



HOW TO COMPLETE AND SUBMIT AN EMISSIONS RETURN FOR THE **EMISSIONS TRADING SCHEME**

WHAT IS AN EMISSIONS RETURN?

An emissions return is a calculation that shows changes in a forest's carbon stock for a certain period.

Depending on whether carbon stock increases or decreases, participants are either issued New Zealand Units (NZUs) or need to pay eligible units back to the Crown.¹

Types of emission returns include:

- **Voluntary** – can be submitted for post-1989 forest land in any year to claim units.
- **Mandatory** – required for post-1989 forest land at the end of a Mandatory Emissions Return period².
- **Transmission** – required when post-1989 forest land is transferred, or when a registered forestry right/lease expires or is terminated.
- **Unit Surrender** – required when post-1989 forest land is removed from the ETS.
- **Pre-1990 Deforestation** – required for deforestation of pre-1990 forest land.

¹ A New Zealand Unit (NZU) is equivalent to 1 tonne of carbon. NZUs are issued for carbon stock increases.

² A mandatory return period is 1 January 2013–31 December 2017 or any subsequent five year period.

CARBON ACCOUNTING AREAS, CARBON ACCOUNTING RECORDS AND UNIT BALANCES

The following are commonly used terms when completing an emissions return:

A **Carbon accounting area (CAA)** is an area of post-1989 forest land registered in the ETS. It must be at least 1 hectare in size.

A **Carbon accounting record (CAR)** is a permanent record kept by the Ministry for Primary Industries (MPI) for each CAA. It records the change in carbon stocks over time through information contained in emissions returns. It records the number of units issued or paid for that CAA.

A **Unit balance** is calculated for each CAA, and represents the balance of units in a CAR. It is important because:

- while the forest land is registered in the ETS, the unit balance stays with the land regardless of any ownership changes;
- when a CAA is withdrawn from the ETS, the participant must submit an emissions return (unit surrender) and pay the unit balance;
- when part of a CAA is withdrawn from the ETS, the participant must submit a mandatory emissions return to bring the unit balance for that CAA up to date; the unit balance is then allocated proportionately between the part remaining and that withdrawn. The participant must pay the unit balance for the part withdrawn;
- when a registered forestry right or registered lease expires while the post-1989 forest land is still registered in the ETS, the landowner automatically becomes the participant. As such, the unit balance and responsibility transfers to the landowner³.

³ See *ETS Land Transactions Factsheet*.

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SUBMITTING AN EMISSIONS RETURN TO CLAIM AND/OR PAY UNITS

STEP 1: CALCULATE NET CHANGES IN CARBON STOCK

Depending on the size of your forest you will need to use either:

- **Look-up tables** – for post-1989 forest land participants with less than 100 hectares, or participants who have deforested pre-1990 forest land⁴; or
- **Field Measurement Approach (FMA)** – for post-1989 forest land participants with 100 hectares or more.⁵

STEP 2: SUBMIT AN EMISSIONS RETURN

Use the values from Step 1 above to complete an emissions return. If you are completing an emissions return online, much of this information will be provided for you.

You need to provide:

- the participant name, contact details and New Zealand Emissions Unit Register (NZEUR) holding account number;
- details of the relevant CAAs i.e. the number allocated to each CAA (post-1989 forests only);
- the net change in carbon stock for each CAA. This involves the following steps:
 1. Enter the CAA number(s) in column 1 (not every CAA registered needs to be included).
 2. Calculate the net change in carbon stock for each CAA (as per step 1 above).
 3. Enter the number of units the participant is entitled to receive or pay for each CAA.

⁴ See *Look-up tables publications* on how to use these tables for different forests.

⁵ See *A Guide to the Field Measurement Approach for Forestry in the Emissions Trading Scheme*.

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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4. Total the “tonnes” and “units” columns (either an increase or a decrease).
5. Calculate the overall net change in carbon stock and indicate whether it is an increase or decrease.
6. Calculate the overall net units to be claimed or paid.

STEP 3: CLAIMING OR PAYING UNITS

Participants are issued NZUs for an increase in carbon stock within 20 working days of submitting an emissions return, unless MPI requires further information.

Post-1989 forest land participants must pay units for a decrease in carbon stock within 20 working days of submitting their emissions return. Pre-1990 forest land participants must pay units for deforestation by 31 May of the year their emissions return is submitted.

A range of units may be purchased in order to pay ETS obligations/liabilities, including:

- New Zealand Units (NZUs)
- New Zealand Assigned Amount Units (AAUs).
- Emission Reduction Units (ERUs)
- Removal Units (RMUs)
- Certified Emission Reductions (CERs).⁶

More information can be found in the *Surrender of Units Guide* on the Emission Unit Register website at www.eur.govt.nz/how-to/guides-hmt/guides-pdf.

⁶ Refer to www.climatechange.govt.nz for the current list of units that may not be surrendered. Please note that certain restrictions on the above units apply.

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