

Industrial Allocation Guide to Projected Data Collection 2025



Ministry for the
Environment
Manatū Mō Te Taiao



Te Kāwanatanga o Aotearoa
New Zealand Government

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1 Introduction

The New Zealand Emissions Trading Scheme (NZ ETS) is one of the Government's main tools to reduce emissions in response to global climate change.

Within the scheme, the policy of industrial allocation provides transitional assistance to those parts of the economy most affected by the NZ ETS – activities which are both emission-intensive and trade-exposed (EITE).¹ The threshold to be considered 'emissions intensive' is an emissions intensity of 800 tonnes of greenhouse gas emissions (in carbon dioxide equivalent) per \$1 million of revenue from the activity.

Eligibility for industrial allocation and the quantity of units allocated per unit of EITE product is currently based on data provided by persons (firms) carrying out the activities. Changes to industry composition, business as usual improvements, and significant investments in fuel switching and other emissions improvements mean allocation settings may require updating to ensure these are representative of an activity's national average emissions intensity.

The [Climate Change Response \(Late Payment Penalties and Industrial Allocation\) Amendment Act 2023](#) amended the [Climate Change Response Act 2002](#) (the Act) to allow the update of industrial allocation settings. This allowed the Government to make new regulations that update each activity's allocative baseline(s).

Notices published in the *New Zealand Gazette* can require all businesses carrying out these activities to provide data on production, emissions and revenue. For the purposes of this guide, the persons or businesses conducting these activities are referred to as firms.

The collected data will be used to calculate projected allocative baselines for each of the activities, based on the weighted average of all firms conducting each specific activity in New Zealand. This data collection exercise will *not* change existing decisions on eligibility. This is further explained in the [Overview section](#).

Data provided in response to a Gazette Notice must be submitted in accordance with the definitions, rules and templates of the Notice. These requirements include:

- a definition of the activity, including its inputs and outputs, and an exhaustive list of the sources of emissions which are to be included or excluded from the activity
- a definition of the products to be included under each activity
- data collection rules which set out the methodologies for calculating projected emissions relating to the activity as defined
- a specified template for submitting data (the Data Form) with accompanying Basis of Preparation form (the Basis of Preparation) requiring explanations of any assumptions underpinning the data provided, and a signed declaration (the Declaration).

¹ The second criterion to receive an allocation is trade exposure. Under section 161C of the Climate Change Response Act 2002, industrial activities are trade exposed unless, in the Minister's opinion, there is no international trade of the output of the activity across oceans; or it is not economically viable to import or export the output of the activity.

This guide is designed to help firms comply with the requirements of the Gazette Notice when completing the forms and applies to all activities for which a Gazette Notice has been issued. It does not take precedence over the Gazette Notice itself, or any other associated legislation.

Who is required to complete the Data Form

Any firm intending to carry out the activity described in the Notice, during the period specified in the Notice, must complete and submit the Data Form as well as a Basis of Preparation and Declaration.

If a firm fails to provide the data required under the Notice, the Minister of Climate Change may give further notice to that firm to provide information within 10 working days. Failure to comply may render that firm ineligible for an allocation, in accordance with section 161D(6) of the Act.

There are also offences under the Act where a person knowingly provides altered, false, incomplete or misleading information or, with the intent to deceive and for the purpose of obtaining a material benefit or avoiding a material detriment, fails to provide information or provides false, altered, incomplete or misleading information.

How to get forms

You can view and download all forms from the Ministry's website: [2025 Industrial allocation data collection](#).

How to get further information and help

It is anticipated that firms will have questions during the data collection process.

Assistance will be available to help you during the data collection process. If you need help or have questions, please email industrialallocation@mfe.govt.nz.

Due date for submitting data

The Data Form, Basis of Preparation, and signed Declaration must be submitted to the Ministry within 30 working days, as set out in the Gazette Notice.

Please email your completed forms to industrialallocation@mfe.govt.nz in the same file format in which they were provided. Ensure the subject line is:

Data collection: 'Your activity', 'Name of firm'.

If you can't email the forms, please contact the Ministry to arrange another method.

2 Gazette Notice

The Gazette Notice defines the activity for which the Minister of Climate Change requests information. All firms intending to carry out that activity for the period specified in the Gazette Notice are required to provide certain production and emissions data. This data must be collated and submitted in the relevant Data Form.

The Gazette Notice defines for each activity, the activity output(s), the product(s), and the included and excluded emissions. Together these define the boundaries of what data should and should not be counted.

In addition, the Gazette Notice defines the data collection rules, specifying how the data should be obtained or calculated. Firms must comply with these rules when they complete the Data Form.

The Gazette Notice also defines the financial years for which data must be supplied as 2026/27 with each year beginning on 1 July and ending on 30 June.

As well as the Data Form, the Gazette Notice requires firms to complete and provide the Basis of Preparation. Firms should use this template to provide additional supporting information for the data provided in the Data Form.

In addition, firms must sign the Declaration, confirming that the information supplied is true and correct.

The Gazette Notice gives a deadline for the provision of the required information within 30 working days from the date of the Notice. Failure to submit data and information as required can result in firms being ineligible to receive an allocation.

3 Overview

What will the data be used for?

The Minister requires specific information for the year 2026/2027. Data will be used to calculate each activity's provisional allocative baseline for the product(s) – emissions associated with the manufacture of the product(s) within the bounds of the activity definition.

To calculate this, firms are required to submit projected production and emissions data associated with the particular activity. The allocative baseline for each product is assessed as a weighted average on a national basis. To ensure consistency, data submitted must be from the same time periods for each of the firms and consistent methods must be used to determine the emissions data.

Firms should note that the collection of this new data will *not* change their eligibility status. It will only be used to update each activity's allocative baseline(s) through future regulations.

Allocative baseline

The allocative baseline of a product is expressed in terms of the tonnes of emissions per unit of product over the five financial years. The Minister will use the data collected to calculate a provisional allocative baseline for the product of each activity. Some activities have multiple products as a basis of allocation – refer to [section 9](#) for more information.

Note that in some cases, the definition of a product for the purpose of calculating allocative baselines can be different from the output of the activity. The Gazette Notice carefully defines these two quantities.

Standard information requirements

Emissions data

The emissions data collected will be used to calculate new allocative baselines. It is recognised that the data provided is projected and therefore will contain uncertainties. Wherever possible, firms are asked to provide a detailed explanation of the assumptions and dependencies in the basis of preparation form.

As specified in [Emissions Rule 1](#), data is required on the direct use (eg, oxidation or use as feedstock) of fuels, process emissions, emissions from the production of heat, emissions from the production of steam, fugitive coal seam gas emissions, use of liquid fossil fuels in stationary equipment, and electricity consumption. Only the eligible emissions sources specified in Emissions Rule 1 and directly related to the activity as defined in the Gazette Notice can be included. Other emissions sources not included in [Emissions Rule 1](#) may not be included.

The data used to calculate emissions must be prepared using the data collection rules specified in Schedule 1 of the Gazette Notice. The rules and further explanation are also set out in [section 7](#) of this guide.

Financial years

The Gazette Notice specifies that the data must be provided for the 2026/27 financial year, with the period beginning on 1 July and ending 30 June. It is recognised that, the projected data will contain uncertainties. Accordingly, firms will need to make a reasonable and transparent apportionment of production and emissions data to the specified financial years. Specific rules have been included to address both uncertainty and materiality.

4 Entity information

Enter firm specific details into box 1 of the first tab of the relevant Data Form and the Basis of Preparation.

Activity	A Data Form has been produced for each activity, provided as a Microsoft Excel file. The first line of box 1 of the Data Form is locked and contains the name of the specific activity for which the relevant revenue and emissions data are required.
Company name	Enter the registered company name.
Holding account number	If the company holds an account with the New Zealand Emissions Trading Register, enter the holding account number. Leave blank if a holding account is not held.
Facility name	If the activity operates using a different name from the registered company name (eg, an operating division of the company), include the name here.
Physical address	Include the physical address of the site where the activity is undertaken. If the activity is undertaken at more than one location, include details of all locations in the Basis of Preparation.
Contact details	Enter the contact details for the person responsible for signing the Declaration (including contact name, postal address, phone number, and email). Alternatively, contact details including the person's job title may be provided for a nominated primary contact person to whom any queries or requests for follow up information can be sent.

5 Production

Production related data must be provided in boxes 2 and 3 of the production tab of the Data Form.

It is anticipated that the production data supplied will be projected data. This must be determined in accordance with the Data Preparation Rules with all assumptions and methods of calculation clearly stated in the Basis of Preparation form.

6 How to enter production data

Box 2: Units produced of product (basis of allocation)

Enter into box 2 the units of product (basis of allocation) of saleable quality produced during each financial year. The product (basis of allocation) is described in the Gazette Notice for each activity. This box is used to determine the allocative baseline where the activity output and product (basis of allocation) differ.

Box 3: Activity outputs produced

Enter into box 3 the units of activity output of saleable quality produced by the activity for each of the financial years. The activity output is defined in section 2(1) of the Gazette Notice relevant to the particular activity. It is possible that there are multiple activity outputs for the purpose of calculating revenue – this will be specified in the Gazette Notice.

7 Emissions rules

Overview

The 11 emissions rules are listed below with explanatory notes where required. The emissions rules are to be adhered to when determining direct fuel use emissions, industrial process emissions, removals, and indirect emissions, associated with the activity.

Emissions Rule 1: Included emissions

Data must be supplied for each financial year from only the following emissions sources, expressed in tonnes of CO₂ equivalent:

- a. the direct use (eg, oxidation or use as feedstock) of any coal, natural gas, used oil, or waste oil as part of the activity; and
- b. the direct use (eg, oxidation or use as feedstock) of any coal, natural gas, used oil, or waste oil to generate steam that is used as part of the activity; and
- c. the direct use of geothermal fluid as part of the activity, including the direct use of geothermal fluid to generate steam that is used as part of the activity; and
- d. any of the activities listed in Part 4 of Schedule 3 of the Act carried out as part of the activity; and
- e. the direct use of any liquid fossil fuel in stationary equipment; and
- f. fugitive coal seam gas from coal that is used as part of, or to generate steam that is used as part of the activity; and
- g. the electricity used as part of the activity; and
- h. the combustion of used tyres for the purpose of generating industrial heat; and
- i. the consumption of carbon dioxide as a feedstock if that carbon dioxide is derived from an activity in Schedule 3 or 4 of the Act and a participant is required to surrender units under this Act for that activity.

Section 161E of the Act prescribes the emission sources which the Minister must consider for the purposes of considering emissions to be included with a defined activity. Emissions excluded from this definition cannot be included in the boundaries for the emissions from an activity, for the purposes of determining industrial allocations. These sources are replicated in Emissions Rule 1.

Emissions are expressly limited to combustion of energy fuels (including liquid fossil fuels used in stationary equipment), other forms of oxidation (eg, reduction), the use of geothermal fluid, and a number of identified industrial activity emissions. The emission sources are also limited to the specified fuels.

Emissions associated with electricity are estimated on the basis of electricity consumed as part of the activity measured at the site. This does not include transmission and distribution line losses. Further, any steam or electricity consumed or produced on the site which is not used as part of the activity must not be included.

Fugitive coal seam gas (FCSG) emissions are also included as an indirect emissions source. The calculation of these emissions are based on the consumption of domestically mined coal from the particular mine type the coal is sourced from. Note that coal that is imported into New Zealand should not be included in this section.

Emissions Rule 2: Formulae and emissions factors (except electricity and industrial process emissions)

Emissions must be calculated using the applicable formulae and emission factors specified in these data collection rules and in the Data Form. Direct measures cannot be used as a substitute.

The formulae and emission factors used in calculating emissions, except for the use of CO₂ as a feedstock, must be those listed in Schedule 2 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009, Schedule of the Climate Change (Liquid Fossil Fuels) Regulations 2008, the data collection rules, and the relevant Data Form.

The following formulae should be used to measure direct emissions and fugitive emissions of eligible activities.

Coal

$$\text{Emissions} = \sum (A_i \times CV_i \times EF_i)$$

Where:

A_i = tonnes of coal consumed for the relevant coal class

CV_i = calorific value of the relevant coal class

EF_i = emission factor for the relevant coal class

i = index for the relevant coal class.

Fugitive coal seam gas

$$\text{Emissions} = \sum (A_i \times EF_i)$$

Where:

A_i = tonnes of coal consumed for the relevant coal class from the relevant mine type

EF_i = emission factor for the relevant mine type

i = index for each relevant mine type.

Natural gas

$$\text{Emissions} = \sum (A_i \times EF_i)$$

Where:

A_i = terajoules (tonnes if LPG) of natural gas consumed from the relevant natural gas source or field

EF_i = emission factor for the relevant natural gas source or field (use the national average if the gas field(s) is not known)

i = index for each relevant natural gas source or field.

Geothermal fluid

$$\text{Emissions} = \sum (A_i \times EF_i)$$

Where:

A_i = tonnes of geothermal fluid for the relevant type (ie, steam or two phase) consumed from the relevant source

EF_i = emission factor for the relevant geothermal fluid source
 i = index for each relevant geothermal fluid source.

Used or waste oil and used tyres

$$\text{Emissions} = \sum (A \times CV \times EF)$$

Where:

A = tonnes of used or waste oil, or used tyres consumed

CV = calorific value of used or waste oil, or used tyres

EF = emission factor for used or waste oil, or used tyres.

Liquid fossil fuels

$$\text{Emissions} = \sum (A_i \times EF_i)$$

Where:

A_i = kilolitres of liquid fossil fuel consumed from the relevant source

EF_i = emission factor for the relevant liquid fossil fuel source

i = index for each relevant liquid fossil fuel source.

CO₂ as a feedstock

$$\text{Emissions} = A \times EF$$

Where:

A = tonnes of CO₂ used as a feedstock

EF = emission factor for CO₂ (1 tCO_{2e}/ tCO₂).

The [Climate Change \(Stationary Energy and Industrial Processes\) Regulations 2009](#) (SEIP Regulations), and the [Climate Change \(Liquid Fossil Fuels\) Regulations 2008](#) (LFF Regulations), contain specific formulae and emission factors for determining emissions from participants in the NZ ETS. The regulations do not contain the formulae for CO₂ as a feedstock, so firms should reference the formula and emission factor noted above. Schedule 2 of the SEIP Regulations, and the Schedule of the LFF Regulations contain the emissions factors which must be used. Use of these same formulae and emission factors for the calculation of the industrial allocation process will provide consistency of data, transparency between activities and firms, enable more timely data, and reduce the administrative burden resulting from the requirement to collect data from historic years.

These formulae are contained in the Data Form and will automatically calculate when source data for the quantities of fuel used relating to the activity are entered.

Fugitive emissions from sources other than FCSG emissions are not included. They are excluded from assessments of eligibility and from the determination of allocative baselines.

Emissions Rule 3: Coal and natural gas exclusions

Emissions from the direct oxidation or use as feedstock of coal or natural gas must be calculated as zero when either:

- (1) the feedstock is used to produce an obligation fuel defined in the Climate Change (Liquid Fossil Fuels) Regulations 2008, or
- (2) the production of the output is eligible to earn emission units under the Climate Change (Other Removal Activities) Regulations 2009.

The cost of coal or natural gas is expected to include the costs of emission units. Emissions Rule 3 identifies two circumstances where the impact on total net costs for the purchaser will be less than the full cost:

1. Where the output of the activity is a fuel that carries an obligation under the NZ ETS, then it is assumed that the costs of emission units can be passed on in the price of the output.
2. Where the activity product earns emission units, then the costs of emission units for gas/coal used as a feedstock are compensated through the sales of emission units earned.

If a firm undertakes an embedding activity that results in emissions removals that meets the requirements of Schedule 4, Part 2 of the Act then these removals must be calculated and deducted from the emissions total for each specified financial year.

The Climate Change (Other Removal Activities) Regulations 2009 provides the requirements and method for calculating the removals from producing methanol. The Data Form requires firms to enter the total amount of gas consumed and the amount (in the units specified) of methanol produced each year. Removals are automatically deducted from the emissions total for each specified financial year.

Emissions Rule 4: Exemptions

Emissions for which no obligation to be a participant of the NZ ETS exists under the Act due to an exemption made by Order in Council under section 60 of the Act must be included; however, upon submission, the applicable threshold will be applied and any emissions sources below the threshold will be withheld from the relevant calculation of the industrial allocative baseline and calculation of the emissions intensity metric.

Emissions Rule 4 applies to persons who have obtained an exemption under section 60 of the Act.

Emissions Rule 4 also applies to firms who are exempt from being a participant of the NZ ETS under the [Climate Change \(General Exemptions\) Order 2009](#). This Order exempts some firms undertaking specified activities from being participants if the emissions from, or the consumption of, an emission source are not in excess of a specified threshold. Firms must provide data and evidence of the required activities in the Basis of Preparation irrespective of whether it falls above or below the threshold. The evidence will be assessed to check if the firm meets the thresholds stated below. If below the specified threshold, a firm will not be subject to surrender obligations.

If thresholds are changed in the future, the data may be reassessed to ascertain whether a firm meets the thresholds.

The relevant exemption thresholds for emission sources that are eligible under section 161E(2)(a)(i) of the Act are:

Activity	Exemption threshold
Using geothermal fluid to generate electricity or industrial heat	4,000 tonnes of CO ₂ -e per annum
Combusting used or waste oil to generate electricity or industrial heat	1,500 tonnes of used or waste oil per annum
Importing coal	2,000 tonnes of coal per annum
Producing iron or steel	100 tonnes of carbon added per annum

Emissions Rule 5: Co-generation

Total emissions from a combined heat and power plant must be allocated to an activity in proportion to its use of the output of the plant. Total emissions from co-generation must be split between heat/steam and electricity emissions on the basis of relative efficiencies of production, using efficiency rates of 80 per cent for steam and 35 per cent for electricity, then the heat/steam emissions must be allocated to the activity in proportion to its use of the output of heat from the plant. Emissions allocated to heat/steam production must be estimated using the following formula:

$$E_H = \frac{\frac{H}{e_H}}{\frac{H}{e_H} + \frac{P}{e_P}} * E_T \quad \text{and} \quad E_P = E_T - E_H$$

Where:

E_H = emissions allocated to steam production

H = steam output (MWh)

e_H = assumed efficiency of steam production

P = delivered electricity generation (MWh)

e_P = assumed efficiency of electricity generation

E_T = total direct emissions of the combined heat and power plant system

E_P = emissions allocated to electricity production.

The purpose of this data rule is to estimate the emissions of a combined heat and power co-generation plant that are attributable to the heat/steam output of the plant. For the purposes of determining eligibility and for determining allocative baselines, electricity and heat/steam generation are treated differently.

- Emissions from electricity are estimated on the basis of electricity consumed by the activity. Emissions from electricity generation are not counted as it is not considered a trade exposed product.
- Emissions from heat/steam production are estimated from the actual emissions of the heat plant. When heat/steam and electricity are co-generated, the emissions from the

plant are allocated to the individual products and only the proportion of emissions attributed to heat/steam are taken into account.

There are different ways in which an allocation to heat and electricity can be made. The approach chosen is the one described by the World Resources Institute and the World Business Council for Sustainable Development (WBCSD) under the GHG Protocol.² It estimates the quantity of fuel used in producing each output on the basis of an assumption about the efficiency of generation.

The rule provides efficiency assumptions that must be used in calculating emissions. These may be different from actual efficiencies. The GHG Protocol has the following steps:

Step 1: Determine the total direct emissions and the total steam and electricity outputs for the combined heat and power co-generation system.

Step 2: Assign efficiencies to steam and electricity production. Values of 80 per cent efficiency for steam and 35 per cent efficiency for electricity are to be used.

Step 3: Determine the fractions of total emissions to allocate to steam and electricity production using the following formulae:

$$E_H = \frac{\frac{H}{e_H}}{\frac{H}{e_H} + \frac{P}{e_P}} * E_T \quad \text{and} \quad E_P = E_T - E_H$$

Where:

E_H = emissions allocated to steam production

H = steam output (MWh)

e_H = assumed efficiency of steam production

P = delivered electricity generation (MWh)

e_P = assumed efficiency of electricity generation

E_T = total direct emissions of the combined heat and power system

E_P = emissions allocated to electricity production.

Step 4: Calculate emission rates for steam production – that is the total amount of emissions from steam production (E_H) per total amount of steam output produced (H).

Step 5: Multiply the emissions rate for steam production by the steam output consumed by the activity to estimate emissions from steam used in the activity.

² Allocation of GHG Emissions from a combined heat and power (CHP) Plant. Guide to calculation worksheets (September 2006) v1.0. A WRI/WBCSD GHG Protocol Initiative calculation tool. Available at: www.ghgprotocol.org/calculation-tools/all-tools.

Emissions Rule 6: Industrial process emissions

Emissions from industrial processes must be calculated using the formulae set out in Part 3 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009.

Emissions Rule 6 is only relevant to those firms which have direct process emissions for which they are separately liable as a participant under the NZ ETS.

Part 3 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009 (the SEIP Regulations) specifies the information that must be collected and recorded for each industrial process participant. It also provides the methods for calculating the emissions for each industrial process.

For the purposes of completing the Data Form, firms undertaking the above processes must refer to the requirements contained in the SEIP Regulations. For example, if you are producing clinker or burnt lime, information specified in SEIP Regulation 37 must be collected and recorded. This information is then used to calculate emissions from producing clinker or burnt lime using the formula provided in SEIP Regulation 38. The Data Form requires that the quantities of specified inputs (in the units specified) in SEIP Regulation 37 be entered. The Data Form will apply the relevant formula contained in SEIP Regulation 38 to calculate total emissions from producing clinker or burnt lime.

Emissions Rule 7: Electricity emissions formula

Indirect emissions from electricity use must be calculated using the following formula:

$$\text{Emissions} = A \times \text{EAF}$$

Where:

A = consumption of electricity (MWh) used as part of the activity

EAF = relevant electricity allocation factor.

Emissions associated with the use of electricity are estimated from the electricity consumed by the activity. A standard emissions factor is used regardless of whether the electricity is generated on the same site as the activity or if the electricity is purchased from the grid. The electricity allocation factor is not an estimate of the average emission factor for the production of electricity. Instead, multiplying the factor by the price of emission units provides an estimate of the expected increase in the unit price of electricity.

As stated in [Emissions Rule 1](#), only the electricity consumed by the activity (adjusted for any exclusions) may be included. Some electricity providers bill for electricity where the cost per unit is inclusive of the estimated cost of transmission and distribution losses. In this case firms should include the total MWh consumed, less apportionments for exclusions. Conversely, other electricity providers bill for total MWh consumed and also estimate MWh associated with transmission and distribution losses.

Note that electricity use extends to electricity generated on site and consumed by the activity – whether this comes from co-generation, or from other generation types.

Emissions Rule 8: Electricity allocation factor for eligibility

For eligibility purposes, electricity emissions must be estimated using an electricity allocation factor of 1 tonne of CO₂-e per megawatt hour of consumption.

For eligibility purposes a value of 1 tonne of CO₂-e per MWh is used. This was done to align activities with those in Australia when the NZ ETS was in development. The use of this electricity allocation factor is still mandated in legislation for the purpose of eligibility. No eligibility decisions will be made on the basis of this data collection.

Emissions Rule 9: Electricity allocation factor for baselines

For allocative baseline purposes, electricity emissions must be estimated using an electricity allocation factor of 0.537 tonnes of CO₂-e per megawatt hour of consumption.

The electricity allocation factor for baselines of 0.537 tonnes of CO₂-e per megawatt hour will be used to calculate the allocative baselines resulting from the data submitted.

Section 161FA of the Climate Change Response (Late Payment Penalties and Industrial Allocation) Amendment Act 2023 states that from 1 January 2024, the electricity allocation factor will be recommended by the Electricity Authority to the Minister each year. Future electricity emissions costs will need to be measured with the relevant electricity allocation factor corresponding to the data collection years, or the most recent electricity allocation factor if the electricity allocation factor for the relevant year is not available.

Emissions Rule 10: Materiality

Best endeavours must be used in calculating emissions.

Simplified and reasonable emission calculation methods of the person's own design can be used for specified small emissions sources that are either excluded or included emissions defined in Schedules 2 and 3 of the relevant Gazette Notice. These estimations of emissions data must be, in aggregate, estimated to be no more than 5 per cent of total emissions from the activity at the site, provided that a 5 per cent change in total estimated emissions would not change the eligibility status of the activity, if the activity of the person was considered in isolation when making a decision about eligibility. All methods used must be disclosed in the Basis of Preparation.

Emissions Rule 10 provides an indication of the extent of accuracy required to be undertaken when estimating and calculating emissions from smaller emission sources. It is expected that total emissions will be calculated accurately, but simpler methods may be employed where the resulting emissions are not material to the assessment of eligibility.

It is recognised that, historically, many entities may not have reported on the required emission and revenue data on both an activity and financial year basis. Best endeavours should be made to determine accurate data. Where necessary, there should be a reasonable and transparent apportionment of data to the specified activities and financial years.

Estimates must be made of emissions associated with the activity and with complementary activities, as defined by section 161E(2)(b)(vi) of the Act, undertaken by the firm, such as packaging, transportation and corporate operations. Apportionment may be needed if the data for the eligible activity is combined with data for other non-eligible activities undertaken by the firm. Hence, the complementary activities should be estimated or measured to ensure that the reported emissions are specific to the eligible activity. Emissions associated with complementary activities and other excluded emission sources will not affect the allocative baseline. Firms must exclude the activities outlined in Schedule 3 of the Gazette notice and provide details of how these exclusions were measured in the Basis of Preparation. Where estimates have been made to determine included emissions and revenue data, such estimates must be disclosed in the Basis of Preparation.

Emissions Rule 11: Emissions coverage

All emissions associated with the activity must be counted, regardless of whether the output is of saleable quality.

Emissions Rule 11 takes account of inefficiencies in production and ensures that all emissions are taken into account.

Eligibility as either moderately or highly emissions intensive is calculated using all emissions associated with the activity, regardless of whether the activity output is of saleable quality. Conversely, transitional assistance by way of allocation of free units will be based on products of saleable quality.

8 How to enter emissions data

Before completing the boxes below it is recommended that you have a clear understanding of the relevant emissions rules contained in the preceding section.

Only emissions attributable to the activity are to be included. Further discussion on interpreting activity boundaries and apportioning emissions is contained in [section 10](#).

Full disclosure of the method used to apportion is required in the Basis of Preparation for each emission source.

Boxes 4 to 10: Direct fuel use, geothermal fluid, and fugitive coal seam gas emissions (excluding those from co-generation)

Enter the quantities of fuels used associated with the activity for each financial year in boxes 4 to 10 of the Data Form. If fuel is used to produce heat/steam and electricity from a co-generation plant, this is entered in a separate worksheet and is explained below.

The emission factors and applicable formulae, as required by [Emissions Rule 2](#), have been hard coded into the Data Form and therefore the emissions will be calculated automatically from the quantity of fuel entered. The weighted average calorific values for both coal and used or waste oil must be entered into the designated boxes to calculate emissions from these sources.

Quantities of liquid fossil fuels used should only be attributed for use in stationary equipment. Other uses of liquid fossil fuels (eg, transport) are not included. Note that because direct emissions from electricity generation are not included (and instead electricity consumption from generation sources is included), the meaning of stationary equipment for the purpose of this data collection exercise does not include a generation plant.

Refer to [Emissions Rule 4](#) for guidance of exemption thresholds for geothermal fluid, iron and steel production, importing coal, and used or waste oil consumption.

Coal use entered into box 4 can include both domestically sourced coal, and imported coal. There are four classes of coal to attribute coal use too (lignite from Waimumu or Roxburgh, lignite from all other fields or peat, sub-bituminous, and bituminous).

Coal use entered into box 5 (fugitive coal seam gas emissions) should only include coal that is sourced domestically (ie, mined in New Zealand) and **not** include coal that is imported. Domestic coal usage is divided into three mine types (surface, sub-bituminous from underground, and bituminous from underground).

Data entered into box 4 and 5 is not double counting emissions from coal but attributing coal use to different emissions sources: combustion or other use, and fugitive gas released during the mining process. Firms should also note it is assumed there is no flaring of methane in New Zealand coal mines.

Box 11: Electricity emissions

Enter the MWh of electricity consumed by the activity for each of the financial years into box 11. The relevant electricity allocation factor, as specified by [Emissions Rule 9](#), has been hard coded into the Data Form.

If co-generation is used, then box 11 of the *Co-generation* tab will include entries for the MWh of electricity generated on site and used as part of activity, and electricity generated on-site and not used. Both are required to calculate emissions attributed to steam production. The Data Form will automatically complete the *Emissions* tab for electricity generated on site and used as part of the activity, based on data entered in the *Co-generation* tab. Note that electricity generated on-site (other than co-generation) that is consumed by the activity should be entered into box 16 of the *Emissions* tab along with electricity consumed from the national grid.

Electricity contracts can be examined by the Minister by Gazette Notice to establish whether any adjustment to an allocative baseline is needed in accordance with section 161C(4) of the Act. This has been performed for two activities to date.

Box 12: Co-generation plant emissions

Fuel used to produce heat/steam and electricity from a co-generation plant should be entered into the *Co-generation* tab of the Data Form. This tab only needs to be completed by firms using a co-generation plant. The guidance provided above on how to complete boxes 4 to 11 should be followed when completing the *Co-generation* tab. The total direct emissions of the combined heat and power system attributed to steam production will be automatically entered into the summary section of the *Emissions* tab of the Data Form once the *Co-generation* tab has been completed.

Enter into box 12 the steam output from co-generation:

- consumed by the activity
- not consumed by the activity.

Note that the unit required for both of these entries is MWh. Firms may need to convert their data into MWh.

The efficiency ratings of steam and electricity are hard coded into the Data Form.

Box 13: Industrial processes emissions or removals

If the activity conducted by the firm does not produce process emissions, disregard this section.

Part 3 of the SEIP Regulations specifies the data which industrial processes participants must collect and record. In all cases the data that is required to be collected and recorded is used to determine the industrial process emissions in the Data Form.

Industrial process emissions are determined in accordance with [Emissions Rule 6](#). To prevent error, the relevant formulae contained in Part 3 of the Regulations have been hard coded into

the Data Form for the relevant activities. Once firms input the quantities, the emissions will be automatically calculated using the applicable formulae.

Data relating to process emissions must be entered into box 13, Industrial Process Emissions in the *Emissions* tab of the Data Form. Where indicated, additional supporting information should be included in the Basis of Preparation.

Producing iron or steel

For each specified financial year, enter into box 13 the total tonnes of:

- pure calcium carbonate used
- pure calcium magnesium carbonate used
- carbon in each type of carbon-containing input used (other than obligation coal, limestone or dolomite). Note that scrap steel should not be included as a carbon containing input.

9 Multiple products

This section relates to activities that have multiple products for allocation purposes. You can ignore this section for activities that have a single product for allocation.

For some activities, more than one allocative baseline will be defined in the Gazette Notice as the basis for allocation. For example, if an activity:

- produces more than one product, and total emissions differ depending on the relative production levels of those separate products, one or more allocative baselines may be developed for each product
- has an initial stage which may not be performed by some firms, then a sub-allocative baseline approach may be adopted where units are awarded based on the outputs from each stage.

Units produced of product (basis of allocation)

Enter into box 2 the units of product (basis of allocation) during each specified financial year for each product (basis of allocation) specified in the Gazette Notice. There is a separate row for each product (basis of allocation).

Emissions data – fuel use (excluding use for co-generation)

There is a separate *Emissions* tab in the Data Form for each specified product (basis of allocation). The *Emissions* tabs are labelled *Emissions (Product A)*, *Emissions (Product B)* and so on, where 'Product A' relates to the first product (basis of allocation) specified in the Gazette Notice, 'Product B' to the second product (basis of allocation) specified, and so on.

In the *Emissions (Product A)* tab of the Data Form, enter the quantities of fuel used associated with the first product (basis of allocation) specified in the Gazette Notice for each specified financial year in boxes 4 to 10. As previously noted, only direct fuel use (such as oxidation or use as a feedstock), geothermal fluid, and fugitive coal seam gas (from domestic coal) emissions should be entered into the *Emissions* tab of the Data Form. Fuel used to produce heat/steam and electricity from a co-generation plant should be entered into the *Co-generation* tab of the Data Form (see below).

Fuel combustion emissions need to be apportioned between each product (basis of allocation). Where this cannot be clearly measured on the basis of fuel use or heat requirement of the processes that result in the individual products, firms should apply reasonable estimates and transparent assumptions. The approach used should be clearly disclosed in the Basis of Preparation (in section 4.2, under boxes 4 to 10 as appropriate).

The sum of emissions apportioned to each product (basis of allocation) of an activity with multiple products must not exceed the total emissions for the activity.

Electricity emissions

Enter into box 11 the electricity consumed that is used as part of the activity for each relevant product.

If co-generation is used, the next line – electricity generated and used as part of the activity – will automatically fill once the *Co-generation* tab in the Data Form has been completed (see below).

Co-generation emissions

The *Co-generation* tab is much the same for activities that only have a single product (basis of allocation) and only needs to be filled out if the firm undertakes co-generation. If a firm has multiple co-generation plants then they will need to contact the Ministry to request a special Data Form.

Enter into boxes 4 to 10 of the *Co-generation* tab the amount of fuel used to produce heat/steam by the co-generation plant.

Enter into box 11 of the *Co-generation* tab, the electricity generated by the co-generation plant that is used as part of the activity. There is a separate row for each product (basis of allocation). Where this cannot be clearly measured on the basis of electricity consumption of the processes that result in the individual products, firms should apply reasonable estimates and transparent assumptions. The approach used to apportion electricity generated between each product (basis of allocation) should be clearly disclosed in the Basis of Preparation (section 4.4).

The amount of electricity generated by the co-generation plant that is used by each product (basis of allocation) is automatically entered into the relevant row of the *Emissions* tab for each product (basis of allocation). Total electricity consumption will consist of electricity bought from the grid, and electricity consumed arising from co-generation or other generation types for each product (basis of allocation).

Also enter into box 11 of the *Co-generation* tab the electricity generated by the co-generation plant that is not used as part of the activity. This is required to correctly calculate the emissions attributed to steam production.

Enter into box 12 of the *Co-generation* tab the steam output from the co-generation plant that is used by each product (basis of allocation). There is a separate row for each product (basis of allocation). Where this cannot be clearly measured on the basis of heat requirement of the processes that result in the individual products, firms should apply reasonable estimates and transparent assumptions. The approach used to apportion steam output between each product (basis of allocation) should be clearly disclosed in the Basis of Preparation (section 4.4).

Also enter into box 12 of the *Co-generation* tab, the steam output from the co-generation plant that is not used as part of the activity. Emissions from steam produced that is not used as part of the activity are not included emissions for the purpose of eligibility or allocative baselines but are still required to correctly calculate the amount of emissions attributed to steam that is used.

Once the relevant parts of boxes 4 to 12 have been entered, the *Co-generation* tab calculates the steam emissions from the co-generation plant for each product (basis of allocation). This will be automatically entered into the summary row of the *Emissions* tabs for each product (basis of allocation).

10 Other relevant information

Overview

The two data preparation rules are listed below with explanatory notes where required. These are to be adhered to when preparing information to submit within the Basis of Preparation and Data Form.

Data Preparation Rule 1: Disclosure requirements

The methods, assumptions and calculations used to produce the data must be disclosed in the Basis of Preparation along with the data in the Data Form.

The specific principles, methodologies, policies and assumptions used to prepare and present the projected production and emissions data by financial year should be clearly disclosed by firms in the Basis of Preparation and submitted with the Data Form.

This guidance outlines the data required for each box of the Data Form. The Basis of Preparation must be completed to support the data provided in the Data Form.

Data Preparation Rule 2: Data uncertainty declaration

Where uncertainties arise when determining emission and revenue data, these uncertainties must be declared in the Basis of Preparation.

The industrial allocation process depends on firms supplying data for prior years where data may not have been captured in the form or detail required. More estimation may be required in these cases.

Areas of uncertainty likely include the extent of metering, calibration of meters, industrial standard calculations, default emission factors, key estimates and judgements, external invoicing and supplier data, and hedging transactions.

Firms must use accurate data where available. To the extent uncertainties arise, these must be disclosed in the Basis of Preparation.

Interpreting activity boundaries and apportioning emissions

Allocation of emission units will be provided on the basis of activities, not on the basis of firms or sites. The definition of the activity which is potentially eligible for industrial allocation is contained in the relevant Gazette Notice.

Only emissions included within the activity boundary as defined in the Notice can be included in the data provided to the Minister. The Notice provides a definition of the activity, including

its inputs and outputs, and a list of the sources of emissions which are to be included or excluded from the activity.

The activity definition sets out the transformation of specific inputs into specific outputs. This determines the beginning and end of the activity and therefore the parameters of the data which must be captured. Generally, an activity begins after inputs have been transported to where the core activity is conducted, such as a storage facility on site. Activities generally end once the described output is produced by the transformation. Firms must carefully consider the activity definition contained in the Gazette Notice relevant to their activity, and in particular the included and excluded emissions. Only included emissions, as defined, should be entered into the Data Form to be submitted to the Minister.

Because allocation is made on the basis of activities, rather than firms, there will be processes undertaken by the same firm which may be considered important to the conduct of the business, such as packaging, head office costs, administration and marketing activities, yet are not integral to the activity as defined. A number of these exclusions are applied to all activities.

Similarly, emissions generated upstream or downstream of an activity will also be excluded, aside from fugitive coal seam gas emissions (from domestic coal). For example, emissions associated with extraction activities upstream of the input to the activity are generally excluded from the activity boundary. This includes all processing, other types of fugitive emissions, and treatment of any input before it becomes the input to the activity. In the case of production of cartonboard for example, the emissions associated with the production of wood chips or sawdust before becoming an input to the activity fall outside the activity boundary.

In several cases, specific additional exclusions have been identified in the activity definition for particular activities to aid clarity. For example, the production of fresh cucumbers specifically excludes emissions from the movement of seedlings from the propagation area to their final growing position.

Reasonable estimates and assumptions are needed to apportion emissions between processes carried out by a firm. These must be clearly disclosed in the Basis of Preparation and may include information on which apportionment has been made.

In certain cases, inputs that are integral to and essential for the transformation that occurs during the particular activity are specifically identified in the list of included emissions for that activity. For example, the emissions from generating steam that is consumed as part of the activity is specifically included in the case of the production of caustic soda. These emissions may be generated by the person carrying out the activity or they may be generated by an independent supplier; in either case, these emissions are included.

The Gazette Notice also defines the product (basis for allocation). In some instances, different products have been defined as activity outputs for eligibility purposes and as the product for allocative baselines. This is the case for the manufacture of iron and steel which has sub-allocative baselines for cast carbon steel products, and hot-rolled steel products, to account for the differing emissions intensities of the various processes. This is also the case for the production of cartonboard which includes allocative baselines for producing pulp from either raw wood products, or recovered paper, which is then used to produce cartonboard.

Declaration

The statement of declaration must be submitted together with the Data Form and Basis of Preparation. The Declaration expressly confirms that the data and information contained in the Data Form and Basis of Preparation are true and correct and represent the firm's assessment of the data and information required to be submitted in accordance with the relevant Gazette Notice issued pursuant to section 161D of the Climate Change Response Act 2002.

The Declaration requires the date and the full name, position, contact details and signature of the person who is signing on behalf of the firm. For firms that are incorporated bodies (including companies, incorporated societies, incorporated trusts, or limited partnerships) the declaration must be signed by an individual with authority to submit the information from the incorporated body.

Penalties and verification

Information provided to the Minister during the data collection must be a correct representation of the actual situation. The rules governing the submission of data required under a Gazette Notice do not contain requirements for mandatory third-party audits or verifications. However, data submitted in response to a Gazette Notice will need to be accompanied by a signed declaration. The Minister also has the power under the Act to require any further information considered necessary to enable the verification of the accuracy of the information.

The allocation process relies on a self-assessment regime, similar to that of the New Zealand income tax system. Accordingly, a penalties regime is in place to prevent the provision of incorrect information. This includes penalties for knowingly providing altered, false, incomplete or misleading information. Also, where information required as part of this data collection is not submitted, the firms who do not provide this information may not be eligible for allocation (section 161D(6) of the Act).

To help firms supply accurate and complete data in response to a Gazette Notice, the Ministry has created a [web page](#), and a dedicated email address for firms to directly engage with officials. In addition, during the data collection period virtual one-hour workshops/drop-in sessions will be held to give firms the opportunity to receive direct face-to-face feedback on the submission process and raise any challenges that they might be facing.

Those firms who supply information to the Minister are encouraged to quality assure the information provided under the allocation processes. Firms may wish to engage third parties to conduct this quality assurance.

Record retention

The Act contains a general requirement for persons applying for allocation to keep sufficient records to enable the Ministry to verify that they are entitled to receive an allocation, the amount of production they reported and calculations of their allocation. Firms should provide information of sufficient detail to satisfy the Ministry that the assumptions and methodologies used to calculate the emissions and revenue data provided are reasonable.

While the Gazette Notice does not require firms to submit the source information or records on which the data in the specified template is based, it would be prudent to retain this information for a period of seven years. As already noted, the Minister has the power under the Act to require any further information considered necessary to enable the verification of the accuracy of the information.

Glossary

Term	Definition
Activity output	The output(s) of a defined activity which is used to calculate revenue.
Allocative baseline	An emissions factor that represents the amount of emissions attributed to the manufacture of a unit of product.
Carbon dioxide equivalent	A metric used to compare the emissions from different greenhouse gases based on their global warming potential. For this data collection the unit is defined as CO ₂ -e.
Co-generation	The combustion of fuels to generate both heat and electricity.
Direct fuel use	Fuel that is used on site where the activity is undertaken.
Electricity allocation factor	An emissions factor that estimates the cost impact of an emissions price on the price of electricity.
Eligibility	In the context of industrial allocation, eligibility means meeting the requirements in the Climate Change Response Act 2002 to receive an allocation of units.
Emissions factor	A factor that converts some input quantity (such as tonnes of fuel) into an equivalent amount of emissions (either from direct use or other processes) released during a chemical/physical/biological transformation of the input.
Emissions intensity	An amount of emissions per unit of some parameter. In the context of industrial allocation it generally means the amount of emissions released from a particular activity per one million dollars of revenue.
Emissions intensive	Activities that reach a certain emissions intensity threshold.
Fugitive coal seam gas emissions	Methane gas trapped between coal seams that is released in the mining process.
Gazette Notice	A legal notice that is published in the New Zealand Gazette – the official newspaper of the New Zealand Government.
Greenhouse gases	Gases in the Earth's atmosphere that absorb and emit radiation at similar wavelengths to those emitted by the Earth's surface and consequently cause the greenhouse effect. In the context of this data collection greenhouse gases are often referred to as emissions.
Industrial allocation	A policy which offsets a portion of emissions costs placed on emissions-intensive and trade-exposed firms by the New Zealand Emissions Trading Scheme through a free allocation of New Zealand Units.
New Zealand Emissions Trading Scheme	An emissions market that produces a price signal to encourage emissions reductions. It is the Government's primary tool to reduce emissions.
Product (basis of allocation)	An output of a defined activity that is used as the basis to determine the total emissions from that output.
Projected data	Any data that represents the future state of the activity for the financial years specified. It could include historical data, estimated data, proxy data or any reasonable combination.
Revenue	In the context of this data collection, revenue is defined as an appropriate market price of the activity output multiplied by the total amount of saleable output.
Trade-exposed	The activity output is exposed to international trade.