



Industrial Allocation Update, Issue 1, 4 March 2010



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Welcome to the first issue of Industrial Allocation Update, an e-newsletter from the Ministry for the Environment. We want to keep you up-to-date with the progress in the regulations-making process for allocation of emissions units for emissions-intensive, trade-exposed firms under the New Zealand Emissions Trading Scheme (NZ ETS). We intend to publish these Updates regularly from now on.

Summary of issues raised in submissions

Thanks to those of you who made a submission on industrial allocation under the NZ ETS. We are now considering the submissions, which were mainly around activity definitions, and rules for calculating and collecting data.

1. Most submitters made specific comments on one or more draft activity definitions or proposed new activities for consideration. Sixteen of the activities listed in Annex 1 are now being taken forward, while 25 new activities were raised for consideration.
2. Various comments were made on the proposed data rules for calculating revenue and emissions, including:
 - the electricity allocation factor (some suggested it be adjusted down; some up)
 - suggestions to include additional sources of emissions in calculating emissions for the purpose of determining eligibility and allocative baselines
 - elaborating the materiality rule
 - elaborating the rule for determining a market price
 - a request to alter the financial years for which data must be provided (these are fixed in the primary legislation).

3. A number of submitters commented on the processes around data collection, including:

- that record-keeping and verification requirements for industrial allocation should be consistent with those for filing tax returns
- that commercially sensitive information be kept confidential
- the timeframe needed to submit data in response to a notice issued in the Gazette.

4. A range of more general points were also raised about developments in Australia and the price impacts of the NZ ETS.

A more detailed summary of the issues raised in submissions will be published on our website later this month.

Next steps

Issues raised in submissions are currently under consideration.

Where adjustments to the activity definitions listed in Annex 1 have been proposed, submitters will have an additional opportunity to comment on adjustments up until next Monday, 8 March.

The call for data for these activities is likely to be notified in the Gazette at the end of March. Around this time, decisions on the data rules for calculating revenue and emissions, and other cross-cutting issues, will also be made public. These rules will apply to data submitted for all activities.

Where new activities have been proposed, a preliminary assessment needs to be made about whether the activity is likely to come close to the emissions-intensity threshold. In some cases, we may need to request further data to make this assessment.

If a proposed new activity appears likely to be close to the emissions-intensity threshold, the next step is to develop a draft activity definition.

We anticipate the next round of formal consultation on proposed draft activity definitions will occur from 15 – 26 March 2010. Consultation on each definition will be targeted at those who are likely to be substantially affected by the definition, that is, those who carry out the activity concerned. Following consideration of submissions, a call for data for these activities is likely to be notified in the Gazette at the end of April.

Treatment of commercially sensitive information

The content of any information provided to the Ministry for the Environment is subject to release under the Official Information Act 1982 (OIA) if it is requested. However, information can be withheld if it “would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information”, provided there is no overriding public interest in its release.

Some submitters clearly identified certain material in their submissions as commercially sensitive. For this reason we do not intend to proactively release submissions received on the current consultation, but rather to publish a summary of issues raised. It is very unusual for competitive business information to be released by government agencies and any information identified as commercially sensitive will be carefully considered by the Ministry if it receives requests for information on the submissions. It is also standard process for us to let anyone know if their information is subject to an OIA request.

As future information you give to Ministry will also be covered by the OIA, when you are responding to Gazette notices you should note whether there is any objection to the release of any information you provide. In particular, point out the part(s) you want withheld, together with the reason(s) for withholding the information.

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