



Ministry for the
Environment
Manatū Mō Te Taiao

New Zealand's Guidelines and Procedures for Track 1 Joint Implementation under the Kyoto Protocol

**Applicable for projects in New Zealand under the
Projects to Reduce Emissions programme and
for the Te Apiti and Tararua wind farms**

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Notes to reader:

These guidelines will be updated if or when the New Zealand Government introduces new Joint Implementation policies. Future updates to these guidelines could cover other Joint Implementation project activities either:

- hosted by New Zealand or,
- hosted by other Annex B countries with investment by the New Zealand Government and/or its authorised entities.

For any enquiries on these Guidelines and Procedures contact New Zealand's Joint Implementation Focal Point:

Ministry for the Environment
PO Box 10362
Wellington
New Zealand 6143

Manager, Climate Change Implementation
Phone: +64 4 439 7400
Fax: +64 4 439 7700
Email: projects@mfe.govt.nz

1. Track 1 Joint Implementation

New Zealand submitted its 'Initial Report' to the UNFCCC (United Nations Framework Convention on Climate Change) on 31 August 2006. This report has been reviewed under the reporting and review guidelines of the Kyoto Protocol, and New Zealand meets all the eligibility requirements. This means New Zealand can participate in the three flexibility mechanisms of the Kyoto Protocol: Joint Implementation (track 1 and 2), the Clean Development Mechanism and Emissions Trading.

These Guidelines and Procedures are developed under Track 1 JI. Under Track 1 JI, the host Party may verify project-based reductions itself, and transfer Emission Reduction Units (ERU) to the Registry of another Annex B Party.

Specifically, Track 1 JI is not subject to the mandate and authority of, or any decisions of, the Joint Implementation Supervisory Committee (JISC) which oversees the 'Track 2' JI process. However, even though the New Zealand Government has adopted the Track 1 approach, project owners may at any time elect to use the Track 2 JI procedure.

2. Information for ‘Investor’ Annex B Parties or their entities¹

New Zealand’s Projects to Reduce Emissions (PRE) Programme

The PRE programme was implemented as part of the New Zealand Government’s climate change policy in 2002. The PRE programme was developed to support initiatives that will reduce emissions of greenhouse gases during 2008-2012 beyond the reductions that would have occurred without the project. The incentive offered was ‘Kyoto compliant’ emission units – Assigned Amount Units (AAU) or Emission Reduction units (ERU) – that can be sold on the international carbon market.

Two PRE tender rounds were held, in 2003 and 2004. Successful PRE projects were required to pass a number of eligibility criteria and succeed in a contestable bidding process. The issue of additionality was central to the bidding and evaluation process. PRE projects are formalised by binding contractual ‘project agreements’ between the New Zealand Government and the project developer.

Two important aspects of the PRE programme design relevant to these Guidelines and Procedures are additionality and public consultation. These are discussed below:

Additionality

Assessing and confirming additionality was the core purpose of the contestability process by which the PRE programme was implemented. This included tests aiming to ensure the objective of both environmental and investment additionality – ie, that not only were the emission reductions to be real and measurable in New Zealand’s inventory of greenhouse gases, but also that the incentive provided was only of a value that was needed for the projects to be economically viable.

Two independent reviews have concluded that the PRE process represented international best practice in terms of procedures in project-based mechanisms addressing additionality.

¹ Annex B Parties are the industrialised countries and the countries with ‘economies in transition’ that are listed in Annex B of the Kyoto Protocol.

Public Consultation

PRE projects are required to get environmental permits (called resource consents) from the appropriate regulatory authority under New Zealand's Resource Management Act 1991 (RMA). "Affected stakeholder" and public consultation is an intrinsic and critical component of the resource consent process. Any PRE project that is implemented should have undergone and 'passed' a, generally, substantial public consultation process.

More details about the RMA and resource consents can be found at:

<http://www.mfe.govt.nz/rma/index.php>

Details about public consultation under the RMA can also be found at:

<http://www.qualityplanning.org.nz/plan-development/consultation/index.php>

'Notice of Approval' of JI Projects by the New Zealand Government

The New Zealand Government lists PRE projects that have been approved as JI projects on a dedicated public website at <http://www.mfe.govt.nz/issues/climate/policies-initiatives/joint-implementation/notice.html>. The website lists details of the project, the volume of ERU to be issued and the Parties Involved.

The notice of approval by the New Zealand Government of a JI project is the listing of the PRE project on the Ministry for the Environment website. Supplementary information on the approved JI projects is made available on the UNFCCC website and the NZEUR is updated to reflect the new project participant involved with the JI project.

Further Information

- Background information on the PRE programme
<http://www.mfe.govt.nz/issues/climate/policies-initiatives/projects/index.html>
- The PRE projects selected for support in the 2003 tender round
<http://www.mfe.govt.nz/issues/climate/policies-initiatives/projects/table-successful-projects-2003.html>
- The PRE projects selected for support in the 2004 tender round
<http://www.mfe.govt.nz/issues/climate/policies-initiatives/projects/table-successful-projects-2004.html>
- A copy of the standard PRE project agreement
<http://www.mfe.govt.nz/issues/climate/policies-initiatives/projects/project-agreement.html>
- New Zealand's Emission Unit Register <http://www.nzeur.govt.nz>

- New Zealand's Initial Report
http://unfccc.int/files/national_reports/application/pdf/new_zealands_initial_report_under_the_kyoto_protocol.pdf
- JI information on the UNFCCC website <http://ji.unfccc.int>

3. Information for PRE project owners

How do I gain approval for a JI project?

To gain approval for your PRE project to become a JI project, you will need to complete the “application form cover letter” and the “JI application form” and post them to the Ministry for the Environment.

A template letter and a template application form are located at the end of this document. Electronic templates are also available on request.

New Zealand Government approval of JI Projects

The Ministry for the Environment of New Zealand, in its capacity as the UNFCCC ‘designated focal point’ (DFP) for JI, is responsible for approving JI projects in New Zealand.

The New Zealand DFP will approve your PRE project becoming a JI project if you have met the requirements of your PRE project agreement and have provided us with a completed JI application form and cover letter.

Adding and withdrawing project participants from domestic JI projects

This section is about including additional project participants and withdrawing project participants from an existing Track 1 JI project. This procedure is applicable to those firms that already have an approved JI project in New Zealand. For guidance on adding and withdrawing project participants under Track 2 JI see guidance from the JISC.²

	Including an additional project participant	Withdrawing an existing project participant
1	Submit the details of the additional project participant in accordance with the application form in the appendix.	Submit their details to the New Zealand DFP.
2	Consistent with initial approval, the project participant must be approved by the non-host Party involved.	The New Zealand DFP will corroborate this information with the project participant and the non-host Party Involved.
3	The New Zealand DFP will update the websites to reflect the additional project participant.	Once confirmed the New Zealand DFP will update the websites to reflect the withdrawal of the project participant.
4	There is no requirement to inform the New Zealand DFP if the additional project participant is a New Zealand entity.	If after withdrawal of a project participant there remains no approved project participant from outside of New Zealand, then the project will be deemed ineligible for ERU under clause 10 of the project agreement and will be removed from the websites.

² <http://ji.unfccc.int/Ref/Procedures.html> under the heading ‘other procedures’.

Contact the New Zealand Designated Focal Point

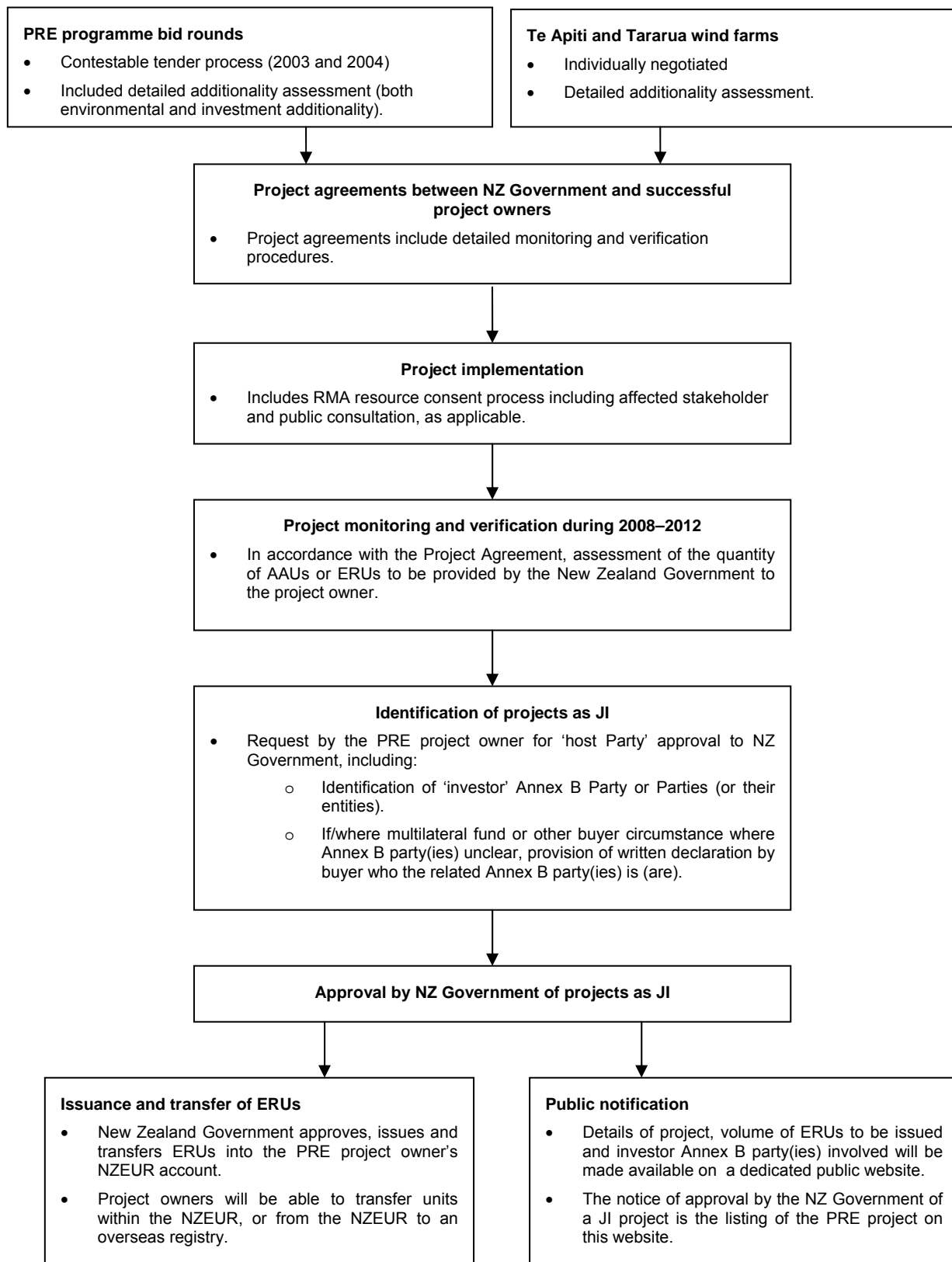
Ministry for the Environment
Manager, Climate Change Implementation
Email: project@mfe.govt.nz

Fees

Currently, there is no application fee for including additional project participants, withdrawing project participants or approving a JI project.

Either the New Zealand Government or the project owner will bear the costs of verifying a project. Costs will fall in accordance with your individual project agreement.

4. The PRE project cycle



Joint Implementation project application letter template

[To be provided on official letterhead of the Project Participant]

[Date]

The Manager – Climate Change Implementation
Ministry for the Environment
PO Box 10362
Wellington
New Zealand 6001

Subject: Request for Joint Implementation Approval for [Name of Project]

Dear [Name of current Manager – Climate Change Implementation]

I request that the emission units to be issued to us in accordance with our Project Agreement for [Name of Project] are provided as Emission Reduction Units.

We attach the completed Joint Implementation Application Form.

Thank you.

Yours sincerely,

[Signature]

[Name of person authorised to sign by the Project Participant]

[Contact details – phone numbers and email]



Request for Approval of a Joint Implementation Project under the Kyoto Protocol implemented in NZ

APPLICATION FORM

If you have any questions about this form, contact New Zealand's Joint Implementation Focal Point, phone (04) 439 7400 or email projects@mfe.govt.nz

1. Project details

Project title:

Project owner:

2. Contact person for the project

Name:

Address:

City:

Postcode:

Telephone number:

Email address:

Name of Authorised Signatory:

Any other relevant contact details:

3. Project description

Summary:

Location:

Years covered for this application:

Abatement, tones CO₂e for this application:

Number of ERUs to be issued for this application:

4. Non-host Party Involved³

Name of non-host Party Involved (attach the approval of the investor project participant and if there is more than one non-host Party involved attach a declaration by the investor identifying all the non-host Parties Involved):

Authorised contact person for the non-host Party Involved:

Phone:

Email:

5. Investor Project Participant

Legal name and address of the investor Project Participant (if more than one please provide additional details in an attachment):

Authorised contact person for the investor Project Participant:

Phone:

Email:

Is this project part of a bundle of small scale projects? No Yes

If YES, please list the other projects in the bundle below:

6. Signature

Signature:

Name:

Place:

Date:

7. Checklist

Before sending us your application please check that you have: (please tick)

- Answered all relevant questions Included all the required signatures
 Attached all the required supporting information

³ The country that has approved the investor project participant.

Please send your application to:

Joint Implementation Focal Point, Climate Change Implementation
Ministry for the Environment, PO Box 10362, Wellington 6143.