



Approval of Gazette Notices for Industrial Allocation Data Collection

Date Submitted:	4 August 2020	Tracking #: 2020-B-06934	
Security Level	COMMERCIAL IN-CONFIDENCE	MfE Priority:	Non-Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	Approve and sign the four Gazette Notices	11 August 2020

Actions for Minister's Office Staff	Return the signed report to MfE. Release Gazette Notices to Parliament by the 16 th sitting day after publication
Number of appendices and attachments: #2	Titles of appendices and attachments (ie separate attached documents): 1. Data Collection Gazette Notices 2. Excerpt from CCRA – Ministerial Considerations and Justifications

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
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Director	Roger Lincoln		

Approval of Gazette Notices for Industrial Allocation Data Collection

1. This briefing seeks your approval of four Gazette Notices which will call for data from a selection of emissions-intensive, trade-exposed (EITE) activities to inform the wider review of industrial allocation. It is planned that the Gazette Notices will take effect from 17 August 2020.
2. The collection of up-to-date data will feed into the review – providing an evidence base to consider whether over-allocation is present in current industrial allocation settings and/or whether the correct firms are getting industrial allocation.
3. The briefing also explains what you need to do in order to fulfil your Ministerial responsibilities when issuing a Gazette Notice for the purpose of a review.
4. We ask that you review the content of the Gazette Notices and provide approval and your written signature on each Notice by Tuesday 11 August subject to your feedback.

Change of activity for data collection

5. The briefing *Update on industrial allocation review* [2020-B-06859] brought to you on 18 June presented four potential EITE activities to collect data from. These were:
 - Production of fresh cucumbers
 - Production of cartonboard
 - Production of cementitious products
 - Manufacture of iron and steel from iron sand
6. We now recommend that the manufacture of iron and steel from iron sand is replaced with the production of protein meal. This is because there have been significant entry and exit of firms in the activity of protein meal since 2010, as well as the potential for fuel switching.
7. The production of protein meal is the chemical transformation of raw livestock-derived animal material to produce protein meal – examples of which are meat and bone meal (such as pet food), dried blood, and feather meal.
8. Reasons for including protein meal for data collection are:
 - a. The 2010 emissions intensity for protein meal across New Zealand was 903 tCO₂/\$1 million of revenue. This is close to the moderately emissions intensive threshold of 800 tCO₂/\$1 million of revenue
 - b. Of the 25 firms that submitted in the 2010 data collection – on an individual basis, 11 were ineligible, 13 were moderately emissions intensive, and one was highly emissions intensive. The range of individual emissions intensities was 47.2 to 2,500 tCO₂/\$1 million of revenue
 - c. 81% of emissions across the sector were from fuel use – any change in the energy usage profile could have altered emissions intensities and allocative baselines
 - d. In 2018 only 16 firms received an allocation from protein meal – down from 25 who submitted data in 2010. This indicates possible structural changes in the sector which could alter emissions intensities and allocative baselines.

Gazette Notices for approval

9. The four Gazette Notices that require your approval are based on the Notices submitted for the 2010 data collection. They are a legal instrument which clearly outlines who the call for data is directed to, and what they need to provide to fulfil the obligations of the Notice.

10. These Notices use existing activity and product descriptions in accordance with the Climate Change (Eligible Industrial Activities) Regulations 2010; and seek emissions, revenue, and production data for the three financial years between 2016-2019 for these activities in accordance with section 161D(1)(c)-(g) of the Act.
11. The content of the Gazette Notices adhere to requirements stipulated in the Act, as well as emissions, revenue, and production, data rules. These data rules were informed by a consultation process with industry and further developed by the Ministry with oversight from PricewaterhouseCoopers in 2010.
12. Changes made to the Gazette Notices are primarily due to updates of the Act since the 2010 data collection – such as the inclusion of liquid fossil fuels, and fugitive coal seam gas emissions as eligible emissions sources for industrial allocation.
13. Changes have also been made to provide the appropriate context for which data is being called for. This data collection is seeking updated data for the purpose of a review, rather than seeking data to determine if the activities should become eligible industrial activities. The wording of the Notices has been altered to reflect this.
14. We are seeking your approval and signature of the four Gazette Notices contained in Appendix 1.
15. Due to the length of each Gazette Notice we plan to submit them to the New Zealand Gazette on Thursday 6 August to begin the formatting process. Changes will still be able to be made up until the date the Notices take effect.
16. If you have changes that you would like to make to the Notices after 6 August we can pass these on to the Gazette Office. If for any reason you do not wish to proceed with the data collection, the Notices can be withdrawn up until the date they are published.
17. We will make it clear to the Gazette office that these Notices have not yet received Ministerial authorisation and need to be treated with the strictest of confidence. Their early submission has the sole purpose of allowing timely processing and formatting.

Ministerial considerations in the Climate Change Response Act 2002 (the Act)

18. The four Notices are being issued under section 161D(3)(d) of the Act which is for the purpose of determining “whether any matter should be considered by a review under section 160”.
19. The Act specifies requirements you must have considered before a Notice is issued and is a legislative requirement as specified in section 161E(1). We consider that these requirements have been met as the activity definitions remain the same as previously defined. We ask that you read the considerations in Appendix 2 to ensure you are satisfied they have been met.
20. It is a requirement that any Gazette Notice is presented to the House of Representatives by the 16th sitting day after the Notice is executed. This is mandated under section 161D(4) of the Act.
21. This process will be impacted by the general election with the House adjourning on 6 August with the earliest possible re-opening date of 16 October. This will be the earliest the four Notices can be presented to the House of Representatives.
22. The final Ministerial consideration you need to be aware of is your power to compel firms to adhere with these Notices.
23. Section 161D(6) of the Act provides the power to compel firms to meet the requirements of a Notice. Firms who undertake an activity specified in any Notice, and who do not submit the required data can be barred from receiving allocation.

Data collection guidance for your comment

24. In conjunction with the four Gazette Notices, a data collection package will be issued via the

Ministry's website. This will consist of:

- activity specific data templates (the Data Template) which firms will record their production, revenue, and emissions data in
- a guidance document that sets out the data collection rules
- the basis of preparation (the Basis of Preparation) which allows firms to explain uncertainties, approximations, and other important information not captured in the Data Template
- the formal declaration (the Declaration) which is signed by an authority figure from the submitting firm.

25. All of this documentation was created for the 2010 data collection and went through a thorough development and quality assurance process. Like the Gazette Notices they have been updated to reflect changes in the Act.

26. If you would like to view the data collection package then we can provide this to you. The documents are currently going through quality assurance and publication processes.

Risks

27. The greatest risk to the data collection is push back from businesses required to submit data. They will possibly see this as an unfair and untimely request, particularly in light of economic pressures due to COVID-19. To mitigate this risk – and with your permission – the Ministry intends to proactively release this briefing note and the previous briefing note *Update on industrial allocation review* [2020-B-06859] subject to any appropriate withholdings under the Official Information Act 1992. This will help clarify the purpose of the data collection and the reasoning behind the industries selected to provide data. Officials intend to provide this to you before the commencement of the data collection.

28. In conjunction with this, we will ensure that any public announcement, or messaging, will clearly make the distinction that this data collection is for the sole purpose of informing the review of industrial allocation. This is a technical and targeted data collection exercise that will not change existing eligibility or rates for industrial allocation. Full support will be provided to the businesses subject to the data collection requirements.

29. We perceive there is little risk from running this data collection exercise over the general election period. This data collection exercise is the continuation of the Ministry's function which is allowed during the election period.

Next step

30. Approve the Gazette Notices and provide any feedback on them by Tuesday 11 August.

Recommendations

31. We recommend that you:

- a. **Note** that these Gazette Notices will provide the Ministry with up-to-date data on emissions intensities, and allocative baselines which will inform the wider review of industrial allocation
- b. **Note** that we now recommend the activity production of protein meal is issued a Notice calling for data
- c. **Sign and approve for release** the Gazette Notice *Call for the Provision of Data (Production of Cartonboard) Notice 2020* subject to your feedback
Yes/No
- d. **Sign and approve for release** the Gazette Notice *Call for the Provision of Data (Production of Cementitious Products) Notice 2020* subject to your feedback
Yes/No
- e. **Sign and approve for release** the Gazette Notice *Call for the Provision of Data (Production of Fresh Cucumbers) Notice 2020* subject to your feedback
Yes/No
- f. **Sign and approve for release** the Gazette Notice *Call for the Provision of Data (Production of Protein Meal) Notice 2020* subject to your feedback
Yes/No
- g. **Note** that the intended day for these four Notices to take effect is 17 August 2020 and that changes can be made prior to their publication

h. **Agree** that the Notices will be submitted to the New Zealand Gazette on Thursday 6 August to begin the formatting process

Yes/No

i. **Note** that you need to be satisfied that your Ministerial responsibilities as outlined in Appendix 2 have been met

j. **Agree** that the briefing note *Update on industrial allocation review* [2020-B-06859] will be released proactively concurrently with the publication of the Gazette Notices, subject to appropriate withholdings under the Official Information Act 1992

Yes/No

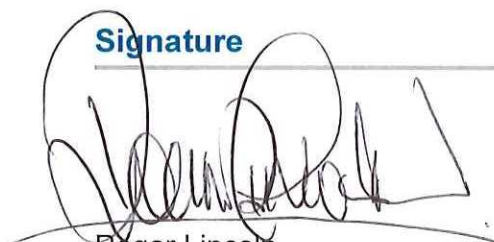
k. **Agree** that this briefing and its appendices will be released proactively concurrently with the publication of the Gazette Notices, subject to appropriate withholdings under the Official Information Act 1992

Yes/No

l. **Meet** with officials to discuss this briefing prior to the publication of the Notices

Yes/No

Signature



Roger Lincoln
Director
Climate Directorate

Date

Hon James Shaw
Minister for Climate Change

Date

Appendix 1: Data Collection Gazette Notices

Call for the Provision of Data (Production of Cartonboard) Notice 2020

Pursuant to section 161D of the Climate Change Response Act 2002, I, Hon James Shaw, Minister for Climate Change, give the following notice requiring information on the production of cartonboard for the purpose of informing decisions for a review of allocation to industry, in accordance with section 161D(3)(d) of the Climate Change Response Act 2002.

Notice

- 1. Title and commencement**—(1) This notice may be cited as the Call for the Provision of Data (Production of Cartonboard) Notice 2020.
(2) This notice takes effect from and including 17 August 2020.
- 2. Interpretation**—(1) Unless the context otherwise requires:
Act means the Climate Change Response Act 2002.
Activity outputs are the outputs used for the calculation of the revenue of the activity and mean the outputs specified in clause 2(2).
Basis of Preparation means the form available at <website hyperlink>
Data collection rules means the methodologies for data collection specified in Schedule 1 of this notice.
Declaration means the statement of declaration located at <website hyperlink>
Excluded emissions means the emissions specified in Schedule 3 of this notice.
Financial years means the financial years beginning on 1 July and ending on 30 June for each of the periods 2016/2017, 2017/2018 and 2018/2019 during which the person carried out the activity.
Included emissions means the emissions specified in Schedule 2 of this notice from the sources listed in Emissions Rule 1 of Schedule 1.
Product (basis of allocation) means:
(A) total tonnes of saleable quality rolls or sheets of coated or uncoated cartonboard where the product has a grammage range of 150 g/m² to 500 g/m², and a moisture content in the range of 4 to 11 per cent by weight, that is produced by carrying out the activity as described;
(B) equivalent air dried tonnes (90 per cent bone dry fibre, 10 per cent moisture content) of saleable quality pulp produced directly from wood billets, wood chips, or sawdust, that is produced by carrying out the activity as described;
(C) equivalent air dried tonnes (90 per cent bone dry fibre, 10 per cent moisture content) of saleable quality pulp produced directly from recovered paper, that is produced by carrying out the activity as described.
Specified Template means the data table template located at <website hyperlink>

(2) **Activity** means the physical transformation of wood chips, sawdust, log billets, wood pulp, or recovered paper to produce rolls or sheets of cartonboard, where the outputs of this activity is saleable cartonboard which has a grammage range of 150 g/m² to 500 g/m², a moisture content in the range of 4 to 11 per cent by weight, and is to be generally used as a cartonboard product such as kraft liner, multiply, and other paperboard.

(3) **Saleable** has its ordinary meaning as understood by participants in the relevant market, subject to subclauses (a) to (d):

- (a) Saleable is an output produced to a level at which it would ordinarily be considered by participants in the relevant market:
 - (i) to be the output of the process; and
 - (ii) to have a commercial value as that output.
- (b) A sub-standard product which is discarded is taken not to be saleable or of saleable quality.
- (c) An output which is recycled back while carrying out the activity as defined to produce a new output is not saleable or of saleable quality.
- (d) Material which is scrapped or lost before it is packaged as a product that is saleable or of saleable quality:
 - (i) is not saleable or of saleable quality; and
 - (ii) is not to be included in an amount of product (basis of allocation).

(4) Expressions have the same meaning as defined in the Act or regulations under the Act unless the context otherwise requires.

3. Data required to be provided—(1) Any person carrying out the activity on the date of this notice must provide to the Ministry for the Environment (the Ministry) data for the financial years for the activity in the form of the Specified Template, calculated in accordance with the data collection rules, together with the completed Declaration and Basis of Preparation.

(2) In calculating the data for the activity, the person must include only input data related to the included emissions (as outlined by the emissions rules below), and must exclude the excluded emissions.

4. Deadline for provision of data—The data required by clause 3 of this notice must be provided to the Ministry within 50 working days of the date of this notice.

Schedule 1

Revenue Rules

1. Revenue must be calculated as the quantity of saleable activity outputs for each of the financial years, multiplied by an appropriate market price, exclusive of GST, for each activity output for each of the financial years.

2. Quantity of activity output(s) is either the direct measure of activity output or is calculated from units sold and changes in inventory. The same methodology must be used for all years.
3. The market price must be a 'plant gate' price for the activity output. It is the price determined for the output under the applicable accounting standard. This is the fair value of the product, as defined under New Zealand Equivalent to International Accounting Standard 18 Revenue (NZ IAS 18), adjusted for transport costs to reflect the market into which it is sold. If New Zealand Equivalent to International Financial Reporting Standard 15 Revenue from Contracts with Customers (NZ IFRS 15) is applied, the transaction price of the output is allocated to the product based on the relative stand-alone selling price of that product. The market price for the output must be calculated for each of the financial years either from the revenue received from all external activity output sales during each of the financial years, divided by the number of units of external activity output sales during each of these years; or by using an observable market price for each of the financial years that is appropriate to the duration of time when the output was produced in those years. An observable market price must be based on a relevant price listed on an international exchange, a price obtained from an industry analyst's report or a price derived from government or industry body statistics.
4. Market price must be converted from foreign currencies to New Zealand dollars at the historical rate appropriate to the period of activity output.

Emissions Rules

1. Data must be supplied for each financial year from only the following emissions sources, expressed in tonnes of CO₂ equivalent via the prescribed equations and emissions factors:
 - (a) the direct use (for example 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 (for example 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.

2. Emissions must be calculated using the applicable formulae and emission factors specified in these data collection rules and in the Specified Template. Direct measures cannot be used as a substitute.
3. 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.
4. Emissions for which no obligation exists under the Act due to an exemption made by Order in Council under section 60 of the Act must be recorded as zero.
5. Total emissions from a co-generation facility, such as a combined heat and power plant (CHP) must be allocated to an activity in proportion the plant's output. Total emissions from co-generation must be split between heat/steam and electricity, with efficiency rates of 80% and 35% respectively. The heat/steam emissions must then 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:

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

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 CHP system

E_P = emissions allocated to electricity production

6. The following specific formulae must be used in estimating direct emissions and fugitive coal seam gas emissions:

Coal

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

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 of the relevant coal class,

i = index of the relevant coal class.

Fugitive coal seam gas

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

where:

A_i = tonnes of coal consumed (from all coal classes) from the relevant mine type,

EF_i = emission factor of the relevant mine type,

i = index of each relevant mine type.

Natural gas

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

where:

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

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

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

Geothermal fluid

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

where:

A_i = tonnes of geothermal fluid consumed from the relevant source,

EF_i = emission factor of the relevant geothermal fluid source,

i = index for each relevant geothermal fluid source.

Used or waste oil

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

where:

A = tonnes of used or waste oil consumed,

CV = calorific value of used or waste oil,

EF = emission factor of used or waste oil,

Liquid fossil fuels

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

where:

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

EF_i = emission factor of the relevant liquid fossil fuel source,

i = index of each relevant liquid fossil fuel source.

7. 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.
8. The emission factors used in calculating emissions must be those listed in Schedule 2 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009, and those listed in the Schedule of the Climate Change (Liquid Fossil Fuels) Regulations 2008.
9. Indirect emissions from electricity use must be calculated using the following formula:
Emissions = $A \times EAF$
where:
 A = consumption of electricity (MWh) used as part of the activity,
 EAF = relevant electricity allocation factor.
10. For eligibility purposes, electricity emissions must be estimated using an electricity allocation factor of 1 tonne of CO₂-e per megawatt hour of consumption.
11. 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.
12. 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, and are, in aggregate, estimated to be no more than 5% of total emissions from the activity at the site, provided that a 5% 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.
13. All emissions associated with the activity must be counted, regardless of whether the output is of saleable quality.

Data Preparation Rules

1. The methods, assumptions and calculations used to produce the data must be disclosed in the Basis of Preparation along with the data in the Specified Template.
2. Where uncertainties arise when determining emission and revenue data, these uncertainties must be declared in the Basis of Preparation.

Schedule 2

Included emissions

Emissions that must be included in any information provided in response to this notice are emissions resulting from:

- (a) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, as part of the activity as defined, including from machinery, equipment and processes which are integral to, and essential for, the physical, chemical and/or biological transformation involved in the activity as described, including, for example:
 - machinery used to move materials within and as part of the activity, including mobile equipment
 - control rooms, laboratories, maintenance workshops
 - machinery used to create non-electrical energy for use in the activity as defined
 - the processing of by-products where they involve the recovery of materials for re-use within the activity or are necessary for the activity to proceed as described;
 - onsite processing of waste materials from the activity to comply with regulatory obligations;
- (b) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, to generate steam that is used as part of the activity as described;
- (c) the use of liquid fossil fuels in stationary equipment;
- (d) coal seam gas emissions that escape in the process of mining coal (fugitive coal seam gas emissions);
- (e) waste heat recovery that is part of the activity as described;
- (f) production of pulp for use in the activity from wood billets, wood chips, sawdust, or recovered paper, including de-inking and onsite processing.

Schedule 3

Excluded emissions

Emissions that may not be included in any information provided in response to this notice are emissions resulting from:

- (a) the use of machinery and equipment, and other processes, that are not integral to, nor essential to, the physical, chemical, biological, and/or other transformation taking place when the activity as defined is carried out;
- (b) any extraction or production of raw materials, that are subsequently used when the activity as defined is carried out (excluding fugitive coal seam gas emissions);
- (c) the transportation of inputs used in the activity to storage at the location where the activity as defined is carried out;
- (d) the transportation of outputs of the activity from storage at the location where the activity as defined is carried out to another location;
- (e) the transportation of intermediate products between different locations where the activity as defined is carried out;
- (f) operations that are complementary to the activity as defined, including (but not limited to) packaging, head office operations, and administration and marketing (whether carried out at the same location where the activity is carried out or at a different location);
- (g) the generation of electricity at the location where the activity is carried out;
- (h) the generation of steam that is not used as part of the activity;
- (i) the collection, sorting, transport and baling of recovered paper for use in the activity;
- (j) all forestry operations including establishment, maintenance and harvesting;
- (k) the production of wood chips and/or sawdust;
- (l) the collection, sorting, transport and baling of recovered paper for use in the activity;
and
- (m) further processing, cutting or colouring of cartonboard rolls or sheets.

Dated at Wellington this 17th day of August 2020.

HON JAMES SHAW, Minister for Climate Change.

Explanatory Note

This note is not part of the notice but is intended to indicate its general effect.

This notice, which comes into effect on 17 August 2020, requires any person carrying out the production of cartonboard (as that activity is defined in the notice) to provide the information requested by the Minister in accordance with the data collection rules specified in the notice. Only the emissions set out in Schedule 2 of the notice from the sources listed in Emissions Rule 1 of Schedule 1 of the notice should be included, and those emissions set out in Schedule 3 of the notice should be excluded.

The information is being requested to assist the Minister to inform decisions on a review of allocation to industry and is consistent with section 161D(3)(d) of the Act.

The Specified Template, Declaration, and Basis of Preparation required by this notice, together with the guidance document for filling in these documents can be downloaded from
[*<website hyperlink>*](#)

The Specified Template, Declaration and Basis of Preparation must be completed and returned to the Ministry for the Environment within 50 working days of the date of this notice. Please provide this information in the original file format to the Ministry as attachments via the email industrialallocation@mfe.govt.nz. Original signed copies of the Declaration must also be provided; these can be sent to: ETS Policy – Data Collection, Environment House, 23 Kate Sheppard Place, Pipitea, Wellington, 6011. If for whatever reason you cannot comply with these requirements please contact the Ministry at industrialallocation@mfe.govt.nz.

While the notice does not require submission of the source information and 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. The Minister is able to request any further information that he considers necessary to enable the verification of the accuracy of the information provided under this notice.

Persons to whom this notice applies should note that, under section 161D(6) of the Act, if they fail to supply the required information by the date specified, the Minister may give a notice to the person that requires the information to be provided within 10 working days. Failure to provide this information within that time period will render the person ineligible for an allocation of New Zealand units.

Persons should also note that it is in their interest to supply the required information to ensure decisions on a review of allocation to industry are based on data that is representative across New Zealand.

In addition, it is an offence to knowingly provide altered, false, incomplete or misleading information (section 132 of the Act) or, with the intent to deceive and for the purpose of obtaining a material benefit or avoiding a material detriment, to fail to provide information or to provide altered, false, incomplete or misleading information (section 133 of the Act).

Call for the Provision of Data (Production of Cementitious Products) Notice 2020

Pursuant to section 161D of the Climate Change Response Act 2002, I, Hon James Shaw, Minister for Climate Change, give the following notice requiring information on the production of cementitious products for the purpose of informing decisions for a review of allocation to industry, in accordance with section 161D(3)(d) of the Climate Change Response Act 2002.

Notice

- 5. Title and commencement**—(1) This notice may be cited as the Call for the Provision of Data (Production of Cementitious Products) Notice 2020.
(2) This notice takes effect from and including 17 August 2020.
- 6. Interpretation**—(1) Unless the context otherwise requires:
Act means the Climate Change Response Act 2002.
Activity outputs are the outputs used for the calculation of the revenue of the activity and mean the outputs specified in clause 2(2)(a) and (b).
Basis of preparation means the form available at [<website hyperlink>](#)
Data collection rules means the methodologies for data collection specified in Schedule 1 of this notice.
Declaration means the statement of declaration located at [<website hyperlink>](#)
Excluded emissions means the emissions specified in Schedule 3 of this notice.
Financial years means the financial years beginning on 1 July and ending on 30 June for each of the periods 2016/2017, 2017/2018 and 2018/2019 during which the person carried out the activity.
Included emissions means the emissions specified in Schedule 2 of this notice from the sources listed in Emissions Rule 1 of Schedule 1.
Product (basis of allocation) means:
(A) total tonnes, on a dry weight basis, of Portland cement clinker produced by carrying out the activity as described ;
(B) total tonnes, on a dry weight basis, of cement produced by carrying out the activity as described.
Specified Template means the data table template located at [<website hyperlink>](#)
- (2) **Activity** means the physical and chemical transformation of:
- calcium carbonate compounds (CaCO₃, limestone) or other calcium carbonate (CaCO₃) feedstocks; and
 - clay or other silicon dioxide (SiO₂, silica), iron (Fe), aluminium oxide (Al₂O₃, alumina), and other feedstocks

into cementitious outputs that:

1. involves the fusion of inputs at a temperature greater than 1000 °C into Portland cement clinker consisting of at least 60% by mass of calcium silicates, and a maximum magnesium oxide (MgO) mass content of 4.5%; and
2. may involve the further transformation of this Portland cement clinker, produced as a result of (1), into cement through a process of blending and grinding with other suitable feedstocks; and

where the outputs are

- (a) Portland cement clinker that is suitable for the subsequent manufacture of cement specified below
- (b) cement that complies with the relevant New Zealand Standards for cement (NZS 3122:2009, NZS 3123:2009, and NZS 3125:1991) and any other relevant international standards required for export cement consignments.

(3) **Saleable** has its ordinary meaning as understood by participants in the relevant market, subject to subclauses (a) to (d):

- (e) Saleable is an output produced to a level at which it would ordinarily be considered by participants in the relevant market:
 - (iii) to be the output of the process; and
 - (iv) to have a commercial value as that output.
- (f) A sub-standard product which is discarded is taken not to be saleable or of saleable quality.
- (g) An output which is recycled back while carrying out the activity as defined to produce a new output is not saleable or of saleable quality.
- (h) Material which is scrapped or lost before it is packaged as a product that is saleable or of saleable quality:
 - (iii) is not saleable or of saleable quality; and
 - (iv) is not to be included in an amount of product (basis of allocation).

(4) Expressions have the same meaning as defined in the Act or regulations under the Act unless the context otherwise requires.

7. Data required to be provided—(1) Any person carrying out the activity on the date of this notice must provide to the Ministry for the Environment (the Ministry) data for the financial years for the activity in the form of the Specified Template, calculated in accordance with the data collection rules, together with the completed Declaration and Basis of Preparation.

(2) In calculating the data for the activity, the person must include only input data related to the included emissions (as outlined by the emissions rules below), and must exclude the excluded emissions.

8. Deadline for provision of data—The data required by clause 3 of this notice must be provided to the Ministry within 50 working days of the date of this notice.

Schedule 1

Revenue Rules

5. Revenue must be calculated as the quantity of saleable activity outputs for each of the financial years, multiplied by an appropriate market price, exclusive of GST, for each activity output for each of the financial years.
6. Quantity of activity output(s) is either the direct measure of activity output or is calculated from units sold and changes in inventory. The same methodology must be used for all years.
7. The market price must be a 'plant gate' price for the activity output. It is the price determined for the output under the applicable accounting standard. This is the fair value of the product, as defined under New Zealand Equivalent to International Accounting Standard 18 Revenue (NZ IAS 18), adjusted for transport costs to reflect the market into which it is sold. If New Zealand Equivalent to International Financial Reporting Standard 15 Revenue from Contracts with Customers (NZ IFRS 15) is applied, the transaction price of the output is allocated to the product based on the relative stand-alone selling price of that product. The market price for the output must be calculated for each of the financial years either from the revenue received from all external activity output sales during each of the financial years, divided by the number of units of external activity output sales during each of these years; or by using an observable market price for each of the financial years that is appropriate to the duration of time when the output was produced in those years. An observable market price must be based on a relevant price listed on an international exchange, a price obtained from an industry analyst's report or a price derived from government or industry body statistics.
8. Market price must be converted from foreign currencies to New Zealand dollars at the historical rate appropriate to the period of activity output.

Emissions Rules

14. Data must be supplied for each financial year from only the following emissions sources, expressed in tonnes of CO₂ equivalent via the prescribed equations and emissions factors:
 - (h) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil, or waste oil as part of the activity; and
 - (i) the direct use (for example 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
 - (j) 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
 - (k) any of the activities listed in Part 4 of Schedule 3 of the Act carried out as part of the activity; and

- (l) the direct use of any liquid fossil fuel in stationary equipment; and
 - (m) 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
 - (n) the electricity used as part of the activity.
15. Emissions must be calculated using the applicable formulae and emission factors specified in these data collection rules and in the Specified Template. Direct measures cannot be used as a substitute.
 16. 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.
 17. Emissions for which no obligation exists under the Act due to an exemption made by Order in Council under section 60 of the Act must be recorded as zero.
 18. Total emissions from a co-generation facility, such as a combined heat and power plant (CHP) must be allocated to an activity in proportion the plant's output. Total emissions from co-generation must be split between heat/steam and electricity, with efficiency rates of 80% and 35% respectively. The heat/steam emissions must then 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:

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

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 CHP system
- E_P = emissions allocated to electricity production

19. The following specific formulae must be used in estimating direct emissions and fugitive coal seam gas emissions:

Coal

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

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 of the relevant coal class,

i = index of the relevant coal class.

Fugitive coal seam gas

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

where:

A_i = tonnes of coal consumed (from all coal classes) from the relevant mine type,

EF_i = emission factor of the relevant mine type,

i = index of each relevant mine type.

Natural gas

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

where:

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

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

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

Geothermal fluid

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

where:

A_i = tonnes of geothermal fluid consumed from the relevant source,

EF_i = emission factor of the relevant geothermal fluid source,

i = index for each relevant geothermal fluid source.

Used or waste oil

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

where:

A = tonnes of used, or waste oil consumed,

CV = calorific value of used, or waste oil,

EF = emission factor of used, or waste oil.

Liquid fossil fuels

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

where:

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

EF_i = emission factor of the relevant liquid fossil fuel source,

i = index of each relevant liquid fossil fuel source.

20. 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.
21. The emission factors used in calculating emissions must be those listed in Schedule 2 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009, and those listed in the Schedule of the Climate Change (Liquid Fossil Fuels) Regulations 2008.
22. Indirect emissions from electricity use must be calculated using the following formula:
Emissions = $A \times EAF$
where:
 A = consumption of electricity (MWh) used as part of the activity,
 EAF = relevant electricity allocation factor.
23. For eligibility purposes, electricity emissions must be estimated using an electricity allocation factor of 1 tonne of CO₂-e per megawatt hour of consumption.
24. 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.
25. 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, and are, in aggregate, estimated to be no more than 5% of total emissions from the activity at the site, provided that a 5% 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.
26. All emissions associated with the activity must be counted, regardless of whether the output is of saleable quality.

Data Preparation Rules

3. The methods, assumptions and calculations used to produce the data must be disclosed in the Basis of Preparation along with the data in the Specified Template.
4. Where uncertainties arise when determining emission and revenue data, these uncertainties must be declared in the Basis of Preparation.

Schedule 2

Included emissions

Emissions that must be included in any information provided in response to this notice are emissions resulting from:

- (g) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, as part of the activity as defined, including from machinery, equipment and processes which are integral to, and essential for, the physical, chemical and/or biological transformation involved in the activity as described, including, for example:
 - machinery used to move materials within and as part of the activity
 - control rooms, laboratories, maintenance workshops
 - machinery used to create non-electrical energy for use in the activity as defined
 - the processing of by-products where they involve the recovery of materials for re-use within the activity or are necessary for the activity to proceed as described;
 - onsite processing of waste materials from the activity to comply with regulatory obligations;
- (h) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, to generate steam that is used as part of the activity as described;
- (i) the use of liquid fossil fuels in stationary equipment;
- (j) coal seam gas emissions that escape in the process of mining coal (fugitive coal seam gas emissions);
- (k) waste heat recovery that is part of the activity as described;
- (l) processing together of specific raw materials (including limestone, clay and other materials) by crushing, pre-homogenisation and grinding, to meet the specific

chemical composition required for the clinker making process, as well as any subsequent grinding or mixing of that specifically prepared mix as part of the clinker making process;

- (m) the processing of Portland cement clinker and other feedstocks including grinding, rolling, milling and blending processes to produce cement;
- (n) kiln dust production and reprocessing;
- (o) reject production where this is not recycled in the process.

Schedule 3

Excluded emissions

Emissions that may not be included in any information provided in response to this notice are emissions resulting from:

- (n) the use of machinery and equipment, and other processes, that are not integral to, nor essential to, the physical, chemical, biological, and/or other transformation taking place when the activity as defined is carried out;
- (o) any extraction or production of raw materials, that are subsequently used when the activity as defined is carried out (excluding fugitive coal seam gas emissions);
- (p) the transportation of inputs used in the activity to storage at the location where the activity as defined is carried out;
- (q) the transportation of outputs of the activity from storage at the location where the activity as defined is carried out to another location;
- (r) the transportation of intermediate products between different locations where the activity as defined is carried out;
- (s) operations that are complementary to the activity as defined, including (but not limited to) packaging, head office operations, and administration and marketing (whether carried out at the same location where the activity is carried out or at a different location);
- (t) the generation of electricity at the location where the activity is carried out;
- (u) the generation of steam that is not used as part of the activity;

- (v) crushing of raw materials prior to the continuous crushing, pre-homogenisation and grinding stages to make the specific mix required to produce Portland cement clinker;
- (w) processing of any clinker that is produced at another plant, including the grinding, rolling, milling and blending processes, to produce cement.

Dated at Wellington this 17th day of August 2020.

HON JAMES SHAW, Minister for Climate Change.

Explanatory Note

This note is not part of the notice but is intended to indicate its general effect.

This notice, which comes into effect on 17 August 2020, requires any person carrying out the production of cementitious products (as that activity is defined in the notice) to provide the information requested by the Minister in accordance with the data collection rules specified in the notice. Only the emissions set out in Schedule 2 of the notice from the sources listed in Emissions Rule 1 of Schedule 1 of the notice should be included, and those emissions set out in Schedule 3 of the notice should be excluded.

The information is being requested to assist the Minister to inform decisions on a review of allocation to industry and is consistent with section 161D(3)(d) of the Act.

The Specified Template, Declaration, and Basis of Preparation required by this notice, together with the guidance document for filling in these documents can be downloaded from
[*<website hyperlink>*](#)

The Specified Template, Declaration and Basis of Preparation must be completed and returned to the Ministry for the Environment within 50 working days of the date of this notice. Please provide this information in the original file format to the Ministry as attachments via the email industrialallocation@mfe.govt.nz. Original signed copies of the Declaration must also be provided; these can be sent to: ETS Policy – Data Collection, Environment House, 23 Kate Sheppard Place, Pipitea, Wellington, 6011. If for whatever reason you cannot comply with these requirements please contact the Ministry at industrialallocation@mfe.govt.nz.

While the notice does not require submission of the source information and 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. The Minister is able to request any further information that he considers

necessary to enable the verification of the accuracy of the information provided under this notice.

Persons to whom this notice applies should note that, under section 161D(6) of the Act, if they fail to supply the required information by the date specified, the Minister may give a notice to the person that requires the information to be provided within 10 working days. Failure to provide this information within that time period will render the person ineligible for an allocation of New Zealand units.

Persons should also note that it is in their interest to supply the required information to ensure decisions on a review of allocation to industry are based on data that is representative across New Zealand.

In addition, it is an offence to knowingly provide altered, false, incomplete or misleading information (section 132 of the Act) or, with the intent to deceive and for the purpose of obtaining a material benefit or avoiding a material detriment, to fail to provide information or to provide altered, false, incomplete or misleading information (section 133 of the Act).

Call for the Provision of Data (Production of Fresh Cucumbers) Notice 2020

Pursuant to section 161D of the Climate Change Response Act 2002, I, Hon James Shaw, Minister for Climate Change, give the following notice requiring information on the production of fresh cucumbers for the purpose of informing decisions for a review of allocation to industry, in accordance with section 161D(3)(d) of the Climate Change Response Act 2002.

Notice

9. Title and commencement—(1) This notice may be cited as the Call for the Provision of Data (Production of Fresh Cucumbers) Notice 2020.

(2) This notice takes effect from and including 17 August 2020.

10. Interpretation—(1) Unless the context otherwise requires:

Act means the Climate Change Response Act 2002.

Activity output is the output used for the calculation of the revenue of the activity and means the output specified in clause 2(2)

Basis of preparation means the form available at

<website hyperlink>

Data collection rules means the methodologies for data collection specified in Schedule 1 of this notice.

Declaration means the statement of declaration located at

<website hyperlink>

Excluded emissions means the emissions specified in Schedule 3 of this notice.

Financial years means the financial years beginning on 1 July and ending on 30 June for each of the periods 2016/2017, 2017/2018 and 2018/2019 during which the person carried out the activity.

Included emissions means the emissions specified in Schedule 2 of this notice from the sources listed in Emissions Rule 1 of Schedule 1.

Product (basis of allocation) means the total tonnes of fresh cucumbers of saleable quality produced by carrying out the activity as described.

Specified Template means the data table template located at

<website hyperlink>

(2) **Activity** means the biological transformation of cucumber seedlings in their final growing position to produce cucumbers, where the output of the activity is fresh cucumbers of saleable quality.

(3) **Saleable** has its ordinary meaning as understood by participants in the relevant market, subject to subclauses (a) to (d):

(i) Saleable is an output produced to a level at which it would ordinarily be considered by participants in the relevant market:

(v) to be the output of the process; and

- (vi) to have a commercial value as that output.
- (j) A sub-standard product which is discarded is taken not to be saleable or of saleable quality.
- (k) An output which is recycled back while carrying out the activity as defined to produce a new output is not saleable or of saleable quality.
- (l) Material which is scrapped or lost before it is packaged as a product that is saleable or of saleable quality:
 - (v) is not saleable or of saleable quality; and
 - (vi) is not to be included in an amount of product (basis of allocation).

(4) Expressions have the same meaning as defined in the Act or regulations under the Act unless the context otherwise requires.

11. Data required to be provided—(1) Any person carrying out the activity on the date of this notice must provide to the Ministry for the Environment (the Ministry) data for the financial years for the activity in the form of the Specified Template, calculated in accordance with the data collection rules, together with the completed Declaration and Basis of Preparation.

(2) In calculating the data for the activity, the person must include only input data related to the included emissions (as outlined by the emissions rules below), and must exclude the excluded emissions.

12. Deadline for provision of data—The data required by clause 3 of this notice must be provided to the Ministry within 50 working days of the date of this notice.

Schedule 1

Revenue Rules

9. Revenue must be calculated as the quantity of saleable activity outputs for each of the financial years, multiplied by an appropriate market price, exclusive of GST, for each activity output for each of the financial years.
10. Quantity of activity output(s) is either the direct measure of activity output or is calculated from units sold and changes in inventory. The same methodology must be used for all years.
11. The market price must be a ‘plant gate’ price for the activity output. It is the price determined for the output under the applicable accounting standard. This is the fair value of the product, as defined under New Zealand Equivalent to International Accounting Standard 18 Revenue (NZ IAS 18), adjusted for transport costs to reflect the market into which it is sold. If New Zealand Equivalent to International Financial Reporting Standard 15 Revenue from Contracts with Customers (NZ IFRS 15) is applied, the transaction price of the output is allocated to the product based on the relative stand-alone selling price of that product. The market price for the output must be calculated for each of the financial years either from the revenue received from all external activity output sales during each of the financial years, divided by the number of units of external activity output sales during each of these years; or by using an observable market price for each of the

financial years that is appropriate to the duration of time when the output was produced in those years. An observable market price must be based on a relevant price listed on an international exchange, a price obtained from an industry analyst's report or a price derived from government or industry body statistics.

12. Market price must be converted from foreign currencies to New Zealand dollars at the historical rate appropriate to the period of activity output.

Emissions Rules

27. Data must be supplied for each financial year from only the following emissions sources, expressed in tonnes of CO₂ equivalent via the prescribed equations and emissions factors:
 - (o) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil, or waste oil as part of the activity; and
 - (p) the direct use (for example 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
 - (q) 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
 - (r) any of the activities listed in Part 4 of Schedule 3 of the Act carried out as part of the activity; and
 - (s) the direct use of any liquid fossil fuel in stationary equipment; and
 - (t) 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
 - (u) the electricity used as part of the activity.
28. Emissions must be calculated using the applicable formulae and emission factors specified in these data collection rules and in the Specified Template. Direct measures cannot be used as a substitute.
29. 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.
30. Emissions for which no obligation exists under the Act due to an exemption made by Order in Council under section 60 of the Act must be recorded as zero.
31. Total emissions from a co-generation facility, such as a combined heat and power plant (CHP) must be allocated to an activity in proportion the plant's output. Total emissions from co-generation must be split between heat/steam and electricity, with efficiency rates of 80% and 35% respectively. The heat/steam emissions must

then 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:

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

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 CHP system

E_P = emissions allocated to electricity production

32. The following specific formulae must be used in estimating direct emissions and fugitive coal seam gas emissions:

Coal

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

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 of the relevant coal class,

i = index of the relevant coal class.

Fugitive coal seam gas

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

where:

A_i = tonnes of coal consumed (from all coal classes) from the relevant mine type,

EF_i = emission factor of the relevant mine type,

i = index of each relevant mine type.

Natural gas

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

where:

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

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

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

Geothermal fluid

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

where:

A_i = tonnes of geothermal fluid consumed from the relevant source,

EF_i = emission factor of the relevant geothermal fluid source,

i = index for each relevant geothermal fluid source.

Used or waste oil

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

where:

A = tonnes of used or waste oil consumed,

CV = calorific value of used or waste oil,

EF = emission factor of used or waste oil,

Liquid fossil fuels

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

where:

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

EF_i = emission factor of the relevant liquid fossil fuel source,

i = index of each relevant liquid fossil fuel source.

33. 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.

34. The emission factors used in calculating emissions must be those listed in Schedule 2 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009, and those listed in the Schedule of the Climate Change (Liquid Fossil Fuels) Regulations 2008.

35. Indirect emissions from electricity use must be calculated using the following formula:
Emissions = A × EAF
where:
A = consumption of electricity (MWh) used as part of the activity,
EAF = relevant electricity allocation factor.
36. For eligibility purposes, electricity emissions must be estimated using an electricity allocation factor of 1 tonne of CO₂-e per megawatt hour of consumption.
37. 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.
38. 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, and are, in aggregate, estimated to be no more than 5% of total emissions from the activity at the site, provided that a 5% 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.
39. All emissions associated with the activity must be counted, regardless of whether the output is of saleable quality.

Data Preparation Rules

5. The methods, assumptions and calculations used to produce the data must be disclosed in the Basis of Preparation along with the data in the Specified Template.
6. Where uncertainties arise when determining emission and revenue data, these uncertainties must be declared in the Basis of Preparation.

Schedule 2

Included emissions

Emissions that must be included in any information provided in response to this notice are emissions resulting from:

- (p) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, as part of the activity as defined, including from machinery, equipment and processes which are integral to,

and essential for, the physical, chemical and/or biological transformation involved in the activity as described, including, for example:

- machinery used to move materials within and as part of the activity
 - control rooms, laboratories, maintenance workshops
 - machinery used to create non-electrical energy for use in the activity as defined
 - onsite processing of waste materials from the activity to comply with regulatory obligations;
 - machinery, equipment or processes used for environment control, such as heating and carbon dioxide generation;
 - the transfer of water, nutrient solution and discharge water used in the activity;
- (q) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, to generate steam that is used as part of the activity as described;
- (r) the use of liquid fossil fuels in stationary equipment;
- (s) coal seam gas emissions that escape in the process of mining coal (fugitive coal seam gas emissions);
- (t) reject production where this is not recycled in the process

Schedule 3

Excluded emissions

Emissions that may not be included in any information provided in response to this notice are emissions resulting from:

- (x) the use of machinery and equipment, and other processes, that are not integral to, nor essential to, the physical, chemical, biological, and/or other transformation taking place when the activity as defined is carried out;
- (y) any extraction or production of raw materials, that are subsequently used when the activity as defined is carried out (excluding fugitive coal seam gas emissions);
- (z) the transportation of inputs used in the activity to storage at the location where the activity as defined is carried out;

- (aa) the transportation of outputs of the activity from storage at the location where the activity as defined is carried out to another location;
- (bb) the transportation of intermediate products between different locations where the activity as defined is carried out;
- (cc) operations that are complementary to the activity as defined, including (but not limited to) packaging, head office operations, and administration and marketing (whether carried out at the same location where the activity is carried out or at a different location);
- (dd) the generation of electricity at the location where the activity is carried out;
- (ee) the generation of steam that is not used as part of the activity;
- (ff) grading, packing, storing and warehousing cucumbers;
- (gg) growing cucumber seedlings prior to planting into final growing position;
- (hh) movement of cucumber seedlings from propagation area into final growing position;
and
- (ii) processing of the product, including by way of artificial drying, evaporating, freezing, canning, bottling or preserving.

Dated at Wellington this 17th day of August 2020.

HON JAMES SHAW, Minister for Climate Change.

Explanatory Note

This note is not part of the notice but is intended to indicate its general effect.

This notice, which comes into effect on 17 August 2020, requires any person carrying out the production of fresh cucumbers (as that activity is defined in the notice) to provide the information requested by the Minister in accordance with the data collection rules specified in the notice. Only the emissions set out in Schedule 2 of the notice from the sources listed in Emissions Rule 1 of Schedule 1 of the notice should be included, and those emissions set out in Schedule 3 of the notice should be excluded.

The information is being requested to assist the Minister to inform decisions on a review of allocation to industry and is consistent with section 161D(3)(d) of the Act.

The Specified Template, Declaration, and Basis of Preparation required by this notice, together with the guidance document for filling in these documents can be downloaded from
[*<website hyperlink>*](#)

The Specified Template, Declaration and Basis of Preparation must be completed and returned to the Ministry for the Environment within 50 working days of the date of this notice. Please provide this information in the original file format to the Ministry as attachments via the email industrialallocation@mfe.govt.nz. Original signed copies of the Declaration must also be provided; these can be sent to: ETS Policy – Data Collection, Environment House, 23 Kate Sheppard Place, Pipitea, Wellington, 6011. If for whatever reason you cannot comply with these requirements please contact the Ministry at industrialallocation@mfe.govt.nz.

While the notice does not require submission of the source information and 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. The Minister is able to request any further information that he considers necessary to enable the verification of the accuracy of the information provided under this notice.

Persons to whom this notice applies should note that, under section 161D(6) of the Act, if they fail to supply the required information by the date specified, the Minister may give a notice to the person that requires the information to be provided within 10 working days. Failure to provide this information within that time period will render the person ineligible for an allocation of New Zealand units.

Persons should also note that it is in their interest to supply the required information to ensure decisions on a review of allocation to industry are based on data that is representative across New Zealand.

In addition, it is an offence to knowingly provide altered, false, incomplete or misleading information (section 132 of the Act) or, with the intent to deceive and for the purpose of obtaining a material benefit or avoiding a material detriment, to fail to provide information or to provide altered, false, incomplete or misleading information (section 133 of the Act).

Call for the Provision of Data (Production of Protein Meal) Notice 2020

Pursuant to section 161D of the Climate Change Response Act 2002, I, Hon James Shaw, Minister for Climate Change, give the following notice requiring information on the production of protein meal for the purpose of informing decisions for a review of allocation to industry, in accordance with section 161D(3)(d) of the Climate Change Response Act 2002.

Notice

13. Title and commencement—(1) This notice may be cited as the Call for the Provision of Data (Production of Protein Meal) Notice 2020.

(2) This notice takes effect from and including 17 August 2020.

14. Interpretation—(1) Unless the context otherwise requires:

Act means the Climate Change Response Act 2002.

Activity output is the output used for the calculation of the revenue of the activity and means the output specified in clause 2(2)(a) and 2(2)(b)

Basis of preparation means the form available at

<website hyperlink>

Data collection rules means the methodologies for data collection specified in Schedule 1 of this notice.

Declaration means the statement of declaration located at

<website hyperlink>

Excluded emissions means the emissions specified in Schedule 3 of this notice.

Financial years means the financial years beginning on 1 July and ending on 30 June for each of the periods 2016/2017, 2017/2018 and 2018/2019 during which the person carried out the activity.

Included emissions means the emissions specified in Schedule 2 of this notice from the sources listed in Emissions Rule 1 of Schedule 1.

Livestock-derived animal material means animal materials from terrestrial animals including cattle, sheep, pigs, goats, deer, hordes, or chickens, but excluding material from fish.

Product (basis of allocation) means total tonnes of saleable protein meal (such as meat and bone meal, dried blood and feather meal) with a moisture content of 10% or less that is produced by carrying out the activity as described.

Specified Template means the data table template located at

<website hyperlink>

(2) **Activity** means the physical and chemical transformation of raw livestock-derived animal material into saleable quality:

(a) protein meals (such as meat and bone meal, dried blood and feather meal) with a moisture content of 10% or less;

(b) tallow co-products.

(3) **Saleable** has its ordinary meaning as understood by participants in the relevant market, subject to subclauses (a) to (d):

(m) Saleable is an output produced to a level at which it would ordinarily be considered by participants in the relevant market:

(vii) to be the output of the process; and

(viii) to have a commercial value as that output.

(n) A sub-standard product which is discarded is taken not to be saleable or of saleable quality.

(o) An output which is recycled back while carrying out the activity as defined to produce a new output is not saleable or of saleable quality.

(p) Material which is scrapped or lost before it is packaged as a product that is saleable or of saleable quality:

(vii) is not saleable or of saleable quality; and

(viii) is not to be included in an amount of product (basis of allocation).

(4) Expressions have the same meaning as defined in the Act or regulations under the Act unless the context otherwise requires.

15. Data required to be provided—(1) Any person carrying out the activity on the date of this notice must provide to the Ministry for the Environment (the Ministry) data for the financial years for the activity in the form of the Specified Template, calculated in accordance with the data collection rules, together with the completed Declaration and Basis of Preparation.

(2) In calculating the data for the activity, the person must include only input data related to the included emissions (as outlined by the emissions rules below), and must exclude the excluded emissions.

16. Deadline for provision of data—The data required by clause 3 of this notice must be provided to the Ministry within 50 working days of the date of this notice.

Schedule 1

Revenue Rules

13. Revenue must be calculated as the quantity of saleable activity outputs for each of the financial years, multiplied by an appropriate market price, exclusive of GST, for each activity output for each of the financial years.

14. Quantity of activity output(s) is either the direct measure of activity output or is calculated from units sold and changes in inventory. The same methodology must be used for all years.

15. The market price must be a 'plant gate' price for the activity output. It is the price determined for the output under the applicable accounting standard. This is the fair value of the product, as defined under New Zealand Equivalent to International Accounting Standard 18 Revenue (NZ IAS 18), adjusted for transport costs to reflect the market into which it is sold. If New Zealand Equivalent to

International Financial Reporting Standard 15 Revenue from Contracts with Customers (NZ IFRS 15) is applied, the transaction price of the output is allocated to the product based on the relative stand-alone selling price of that product. The market price for the output must be calculated for each of the financial years either from the revenue received from all external activity output sales during each of the financial years, divided by the number of units of external activity output sales during each of these years; or by using an observable market price for each of the financial years that is appropriate to the duration of time when the output was produced in those years. An observable market price must be based on a relevant price listed on an international exchange, a price obtained from an industry analyst's report or a price derived from government or industry body statistics.

16. Market price must be converted from foreign currencies to New Zealand dollars at the historical rate appropriate to the period of activity output.

Emissions Rules

40. Data must be supplied for each financial year from only the following emissions sources, expressed in tonnes of CO₂ equivalent via the prescribed equations and emissions factors:

- (v) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil, or waste oil as part of the activity; and
- (w) the direct use (for example 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
- (x) 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
- (y) any of the activities listed in Part 4 of Schedule 3 of the Act carried out as part of the activity; and
- (z) the direct use of any liquid fossil fuel in stationary equipment; and
- (aa) 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
- (bb) the electricity used as part of the activity.

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

42. 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.

43. Emissions for which no obligation exists under the Act due to an exemption made by Order in Council under section 60 of the Act must be recorded as zero.
44. Total emissions from a co-generation facility, such as a combined heat and power plant (CHP) must be allocated to an activity in proportion the plant's output. Total emissions from co-generation must be split between heat/steam and electricity, with efficiency rates of 80% and 35% respectively. The heat/steam emissions must then 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:

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

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 CHP system

E_P = emissions allocated to electricity production

45. The following specific formulae must be used in estimating direct emissions and fugitive coal seam gas emissions:

Coal

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

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 of the relevant coal class,

i = index of the relevant coal class.

Fugitive coal seam gas

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

where:

A_i = tonnes of coal consumed (from all coal classes) from the relevant mine type,

EF_i = emission factor of the relevant mine type,

i = index of each relevant mine type.

Natural gas

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

where:

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

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

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

Geothermal fluid

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

where:

A_i = tonnes of geothermal fluid consumed from the relevant source,

EF_i = emission factor of the relevant geothermal fluid source,

i = index for each relevant geothermal fluid source.

Used or waste oil

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

where:

A = tonnes of used or waste oil consumed,

CV = calorific value of used or waste oil,

EF = emission factor of used or waste oil,

Liquid fossil fuels

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

where:

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

EF_i = emission factor of the relevant liquid fossil fuel source,

i = index of each relevant liquid fossil fuel source.

46. 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.

47. The emission factors used in calculating emissions must be those listed in Schedule 2 of the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009, and those listed in the Schedule of the Climate Change (Liquid Fossil Fuels) Regulations 2008.
48. Indirect emissions from electricity use must be calculated using the following formula:
Emissions = A × EAF
where:
A = consumption of electricity (MWh) used as part of the activity,
EAF = relevant electricity allocation factor.
49. For eligibility purposes, electricity emissions must be estimated using an electricity allocation factor of 1 tonne of CO₂-e per megawatt hour of consumption.
50. 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.
51. 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, and are, in aggregate, estimated to be no more than 5% of total emissions from the activity at the site, provided that a 5% 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.
52. All emissions associated with the activity must be counted, regardless of whether the output is of saleable quality.

Data Preparation Rules

7. The methods, assumptions and calculations used to produce the data must be disclosed in the Basis of Preparation along with the data in the Specified Template.
8. Where uncertainties arise when determining emission and revenue data, these uncertainties must be declared in the Basis of Preparation.

Schedule 2

Included emissions

Emissions that must be included in any information provided in response to this notice are emissions resulting from:

- (u) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, as part of the activity as defined, including from machinery, equipment and processes which are integral to, and essential for, the physical, chemical and/or biological transformation involved in the activity as described, including, for example:
 - machinery used to move materials within and as part of the activity
 - control rooms, laboratories, maintenance workshops
 - machinery used to create non-electrical energy for use in the activity as defined
 - the processing of by-products where they involve the recovery of materials for re-use within the activity or are necessary for the activity to proceed as described
 - onsite processing of waste materials from the activity to comply with regulatory obligations (including liquid discharge treatment, treatment of gaseous discharges and management of solid wastes);
- (v) the direct use (for example oxidation or use as feedstock) of any coal, natural gas, used oil or waste oil, or the use of geothermal fluid, or electricity, to generate steam that is used as part of the activity as described;
- (w) the use of liquid fossil fuels in stationary equipment;
- (x) coal seam gas emissions that escape in the process of mining coal (fugitive coal seam gas emissions);
- (y) waste heat recovery that is part of the activity as described;
- (z) paunch cutting and washing, hogging, hashing, pre-braking, hydrolysing or skinning of casualty stock to prepare the animal material for processing;
- (aa) on-site conveyance of prepared animal materials;
- (bb) storage of tallow in tallow tanks, including re-heat of tallow tanks for load out.

Schedule 3

Excluded emissions

Emissions that may not be included in any information provided in response to this notice are emissions resulting from:

- (jj) the use of machinery and equipment, and other processes, that are not integral to, nor essential to, the physical, chemical, biological, and/or other transformation taking place when the activity as defined is carried out;
- (kk) any extraction or production of raw materials, that are subsequently used when the activity as defined is carried out (excluding fugitive coal seam gas emissions);
- (ll) the transportation of inputs used in the activity to storage at the location where the activity as described is carried out with the exception of onsite conveying or prepared animal material as described above;
- (mm) the transportation of outputs of the activity from storage at the location where the activity as defined is carried out to another location;
- (nn) the transportation of intermediate products between different locations where the activity as defined is carried out;
- (oo) operations that are complementary to the activity as defined, including (but not limited to) packaging, head office operations, and administration and marketing (whether carried out at the same location where the activity is carried out or at a different location);
- (pp) the generation of electricity at the location where the activity is carried out;
- (qq) the generation of steam that is not used as part of the activity;
- (rr) the processing or rendering of fish or fish products.

Dated at Wellington this 17th day of August 2020.

HON JAMES SHAW, Minister for Climate Change.

Explanatory Note

This note is not part of the notice but is intended to indicate its general effect.

This notice, which comes into effect on 17 August 2020, requires any person carrying out the production of protein meal (as that activity is defined in the notice) to provide the information requested by the Minister in accordance with the data collection rules specified in the notice. Only the emissions set out in Schedule 2 of the notice from the sources listed in Emissions Rule 1 of Schedule 1 of the notice should be included, and those emissions set out in Schedule 3 of the notice should be excluded.

The information is being requested to assist the Minister to inform decisions on a review of allocation to industry and is consistent with section 161D(3)(d) of the Act.

The Specified Template, Declaration, and Basis of Preparation required by this notice, together with the guidance document for filling in these documents can be downloaded from
[*<website hyperlink>*](#)

The Specified Template, Declaration and Basis of Preparation must be completed and returned to the Ministry for the Environment within 50 working days of the date of this notice. Please provide this information in the original file format to the Ministry as attachments via the email industrialallocation@mfe.govt.nz. Original signed copies of the Declaration must also be provided; these can be sent to: ETS Policy – Data Collection, Environment House, 23 Kate Sheppard Place, Pipitea, Wellington, 6011. If for whatever reason you cannot comply with these requirements please contact the Ministry at industrialallocation@mfe.govt.nz.

While the notice does not require submission of the source information and 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. The Minister is able to request any further information that he considers necessary to enable the verification of the accuracy of the information provided under this notice.

Persons to whom this notice applies should note that, under section 161D(6) of the Act, if they fail to supply the required information by the date specified, the Minister may give a notice to the person that requires the information to be provided within 10 working days. Failure to provide this information within that time period will render the person ineligible for an allocation of New Zealand units.

Persons should also note that it is in their interest to supply the required information to ensure decisions on a review of allocation to industry are based on data that is representative across New Zealand.

In addition, it is an offence to knowingly provide altered, false, incomplete or misleading information (section 132 of the Act) or, with the intent to deceive and for the purpose of obtaining a material benefit or avoiding a material detriment, to fail to provide information or to provide altered, false, incomplete or misleading information (section 133 of the Act).

Appendix 2: Excerpt from CCRA – Ministerial Considerations and Justifications

161E Requirements in respect of notice given under section 161D

(1) Before giving notice of an activity under section 161D(1), the Minister must have regard to the following matters:

- (a) the requirement to define each activity by reference to a physical, chemical, or biological transformation of inputs into outputs; and
- (b) the undesirability of activities being defined by reference to the technology employed, the fuel used, the age of the plant, or the quality of the types of feedstock used when the activity is carried out; and
- (c) the desirability of defining activities—
 - (i) consistently and equitably across industries; and
 - (ii) in a way that takes into account the impact that definitions may have on business investment, geographical location, and the structure of activities; and
 - (iii) in a way that takes into account the potential for intermediate inputs produced when the activity is carried out to be substituted for bought-in inputs; and
- (d) the desirability of there being no overlap between activity definitions; and
- (e) any other matters the Minister considers relevant.

Justifications that considerations have been met

These Ministerial considerations were met in the 2010 data collection. As the activity definitions have not changed since they were first created we view these Ministerial considerations as fulfilled.

Consideration from Act	Justification
(a) The requirement to define each activity by reference to a physical, chemical, or biological transformation of inputs into outputs	Each activity previously defined in the Climate Change Response (Eligible Industrial Activities) Regulations 2010 suitably gives reference to the physical, chemical, or biological transformation of inputs and outputs.
(b) The undesirability of activities being defined by reference to the technology employed, the fuel used, the age of the plant, or the quality of the types of feedstock used when the activity is carried out	The activities continue to <u>not</u> be defined by reference to the technology employed, the fuel used, the age of the plant, or the quality of the type of feed stock used.
(c) The desirability of defining activities— (i) consistently and equitably across industries; and	The activities continue to consistently, and equitably, take into account impacts on business investment, geographical

<p>(ii) in a way that takes into account the impact that definitions may have on business investment, geographical location, and the structure of activities; and</p> <p>(iii) in a way that takes into account the potential for intermediate inputs produced when the activity is carried out to be substituted for bought-in inputs; and</p>	<p>location, activity structure, and potential for intermediate products.</p>
<p>(d) The desirability of there being no overlap between activity definitions</p>	<p>There continues to be no overlap in the activities as previously defined.</p>

