



OIAD-364

s 9(2)(a)

Dear s 9(2)(a)

Thank you for your email of 5 August 2022 requesting the following under the Official Information Act 1982 (the Act):

... any correspondence and advice to and from the ministry on compliance with its guidance for voluntary climate change mitigation, dating from January 1 2022 onwards. Specifically, I am interested in advice relating to the principle of additionality.

There are eight documents in scope of your request. Seven of these documents are being released to you in full, and one is being released to you with some information withheld under section 9(2)(b)(ii) of the Act, as the release of this information would likely unreasonably prejudice the commercial position of the person who supplied it. The information being withheld in this case is an email attachment referenced in Document 7 (Document Schedule refers).

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the withholding of this information is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review by the Office of the Ombudsman of my decision to withhold information relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found on their website at:

www.ombudsman.parliament.nz.

Please note that due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our [OIA responses page](#) shortly after the response has been sent. If you have any queries about this, please feel free to contact our Ministerial Services team: ministerials@mfe.govt.nz.

Yours sincerely

Hemi Smiler
Director – Climate Mitigation

Document schedule

Document no.	Document date	Content	Decisions	OIA sections applied
1	28 February 2022	<i>Publication of updated voluntary carbon offsetting guidance</i> Email between the Ministry and Ekos	Release in full	-
2	28 February 2022	<i>Publication of updated voluntary carbon offsetting guidance</i> Email between the Ministry and Ekos	Release in full	-
3	23 May 2022	<i>Request for a call</i> Email between the Ministry and Toitu	Release in full	-
4	30 June 2022	<i>CarbonCrop Native CCU forest removal assessment</i> Email between Ministry and CarbonCrop	Release in full	-
5	7 July 2022	<i>questions to start our discussion on Monday</i> Email between the Ministry and CarbonCrop	Release in full	-
6	11 July 2022	<i>Carboncrop website - reference to toitu in their explanation on additionality</i> Email between the Ministry and Toitu	Release in full	-
7	15 July 2022	<i>Thank you for your presentation yesterday</i> Email between the Ministry and CarbonCrop	Release in part	9(2)(b)(ii)
8	21 July 2022	<i>Publication of updated voluntary carbon offsetting guidance</i> Email between the Ministry and The Carbon Shop	Release in full	-

From: [Sean Weaver](#)
To: [Heather Martindale](#)
Cc: [Sarah Deblock](#); [Ted Jamieson](#); [Jacqueline Ruesga](#)
Subject: Re: publication of updated voluntary carbon offsetting guidance
Date: Monday, 28 February 2022 10:31:11 am
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image006.png](#)

MFE CYBER SECURITY WARNING

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Kia ora ano Heather,

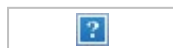
Having read through the document I would like to thank MFE and the team for putting this guidance together and for listening to practitioner stakeholders like Ekos in the development of this guidance.

Ngā mihi
Sean

Sean Weaver, CEO

www.ekos.co.nz

Mobile: +64 27 3563601



From: Heather Martindale <Heather.Martindale@mfe.govt.nz>

Date: Monday, 28 February 2022 at 10:05 AM

To:

Cc: Sarah Deblock <Sarah.Deblock@mfe.govt.nz>, Ted Jamieson <ted.jamieson@mfe.govt.nz>, Jacqueline Ruesga <Jacqueline.Ruesga@mfe.govt.nz>

Subject: publication of updated voluntary carbon offsetting guidance

Kia ora,

We are pleased to let you know that the guidance on voluntary carbon offsetting has been updated. This new guidance is now live on our website and can be found [here](#). The guidance outlines principles an organisation should follow when making claims about the voluntary action taken to reduce or remove greenhouse gas emissions outside operations or business borders.

As you'll be aware, best practice for voluntary carbon markets internationally is still evolving with the transition into the Paris Agreement era. The guidance is interim and will be reviewed in line with international best practice, to ensure it remains relevant for organisations in New Zealand undertaking voluntary climate change mitigation. We will continue to engage with you and keep you updated in the future.

Ngā mihi

Heather Martindale (she/her)

Senior Analyst | Kaitātari Matua
LUCAS (Land Use Carbon Analysis System)

Ministry for the Environment | Manatū Mō Te Taiao
heather.martindale@mfe.govt.nz | mfe.govt.nz



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From: [Sean Weaver](#)
To: [Heather Martindale](#)
Cc: [Sarah Deblock](#); [Ted Jamieson](#); [Jacqueline Ruesga](#)
Subject: Re: publication of updated voluntary carbon offsetting guidance
Date: Monday, 28 February 2022 10:19:07 am
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image006.png](#)

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Many thanks Heather,

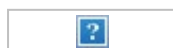
I will have a look with interest. Always happy to contribute to consultation processes going forward.

Ngā mihi
Sean

Sean Weaver, CEO

www.ekos.co.nz

Mobile: +64 27 3563601



From: Heather Martindale <Heather.Martindale@mfe.govt.nz>

Date: Monday, 28 February 2022 at 10:05 AM

To:

Cc: Sarah Deblock <Sarah.Deblock@mfe.govt.nz>, Ted Jamieson <ted.jamieson@mfe.govt.nz>, Jacqueline Ruesga <Jacqueline.Ruesga@mfe.govt.nz>

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Heather Martindale (she/her)

Senior Analyst | Kaitātari Matua

LUCAS (Land Use Carbon Analysis System)

Ministry for the Environment | Manatū Mō Te Taiao

heather.martindale@mfe.govt.nz | mfe.govt.nz



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Out of scope

From: Stewart McKenzie <Stewart.McKenzie@toitu.co.nz>
Sent: Friday, 8 April 2022 2:17 pm
To: Heather Martindale <Heather.Martindale@mfe.govt.nz>
Subject: Request for a call

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Kia ora Heather

Hope all's well this week for you. We're just seeking a meeting with you for checking in on the interim VCM guidance and a related piece of work we're planning on doing with regards to credit project integrity. Could we please book in a call for during month of May for this? We can suggest the following options in May:

- Friday 6th 11-2:45pm
- Monday 9th 1-2:45pm
- Tuesday 10th 4 – 5pm
- Friday 13th 10:30 – 1pm
- Monday 16th 11 – 2:45pm

Ngā mihi,

Stu McKenzie ([he/him](#))

Senior Advisor



T: +64 3 321 9852

stewart.mckenzie@toitu.co.nz

Click [here](#) to find a time to book a call with me.

www.toitu.co.nz



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The views expressed in this email may not be those of Toitū Envirocare. <http://www.toitu.co.nz/>

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From: [Heather Martindale](#)
To: ["Nick Butcher"](#)
Cc: [Jo Blundell](#)
Subject: RE: CarbonCrop Native CCU forest removal assessment
Date: Thursday, 30 June 2022 10:48:00 am

Hi Nick,

Some of our colleagues from the Ministry of Primary Industries are keen to join this conversation. However, they are unavailable next week. Would you have time available during the week of the 11th of July? If so, could you please send through your availability (Monday afternoon is looking good on our end).

Thanks
Heather

From: Nick Butcher <nick.butcher@carboncrop.nz>
Sent: Wednesday, 29 June 2022 12:01 pm
To: Heather Martindale <Heather.Martindale@mfe.govt.nz>
Cc: Jo Blundell <jo.blundell@carboncrop.nz>
Subject: CarbonCrop Native CCU forest removal assessment

MFE CYBER SECURITY WARNING

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Kia ora Heather,

Thanks very much for getting in touch - I lead engineering at CarbonCrop as the CTO, and have been responsible for most of the design of our methodology and implementation of our carbon stock/sequestration inference mechanisms. I'm also copying in our CEO Jo Blundell who will be key to join the discussion also. Very interested to hear more about the ongoing activities in this area within MFE.

The remainder of this week is very crowded, how is your teams availability in the following windows:

- Next Monday July 4th between 11am and 3pm
- Next Tuesday July 5th between 9am and 12pm

Nga mihi,

Nick

--

Nick Butcher
CTO
CarbonCrop [CarbonCo Ltd]

+64 27 734 5345 | nick.butcher@carboncrop.nz | carboncrop.nz
322 Hardy St, Nelson 7010, New Zealand

<From: heather.martindale@mfe.govt.nz, 9.32am 29th June 2022> Kia ora,
I am contacting you on behalf of the Emissions Trading Scheme team and the Voluntary Carbon Markets team at the Ministry for the Environment. We recently learnt more about the services your organisation and Carbonz provide through the media articles that were published yesterday.

We are interested to learn more about these services. Particularly about the trading platform, your methodology and the AI technology you apply. We would also like to hear more about your unit types (NZUs and CCUs). I would be happy to set up a meeting with our teams and yourselves so we could connect. I will be contacting Carbonz to try and connect as well. It would also be a good opportunity for us to talk you through our methodology for accounting for pre-90 and post-89 forests towards our Paris 2030 target.

Ngā mihi,
Heather

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From: [Heather Martindale](#)
To: [Nick Butcher](#)
Cc: [Scott Gulliver](#); [Ted Jamieson](#); [Kate Whitwell](#); [Jo Blundell](#)
Subject: questions to start our discussion on Monday
Date: Thursday, 7 July 2022 4:24:00 pm
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
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[image006.png](#)
[image007.jpg](#)

Kia ora Nick,

We thought it would be helpful to send through questions we have for you ahead of our meeting on Monday. If you could present this information to us then we could use this to guide further discussion.

We are interested to know more about:

- **Your approach to additionality.** Could you please explain to us how you have sought to apply the principle of additionality, and how the CCUs you award provide additional climate change mitigation.
- **The methodology you apply in determining the stock change which underpins the issuance of credits.** We are particularly interested how the altitude and height modifiers to the MPI default look up tables for post-89 indigenous forest are derived and used. Could you please provide us with information on how they are used and the evidence behind this?
- Your approach for **ensuring permanence of sequestered carbon** over a 100 year period by the landowner.
- **Background on the platform for buying and selling the units, and participation by businesses and landowners to date.** How is the platform managed between CarbonCrop and Carbonz? We have already contacted Carbonz but they suggested that most of the information we enquired about related to your organisation and we should meet with you first.
- **How CCUs are communicated to purchasers/potential buyers.** For example, what is the nature of claims that purchasers can make when using CCUs and what benefit do CCUs provide to your clients? Has the communication of the benefits and claims that can be made from CCUs to clients changed since the media coverage that occurred in the last few weeks?
- **What participation and interest from organisations and landowners you have had for the platform.** For example, the number of landowners and area of forests who have signalled interest in participating, and types of businesses seeking to purchase these units.
- **What involvement CarbonCrop have had with international organisations responsible for standards** related to measuring sequestration or voluntary carbon markets?







Additionally, it might be useful to touch on the relationship between how forestry in New Zealand is accounted towards our international climate change targets, especially pre-1990 indigenous forests.


As previously mentioned, the purpose of this meeting is to connect and hear more about your work. If you have any questions for us, please send these through in advance.

Thanks

Heather Martindale (she/her)
Senior Policy Analyst | Kaitātari Kaupapa Here Matua
Climate Change Policy – Emissions Trading Scheme
Ministry for the Environment | Manatū Mō Te Taiao
022 008 7629 | heather.martindale@mfe.govt.nz | environment.govt.nz

Text Description automatically generated



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Toitū is accredited to deliver our programmes measuring to ISO 14064-1:2018 and PAS2050. The ISO is an international standard for measuring and reporting of greenhouse gas emissions and removals. Where we have programme members that have both emissions and removals within their certification boundary, the removals may be used to report a net emissions position for the given certification period. These removals are verified in the same manner as the emissions side of the balance sheet, and the certified entity needs to agree on requirements including permanently maintaining that removal, not registering it for any carbon credit, and accept and manage the liability of reversal. i.e. if it's a removal one year, but an emission the next year, the company needs to cover this in their mitigation actions. Removals that sit on the emissions balance sheet within the reporting boundary, are not being claimed as carbon credits.

In the case of CarbonCrop referencing our certification and clients, we see this as inaccurate for their claim and have subsequently asked for this to be removed.

Our certification claim specifies the actions taken by a company across measurement, management and reduction, and when required mitigation action for achieving a zero emissions balance.

The concept of additionality becomes relevant only if the programme member (which is applicable for a lot of our programme members) is needing to finance mitigation action beyond their certification boundary in the form of tradable carbon credits. It's these carbon credits, on the Voluntary Carbon Market, that need to be issued from a carbon credit standard (not a measurement standard), and it's these credit standards that require quality criteria including additionality.

In the case of Toitū Envirocare issuing a certification to Silver Fern Farms that meet our programme requirements for net carbonzero product certification, this included accounting for emissions and removals within the measured supply chain boundary – this means that both on-farm emissions and removal of carbon dioxide by trees planted on the farm are counted. It also allows for participants to declare a net emissions position based on the equation of emissions minus removals within the given certification period claimed.

Silver Fern Farms has demonstrated sufficient removals to achieve a zero net emissions balance and this has been verified by the programme, and removals being used in this manner are not being claimed to be carbon credits. Hence, the claim does not make use of any issued carbon credits from beyond their value chain.

Suppliers into the Silver Fern Farms net carbonzero certification programme must sign an agreement to confirm the removals can be included in the net balance and forgo the right to use the same removal in any other programme or carbon credit initiative. Suppliers are on the [Silver Fern Farms Farm Assurance](#) programme which supports farmers to adopt progressive and regenerative farming practices, of which forest management and enhancement is a component of this.

Toitū Envirocare has been transparent about the claim and the supporting narrative.

The same applies for Lake Hawea Station who achieved Toitū carbonzero certified organisation and were reporting removals within their boundary – how much CO₂ was removed from the atmosphere on their site over the year. They were not purchasing carbon credits.

In both cases, the focus is on measuring the emissions created by the business and where within their boundary there is a case for removals, they can be used to balance their emissions as long as there is no other carbon project in place and measures have been taken to ensure no double counting is occurring. Toitū Envirocare as part of the audit of businesses on the certification

programme ensures no removals are being claimed against carbon credits logged on any existing registry.

Double counting can happen when two or more entities take credit for a single emission reduction (or removal), double use. Or when a carbon credit is counted twice (or more) towards achieving a climate change mitigation claim (double claim). As far as the climate is concerned, nothing extra has been done here, so careful attention to communication claims is increasingly important as the VCM market evolves.

Toitū FAQ on carbon credits, offsets, and additionality

What is offsetting?

We define offsetting as the practice of compensating for greenhouse gas emissions by retiring (or cancelling) carbon credits. It's important to note that owning a carbon credit is not equal/or the same as an offset.

For Toitū Envirocare clients, we buy on their behalf a carbon credit(s) and cancel it on the relevant registry, to offset their emission(s) and show their net emissions is zero..

What is a carbon credit?

We define a carbon credit as a tradable, non-tangible instrument representing a unit of carbon dioxide-equivalent (CO₂e) – typically one tonne. A good credit should be certified or verified to an internationally recognised carbon credit standard, and sit on a registry. Registries ensure there is no double counting and has a baseline.

What is insetting?

A carbon credit is different to an inset or removal project that is measured and accounted for within the boundary of a company. Insetting is deemed to be where a business uses a GHG sink within their boundary to reduce their net emissions balance within their emissions boundary.

Removals in general are defined as a withdrawal of a GHG from the atmosphere by GHG sinks, which is a process that removes a GHG from the atmosphere such as existing trees on a farm.

Where do we source carbon credits from?

Our carbon credits that we buy on behalf of clients need to be from projects endorsed by the International Carbon Reduction and Offset Alliance (ICROA) as part of their code of best practice. This ensures any carbon offsetting is meeting international best practice in credit quality (supply side integrity) and offsetting integrity. They have a range of endorsed standards, of which Verra and Gold Standard are two that we recognise and use; for which also meet the Ministry for the Environment's and Commerce Commission's guidance.

Who holds our registry, buying of carbon credits and certification to account?

Toitū Envirocare manages a registry of emissions for all clients on our carbon certification programme. As an independent third-party auditor and certifier for businesses, we provide assurances that they're following international best practice.

We ourselves are held accountable, Toitū Envirocare carbon certification programmes are accredited by the Joint Accreditation System of Australia and New Zealand (JAS-ANZ) under ISO 14065 and ISO 17029, allowing us to issue certification against ISO 14064-1 and PAS 2050 – standards used to quantify and report greenhouse gas emissions and removals. We are also audited and accredited annually by the International Carbon Reduction and Offset Alliance (ICROA), meaning our emissions reductions and offsetting programmes meet the highest international standards of environmental integrity and in support of the Paris Agreement. ICROA accreditation programme supports organisations advancing best practice in the Voluntary Carbon Market (VCM). This ensures accrediting best practice in carbon offsetting.

We are also accredited as a CDP Silver Climate Change Verification Partner. As a CDP Verification Partner, it enables us to provide independent verification and certification services for organisations measuring and managing their carbon footprint and reporting into the CDP global disclosure system alongside being the first CDP-accredited science-based targets partner in Australia and New Zealand.

What is your view and definition on additionality in the context of carbon credits?

Additionality is a concept defined in the carbon credit context as a project that goes above and beyond what GHG reductions would have already occurred in the absence of a carbon credit or offset. The reduction or removal would not have happened unless the project didn't exist. Additionality is a key requirement for tradable carbon credits in the Voluntary Carbon Market but is not applicable in the context of emissions accounting within a company's own measurement boundary.

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From: [Stewart McKenzie](#)
To: [Heather Martindale](#)
Cc: [Scott Gulliver](#); [Ted Jamieson](#); [Tobias Tripp](#); [Belinda Mathers](#)
Subject: RE: Carboncrop website - reference to toitu in their explanation on additionality
Date: Monday, 11 July 2022 5:40:09 pm
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.jpg](#)
[Statement.docx](#)

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Kia ora Heather

FYI we've pulled together a statement in response to this and sharing with you for reference, attached

Kind regards

Stu

Stu McKenzie, 03 321 9852, stewart.mckenzie@toitu.co.nz. Click [here](#) to find a time to book a call with me.

From: Heather Martindale <Heather.Martindale@mfe.govt.nz>
Sent: Thursday, 7 July 2022 10:23 am
To: Belinda Mathers <Belinda.Mathers@toitu.co.nz>; Stewart McKenzie <Stewart.McKenzie@toitu.co.nz>
Cc: Scott Gulliver <Scott.Gulliver@mfe.govt.nz>; Ted Jamieson <ted.jamieson@mfe.govt.nz>
Subject: Carboncrop website - reference to toitu in their explanation on additionality

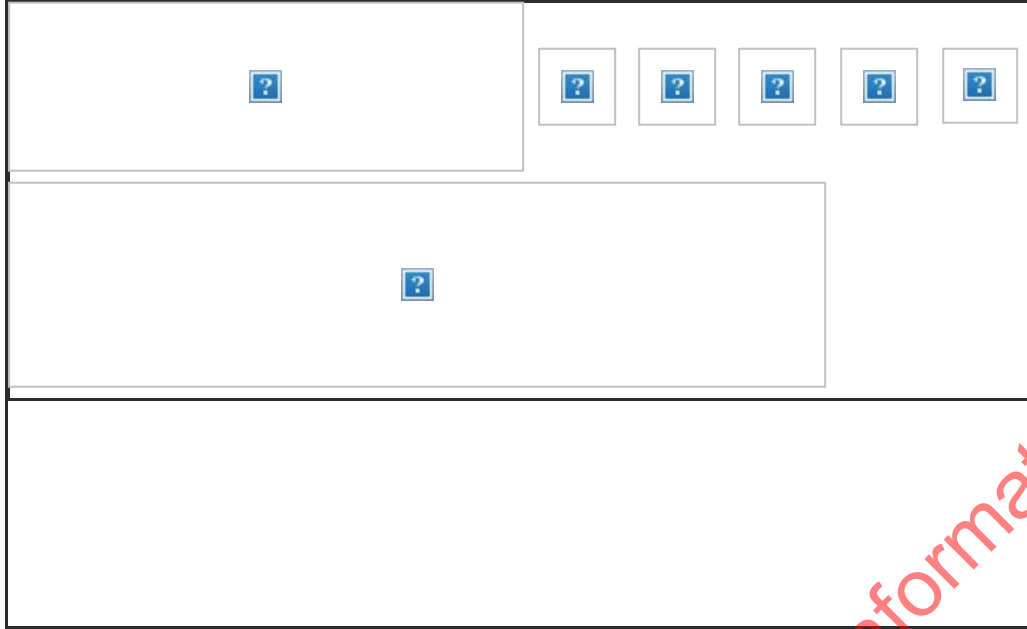
Kia ora Belinda and Stu,

You'll be aware that there has been some media attention around carboncrops product of CCUs. I was just emailing you to ask whether you are aware that your organisation and silver fern farms are referenced as an example on their website to support their explanation around additionality (<https://www.carboncrop.nz/post/there-will-always-be-critics> see the section on "our approach to additionality is within industry norms")? We'd be interested to hear your thoughts about this.

Thanks

Heather Martindale (she/her)
Senior Policy Analyst | Kaitātari Kaupapa Here Matua
Climate Change Policy – Emissions Trading Scheme
Ministry for the Environment | Manatū Mō Te Taiao

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To: [Heather Martindale](#)
Cc: [Jo Blundell](#); [Patrick Dejong](#); [Rowan Sprague](#)
Subject: Re: thank you for your presentation yesterday
Date: Friday, 15 July 2022 8:15:45 pm
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.jpg](#)
[CarbonCrop - CCU Overview - MFE Discussion.pdf](#)

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Hi Heather,

Thanks to all of you for your time on Monday, we really appreciated the open discussion.

Attached is the content we went through, please treat as confidential and for MPI/MFE only. Apologies as it was only really intended to be spoken to and probably doesn't stand alone particularly well, but I'm happy to cover any additional questions, and hopefully we can have a follow up discussion before long including on some of the questions we outline below.

Just so you're aware: we're anticipating more (likely critical) coverage in media in the coming days, and I just want to confirm that while we shared with Stuff last week (before our meeting with you) that we had a meeting schedule with MFE to discuss our approach, we have not made any indications to them as to the scope or outcome of our discussion, and acknowledge that (as you said) any meeting between us does not necessarily constitute MFE endorsement (or otherwise) of anything we're doing.

The list of questions below is fairly long - and most are regarding the organisational level position of MFE on various issues which we feel are ambiguous or controversial in the broader industry at present. We realise you might not be able to confirm a position on some of these topics immediately, and we'd certainly welcome further discussion on any of them, but these are among the key issues we think need to be addressed to move the industry forward to something that delivers a better result for NZ forests and a fairer outcome for NZ landholders than what we have today.

Finally, on the topic of double counting, and picking up on a question that Kristen asked about avoidance of double counting for Pre-90 exotic forest and my answer that we exclude all exotic species from recognition at present, it occurred to me after our call that there might be concern regarding pre-90 exotic forest that has since been converted to indigenous forest but might still have been classed as pre-1990 forest land under the ets due to the 2008 predominant species and received a pre-90 allocation under the ETS. To avoid this we'll also assess the presence of any pre-90 classified forest land within CarbonCarbonNative registered areas (none exist within projects registered to date) and avoid issuances for these areas also for now (to be conservative), however it seems that these areas might also represent an opportunity for the deployment of incentives to boost native restoration and we'd be interested in your perspective here.

Questions follow below.

Thanks,

Nick

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Questions from CarbonCrop to Ministry for Environment (MFE)

1.
We are open to broader collaboration on ground truth data collection, sharing, and validation. We currently anticipate using standard sample plot field measurement methodologies along with proprietary tech-enabled methods we're currently in concept stage of development for. Do MFE have preferred data collection approaches and/or summary data formats, especially for mixed species regenerating native forest?
2.
What are MFE's views on the benefits to NZ of offsets created in recognition of carbon sequestration in pre-90 forest in NZ, as compared to offsets associated with international VCM projects for activities such as 'deforestation avoidance', 'improved forest management' and 'improved cookstoves'?
3.
Does MFE have a position on the ethics of an approach to sequestration recognition that might deny landholders access to carbon markets for ongoing carbon sequestration in regenerating native forest on their land, where that sequestration is the result of a historic - as opposed future - decision/action of that landholder?
4.
Does MFE feel that recognising and incentivising durable carbon sequestration in NZ Native forest unable to access post-89 ETS incentives is likely to enable and drive activities resulting in further durable carbon sequestration in that forest?
5.
Do MFE feel that current forest restoration and preservation activities on private land are constrained by the available funds - i.e. that more restoration and preservation would likely result if more money and direct incentives were available.
6.
Post-89 forest on land under environmental covenants such as QE2 is eligible for NZU's under the ETS. Does MFE view these NZU's as appropriate for use in support of voluntary offsetting claims?
 - a.
In the above case, does the 'appropriateness' depend on whether the covenant was established prior to or post the ETS registration?

7.
Does MFE feel that where a landholder has an ongoing pest control program on their property which is contributing to increased carbon sequestration on their property, but which predates their participation in a carbon market, that the landholder should be excluded from recognition for that sequestration in voluntary carbon markets.
8.
Does MFE feel that where a landholder has had a historic successful pest eradication program on their property, which has permitted ongoing carbon sequestration in regenerating forest on their property, that the landholder should be excluded from recognition for that ongoing sequestration in voluntary carbon markets.
9.
Does MFE feel that a landholder with native forest who elects *not* to pursue sustainable harvesting of that forest under an SFM would have a legitimate basis for claiming carbon units and trading these as offsets based on the ongoing carbon sequestration in that forest?
10.
Does MFE feel that a landholder with native forest who elects *not* to pursue sustainable harvesting of that forest under an SFM would have a legitimate basis for claiming carbon units and trading these as offsets based on the **avoided** emissions through avoided forest harvest?
11.
Can MFE clarify how a voluntary cancellation of a post-89 forestry NZU avoids double counting of the removal in terms of a reduced net emission claim of the company making the cancellation vs NZ's NDC's.
12.
What is MFE's view on the following scenario: An organisation generates electricity using fossil fuels and has a compliance obligation under the NZETS for this generation. To meet the compliance obligation, the organisation uses entirely P89 forest NZU's, and the organisation then claims their electricity generation was net zero emissions?
 - a.
How about the same scenario, but the organisation secures and cancels *additional* P89 forest NZU's equivalent to the entire generation emissions footprint as the basis for a zero-emissions claim.
 - b.
How about the same scenario, but the organisation secures and cancels *additional* international emissions reduction units certified on the voluntary carbon market equivalent to the entire generation emissions footprint as the basis for a zero emissions claim.

- c. How about the same scenario, but the organisation secures an area of pre-1990 forest in a state of ongoing regeneration resulting in sequestration equivalent to the entire generation emissions footprint, and claimed this sequestration as an inset as the basis for a zero-emissions claim.

13.

What material difference does MFE see in the necessary compliance with voluntary emissions offset guidelines between 'offsets' (being externally sourced units of verified sequestration) and 'insets' (being units of verified sequestration sourced with an organisations supply chain), when those offsets/insets are used in the process of reduced/zero emissions claims for a product/service/organisation? In particular, is there any basis for a reduced expectation of 'inset' compliance with principles of transparency, additionality, permanence, double-use avoidance, accuracy/measurability etc?

14.

Can MFE clarify how carbon sequestration from pre-1990 natural forest contributes to New Zealand's NDCs?

a.

How is carbon sequestration from 'Forest Management' calculated for pre-1990 tall vs regenerating natural forests, compared to the baseline 'forest management reference level'?

b.

If carbon sequestration is estimated using data from the LUCAS Inventory plots, how is this regionally accurate for the variety of forest types and environments across NZ? Is pest control quantified? CarbonCrop seeks to improve on this methodology for carbon sequestration and create locally accurate estimates of carbon stock, we'd be interested in collaboration on this topic if that would be of value.

c.

Documents we have referenced on this topic to date include the following, and the papers they reference. If there are additional guidelines we should review that you can share, we would appreciate if you could send them to us.

i.

<https://www.mpi.govt.nz/dmsdocument/47968-Including-Forest-Management-in-New-Zealands-2030-Paris-Agreement-Target>

ii.

<https://www.mpi.govt.nz/dmsdocument/47971-Forest-Reference-Level-Modelling-for-the-Paris-Agreement>

iii.

15. Clarification of double counting for post-89 ETS-eligible land: According to MfE's interim guidance on voluntary climate change mitigation, "double use does not refer to climate change mitigation claimed at the organisation and country level. Units representing voluntary climate change mitigation which also contribute towards a country's NDC, should be transparently disclosed in the claim made by the organisation." If land is identified in the LUCAS layer as p89, do we have to register it in the ETS, or could we register it for Native CCU's? And does this depend on whether the CCU's are purchased for the purposes of an offset claim by an organisation in New Zealand vs Internationally?
16. In MfE's interim guidance on voluntary climate change mitigation, the definition of additional states, "Only measurable carbon benefits in a pre-1990 forest that result directly from a specific new action could be considered additional." How can you conclusively attribute 'measurable carbon benefits' (i.e., an increase in carbon stock) to a specific action? To the extent that control plots are a possible mechanism for establishing a baseline, what are your views on the practicality and effectiveness of these considering scalability, precision, speed of implementation, and possible perverse incentives.
17. Does MFE view a strict interpretation of 'additionality' vs 'business as usual', as a condition for the eligibility of sequestration for recognition in voluntary carbon markets, as having the potential to disincentivise voluntary climate change mitigation actions?
18. Does MFE have suggestions for better aligning CarbonCrop's methodology and overall processes with the guidelines for voluntary offsetting in a way that will maximise the potential of carbon markets as a mechanism for incentivising and driving carbon sequestration through the restoration and protection of native forest in NZ?
19. Can MFE clarify why, where an area of pre-90 native forest is deemed to be sequestering carbon above and beyond even the assessed FMRL, and that sequestration is recorded as a credit in NZ's carbon inventory, the landholder responsible for that forest is not afforded any access to recognition for that sequestration under the ETS?

--

CTO

CarbonCrop [CarbonCo Ltd]

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322 Hardy St, Nelson 7010, New Zealand

On Thu, Jul 14, 2022 at 8:40 PM Nick Butcher <nick.butcher@carboncrop.nz> wrote:

Hi Heather,

Just a quick one to say sorry to keep you waiting here, has been a busy week. We're just putting together a clear list of the questions we didn't have time for on Monday. Should have that to you by tomorrow afternoon, along with the slides we shared.

Kind regards,

Nick

--

Nick Butcher

CTO

CarbonCrop [CarbonCo Ltd]

+64 27 734 5345 | nick.butcher@carboncrop.nz | carboncrop.nz

322 Hardy St, Nelson 7010, New Zealand

On Tue, Jul 12, 2022 at 3:46 PM Heather Martindale

<Heather.Martindale@mfe.govt.nz> wrote:

Kia ora Nick,

Thank you for your time yesterday, your presentation and answering all of our additional questions. It was an ambitious list of questions to try and cover in an hour and we appreciated the time you took to try and get through them all.

As we didn't get through the entire presentation yesterday, we were wondering if you'd be willing to share a copy of the slides with us? Also, if you have any questions for us please email them to me, or we can arrange another time to discuss them further.








Thanks

Heather Martindale (she/her)

*Senior Policy Analyst | Kaitātari Kaupapa Here Matua
Climate Change Policy – Emissions Trading Scheme*

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From: [Sarah Deblock](#)
To: [John McArthur](#)
Cc: [Ted Jamieson](#); [Jacqueline Ruesga](#)
Subject: RE: publication of updated voluntary carbon offsetting guidance
Date: Thursday, 21 July 2022 9:32:25 pm
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)

Kia ora John

Thanks for your follow-up questions.

In case you don't have it the consultation document used for regulation updates, which included removal of the Kyoto unit cancellation process, is here:

<https://consult.environment.govt.nz/climate/proposed-changes-nz-ets-2022/>

Submissions that were received will be published on the Ministry's website shortly. There was little substantive feedback on the proposal to remove the Kyoto unit cancellation process. This is likely to be because the process was no longer supported by the Ministry's guidance on voluntary mitigation. It was only recommended (in the previous version of the guidance document) for mitigation actions that occurred before the end of 2020. The current guidance does not recommend the use of Kyoto cancellation process.

NZUs that have been allocated for PFSI forestry may still be cancelled. This will remain available after the regulation that allows the Kyoto cancellation process has been revoked.

Hope this helps clarify

Ngā mihi
Sarah

Sarah Deblock (she/her)
Manager | Kaiwhakahaere
ETS markets
Ministry for the Environment | Manatū Mō Te Taiao
027 2467848 | sarah.deblock@mfe.govt.nz | environment.govt.nz
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From: John McArthur <theboss@thecarbonshop.co.nz>
Sent: Friday, 8 July 2022 2:19 pm
To: Sarah Deblock <Sarah.Deblock@mfe.govt.nz>
Cc: Ted Jamieson <ted.jamieson@mfe.govt.nz>; Jacqueline Ruesga <Jacqueline.Ruesga@mfe.govt.nz>
Subject: Re: publication of updated voluntary carbon offsetting guidance

Good afternoon Sarah,
Thank you for your email of the 31st May.

I have been contemplating your information and discussing the matter with others in the industry and I realise I will have to modify my thinking on the subject.

I have two specific questions if you don't mind:

1. With respect to the KVC cancellation process in the Registry, can you provide any information regarding the consultation carried out earlier in the year?

- "Removing the regulation which enables the cancellation of AAUs in the register has undergone consultations earlier in the year."

Are there any summary notes from the consultation?

2. To carry out a cancellation of NZU_PFSI units in an attempt to carry out Voluntary Climate Change Mitigation as per your guidance, can you please confirm which cancellation process I should use, "NZ voluntary cancellation" or "Kyoto voluntary cancellation"?

Kind regards,
John McArthur

On Tue, 31 May 2022 at 13:38, Sarah Deblock <Sarah.Deblock@mfe.govt.nz> wrote:

Kia ora John,

Thank you for your email and your commitment to climate action.

The Government has put the 1.5C temperature goal at the heart of its climate policy. You will have seen recent announcements related to the New Zealand Emissions Reduction Plan (ERP) and the emissions budgets set up through 2035. Reaching our targets, both domestic and international, will require action by everyone.

Voluntary climate change mitigation is a key part of reducing emissions in New Zealand. The interim guidance that you reference in your email is intended to provide best practice principles for voluntary action, and above all recommends that organisations be transparent about the action they are undertaking.

Some additional considerations we'd like to flag:

- The cancellation of NZUs is only one form of climate action. Their availability is set based on the ETS cap and emissions budgets and are a cornerstone of New Zealand's compliance market. It does not mean that new units will necessarily be added to the ETS if these are to be cancelled. However, it is not currently possible to guarantee that cancelling an NZU will constitute an action that goes beyond New Zealand's national targets and commitments.
- Removing the regulation which enables the cancellation of AAUs in the register has undergone consultations earlier in the year. Cabinet will decide on whether this regulation should be closed later this year.

It is worth noting that with the implementation of the Paris Agreement, we have entered a new phase of climate action. International best practices are changing. It is for this reason that the guidance is interim, as standards in international VCM are still being established. It will be important for New Zealand to remain aligned to these principles, retaining our commitment to high environmental integrity.

We would like to assure you that the Government strongly encourages voluntary climate action. For this reason, the Government is making new investments into the voluntary market and will begin the development of a new Framework for the VCM that seeks its growth and increased ability to deliver emissions reductions. While we are still in the early stages of this work programme, we will be sure to keep you, and all interested parties, informed of its development.

I also wanted to let you know that Heather has moved to a different team in the Ministry so I suggest you contact Jacqui Ruesga, in cc, or myself, if you have any further questions.

Ngā mihi
Sarah

Sarah Deblock (she/her)
Manager | Kaiwhakahaere
ETS markets
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027 2467848 | sarah.deblock@mfe.govt.nz | environment.govt.nz
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From: John McArthur <theboss@thecarbonshop.co.nz>
Sent: Friday, 27 May 2022 11:05 am
To: Heather Martindale <Heather.Martindale@mfe.govt.nz>
Cc: Sarah Deblock <Sarah.Deblock@mfe.govt.nz>; Ted Jamieson <ted.jamieson@mfe.govt.nz>; Jacqueline Ruesga <Jacqueline.Ruesga@mfe.govt.nz>
Subject: Re: publication of updated voluntary carbon offsetting guidance

MFE CYBER SECURITY WARNING

This email originated from outside our organisation. Please take extra care when clicking on any links or opening any attachments.

Kia ora Heather,

I read the Interim guidance for voluntary climate change mitigation with some dismay and have spent some weeks considering the future of my voluntary contribution to mitigating my personal emissions, and those of like-minded clients of The Carbon Shop.

What has woken me from my despondency is the request from one of The Carbon Shop's clients to complete their footprint for 2021 with a view to voluntary mitigation.

Perhaps I should explain my dismay.

Prior to the publication of the guidelines I had read your preliminary paper and so I was preparing to morph The Carbon Shop philosophy from personal offsetting in a global context, and claiming of Neutrality as per the now retired guidelines, to personal abatement as a contribution to the New Zealand target **or better**. Still a worthy cause and still a recognition that I (and like-minded clients of The Carbon Shop) were putting our money where our mouths and minds were.

However, there are some points in the guidelines for voluntary mitigation which cause me dismay to the point that I can't offer to carry out a voluntary cancellation of good NZU_PFSI units for clients without first explaining that their good efforts may be washed away by the Government simply adding more units to the ETS.

As I said, I can spin the statement under Principle 1: "The organisation claiming the voluntary climate change mitigation should also transparently disclose whether the action taken contributes towards a national level target (i.e. helps New Zealand meet its NDC **or goes further**.)" Contributing to the New Zealand NDC is a worthy cause and the price of the NZU_PFSI units would certainly suggest someone is prepared to put their money where their

mouth is.

But then: "If significant unit cancellations occurred, reducing unit supply and increasing price, there is a risk that the NZ ETS cap-setting system could inadvertently respond by increasing supply, enabling an increase in emissions from other NZ ETS participants." In other words, the more successful the like-minded cohort is, the more likely it is that the Government will make our efforts totally worthless (from our ethical standpoint).

From a personal point of view, this sounds like I would be subsidising the ignorant and uncaring members of society who continue to ignore the Government's (admittedly weak) request for behaviour change. It appears that those of us who wish to make a voluntary contribution to the Climate Change problem by helping finance indigenous forest establishment will not be permitted to help New Zealand "go further" than the NDC. I personally consider the NDC a minimum which we should attempt to better, and who better to do this than "volunteers".

The Climate Change Commission "Inaia tonu nei: a low emissions future for Aotearoa", published before the Guidelines, chapter 10.6 paragraph 59 suggests that "more units will likely be added to the NZ ETS cap via the annual cap updates" as a result of voluntary abatement. The Climate Change Commission makes a number of recommendations in favour of voluntary mitigation including (h) "Develop sound and transparent practices for accounting for domestic voluntary mitigation and offsetting claims, in relation to the NZ ETS, emissions budgets and NDC's".

Likewise, the Ministry's Guidance states that the guidance is "intended to enable and encourage voluntary climate action...".

In some respects you have wrapped your own Ministerial doubts about the credibility of the Guidance in the section titled "Can I make a claim of voluntary climate change mitigation ..." with the statement "We recommend that entities do not use the cancellation of an NZU in the New Zealand Registry as the only basis of any claim of voluntary climate change mitigation". If the provenance of the NZU_PFSI units cancelled in the registry is clear and they meet all six principles described, what more should be done before one can claim voluntary climate change mitigation? Either the statement is ambiguous or there is some other step in claiming credible voluntary abatement that I am not aware of.

What effects will this issue have on the Voluntary Carbon Market and its abatement goals?

1. I can vouch for the fact that The Carbon Shop has a serious ethical dilemma in offering to cancel NZU_PFSI for clients without first explaining that the New Zealand Government may make their efforts totally useless by adding more units to the ETS cap.
2. While The Carbon Shop works exclusively with NZU_PFSI units, a number of the larger businesses providing Carbon Neutrality services will, by necessity, have to source their units overseas, thereby significantly depleting the funding available to encourage New Zealand land owners to establish permanent forests.
3. The supply chain for the Voluntary Carbon Market in New Zealand is likely to be seriously impacted not only by the primary element of not being able to offer "Neutrality", but by the fact that even the volunteers' efforts to contribute to the NZ NDC are likely to be washed away by the Government adding more units to the ETS cap.
4. The knowledge of how the NZ ETS operates with respect to voluntary abatement is complex, and it is quite possible that operators may offer voluntary mitigation services to clients without full explanation of the fact that their cancelled units may be negated by the

Government adding more units to the ETS cap. This is a serious integrity risk for the Voluntary Mitigation programme.

I am encouraged by three elements though;

1. The guidance is titled "Interim" and reference is made to the evolution of best practice and terminology.
2. It is clear that both the Ministry and the Climate Change Commission wish to encourage voluntary climate change mitigation.
3. The ETS and all the law and regulations around it are human inventions and therefore capable of improvement.

To be constructive:

I would like to see the voluntary climate change mitigation actions, the cancellation of appropriate NZU's, ring - fenced from the main target setting and ETS cap setting actions of the Climate Change Commission and the Government. In that way, those of us making the effort and putting our money where our values are, will gain some recognition of our contribution, and recognise that our efforts are not washed away by the Government simply raising the ETS cap by some mysterious algorithm.

What I would like to propose is that NZU's cancelled as Voluntary Climate Change Mitigation actions are accounted for separately in the ETS and reported as "over and above" the target setting process for the main activities of the ETS. Imagine if you will that this reporting of Voluntary Mitigation is able to show that the target for Net Zero Emissions inches back from midnight 31st December 2050 by the volume we volunteers are prepared to commit to. Wouldn't that "enable and encourage voluntary climate action"?

On another matter, (and this may not be in your field).

The mechanism for credible Voluntary Emissions Offsetting in the Kyoto period was by using the Kyoto voluntary cancellation process in the EPA's New Zealand Emission Trading Registry. This process is still available in the Registry in spite of the fact that it no longer serves this purpose and the "Guidance for voluntary emissions offsetting" has expired. The Government has stated that it will not carry over any remaining AAUs from the Kyoto period to satisfy the Paris Accord targets and therefore one wonders why the KVC process, which includes the step of cancelling an equivalent Government AAU, is able to continue?

{The new Interim guidance for voluntary climate change mitigation gives no indication of which voluntary cancellation process to use in the Registry but one would assume it is the "NZ voluntary cancellation". }

Finally, I make no apology for speaking in the first person, and making this a personal plea. I have been making my Voluntary Emissions Offsetting for my personal emissions because I feel strongly about the Climate Change issue. As I tramp around the South Island and watch the snow disappear from the mountain tops, and the glaciers retreat at what appears to be gathering pace, I wonder how far up the valley I will need to walk to show my grandchildren the dramatic Dart Glacier.

I look forward to your response.

Nga mihi nui,

John McArthur

On Mon, 28 Feb 2022 at 10:05, Heather Martindale <Heather.Martindale@mfe.govt.nz> wrote:

Kia ora,

We are pleased to let you know that the guidance on voluntary carbon offsetting has been updated. This new guidance is now live on our website and can be found [here](#). The guidance outlines principles an organisation should follow when making claims about the voluntary action taken to reduce or remove greenhouse gas emissions outside operations or business borders.

As you'll be aware, best practice for voluntary carbon markets internationally is still evolving with the transition into the Paris Agreement era. The guidance is interim and will be reviewed in line with international best practice, to ensure it remains relevant for organisations in New Zealand undertaking voluntary climate change mitigation. We will continue to engage with you and keep you updated in the future.

Ngā mihi

Heather Martindale (she/her)

*Senior Analyst | Kaitātari Matua
LUCAS (Land Use Carbon Analysis System)*

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