

359 Lincoln Road  
PO Box 2341  
Christchurch 8140, New Zealand  
Ph: (03) 3399300  
Fax: (03) 3399301



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Ref: FMC01-004

Ministry for the Environment  
PO Box 10362  
WELLINGTON 6143

Via Email: [emissionstrading@climatechange.govt.nz](mailto:emissionstrading@climatechange.govt.nz)

**RE: ROA MINING COMPANY LTD AND FRANCIS MINING CO. LTD – SUBMISSION ON THE DRAFT CLIMATE CHANGE (SEIP) REGULATIONS 2009 & DRAFT CLIMATE CHANGE (UEF) REGULATIONS 2009**

Roa Mining Company Ltd and Francis Mining Co. Ltd, held by New Zealand Coal & Carbon Ltd, are New Zealand's largest privately owned coal mining companies and the country's second largest producers of coal. We operate several working coal mines and hold numerous coal mining tenements on the West Coast of the South Island. Having conducted business since 1982 we have an extensive history of mining on the West Coast producing predominantly export and some domestic coal.

We are a member of the Coal Association of New Zealand and are a key player in New Zealand's coal production sector.

**OUR SUBMISSION**

1. We adopt and support the submission of the Coal Association of New Zealand.
  
2. We make the following points in relation to the draft Regulations:
  - a) Fugitive methane emissions from coal mining:
    - i. We request that fugitive methane emissions be removed from, or exempt under, the ETS because:

- of issues associated with financial liability, ownership, measurement uncertainty and inaccuracy, and difficulty in monitoring.
  - trade exposure and loss of competitiveness for export coal producers.
  - lack of sufficient research into the coal industry in New Zealand to come up with, if possible, relevant methane emissions which also take into consideration factors such as previously worked coal seams and natural seepage through seam outcrops or ground fracturing.
  - the IPCC based DEF that is proposed bears no correlation to New Zealand coal mines and as a result coal producers will be artificially overcharged. The cost could be several orders of magnitude above the true situation.
- ii. However, should the Government feel that fugitive methane emissions cannot be removed because the Act includes a liability for these then we request that:
- fugitive methane emissions be "zero rated".
  - if "zero rating" is not employed and the government still wishes to pursue a fugitive methane emission factor then transitional provisions should be put in place that defer (or at the worst case set the factor at the lowest possible) the provision of a factor and allow time to assess whether:
    - emission factors could be measured for New Zealand coal mines and if so what these would be; and
    - emissions can be monitored without difficulty or becoming cost prohibitive and if so how.
  - the outcome of an assessment of the above nature should not be that a DEF has to be produced or that a UEF is able to be calculated because this may not be possible.

Difficulties that may arise include: methane dissipation from old workings/ground fractures/seam outcrops, no known way of measuring opencast mine methane emissions, emissions are influenced by mining techniques employed in New Zealand (e.g. underground - hydro) which are not accounted for in the IPCC factor, the inappropriateness of using methane mine ventilation to measure/monitor, the cost of measurement and delineating the portion of methane emissions that are anthropogenic.

- iii. Should fugitive methane emissions remain in the ETS and Regulations, providing they can be accurately and fairly measured and monitored, then provision should be made for a UEF process given the variability across New Zealand coal fields and even mines within these. The UEF Regulations would need to be amended to accommodate this.
  - iv. It would be inaccurate and inappropriate to use the methane measurements from underground mine ventilation in the ETS.
  - v. There is a similar issue of inaccuracy within the agricultural sector and we understand that due to uncertainty and lack of information the liability for methane has been pushed out for 5 years in order to address this. We see no barriers for a similar situation applying to the SEIP sector and in particular the coal mining sub-sector.
  - vi. Should the government wish to continue with the IPCC based DEF and as a result the coal miners are overcharged what process and fund availability is to be put in place for recompense?
  - vii. If the IPCC based DEF is being retained by officials to "flush out" from industry what methane emission measurements are available then this is not considered to be an appropriate stance. Any measurements that the industry or individual companies may hold are often mine ventilation results and as such are not "fit for purpose" in terms of the ETS.
  - viii. The New Zealand Greenhouse Gas Inventory 1990 to 2007, Chapter 3 states that there is focused effort on accurately estimating New Zealand emissions from underground sub-bituminous coal mining but for others these are sourced from the 1996 IPCC guidelines. The level of accuracy should be comparable for all emission sources.
  - ix. The liability appears to rest with the current coal miners – what about abandoned mines in Crown or other ownership that release fugitive methane? In addition, there is a considerable coal reserve in Crown ownership that is producing non-anthropogenic methane emissions to which no liability seems to be attached.
- b) We request that the officials communicate with the Select Committee reviewing the ETS on the points raised in relation to fugitive methane emissions so these can be integrated into their considerations.

3. Please direct all correspondence relating to our submission to:

Ms Jill Young  
Resource Management Director  
New Zealand Coal & Carbon Ltd

Address: 359 Lincoln Road  
(PO Box 2341)  
Christchurch

Telephone: (03) 339 9300  
Facsimile: (03) 339 9301  
E-mail: [jill@nzcoal.com](mailto:jill@nzcoal.com)

Yours sincerely,



Jill Young  
Resource Management Director  
for New Zealand Coal & Carbon Ltd (incorporating Roa Mining Company Ltd and Francis Mining Co. Ltd)