



CHANGES TO DEREGISTRATION OBLIGATIONS UNDER THE CLIMATE CHANGE RESPONSE ACT 2002

Amendments to the Climate Change Response Act 2002 (CCRA) brought into effect on 16 May 2014 have changed how post-1989 Emissions Trading Scheme (ETS) participants are able to meet deregistration obligations. These amendments were made to address unintended consequences of operations within the CCRA.

DEREGISTERING FROM THE ETS

Post-1989 forest land participants may cease to be a participant in the ETS at any time by applying to be removed from the register of participants. A participant can cease to be registered in the ETS voluntarily, or because the land is no longer eligible (for example, following deforestation).

As part of the deregistration process, participants are required to submit an emissions return to show the total number of units that have been issued for all Carbon Accounting Areas (CAAs) that are being removed from the scheme. This number of units must then be repaid.

From 16 May 2014 onward, only New Zealand Units (NZUs) may be repaid as a result of deregistration.

REMOVING REGISTERED CAAS FROM THE ETS

Registered post-1989 forest land participants can remove one or more CAAs, or part of a CAA, from the scheme at any time, either voluntarily or because the CAA is not eligible to be part of the ETS (for example following deforestation).

As with deregistration, when removing CAAs participants are required to submit an emissions return to show the total number of units that have been issued in respect of each CAA that is to be removed from the scheme. This number of units must then be repaid.

From 16 May 2014 onward, only NZUs may be repaid as a result of removing CAAs, or part of a CAA, from the ETS.

OTHER UNIT OBLIGATIONS UNDER THE ETS

All other obligations to pay eligible units under the ETS can be met using any unit permissible in the ETS, including NZUs and Kyoto units.

For an event that reduces the carbon stock of a registered CAA, for example harvesting, units must be repaid to cover the decrease in

carbon stock. In this circumstance certain Kyoto Protocol units may be used to meet that repayment by submitting an emissions return for the affected CAA. However, if after harvesting a participant chooses to remove that CAA from the ETS, NZUs equal to the remaining balance of units issued to the CAA must be repaid.

A participant may choose to submit a voluntary emission return after harvesting or deforestation and prior to deregistration of that post-1989 forest land from the ETS. This will enable that forester to use Kyoto units to meet the liability from harvesting or deforestation.

As of 1 June 2015, Kyoto Protocol units will no longer be eligible for repayment or surrender in the NZ ETS, with the exception of Assigned Amount Units (AAUs) that originated in New Zealand. Only NZUs and NZ-AAUs will be eligible to meet an ETS obligation after this date.

DISCLAIMER

The information in this publication has no statutory or regulatory effect and is of a guidance nature only. The information should not be relied on as a substitute for the wording of the Climate Change Response Act 2002.

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