

## **Article for NZGrower Nov 2022**

### **Industrial allocations series**

#### **What you may be eligible for under the NZ Emissions Trading Scheme**

The Environmental Protection Authority (EPA) has put together a series to help you with the industrial allocation process.

Part 1 will explain industrial allocations and how to set up an account in the New Zealand Emissions Trading Register (Register). Part 2 will guide you through the application process. Part 3 will explain how to transfer units in the Register and what records you need to keep.

#### **Part 1 – what are industrial allocations?**

The Government provides allocations of emission units for activities that are emission-intensive and trade-exposed. This is called industrial allocation. It recognises that New Zealand Emissions Trading Scheme (ETS) costs might affect the international competitiveness of some businesses.

If you produce fresh tomatoes, cucumbers, capsicums and cut roses you may be eligible for an allocation of New Zealand Units (NZUs).

Growers in the horticulture sector don't have an obligation to report their emissions or surrender NZUs under the ETS. But if you're a New Zealand based grower you could be eligible to apply for an industrial allocation of NZUs, based on the type of crop you produce.

#### **Growers of tomatoes, cucumbers, capsicums and cut roses are eligible for industrial allocations**

These specific growers are eligible because they're emission -intensive and trade exposed. This means that, because of the ETS, they face an increase in the cost of powering (i.e. heating) their greenhouses. But due to international competition, they're not able to pass these increased costs on to their customers.

The Government has attempted to mitigate this cost by giving an allocation of NZUs, which a grower can then sell or use to pay for energy costs (for example, with a coal provider).

#### **How industrial allocations work**

Industrial allocations are calculated using production data, as opposed to your actual power costs. This is to incentivise the reduction in emissions by sustainable or renewable power sources which don't have an ETS cost.

As a grower, this means you'll continue to receive an allocation, even if you're using more sustainable options.

#### **When you should apply**

We know this is a busy time of year. However, if you open an account in the New Zealand Emissions Trading Register (Register) now, you'll be ready to apply for your industrial allocation from 1 January 2023.

Applications for industrial allocations need to be submitted in the Register and completed between 1 January and 30 April each year. Once your application is received it will be processed, and you'll receive the units within 20 working days of your application.

### **How to apply**

1. Check if you're eligible for an allocation on the EPA's website: [www.epa.govt.nz](http://www.epa.govt.nz)

You'll find information on how to apply, application types and a demonstration video on applying for an allocation.

2. Login or sign up to the Register at [www.emissionsregister.govt.nz](http://www.emissionsregister.govt.nz).

If you're using the Register for the first time, you'll need:

- A RealMe login
- A drivers' licence or passport

3. When you're ready to make your application: log in to the Register, go to your organisation's account and select 'ETS Activities' from the left-hand menu. Select 'Industrial Allocations' and start your application.

If you need help, part 2 of this series will guide you through the application process.

You can also visit [www.epa.govt.nz/register-guidance](http://www.epa.govt.nz/register-guidance) or call 0800 climate (0800 254 628).