

HOLDING ACCOUNT WITH NEW ZEALAND EMISSION UNIT REGISTER

PURPOSE

This report seeks a resolution by the Wastewater Treatment Plant and Landfill Joint Committee for opening a holding account with the New Zealand Emission Unit Register.

SIGNIFICANCE OF DECISION

The matters considered in this report do not trigger the significance policy of the Council.

RECOMMENDATIONS

That the Wastewater Treatment Plant and Landfill Joint Committee **recommend**:

1. That Porirua City Council agree to open a holding account with the New Zealand Emission Unit Register for the Spicer Landfill obligation under the Emissions Trading Scheme.
2. That Wellington City Council agree to open a holding account with the New Zealand Emission Unit Register for the Spicer Landfill obligation under the Emissions Trading Scheme.
3. That Porirua City Council agree to assign the roles within Porirua City Council as required for operating the account, and as nominated by Porirua City Council Chief Executive.
4. That Wellington City Council agree to assign the roles within Porirua City Council as required for operating the account, and as nominated by the Porirua City Council Chief Executive.

Report prepared by:

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SUSTAINABILITY OFFICER

Approved for submission by:

Peter Bailey

GENERAL MANAGER ASSET MANAGEMENT AND OPERATIONS

1 DISCUSSION

- 1.1 The requirement to open a holding account with the New Zealand Emission Unit Register is due to the mandatory inclusion of all municipal landfill facilities in the New Zealand Emission Trading Scheme under the Climate Change Response Act 2002 (amended 2009) (the Act).
- 1.2 The Act specifies that coverage of the New Zealand Emission Trading Scheme will be extended to waste disposal facility operators in three stages, so that they:
- may voluntarily report information about their methane emissions from 1 January 2011
 - must collect and report this information from 1 January 2012
 - must surrender New Zealand Units to match their emissions from 1 January 2013.

2 CONTRIBUTION TO COUNCIL'S STRATEGIES

Relationship to Council's Strategic Focus Areas

Investing in infrastructure for the future	Protecting our landscapes and harbour	A vibrant city centre for residents, business and visitors	Active and connected communities
✓	✓		

3 ASSOCIATED PORTFOLIOS

Relationship to Council's Portfolios of Responsibility

Sport, Leisure and Recreation	Community and Social Development	Infrastructure and Environment	Economy and Arts	Planning and Regulatory	Finance and Audit
		✓		✓	✓

Relationship to Project Portfolios

Emergency Management	Sister Cities	Village Planning	Harbour	City Centre	Community Empowerment

4 BACKGROUND

- 4.1 The Emissions Trading Scheme is the price-based mechanism established by Parliament to:
- reduce net greenhouse gas emissions below business-as-usual levels¹.
 - comply with our international obligations, including our Kyoto Protocol obligations.
- 4.2 The Emissions Trading Scheme is based around a trade in units that represent a tonne of carbon dioxide equivalent (CO₂e). The primary unit of trade is the New Zealand Unit, which is the unit created and distributed by the Government. Emitting organisations have to surrender these units to the Government annually, while those who remove, rather than emit, greenhouse gases – for example those who plant and grow forests – can receive units.
- 4.3 Participants with obligations are required to acquire and surrender New Zealand Units to cover each tonne of their direct greenhouse gas emissions or the emissions associated with their products. The cost of covering emissions will depend on the market price of New Zealand Units.
- 4.4 The scheme is a key part of the New Zealand Government's overall climate change policy and involves all significant greenhouse gases and all sectors including forestry, agriculture, industry, energy, waste and liquid fossil fuels.

5 STATUTORY REQUIREMENT TO OPEN A HOLDING ACCOUNT WITH THE NZEUR

- 5.1 The Wastewater Treatment Plant and Landfill Joint Committee has a statutory obligation, under Schedule 3, part 6 of the Act, to participate in the New Zealand Emissions Trading Scheme due to operating the Spicer landfill. Discussions with Wellington City Council have affirmed the need to commence this process (Contact Officer: *Bryan Smith, Principal Advisor, Policy, Wellington City Council*).
- 5.2 All of the transactions of units for statutory purposes are transacted through the government's New Zealand Emission Unit Register. The New Zealand Emission Unit Register is akin to an online banking system. It contains multiple accounts (known as holding accounts) and allows the transfer of units between those New Zealand Emission Unit Register holding accounts and holding accounts in the registry systems of other Parties to the Kyoto Protocol, or between holding accounts in the New Zealand Emission Unit Register itself.
- 5.3 Therefore, due to the obligations imposed on Wastewater Treatment Plant and Landfill Joint Committee under the New Zealand Emissions Trading Scheme, there is a corresponding requirement to register with the New Zealand Emission Unit Register and open a holding account as preparation for participating in the scheme.
- 5.4 This will need to be done before 31st January 2012 for the Spicer landfill obligation.

¹ Business as usual levels means the levels of greenhouse gas emissions as if the Emissions Trading Scheme had not been enacted (Climate Change Response Act 2002)

6 REGISTER OPENING PROCESS AND MANAGEMENT

- 6.1 The process of opening the holding account with the New Zealand Emission Unit Register is as follows:
- 1) Porirua City Council nominates employees to register as users of the New Zealand Emission Unit Register
 - 2) The Wastewater Treatment Plant and Landfill Joint Committee open a holding account with the New Zealand Emission Unit Register (completed by Porirua city Council employees).
 - 3) Assign roles for the registered users (Porirua City Council employees) to manage the Holding Account.
 - 4) Account holder declaration (signed by the Chief Executives of both Councils).
 - 5) Register participation jointly for the landfill activity.
 - 6) Notify the New Zealand Emission Unit Register Chief Executive of registration in the New Zealand Emission Trading Scheme for the landfill activity.
- 6.2 Up to five primary representatives from an organisation may be authorised to view the Holding Account.
- 6.3 There is the option of having Preparer, Approver and Authorised person roles for enabling any transaction.

7 OPERATIONAL IMPLICATIONS

- 7.1 The operational implications are the administration of the account by staff members across the organisation. It is expected that this can be delivered within existing programmes.

8 FINANCIAL IMPLICATIONS

- 8.1 There is no cost to opening an account with the New Zealand Emission Unit Register, other than the officer time involved. Existing landfill reporting requirements involve the collection of the base data required for calculating the obligation of surrendered units.
- 8.2 There will be minor duties required from several officers across the organisation with regard to the assessing, purchasing and processing of units required.
- 8.3 The cost of obtaining the units required is being assessed by Porirua City Councils Solid Waste Managers and will be reported to the committee for inclusion during the development of the 2012 Long Term Plan.

9 STATUTORY REQUIREMENTS

- 9.1 The following are the statutes under which this requirement has been enacted:
- Climate Change Response Act 2002 (amended 2009)
 - Climate Change (Waste) Regulations 2010
 - Climate Change (Unique Emissions Factors) Amendment Regulations 2010

10 CONCLUSION

- 10.1 The requirement to open the holding account for operators of waste disposal facilities has been mandated by Act of parliament. The joint venture nature of the operation at Spicer Landfill requires the holding account to be held by the Joint Venture committee.

APPENDIX 1

EXCERPT FROM THE EMISSION UNIT REGISTER'S "GUIDE TO REGISTERING AS A PARTICIPANT- OTHER SECTORS"

If you jointly carry out any of these activities with one or more other persons (including but not limited to in partnership, through a joint venture, or as the trustees of a trust), then you must together notify the Chief Executive. In this case, all the people jointly carrying out the activity are treated as a member of an “Unincorporated Body” and the Unincorporated Body is registered as the participant (see section 157 of the Act).

Each member of an Unincorporated Body is:

- jointly and severally liable for the obligations of the Unincorporated Body as a participant in respect of the activity; and
- jointly entitled to the benefits of the Unincorporated Body as a participant in respect of the activity.

If you carry out activities jointly then you must notify the Chief Executive by using the “Registration of Persons Jointly Carrying Out Activities” form.

<http://www.eur.govt.nz/how-to/guides-hmtl/guide-to-registering-as-a-participant-waste>
<http://www.legislation.govt.nz/regulation/public/2008/0357/20.0/DLM1313027.html>

APPENDIX 2

CLIMATE CHANGE RESPONSE ACT 2002 NO 40 (AS AT 08 DECEMBER 2009), PUBLIC ACT

Schedule 3 Activities with respect to which persons must be participants

Part 6

Waste

- (applies, subject to sections 218 and 219, on and after 1 January 2011)

Operating a disposal facility.

http://www.legislation.govt.nz/act/public/2002/0040/latest/DLM1662841.html?search=ts_act_climate+change+response+act_resel&p=1

- **4 Interpretation**
- (1) In this Act, unless the context otherwise requires,—

disposal facility means any facility, including a landfill,—

- (a) at which waste is disposed; and
- (b) at which the waste disposed includes waste from a household that is not entirely from construction, renovation, or demolition of a house; and
- (c) that operates, at least in part, as a business to dispose of waste; but
- (d) does not include a facility, or any part of a facility, at which waste is combusted for the purpose of generating electricity or industrial heat

<http://www.legislation.govt.nz/act/public/2002/0040/latest/DLM158592.html>