



Cabinet Economic Growth and Infrastructure Committee

EGI Min (10) 21/8

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Minute of Decision

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Emissions Trading Scheme: Regulations for Solid Waste Disposal Facilities

Portfolio: Climate Change Issues

On 8 September 2010, the Cabinet Economic Growth and Infrastructure Committee (EGI):

Background

- 1 noted that the Climate Change Response Act 2002 (the Act) requires participants in the solid waste disposal facility sector of the New Zealand Emissions Trading Scheme (NZ ETS) to enter the NZ ETS on 1 January 2013;
- 2 noted that:
 - 2.1 regulations are required to support the entry of this sector into the NZ ETS;
 - 2.2 the regulations need to be gazetted by 1 October 2011;

Methodologies

- 3 noted that on 26 May 2010, EGI:
 - 3.1 agreed in principle, for the purpose of developing an exposure draft of the regulations, to the proposed methodologies for disposal facility regulations and to amendments to the unique emissions factors regulations;
 - 3.2 invited the Minister for Climate Change Issues, following the consultation process, to report back to EGI seeking final policy approval for regulations in respect of the solid waste disposal facilities sector;

[EGI Min (10) 11/2]

- 4 confirmed the in-principle decisions for the recommended methodologies, referred to in paragraph 3.1 above, as follows:
 - 4.1 the default emissions factor will be that used in the national Greenhouse Gas Inventory;

- 4.2 those who are required to calculate emissions in accordance with the disposal facility regulations will be able to apply for approval, by the Chief Executive, of a unique emissions factor (UEF) to recognise different waste composition from the national average;
- 5 **approved** the following policy changes for the disposal facility regulations:
- 5.1 the basic method for reporting emissions from a disposal facility will be the amount of waste disposed of in a year multiplied by a default emissions factor which assumes zero landfill gas collection;
- 5.2 the default emissions factor will be 1.10 tonnes of carbon dioxide equivalent per tonne of waste;
- 6 **approved** the following policy additions for the amendments to the unique emissions factors regulations:
- 6.1 those who are required to calculate emissions in accordance with the disposal facility regulations will be able to apply for approval by the Chief Executive of a unique emissions factor to recognise either, or both, of:
- 6.1.1 different waste composition from the national average;
- 6.1.2 landfill gas collection efficiency;
- 6.2 those who wish to calculate a UEF based on waste composition are allowed to apply for a single UEF to represent all waste, or multiple UEFs according to their own defined classes of waste;
- 6.3 those who wish to calculate a UEF based on landfill gas collection may not report a landfill gas collection efficiency estimate greater than 90 percent;

Fiscal implications

- 7 **noted** that as the proposed methodologies differ from the approach used to calculate New Zealand's obligations, the Crown is exposed to price uncertainty with potential fiscal costs or savings, because its costs are not known until emissions are reported in the Inventory;
- 8 **noted** that, due to the differing methodologies, there will be fiscal implications that are highly uncertain but likely to benefit NZ ETS revenues until 2020;
- 9 **agreed** to incur estimated fiscal revenues of \$8 million per annum from 2013 as a result of the methodology referred to in paragraph 5.1 above;
- 10 **noted** that, because the costs of the NZ ETS post-2012 have yet to be budgeted for, these fiscal costs do not count against the Budget allowance, although when these costs are fully accounted for in Crown accounts, the net fiscal impact of the NZ ETS will have an impact on the operating balance;
- 11 **noted** that the proposals in the paper under EGI (10) 199 have been informed by the submissions received on the draft regulations and amendments to regulations;

Next steps

- 12 **invited** the Minister for Climate Change Issues to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;
- 13 **invited** the Minister for Climate Change Issues to submit a paper on disposal facility regulations and amendments to the unique emissions factor regulations to the Cabinet Legislative Committee in order to promulgate these regulations by 1 October 2010;
- 14 **noted** that the Minister for the Environment intends to proactively release the paper under EGI (10) 199 on the Ministry for the Environment's website, subject to any appropriate withholdings that may be required in accordance with the Official Information Act 1982.

Reference: EGI (10) 199

Present:

Hon Bill English (Chair)
Hon Dr Nick Smith
Hon Tim Groser
Hon Steven Joyce
Hon Phil Heatley
Hon Nathan Guy

Officials present from:

Office of the Prime Minister
Officials Committee for EGI

