was brought to Cabinet in February 2022 [CAB-82].

Legal issues

41. There are no legal issues associated with the proposals in this briefing note

Financial, regulatory and legislative implications

42. Regulatory impact analysis for the national licensing scheme and WorkSafe training proposals have been provided with the Cabinet paper. The regulatory impact analysis for F-gas prohibitions is awaiting internal review and will be provided before the intended lodgement date of 10 March.
43. A Climate Emergency Response Fund bid has been submitted to enable this programme of work. Additional funding will be necessary to achieve the modelled emissions reduction pathways. Under the Waste Minimisation Act, the primary use of waste disposal levy funds must be for waste reduction and minimisation. Although these can be interconnected, the pathways that reduce emissions do not necessarily have the equivalent impact on waste tonnage reduction. Thus, the Waste Minimisation Fund and COVID-19 resource recovery fund are not sufficient to meet investment needs under the emissions reduction plan.

Next steps

44. Following ministerial consultation, it is anticipated that the Cabinet paper will proceed to lodgement on 10 March, Cabinet Economic Development Committee (DEV) on 16 March and to Cabinet on 21 March.

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45. If approved, these will become the waste and F-gas work programmes under the emissions reduction plan. These will commence as soon as practicable, subject to funding, with some work already underway on regulatory and legislative changes (New Zealand waste strategy and legislation consultation).
46. Ministerial consultation on the emissions budgets cabinet paper and final emissions reduction plan content will take place in April, with the emissions reduction plan to be published in May 2022.
47. Initiatives reliant on Budget 22 can commence as outlined in the Climate Emergency Response Fund 'Reducing emissions from waste' bid if funding is confirmed in May.

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