

**CLIMATE CHANGE (STATIONARY ENERGY AND INDUSTRIAL PROCESSES)
REGULATIONS 2009
CLIMATE CHANGE (UNIQUE EMISSIONS FACTORS) REGULATIONS 2009
SUBMISSION ON CONSULTATION DRAFTS
SOLID ENERGY NEW ZEALAND LIMITED**

Submission to: Ministry for the Environment
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Executive Summary of Submission

- The regulations embody a policy decision to devolve New Zealand's inventory obligations in respect of certain sectors in their entirety to relevant industries. This is not a requirement of the Act but rather a policy decision upon which participants should be able to submit
- There are no legal reasons why a zero or near zero default emissions factors cannot be used where appropriate
- Significant issues (previously acknowledged) remain unresolved around the accurate and fair measurement of fugitive emissions of methane from coal mining and it would be appropriate, in the interim, to either exempt these emissions or impose a zero or near zero emissions factor
- The coal industry is offering to work with officials to undertake the necessary research into how to measure fugitive emissions of methane from mining
- Until such work is undertaken it is inequitable to adopt IPCC emission factors that bear no relationship to New Zealand geological conditions and may be up to 400% too high
- There are inconsistencies between the requirements of the Act and the regulations as drafted
- The choice of the emissions factor for N₂O is over twice that recommended by the technical experts' report
- Changes are sought to include accredited laboratories as verifiers

1 Introduction

- 1.1 Solid Energy is New Zealand's largest energy producer, including coal, renewables (biofuels, biomass and solar) and new energy developments, and is one of New Zealand's major exporters. We are also a major energy user, primarily of transport fuels and electricity, in our production and distribution operations. We are directly responsible through our own and our contractors' staff for close to 2,000 direct jobs, and we support around 10,000 indirect jobs through our suppliers and communities.
- 1.2 We have thousands of customers, ranging from New Zealand's largest companies to many small industrial and commercial businesses as well as hospitals, universities, schools and municipalities, and households through our Nature's Flame wood pellet and Switch pellet and solar appliance subsidiaries. Supplying secure affordable energy to these customers makes a significant contribution to New Zealand's economic competitiveness and our climate change obligations. Our international activities involve regular work on market, technical and policy matters at a senior level with industry and government in the EU, North and South America, South Africa, India, China and Australia.

2 Draft Regulations

- 2.1 We note that the bulletin accompanying the draft regulations for consultation indicates that they are to be enacted on 1 October 2009. Given recent statements indicating that it is highly unlikely that the stationary energy and industrial processes sector will come into the ETS on 1 January 2010, any additional time should be used to develop workable and fair regulations. We are unaware of any requirements in the Climate Change Response Act 2002 ("CCRA") that prescribe that regulations must be made by this date.
- 2.2 We have attended the various workshops around the proposed regulations. There are a number of policy and interpretation issues that have arisen both from the drafting of the regulations and the discussions held in those workshops, being:
- (a) The policy reasons behind the choice of default emission factors in the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009 ("SEIP Regs");
 - (b) The ability to utilise section 60 of CCRA to exempt persons from obligations specifically imposed by CCRA;
 - (c) The meaning of section 212 of CCRA and the corollary for reporting under regulations 9 and 10 of the SEIP Regs; and
 - (d) Whether there is the ability to impose a zero emissions factor either under CCRA and its regulations.
- 2.3 There has been the suggestion that the regulations are mechanical in nature only and therefore any policy issues raised will not be able to be considered by officials.
- 2.4 This would be a strange position to take given that policy decisions have clearly been made in the drafting of the regulations; policy decisions that are not

explicitly enacted in CCRA and with respect to which submitters have no other opportunity to comment. The prime example of this is the default emission factors chosen for fugitive emissions of methane arising from coal mining.

3 Preliminary Issues

Choice of Default Emission Factors in the SEIP Regs

- 3.1 We have been told that the default emission factors chosen are based on the emission factors used in New Zealand's inventory reporting.
- 3.2 The argument is apparently being made that section 3 of CCRA setting out the purpose of the Act specifically requires the use of the inventory reporting factors.
- 3.3 It is worth looking briefly at the history of section 3 of CCRA. Prior to the enactment of the Climate Change (Emissions Trading and Renewable Preference) Act 2008, section 3 of CCRA, which dealt only with the establishment of the New Zealand Register and associated issues, read as follows:

“3 Purpose

- (1) *The purpose of this Act is to enable New Zealand to meet its international obligations under the Convention and the Protocol, including, but not limited to,-*
- (a) *its obligation under Article 3.1 of the Protocol to retire units equal to the number of metric tonnes of carbon dioxide equivalent of human-induced greenhouse gases emitted from the sources listed in Annex A of the Protocol in New Zealand in the first¹ commitment period; and*
 - (b) *its obligation to report to the Conference of the Parties via the Secretariat under Article 7 of the Protocol and Article 12 of the Convention.*
- (2) *A person who exercises a power or discretion, or carries out a duty, under this Act must exercise that power or discretion, or carry out that duty, in a manner that is consistent with the purpose of this Act.”*

- 3.4 Following the 2008 amending Act while section 3 was repealed and replaced with a new section 3, in fact section 3(1) remained unchanged and was converted into section 3(1)(a)(i) and (ii) and section 3(2) into section 3(3). The substantive difference was the addition of section 3(1)(b) and section 3(2) which related specifically to the introduction of an emissions trading scheme.

“3 Purpose

- (1) *The purpose of this Act is to—*
- (a) *enable New Zealand to meet its international obligations under the Convention and the Protocol, including (but not limited to)—*
 - (i) *its obligation under Article 3.1 of the Protocol to retire Kyoto units equal to the number of tonnes of carbon dioxide equivalent of human-induced greenhouse gases emitted from the sources*

¹ *Hist.*: s3(1)(a): "first" inserted on 14 November 2006 by 2006 No 59, s4.

listed in Annex A of the Protocol in New Zealand in the first commitment period; and

(ii) its obligation to report to the Conference of the Parties via the Secretariat under Article 7 of the Protocol and Article 12 of the Convention:

(b) provide for the implementation, operation, and administration of a greenhouse gas emissions trading scheme in New Zealand that supports and encourages global efforts to reduce greenhouse gas emissions by assisting New Zealand to meet its international obligations under the Convention and the Protocol, and by reducing New Zealand's net emissions below business-as-usual levels.

(2) For the purposes of this section, business-as-usual levels means the levels of New Zealand's greenhouse gas emissions, estimated by a Minister or chief executive with powers or functions under this Act at any particular point in time, as if the greenhouse gas emissions trading scheme provided for under this Act had not been implemented."

(2)² A person who exercises a power or discretion, or carries out a duty, under this Act must exercise that power or discretion, or carry out that duty, in a manner that is consistent with the purpose of this Act."

- 3.5 Thus the purpose of the Act in respect of an ETS must be primarily interpreted by looking at section 3(1)(b).
- 3.6 At best an ETS is to support and encourage global efforts to reduce greenhouse gas emissions by "assisting" New Zealand to meet its international obligations and by reducing New Zealand's net emissions below business as usual.
- 3.7 It is impossible to take from these statements that it is a legislative requirement that an ETS devolve onto business the same obligations as the country has chosen to take on in its inventory reporting in respect of the emissions coming from that industry. There is no such prescription in this section of the Act.
- 3.8 For the sake of completeness we also note that even if one takes the section as a whole it still does not make compulsory the use of the national inventory emission factors. To enable the meeting of a goal is not the same as a straight devolution downwards of that goal and it is highly likely that other measures along with an ETS will be deployed by the government to meet New Zealand's international commitments³.
- 3.9 It is open to the government in the regulations that it promulgates to decide how it wishes an ETS to assist in meeting the purposes of CCRA. But a discretionary policy choice is being made in the emission factors chosen.
- 3.10 Consultation must therefore necessarily encompass the reasoning behind the policy choices of the default emission factors. We will come back to this later in the submission under the discussion of default emission factors for fugitive emissions of methane ("FEM").

² The numbering used in the Reprinted version of CCRA as at 26 September 2008.

³ The obvious examples are subsidies to insulate homes and the introduction of energy efficiency standards for plant and equipment.

Section 60 - Exemptions

- 3.11 It has been suggested that section 60 of CCRA cannot be used to exempt participants from specific obligations imposed by other sections of the Act.
- 3.12 This is contrary to the explicit wording of the section and would render the section a nonsense if this interpretation were adopted.
- 3.13 Section 60 provides that any person who carries out an activity under Schedule 3 may be exempted from being a participant in respect of:
- (a) An activity; or
 - (b) Part of an activity; or
 - (c) A proportion of the emissions from an activity; or
 - (d) A combination of the above.
- 3.14 Section 60(4) specifically states:
- “While an order under this section is in force, any person or class of persons in respect of whom an order is made is not required to comply with the obligations imposed on participants under this Part and Part 5 in respect of the matters covered by the order.”*
Emphasis added
- 3.15 Part 4 of CCRA imposes the obligation to surrender units, section 63, in respect of the activities listed in Schedule 3 and section 207 in Part 5 imposes the obligation on a participant in respect of coal mining to surrender units in respect of FEM.
- 3.16 It is quite clear that exemptions can be granted under section 60 to participants in respect of any of their obligations under CCRA provided that the tests set out in section 60(2) and (3) can be met.

Section 212 of CCRA and SEIP Regs

- 3.17 Section 212 provides that a coal miner is not required:
- “... to comply with section 62, report in an emissions return, or surrender units, in respect of coal ...that is purchased by a person who is a participant in respect of an activity listed in Part 4 of Schedule 4.”*
- 3.18 Section 163(4) also provides:
- “A regulation made under subsection (1)(b), and any associated regulations made under other paragraphs of subsection (1) –*
...
(c) must not cover any emissions in respect of which another person is required to surrender units ...”
- 3.19 However regulations 9 and 10 of the SEIP Regs require a coal miner not only to report on coal mined and sold but also on coal mined that is opted-in on. This is in breach of sections 163 and 212. The regulations need to be amended to delete all requirements for reporting by the coal miner in respect of coal it mines that is opted-in coal, to be in accord with the specific provisions of the Act.

Zero Emissions Factor

- 3.20 In the context of the discussion of an appropriate default emissions factor to be imposed on FEM, the issue arose of whether or not there would be some legal impediment to the imposition of a zero or a near zero factor.
- 3.21 Before addressing this question, it is noted that the term “*default emissions factor*” is only used in CCRA in section 164 in relation to unique emission factors. There is no power given by CCRA to impose default emission factors.
- 3.22 Rather section 163(1)(b) provides that regulations may prescribe a methodology or methodologies for calculating emissions from an activity for the purposes of section 62(b). Setting out a methodology to be applied is not the same as imposing a default emissions factor and then requiring a participant to multiply the number of tonnes of coal produced by that default emissions factor. This seems to be another drafting issue with the Act and which should be corrected in any future amendments to the Act.
- 3.23 Putting aside that issue, concerns were raised that it would not be permissible to use a zero or a near zero factor as this would in some way be contrary to CCRA, with the suggestion that the “spirit” of the legislation should carry as much legal weight as a strict legal interpretation of its actual words.
- 3.24 Assuming that it is legally permissible to impose default emission factors through regulations made under section 163(1)(b), section 163(2) provides that any such regulations made may apply:
- (a) generally or with respect to different classes of activity; or
 - (b) generally or with respect to different classes of persons; or
 - (c) generally or with respect to different classes of parts of New Zealand; or
 - (d) generally or with respect to different classes of other things; or
 - (e) in respect of the same classes of activity in different circumstances; or
 - (f) in respect of the same classes of persons in different circumstances; or
 - (g) in respect of the same classes of parts of New Zealand in different circumstances; or
 - (h) in respect of the same classes of other things in different circumstances; or
 - (i) generally; or
 - (j) at specified times of the year.
- 3.25 There is more than sufficient scope therefore under section 163(2) for any regulations made to take into account specific circumstances and to respond accordingly. In other words it is our view that there is nothing in CCRA that would prevent the application of a zero or a near zero default emissions factor if that were appropriate.

4 Default Emission Factors for Coal and FEM

- 4.1 The default emission factors for coal are based on the work carried out by CRL Energy Ltd (*Review of Default Emissions Factors in Draft Stationary Energy and Industrial Processes Regulations: Coal* 5 June 2009).
- 4.2 The default emission factors for coal are supported, subject to the correction of the factor for N₂O (discussed below).

- 4.3 The default emission factors in the SEIP Regs for FEM are not. The factors chosen by officials are derived from the average to high end IPCC default emission factors and are likely to overestimate FEM in New Zealand coal mines by up to 400%. No cogent justification has been given for the adoption of these factors.
- 4.4 As has been raised over a number of years now, there are significant issues around accurate measurements of FEM associated with coal mining.
- 4.5 Methane gas is naturally entrained at pressure in the pores and cleats of coal seams. When a seam is entered or fissured methane desorbs into the atmosphere from the exposed faces or fissures. All other things being equal the volume of methane entrained in coal will vary directly with increasing coal rank and depth.
- 4.6 Other properties of the coal seam such as porosity and permeability will influence the rate of desorption and the areal extent over which desorption occurs when the seam is exposed. In some of the major coal producing provinces of the world (for example North America, parts of Europe, and Australia) the geological environment can produce seams of relatively consistent properties and continuities. That has enabled the IPCC to establish nominal methane emission factors for opencast and underground mining by coal rank. In the context of those coal mining provinces it might well be feasible to establish a defensible basis on which to derive a default emissions factor.
- 4.7 That is certainly not the case for New Zealand nor, for example, Japan and Indonesia where active tectonic plate boundaries underlie the coal fields and intensive faulting has produced anomalous high rank coals at shallow depths and has ensured seams are discontinuous, highly fissured and extremely variable in a wide range of properties over short distances. In this light establishing a practical, cost effective basis on which emissions could be reliably calculated for the purpose of the ETS appears unfeasible.
- 4.8 First, most New Zealand opencast operations work coal seams at relatively shallow depths and in many cases the seams outcrop at the surface. The methane originally present in the seams has naturally desorbed into the fissures and then through the shallow, permeable overburden. In most cases current opencast mining operations are working in areas where underground mining has previously taken place and there is little, if any, methane left in the seams being mined. (Indeed, this is even the case in some operations worked by underground mining methods. Historically, the underground mines in the Millerton and Denniston coal fields were gas free and smoking was permitted underground.) There is no known practical way of measuring methane in opencast mining operations.
- 4.9 It is acknowledged that in deeper seams of higher rank coal methane will be liberated to the atmosphere in the course of mining operations. The extreme variability of the properties of New Zealand coal seams over relatively short distances and the difficulty that imposes for establishing a fair default emissions factor has been set out above.
- 4.10 Methane desorbs from the interstices of coal exposed to atmospheric pressure

over time. The rate at which it desorbs is a function of a wide variety of factors not all of them to do with the properties of the coal itself. The desorption rate will vary, for example, with the production size split. Methane will desorb more rapidly from production with a higher proportion of fines than large diameter product.

- 4.11 Methane will be emitted not just from the coal that is extracted but from the coal that is exposed but left in place underground. Typically, underground extraction percentages vary in NZ conditions from less than 15% to in excess of 50%. The total amount of methane emitted from an underground operation will vary, therefore, with mining methods and systems and mine design and layout. These determine coal recovery rates and the percentage of coal left in place post extraction. Again, unlike underground operations in more established coal provinces, extraction rates in New Zealand operations vary widely and locally. It is common practice in spontaneous combustion-prone New Zealand conditions to mine to the rise and to flood worked-out sections as they are abandoned. At some point in time dependent on the rate of extraction and progression to the rise the hydrostatic head of water on the coal left in place will equal the pressure the methane is entrained at and will lock the methane in place.
- 4.12 Looking to setting default factors based on the methane content of the air exhausted to the atmosphere from underground operations would not provide a simple answer either. Since the gas content of the exhaust air is monitored closely in most underground operations this suggestion has some superficial merit. It has, however, some serious defects. First, most New Zealand underground mines are ventilated on exhaust principles for safety purposes. This practice lowers the ambient pressure in the workings so as to facilitate the release of methane from exposed faces. Levying a charge on methane in exhaust air would encourage mine operators to reduce the pressure differential at the exhaust fan and thereby introduce an unintended safety risk.
- 4.13 Further, in Solid Energy's case many of its existing underground operations were acquired from the Crown. Some proportion of the methane being exhausted from these operations comes from old workings attributable to Crown operations. This methane is, in effect, an unforeseen Crown liability and should not become a charge against current production.
- 4.14 Underground mining operations frequently intercept gas "blowers" in fissures and faults that otherwise vent naturally to the surface. Again, once intercepted these have to be vented through the mine ventilation system for safety reasons but should not be considered anthropogenic emissions for the purpose of setting an emission factor. Calculating the proportion of methane in the exhaust air that would otherwise vent naturally to the atmosphere or is attributable to a previous operator's production is very difficult.
- 4.15 We agree with the conclusions in the Departmental Report on the Climate Change (Emissions Trading and Renewable Preference) Bill May 2008:

“Analysis

The policy intent is to exclude fugitive emissions of methane associated with coal-mining from the ETS but to capture emissions from the mining of such gas as a natural gas within the ETS.

This is because:

- *coal permit and licence holders do not own coal-seam methane and fugitive emissions are difficult to measure or estimate; and*
- *coal-seam methane and fugitive emissions associated with coal mining is a tiny percentage of New Zealand's overall emissions, and so would not justify the measures that would be required to measure or estimate them.*

Coal-seam methane that is extracted and sold is covered by the ETS, and will be accounted for like any other extraction of natural gas. The CMA definition of "coal" does capture fugitive methane emissions. Accordingly, participants who mine coal could in theory be held liable for the associated fugitive methane emissions if they could be accurately measured. As the policy intent is not to include fugitive methane emissions associated with coal mining in the scheme, officials recommend that this should be expressly stated in the legislation. Doing so would provide greater certainty to participants about the scope of the obligations under the Act with respect to the emissions from mining coal."

Page 91 of the Departmental Report

"Coal seam gas

Fugitive coal seam gas includes emissions that result from coal mining activities, including venting and flaring, but not methane extracted or captured for sale as an energy source. Where coal seam gas is captured for sale it is captured under the NZ ETS under the activity "mining of natural gas."

*In 2005, fugitive emissions of methane associated with coal mining activity were estimated at about 0.5% of New Zealand's total net emissions. New Zealand accounts for these methane emissions in its inventory to the United Nations Framework Convention on Climate Change (UNFCCC), and they are included in the assessment of New Zealand's Kyoto Protocol obligations. The Bill does not explicitly exempt fugitive coal seam gas emissions from the scheme, and clarification is required. The government's Framework for a NZ ETS reported that unit obligations would not apply to fugitive emissions of coal seam gas. Fugitive coal seam gas emissions will need to be considered in the development of methodologies for emissions calculations to be implemented through regulations. **For example, the regulations could include no requirement to account for fugitive coal seam gas emissions, making them exempt from the scheme.***

*Some submitters have argued for inclusion of fugitive emissions of coal seam gas on the grounds they affect New Zealand's Kyoto liability and influence the emissions pricing of coal, while others have noted the technical and equity challenges around measuring and attributing fugitive emissions from coal seam gas. Fugitive coal seam gas emissions associated with coal mining activity are impractical to measure accurately and minor in terms of volume. **Currently, coal mine operators would be unable to reliably measure the total coal seam gas released as a result of their mining activities. New Zealand's Kyoto liability is measured by using rough "adders." It would be difficult to translate these adders to specific emissions to be attributed to specific mines, especially since the gas content of the coal varies by rank and depth, both within and between coal fields. If a rough emission factor was applied generically across all coal mining, emissions pricing may not change behaviour in the management of fugitive coal seam gas, but it would impact on the overall cost of coal mined and sold in New Zealand.***

Officials recommend that no change is made to this policy of excluding fugitive coal seam gas emissions from the ETS because:

- *coal seam gas extracted for sale as an energy source is captured by the scheme*
- *coal seam gas needs to be removed from coal mines for safety purposes*
- *ownership of coal seam gas can add complexity to attributing emissions*
- *the level of coal seam gas emissions associated with coal mining is very*

small

- the level of emissions attributable to coal mining activity is difficult to measure accurately."

Pages 230 and 231 of the Departmental Report. Emphasis added

- 4.16 It is noted that officials foreshadowed that regulations in respect of FEM could effectively exempt FEM from the ETS and that it was explicitly acknowledged that the inventory reporting in respect of FEM was using "rough adders" which bear no correlation to actual emissions of FEM from New Zealand coal mines.
- 4.17 Solid Energy submits that nothing has changed with respect to the practical difficulties of measuring FEM associated with coal mining and that it is clearly inequitable to apply IPCC factors that are so disproportionately wrong with respect to New Zealand coal mining conditions.
- 4.18 We also note that the Emissions Trading Bulletin No 10 June 2009 itself acknowledges that the principles behind the methods for calculating emissions include providing an accurate and verifiable statement of emissions and:
- "These regulations therefore aim to establish practical and accurate methods by which participants can meet their reporting obligations under the NZ ETS. The requirements for data collection and verification are intended to provide the right balance between simplicity and robustness of emission returns."*
- Page 1 of Bulletin No 10
- 4.19 Given that the scale of the issue from a New Zealand inventory point of view is very small but from an individual coal miner's perspective very large we think there are better ways of addressing this issue.
- 4.20 We note that the issues arising from agricultural emissions of methane are similar to those of FEM. The production of the methane is inevitably linked with the activity and short of ceasing the activity there is currently no practicable way of reducing those methane emissions. This is of course one of the compelling reasons why agriculture is not scheduled to enter into the ETS until at least 2013.
- 4.21 As industry participants indicated at the workshop on 29 June 2009 we wish to see a zero or a near zero emission factor for FEM to acknowledge that the difficulties around this issue combined with an industry/government working party. Solid Energy envisages this latter working through the issue of characterising the issues around measurement and looking at whether or not there are any appropriate methodologies that can be developed for New Zealand conditions. We would see this group identifying areas for research by suitably qualified persons.
- 4.22 As we indicated at the workshop there is unlikely to be any quick fix to this issue and this should be acknowledged from the outset. The difficulties arise from New Zealand's geography and its relevant geological youth – these are the realities.
- 4.23 We also flag the fact that as a result of carrying out further research on this issue it may be that the conclusion is that the costs and frequency of measurement that would be required outweigh any benefits being derived. This

is not an argument to adopt IPCC default emission factors but rather would be an argument for New Zealand to seek appropriate emission factors for its coal and to change its inventory reporting accordingly.

5 Regulation 10 – SEIP Regs

- 5.1 In regulation 10(1)A it should be made clear that the tonnes of coal of the “*class mined*” is as recorded at the point of sale. The use of the latter phrase in regulation 9(1)(a) but its absence in regulation 10(1)A leaves open an argument that there are two different points in time at which the tonnes of coal are measured.

6 N₂O Factor in Default Emission Factor for Coal

- 6.1 We are unclear why a factor of 0.465 tCO_{2e}/TJ has been used for N₂O when the CRL Energy Ltd report, referred to above, used 0.21 tCO_{2e}/TJ. In the absence of some other technical work on this subject, which industry should be given the opportunity to comment on, the figure for N₂O should be that as arrived at in the CRL report.
- 6.2 The correction of the N₂O default emission factor should also be carried over into the Climate Change (Unique Emissions Factors) Regulations 2009.

7 Climate Change (Unique Emissions Factors) Regulations 2009

- 7.1 With respect to unique emission factors for coal we query the meaning of the words “*designated mine*” as used in regulation 6. This will mean quite different things to different people and we suggest a more appropriate term would be “*coalfield*”.
- 7.2 We wish to see the ability to apply for an unique emission factors for coal without the need to meet any threshold emissions factor. If someone wishes to go through the process of establishing a more accurate emissions factor for the coal that they mine then this should be permissible. A 2% difference in an emissions factor over several million tonnes of coal each year for the foreseeable future is significant.
- 7.3 The reasoning presented behind having an emissions threshold seems to turn on the view that rather than a coal miner being able to accurately identify its liability under the ETS for coal and only to bear a price for that liability the coal miner should somehow also absorb (and pay for) other miners’ liabilities where the latter might be mining coal with a factor higher than the default emission factor.
- 7.4 Again there seems to be no recognition that what may be a small cost at a national level becomes a large burden if borne by a single party. To the extent that some coal mined might be at a higher actual emissions factor than the default factors (and there is no evidence that this is likely to be a large problem) then it is inappropriate to place this burden on other individual miners.
- 7.5 We are concerned that the category of verifiers appears to be limited to chartered accountants and professional engineers, and query what value if any

the proposed verification process will have. At a minimum accredited testing laboratories should be able to become verifiers.

- 7.6 In conjunction with this change consequential amendments would be required so that laboratories currently used for by the coal industry for their coal analyses were not excluded from this role on the basis of apparent conflicts of interest. And we note that regulation 19(2) is too loosely worded at present and might well be able to be interpreted to exclude any verifier that an applicant pays for (as that verifier would be a contractor to that applicant).
- 7.7 The regulations make no provision for an unique emissions factor for FEM. The regulations should be amended to allow for an unique emissions factor for FEM as should following the work we have suggested above defensible emission factors be derived there will need to be a mechanism to incorporate them into the ETS and the logical way would be through the use of unique emission factors.