



The New Zealand Emissions Trading Scheme

How to apply for New Zealand Units: information and guidance for growers

From 1 January 2011 growers of fresh tomatoes, fresh capsicums, fresh cucumbers or cut roses can apply for an allocation of New Zealand Units under the Emissions Trading Scheme.

This factsheet provides information for growers on:

- what New Zealand Units (NZUs) are
- how to apply for NZUs
- how to get help
- more about the Emissions Trading Scheme and industrial allocation.

What is an NZU?

New Zealand Units (NZUs) are the unit of trade within the New Zealand Emissions Trading Scheme. NZUs can be sold or traded within New Zealand.

NZUs are given to eligible growers whose energy costs have increased as a result of the ETS to help them bear these costs and remain competitive.

Until at least the end of 2012, the value of an NZU is unlikely to be more than \$25 and may be less.

Deciding to apply for NZUs

The number of NZUs each eligible grower will receive is determined by their **annual production volumes**. The table below gives an indication of how many units growers can expect based on annual production.

Eligible Activity	Annual Production	New Zealand Units
Fresh Tomatoes	per 100 tonnes / annum	73
Fresh Capsicums	per 100 tonnes / annum	106
Fresh Cucumbers	per 100 tonnes / annum	99
Cut Roses	per 100,000 cut stems	42

* For a six-month allocation divide by two – a six-month allocation relates to task 2 overleaf.

How to apply

The application process must be completed online. So you will need a computer with an internet connection.

TASK 1: (required)

Open an NZ Emissions Unit Registry (EUR) online holding account

This step is **required** as you need to set up an online holding account for NZUs to be transferred in to. You don't have to wait until 1 January 2011 to complete this task.

To set up your account, follow the steps in the **Emission Unit Register: Growers Guide to Opening an Online Holding Account** included with this application pack.

You will need:

- a valid email address
- your full legal name and street address
- your telephone number
- a computer with internet access.

Now visit www.eur.govt.nz

NOTE: Once you have set up an EUR online holding account you don't have to repeat this step for future applications for NZUs.

TASK 2: (required)

Apply online for a final allocation of NZUs for the period 1 July to 31 December 2010.

NOTE: As growers had increased energy costs from 1 July 2010 due to the ETS, the allocation of units for 2010 will be for six months, ie, 1 July–31 December.

This task is **required** if you want to receive an allocation of NZUs for the above period.

To complete the online application, you will need:

- NZ EUR Account number (see Task 1)
- GST or IRD number
- production volumes for 1 July–31 December 2010
 - tonnes for fresh cucumbers, fresh capsicums and fresh tomatoes
 - number of stems for roses
- a computer with internet access and Microsoft Excel. (You need Excel to work out your assessment of NZU entitlement. If you don't have Excel call 0800 CLIMATE for help.)

Now go to:
www.climatechange.govt.nz/apps/industrial-allocation/

NOTE: When completing the form make sure you select "Final Allocation Application" in the drop-down list of application types and "2010" for the allocation year.

TASK 3 (optional)

Apply online for a provisional allocation for the period 1 January to 31 December 2011.

This task is **optional**. You can either get a provisional allocation now or wait until early 2012 to complete an application for a final allocation for the 2011 calendar year.

Applying for a provisional allocation now means:

- you base your application on production levels of saleable quality produce for the 2010 calendar year
- you get your allocation of units in 2011
- you must do an annual adjustment between 1 January and 30 April 2012 to "square up" if there are differences between your actual production levels for the 2011 year and your 2010 production levels
- the "square up" may mean you need to repay units or that you are owed units.

Waiting until early 2012 to do a final allocation means:

- the allocation is based on your actual production for 2011
- you get your units in 2012 for the 2011 year
- you won't need to do an annual adjustment.

If you decide to apply for a provisional allocation for 2011 you can continue on from Task 2 and will need:

- production volumes for the full calendar year for 2011
 - tonnes for fresh cucumbers, fresh capsicums and fresh tomatoes
 - number of stems for roses

NOTE: When completing the form make sure you select "Provisional Allocation Application" in the drop-down list of application types and "2011" for the allocation year.

What happens next?

The Ministry will let you know in writing whether you are eligible for an industrial allocation of NZUs, and, if you are, how many you have been allocated. Your NZUs will be transferred to your EUR holding account.

TASK 4:

Sign your application summary and send it back to the Ministry for the Environment.

About five business days after you have filled in the online application form you will receive a form summarising your application. You need to check this, sign it and send it back to the Ministry with proof of identity (copy of passport or New Zealand drivers licence).

Future applications and adjustments

Applications for allocations of NZUs will open each year on 1 January and close on 30 April. The production data used in the application is based on the previous year's production volumes.

If you receive a provisional allocation, you must notify us of your annual allocation adjustments to "square up" production volumes. You must do this by 30 April of the following year.

How to get help

Workshops

The Ministry will hold workshops around the country in December 2010 and early 2011 to explain how to apply for NZUs. If you wish to go to a workshop see the enclosed flyer, *Information Workshops – guidance for growers* for details and how to register.

Phone support

You can call 0800 CLIMATE (0800 254 628) for help during business hours, 9am to 5pm Monday to Friday. *Note that this help line closes for Christmas (closing 5.30pm Friday 24 December 2010 and reopening 9am Wednesday 5 January 2011).*

Email support

You can email questions to etsallocations@mfe.govt.nz. You will get a reply within 48 hours. The email service also closes for Christmas (closing 24 December and reopening 10 January).

Climate change website

To find out more about the Emissions Trading Scheme visit the Climate Change website at: www.climatechange.govt.nz/ets

Go to the industry section of the website to find out more about industrial allocation: www.climatechange.govt.nz/emissions-trading-scheme/participating/industry

More about the ETS

Why do we have an Emissions Trading Scheme?

The purpose of the New Zealand Emissions Trading Scheme (NZ ETS) is to reduce the amount of greenhouse gases emitted in New Zealand.

It is designed to help New Zealand meet its international obligations as set out in the Kyoto Protocol and to take responsibility for its greenhouse gas emissions in a fair and effective way. This is done by requiring those who emit greenhouse gases while doing certain activities to surrender New Zealand Units (NZUs).

Businesses that grow fresh cucumbers, fresh capsicums, fresh tomatoes and cut roses will not be required to give up emission units but they may be affected by increased prices for fuel and electricity as a result of the NZ ETS.

About industrial allocation

Industrial allocation helps those parts of the economy most affected by the NZ ETS eg, growers who are facing increased energy costs. It does this by giving out (allocating) NZUs to persons carrying out eligible industrial activities. Industrial allocation is provided on the basis of 'activities', not on the basis of sites, businesses or facilities.

What is an eligible industrial activity?

To be eligible, an activity must be trade exposed and emissions intensive. An activity is considered **trade exposed** if its output is able to be traded between countries. An activity is considered **emissions intensive** if it produces at least 800 tonnes of greenhouse gas emissions (in carbon dioxide equivalent) per NZ\$1 million revenue.

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Disclaimer: This factsheet is intended to provide general information in summary form. The contents are not a substitute for getting your own advice on the provisions in the Climate Change Response Act 2002 or the Climate Change (Eligible Industrial Activities) Regulations 2010.

Frequently asked questions

What can I do with my NZUs?

NZUs can be:

- sold to other people or organisations with a holding account in the NZ Emissions Unit Register. For example, people with obligations to surrender units
- transferred to suppliers (eg, your energy supplier) as part payment if you reach a contractual arrangement that allows this
- used to meet obligations to surrender units to cover emissions (for those that are required to do this).

Your accountant, financial advisor or industry association may also be able to provide advice on what to do with your NZUs.

Should the data I use in my application be from the calendar year or the financial year?

Data provision for industrial allocation applications is based on the calendar year 1 January to 31 December.

Where can I find more information about the regulations that relate to my activity?

Information can be found on the Government's legislation website: www.legislation.govt.nz

Can I apply for industrial allocation over the phone?

No. You must apply using the prescribed form which is only online and available at: www.climatechange.govt.nz/apps/industrial-allocation

I am worried about putting my details into an online application form. Is my information secure?

Yes, your information is secure. The online application form uses a type of security known as HTTPS (Hypertext Transfer Protocol Secure). HTTPS is designed to withstand man-in-the-middle and eavesdropping attacks and is considered secure.

