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John Scott
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Ministry for the Environment
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Wellington

By email to emissionstrading@climatechange.govt.nz

Dear John

SUBMISSION ON THE DRAFT CLIMATE CHANGE (STATIONARY ENERGY AND INDUSTRIAL PROCESS) REGULATIONS 2008

Introduction

1. This submission is made by Rio Tinto Alcan New Zealand Limited (RTANZ), on behalf New Zealand Aluminium Smelters Limited (NZAS). It is made in response to the Ministry's draft 'Climate Change (Stationary Energy and Industrial Process Regulations 2008'. Nothing in this submission is confidential.
2. This submission is focused on the draft regulations 29 – 31 that sets out the methodology for calculating the emissions from the production of aluminium. These draft regulations contain a number of anomalies and also appear to be based on material from two separate sources, rather than being based on only one. This has lead to some inconsistency in the approach which needs to be corrected.
3. Further, we are aware of other sections of MfE working on substantially identical reporting requirements under the Climate Change Convention, but utilising a different methodology to that in the draft regulations. It creates pointless waste, and is likely to create further confusion, to have different reporting requirements for

essentially the same data and we request greater internal coordination within MfE to ensure that business is only required to use one methodology and report one set of data.

4. Given the complexities of measuring the data and the calculation methodologies, further work is required before these regulations can be promulgated. RTANZ and NZAS are very happy to assist with the further drafting of these regulations so they achieve their intended objective. To that end, we request a meeting with officials to work through the further development of these regulations where we will make available our technical experts.

Inconsistencies

Anode Effects

5. The definition of 'anode effect' in draft regulation 3 (Interpretation) comes from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. It is not the same as the definition in the current WRI/WBCSD Protocol which explicitly excludes any PFCs that may be generated during the high voltage period after starting a reduction cell.
6. However, draft regulation 30(e) refers to 'the anode effect minutes per cell-day as calculated under the Aluminium Sector Greenhouse Gas Protocol (Addendum to the WRI/WBCSD Greenhouse Gas Protocol) produced by the International Aluminium Institute (October 2006). This methodology is not necessarily exactly the same as that in the IPCC Guidelines referred to in the paragraph above. The implications of the subtle difference in definitions needs further examination.

Fuel-Use Characteristics

7. There also needs to be provision for use-specific fuel characteristics for there to be complete alignment between emissions calculated under these regulations and emissions calculated under the Climate Change Convention.
8. Due to the complexity of these data measurements and calculations, it is important that where the regulations refer to external documents and methodologies, the matching is exact. If this is not done then inconsistencies will lead to confusion as to the correct approach. NZAS staff have met with the MfE staff involved with the reporting under the Climate Change Convention and we would welcome another meeting with MfE officials to explain this further and assist in developing regulations that were internally consistent.

Improvements to the Methodology

9. The unit of measurement for the PFC slope coefficients is kg(PFC) / tonne(Al). However, the formula in draft regulation 31(1) assumes that the slope coefficients are in tonne(PFC) / tonne (Al). This formula needs the last term adjusted by dividing by 1000 to convert kg to tonne:

$$E = [(A + B + C) \times EF] + [G \times D \times ((F \times H) + (I \times J))/1000]$$

10. Consequential amendments should also be made to the following definitions:
- E is the emissions in tonnes of carbon dioxide **equivalent** from the production of aluminium
 - F is the slope factor for C₂F₆, as recorded under regulation 30(f) **in kg C₂F₆ / t Al**
 - I is the slope factor for CF₄, as recorded under regulation 30(f) **in kg CF₄ / t Al**

Packing Coke

11. Draft regulation 30(c) refers to the total number of tonnes of carbon in packing material (for example, coal). This regulation clearly refers to the combustion of carbonaceous material packed around the anodes as they are baked. This material is coke and not coal, so the example referenced should be changed to coke.

Concluding Comment

12. These draft regulations will need another round of consultation in order to be certain that they will be appropriate and workable. As part of their further development we request a meeting with officials to assist them with the drafting.

General

13. We would be happy to discuss any questions or comments you may have in relation to the points made above. If you would like to discuss our comments further, please contact me.

Yours sincerely



Ray Deacon
Manager Regulatory and Government Affairs