Ministry for Cities, Environment, Regions & Transport

PROACTIVE RELEASE COVERSHEET

Minister	Hon Simon Watts	**Portfolio**	Climate Change
Name of package	ETS regulatory updates 2026	**Date to be published**	20 August 2026

List of documents that have been proactively released		
Date	**Title**	**Author**
22 July 2026	26-BRF-01500 Final decisions on Emissions Trading Scheme regulatory updates 2026	Ministry for Cities, Environment, Regions and Transport
22 July 2026	Detailed analysis of proposals – NZ ETS regulatory updates 2026	Ministry for Cities, Environment, Regions and Transport
22 July 2026	ETS Regulatory updates summary of submissions 2026	Ministry for Cities, Environment, Regions and Transport
22 July 2026	Section 60 analysis of matters the Minister must have regard to when recommending an ETS exemption	Ministry for Cities, Environment, Regions and Transport

Information redacted **YES**

Any information redacted in this document is redacted in accordance with the Ministry for the Environment's policy on proactive release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Summary of reasons for redaction

Some information has been withheld for privacy reasons and for policy decisions still under consideration.

Ministry for Cities, Environment, Regions & Transport

Final decisions on Emissions Trading Scheme regulatory updates 2026

Date:	22 July 2026	**Priority:**	High	**Tracking number:**	26-BRF-01500

To	Action sought	Response by
Hon Simon Watts **Minister of Climate Change**	**Agree** to ETS regulatory updates for 2026 **Authorise** officials to issue drafting instructions to the PCO **Authorise** officials to share draft regulations with the EPA	27 July 2026
Hon Nicola Grigg **Minister for the Environment**	**Copy** for your information	N/A

Contact for discussion (if required)

Name	Position	Telephone	1st contact
Kirsty Flannagan	General Manager	9(2)(a)	o
Rebecca Clements	Manager	9(2)(a)	☑

Action for Minister's Office staff
Return the signed briefing to MCERT MinisterialServices@mcert.govt.nz

Ministry for Cities, Environment, Regions & Transport

Purpose

1. This briefing seeks your approval to amend regulations that govern the New Zealand Emissions Trading Scheme (ETS) and issue drafting instructions to the Parliamentary Counsel Office (PCO).

Key points

2. In May, Cabinet agreed to consult on proposed amendments to the ETS regulations [CAB-26-MIN-0188]. Consultation on ETS settings and annual regulatory updates closed on 12 July 2026. This briefing provides advice for final decisions on ETS regulatory updates. You will receive separate advice for final decisions on ETS settings [26-BRF-01783 refers].

3. Officials recommend progressing nine amendments consulted on and delaying changes to the default emissions factor for waste participants until further policy advice has been developed. Further detail is provided in appendix 1.

4. You have delegated authority to make decisions on all ETS regulatory updates this year. Submissions on ETS regulatory proposals were broadly supportive. Further detail is provided in the summary of submissions (appendix 2).

5. Officials also recommend progressing three additional regulatory updates that do not require consultation or Cabinet approval: removing statutory declaration requirements in limited circumstances, updating the price of carbon, and updating synthetic greenhouse gas (SGG) levies.

6. This briefing also seeks your approval to share draft regulations with the Environmental Protection Authority (EPA) to support implementation.

7. ETS amendment regulations are scheduled to be considered at Cabinet Legislation Committee on 9(2)(f)(iv) [redacted].

Recommendations

8. We recommend that you:

Recommendation		Decision
a.	**agree** to the following updates to the ETS regulations as outlined in appendix 1 – detailed analysis of proposals:	
i.	error corrections to 2026 default emissions factors (DEFs) for natural gas and geothermal activities	Yes | No
ii.	updates to 2027 DEFs for natural gas activities	Yes | No
iii.	updates to 2027 DEFs for geothermal activities	Yes | No
iv.	updates to 2027 DEFs for liquid fossil fuels	Yes | No
v.	increasing information requirements for unique emissions factor waste applicants with high landfill gas (LFG) capture rates	Yes | No

vi.	requiring waste participants reporting an LFG system efficiency of over 60 percent to use the calculation in Regulation 23D	Yes | No
vii.	removing the 90 percent cap used when calculating the efficiency of an LFG system	Yes | No
viii.	removing the oxidation factor from unique emissions factor calculations for waste	Yes | No
ix.	exempting historic contaminated waste from ETS charges.	Yes | No
b.	**note** that:	
i.	you have delegated authority to issue drafting instructions on minor and technical updates to ETS regulations [CAB-24-MIN-0156]	Noted
ii.	in May, Cabinet gave delegated authority for the following updates that do not meet the threshold for minor and technical [CAB-26-MIN-0188]: • updating the default emissions factor for waste • the increased requirement policy package for unique emissions factor applicants with high landfill gas capture rates • removing the oxidation factor from unique emissions factor calculations • exempting historic contaminated waste from ETS charges	Noted
iii.	an update to the Unit Register regulations is recommended, which does not require public consultation under the Climate Change Response Act, nor a Cabinet decision to issue drafting instructions	Noted
iv.	the Minister of Climate Change has a standing delegation (from paragraph 7.95 of the Cabinet Manual) to update the price of carbon and synthetic greenhouse gas levies, and that these do not require public consultation	Noted
v.	you will receive further advice, alongside the Minister for the Environment, on a data work programme to support the future implementation of an activity source-based range approach to the DEF for waste.	Noted
c.	**agree** to:	
i.	amend the Unit Register regulations to only require signatures, not statutory declarations, for applications relating to holding accounts, primary representatives, and joint account holding	Yes | No
ii.	set the 2027 price of carbon at $48.87	Yes | No
iii.	update synthetic greenhouse gas levies in Schedules 1 and 2 of the SGGL Regulations using that price of carbon.	Yes | No

Ministry for Cities, Environment, Regions & Transport

d. **authorise** officials to:	
i. issue drafting instructions to PCO for each update	Yes | No
ii. share draft regulations with the Environmental Protection Authority.	Yes | No

Kirsty Flannagan
General Manager, Markets
22/ 07 / 2026

Hon Simon Watts
Minister of Climate Change
..... / ...... / ......

Comments

Ministry for Cities, Environment, Regions & Transport

Final decisions on Emissions Trading Scheme regulatory updates 2026

Background

9. In May this year, Cabinet gave approval to consult on Emissions Trading Scheme (ETS) annual regulatory updates [CAB-26-MIN-0188]. Annual reviews of the regulations that govern the ETS ensure that they remain up to date and fit for purpose. Consultation ran from 12 June to 12 July. We received 16 submissions from a range of groups including businesses, local government, industry bodies, and iwi.

10. Consultation on annual ETS regulatory updates ran alongside ETS settings consultation. A summary of submissions will be provided separately with advice to support your final decisions on ETS settings [26-BRF-01783 refers].

11. In addition to your existing delegated authority for minor and technical updates [CAB-24-MIN-0156], Cabinet authorised you to make decisions and issue drafting instructions for the following proposals:

    a. updating the default emissions factor for waste

    b. increasing requirements for unique emissions factor applicants with high landfill gas (LFG) capture rates

    c. removing the oxidation factor from unique emissions factor (UEF) calculations

    d. exempting historic contaminated waste from ETS charges.

12. Officials regularly review ETS regulations to ensure they remain up to date and fit for purpose. In addition to the proposals consulted on this year, officials recommend three further technical updates: removing statutory declaration requirements for certain NZETR account transactions, updating the prescribed price of carbon, and updating synthetic greenhouse gas (SGG) levy rates.

Analysis and advice

We are seeking approval of nine amendments to the ETS regulations this year

13. Following consultation, this briefing seeks your agreement to nine amendments to the ETS regulations. Appendix 1 provides detailed information on the proposed amendments, stakeholder feedback, and final recommendations.

Four amendments are technical updates for natural gas, geothermal, and liquid fossil fuels

14. Default emissions factors (DEFs) are predetermined values used to estimate greenhouse gas emissions. They provide a cost-efficient way for ETS participants to calculate emissions from their commercial activities, as required by the CCRA.

15. Officials recommend correcting errors made in calculating DEFs in the 2025 annual regulatory updates, which we have previously advised you about [26-BRF-00255 refers]. Officials received no feedback from targeted consultation with impacted ETS participants in February this year.

16. Officials also recommend updating DEFs for liquid fossil fuels, natural gas, and geothermal emissions that occur in 2027. Proposed DEFs were included in the consultation document and were supported by the majority of submitters.

Five amendments focus on landfill operator participation in the ETS

17. Officials recommend progressing five of the waste sector proposals this year with an implementation date of 1 February 2027 to allow time for business planning.

Increasing information requirements for unique emissions factors for landfill operators with high LFG capture rates (60 percent or higher)

18. Capture efficiency rates represent the percentage of total methane generated by a landfill that is successfully collected by its gas management system rather than being released into the atmosphere. Given fugitive landfill emissions cannot be cost effectively or accurately measured, efficiency is estimated by comparing modelled potential emissions with those captured.

19. Most submitters supported the introduction of additional information requirements for landfill operators reporting efficiency rates of over 60 percent. This amendment would require those operators to produce site-specific waste composition information, direct measurement of landfill gas captured and destroyed, and submit this to the Secretary for the Environment.

Requiring waste participants reporting an LFG system efficiency of over 60 percent to use the calculation in Regulation 23D

20. This amendment enforces the proposal above, ensuring that composition information collected is subsequently provided in the relevant UEF application. The key change here is that previously, operators could opt to use Section 23C, which utilises the national waste composition alongside landfill gas capture efficiency to calculate their emissions for UEF application. They would now be required to use Section 23D, which requires site-specific waste composition rather than the national average.

21. No submissions were received on this specifically.

Removing the 90 percent cap used when calculating the efficiency of an LFG system

22. Under current ETS regulations, the maximum landfill gas capture efficiency rate that can be claimed is 90 percent. This means that landfill operators can reduce their ETS obligations by up to 90 percent by capturing the gas their operations generate.

23. Officials recommend removing the 90 percent cap as consulted on the basis that operators provide sufficient evidence to demonstrate the landfills efficiency rate. This removal had support from most submitters, including all private sector landfill operators.

24. Many submissions raised concerns about the technical feasibility of landfills capturing 100 percent of emissions, including some local government landfill operators. Global efficiency rates vary significantly, and previous expert review by the UNFCCC Expert Review team and Ministry

officials has questioned the veracity of data underlying 100 per cent capture efficiencies reported previously.

25. Officials believe the risk of inaccurate reporting is best mitigated through the provision of site-specific data that represents what is happening at each individual site. The proposed additional information requirements will provide evidence on composition and gas captured and destroyed. This aligns with recommendations made by the UNFCCC Expert Review Team while requesting improvements to New Zealand's waste greenhouse gas inventory calculations in 2022. Most supporters also noted that a high degree of evidence should be required for such high capture efficiency rates. Officials therefore recommend that this option only progress alongside the additional information requirements outlined in paragraph 18 above.

Removing the oxidation factor from unique emissions factor calculations for the waste sector

26. The oxidation factor accounts for emissions that escape through the soil of the landfill cap and is included in the DEF for waste participants. When landfill operators with an LFG system apply for a UEF, they are requesting a lower emissions factor that recognises the emissions captured by the LFG system. An oxidation factor has no bearing on the amount of gas collected and therefore should not be part of the calculation.

27. Most submitters supported removing the use of the oxidation factor for waste participants with an LFG system when applying for a unique emissions factor. Five submitters supported delaying implementation for a year to allow time for business planning.

An ETS exemption for historic contaminated waste from remediated Hazardous Activities and Industries List (HAIL) sites

28. Waste from remediated historic contaminated sites is unlikely to have organic waste that produces emissions given the type of waste and its age. However, all waste is treated as new when disposed of at a landfill and is therefore subject to ETS charges. In addition to the unfair ETS costs, this has created a cost barrier for remediation projects that seek to improve the environment and human health.

29. Officials consulted on an ETS exemption for waste from Hazardous Activities and Industries List (HAIL) sites where activities ceased before 1991. Most submitters supported creating this exemption; however, some raised concerns with the cut-off date. Officials recommend progressing the ETS exemption as consulted on as alternative options that require case-by-case applications would be administratively burdensome for both landfills and government.

Officials recommend making no change to the DEF for waste this year and progressing a longer-term activity source-based range approach instead

30. Officials do not recommend updating the DEF for waste participants this year due to limitations such as a lack of data and a lack of material impact on emissions.

31. Officials will progress work on an activity source-based range of DEFs (option 3 in the consultation document). This would require a change to the ETS register and is contingent on future register decisions. The ETS register is reaching the end of its life and already has out-of-

date components. The Registrar has placed a development freeze on the system to manage the risk, which means the register cannot be modified to accommodate policy changes.

You have authorisation to amend these regulations under sections 60 and 163 of the CCRA

32. Under sections 3A and 3B of the Climate Change Response Act (CCRA), you must consult, or be satisfied that the chief executive has consulted, representatives of iwi and Māori likely to have an interest in the regulations and persons that appear likely to be substantially affected by the regulations.

33. Officials carried out public consultation that included a discussion document, opportunity to provide feedback online and via email, and two webinars. Feedback on each proposal is outlined in appendix 1 with more detail provided in the summary of submissions at appendix 2.

34. In recommending the making of regulations under Section 163(1)(a) or 163(1)(b), you must have regard to international climate change obligations in respect of the collection of data and information relating to, and the measurement of, emissions and removals from the activity. Updates to DEFs, the oxidation factor, and information requirements for waste sector participants applying for a UEF will increase the accuracy of reported emissions in the ETS. This will better align ETS data and methodologies with those used in reporting against international climate change obligations.

35. Before recommending an ETS exemption under Section 60, you must satisfy the requirements of subsections 60(2) and (3). An analysis of the matters that you must have regard to before making an ETS exemption for historic contaminated waste is provided in appendix 2.

We recommend three further updates that do not require consultation

36. Officials recommend progressing three further updates that that do not require consultation or Cabinet approval under the CCRA (further detail is provided in paragraph 49). They are:
    a. removing statutory declaration requirements in specific situations
    b. updating the price of carbon
    c. updating the synthetic greenhouse gas levies (SGG levies).

Removing statutory declaration requirements

37. The Environmental Protection Authority (EPA) has identified an opportunity to improve the efficiency of processing applications relating to holding accounts for New Zealand Units (NZUs).

38. The Climate Change (Unit Register) Regulations 2008 currently require account holders to make a statutory declaration for certain actions related to opening and managing holding accounts. This kind of declaration must be signed physically and with an authorised witness.

39. However, the form and operation of the New Zealand Emissions Trading Register (NZETR) is digital as is required by the CCRA (section 18), and the CCRA also specifically sets out situations where electronic forms and e-signatures are preferred (for example, section 90).

40. Section 30K of the CCRA already provides legal consequences for providing false or misleading information to the Registrar, therefore making statutory declarations and the cost of additional compliance unnecessary.

41. Officials recommend removing the requirement to provide a statutory declaration in the following situations, where a (regular) signature would be sufficient:

    a. opening a holding account, under regulations 4(4), 6(3), and 6(4)

    b. appointing a primary representative, under regulation 15(4)

    c. adding a joint account holder, under regulation 6(6)(c).

42. In addition, regulation 15(6) sets out that a primary representative may not make a declaration required under the regulations. Regulation 15(6) will therefore require amendment to refer to a requirement to provide a signature.

43. Officials seek your agreement to remove the statutory declaration requirements for the above matters related to NZETR holding accounts.

Price of carbon

44. Annual updates to the price of carbon and SGG levies are routine amendments. The price of carbon specified by the regulations has two purposes:

    d. calculating penalties for ETS non-compliance, for example where they are based on an estimated value of units that were not surrendered

    e. calculating the SGG levy rates.

45. The methodology for calculating the price of carbon is set in regulations and is based on a weekly average of the NZU price over the previous financial year (1 July to 30 June). Using the prescribed methodology, the new price of carbon for 2026 is calculated to be $48.87, which is an 18 percent decrease from last year's price of $59.37.

Synthetic greenhouse gas levies

46. SGG levies apply to importers of goods containing SGGs, such as refrigerators and air-conditioning units, and to people who first register a vehicle in New Zealand. These levies are meant to 'level the playing field' for New Zealand manufacturers impacted by ETS coverage of bulk imported SGGs.

47. SGG levy rates are set in Schedule 1 (motor vehicles levies) and Schedule 2 (goods levies) of the Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013 (SGGL Regulations). The methodology for calculating the levies is also set in the SGGL Regulations and includes the price of carbon, amount of SGG in the item, and the global warming potential of that SGG.

48. Officials seek your agreement to:

f. update the prescribed price of carbon to $48.87

g. update the synthetic greenhouse gas levy rates based on the updated prescribed price of carbon.

Fiscal Impacts of reducing the price of carbon

49. There are fiscal implications from reducing the price of carbon and the levy rates. We estimate there will be approximately $1.68m less SGG levy revenue in fiscal year 2026/27, all other things being equal. This will result in a forecast adjustment that will not require specific funding.

Compliance

50. Changes to statutory declaration requirements, the price of carbon and synthetic greenhouse gas levies do not require public consultation or Cabinet authorisation.

    a. These changes would be made under section 30G(1)(b)(ii–iii) of the CCRA for statutory declaration requirements, and section 30W(1)(b), 245(1)(a), and 245(1)(b) of the CCRA for the price of carbon and synthetic greenhouse gas levies (SGGL), which do not require consultation under either sections 3A or 3B of the CCRA.

    b. As these changes do not require new policy decisions, you are also authorised to issue drafting instructions without taking the policy decision to Cabinet (per the Cabinet manual, paragraph 7.95).

51. Regulations made under section 30G(1) must be consistent with international climate change obligations. The proposed change to statutory requirements will retain consistency with international obligations and maintain existing policy intent.

52. Section 30W of the CCRA outlines the matters you must take into account when specifying the carbon price. Our analysis of these matters is provided in the table below.

CCRA subsection	Matters the Minister must take into account	Analysis
30W(2)(a)	The price of the units used to calculate revenue from the emissions trading scheme in the Crown annual financial statements in the preceding 12 months.	As per the methodology set out in regulation 9 of the SGGL Regulations, the price of carbon has been calculated using the NZU spot prices from across the 2025/26 financial year.
30W(2)(b)	The price of New Zealand units sold by auction in the preceding 12 months.	No NZUs have been sold by auction in the last 12 months.
30W(2)(c)	Any changes to the operation of the emissions trading scheme that have affected the price of the units surrendered under that scheme, or that may do so before the end of the next levy year.	The price has been influenced directly and indirectly through annual settings and minor adjustments to the CCRA. None of these are sufficient to warrant deviating from the standard way of calculating the price of carbon.

Request for approval to share draft regulations with the EPA

53. As the regulator, the EPA implements changes to the ETS regulations. To ensure that regulations are drafted in a way that aligns with implementation, officials recommend that you authorise the legal team at MCERT to share draft regulations with the EPA.

Next steps

54. Submissions included several worthwhile suggestions for process and communications improvements. Officials will consider these suggestions as part of future work programme prioritisation.

55. Subject to your approval, officials will issue drafting instructions to the Parliamentary Counsel Office to draft amendment regulations. The CCRA requires that amendment regulations are gazetted by 30 September in order to come into force by 1 January 2026.

56. The timeline for both ETS settings and regulatory updates going to Cabinet Legislation Committee and publication in the NZ Gazette is below.

Action	Timeline
9(2)(f)(iv) [redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Ministry for Cities, Environment, Regions & Transport

Annex

Appendix 1: Detailed analysis of proposals – ETS regulatory updates 2026

Appendix 2: ETS regulatory updates summary of submissions

Appendix 3: Section 60 analysis of matters the Minister must have regard to when recommending an ETS exemption

Appendix 1: Detailed analysis of proposals – New Zealand Emissions Trading Scheme regulatory updates 2026

Regulation to be amended	Update	Consulted on	Feedback from consultation	Recommendation	Impact of change
Technical updates					
Climate Change (Stationary Energy and Industrial Processes) Regulations 2009	Error corrections to 2026 default emissions factors (DEFs) for natural gas and geothermal activities.	Some of the DEFs for natural gas and geothermal activities published in the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009 at the beginning of this year were incorrectly calculated [26-BRF-00255 Refers]. Corrected DEFs were posted on the Ministry for the Environment's website for accessibility by ETS participants in February this year. In addition, two new geothermal plants have opened that require DEFs to be published in the regulations.	No feedback was received from affected parties during targeted consultation in February this year.	Officials recommend correcting the errors and publish DEFs for the new plants. These emissions factors will apply to emissions that occurred in the 2026 calendar year.	These changes will ensure that firms can accurately report and pay for their emissions.
Climate Change (Stationary Energy and Industrial Processes) Regulations 2009	Update 2027 DEFs for natural gas activities.	We consulted on updated DEFs for natural gas activities using emissions data from the Environmental Protection Authority (EPA). These DEFs are used by opt-in participants to the NZ ETS who purchase natural gas from miners, and the updates ensure that DEFs are reflective of miners' specific business practices and accurately measure emissions.	The majority of submitters were supportive of updating the DEFs using the most recent data.	Officials recommend updating the DEFs for natural gas activities as presented in the consultation document. These DEFs will apply to emissions that occur in the 2027 calendar year.	This change should result in a decrease in emissions costs, on average, for those who use natural gas DEFs.

Regulation to be amended	Update	Consulted on	Feedback from consultation	Recommendation	Impact of change
Climate Change (Stationary Energy and Industrial Processes) Regulations 2009	Update 2027 DEFs for geothermal activities.	We consulted on updated DEFs for geothermal activities using emissions data from the EPA. These updates ensure that DEFs are reflective of firm specific business practices and accurately measure emissions.	The majority of submitters were supportive of updating the DEFs using the most recent data.	Officials recommend updating the DEFs for geothermal activities as presented in the consultation document. These DEFs will apply to emissions that occur in the 2027 calendar year.	This change should result in a decrease in emissions costs, on average, for those who use geothermal DEFs.
Climate Change (Liquid Fossil Fuels) Regulations 2008	Update 2027 DEFs for liquid fossil fuels.	We consulted on updated DEFs for liquid fossil fuels using recent data from the Ministry of Business, Innovation, and Employment (MBIE) to reflect fuel quality.	The majority of submitters were supportive of updating the DEFs using the most recent data.	Officials recommend updating DEFs for liquid fossil fuels as presented in the consultation document. These DEFs will apply to emissions that occur in the 2027 calendar year.	This change should result in a decrease in emissions costs, on average, for those who use liquid fossil fuel DEFs.
Waste updates					
Climate Change (Waste) Regulations 2010	Update the DEF for waste sector participants.	We consulted on four options for updating the DEF – two short term, two longer term. 1. No change 2. Minor change using current regulatory process and updated data 3. Introduce a range of DEFs using activity source categories as basis 4. Introduce a range of DEFs using landfill size and class as basis	Eight of 11 submitters supported a minor increase to the DEF (option 2), but analysis by officials has found that the data available does not meet a reasonable materiality threshold to progress a change. Six of those 11 submitters also expressed support for introducing a 'range approach' to the waste DEF based on activity source (option 3), if an appropriate evidence base is developed. Four of these considered both option 2 and option 3 to be viable. Sector submitters expressed a willingness to continue working with officials to get the details correct.	Officials do not recommend progressing a regulatory change to the waste DEF in 2026. Following consultation feedback, officials will progress work to establish a robust evidence base demonstrating representative waste composition by activity source category (option 3) to be ready when changes to the ETS Register are possible. This will involve working with the sector to identify best practice approaches and acquire data. This is a longer-term change and will be considered in future ETS regulatory reviews and public consultation.	No change in 2027.

Regulation to be amended	Update	Consulted on	Feedback from consultation	Recommendation	Impact of change
Climate Change (Unique Emissions Factors) Regulations 2009	Additional information requirements for UEF waste applications with high landfill gas capture rates.	We consulted on a tiered approach to information requirements depending on landfill gas capture efficiency rates. For sites reporting a landfill gas capture efficiency below 60%, there is no change. For sites reporting landfill gas capture efficiency rates above 60%, this proposal would see them required to provide to the Secretary for the Environment: 1. Two waste composition surveys in the calendar year prior to UEF application 2. Verified measurement of gas captured and destroyed	Six of nine submitters supported this approach. Of the private sector landfill operators that submitted, all supported the introduction of this option, in some cases with some technical amendments suggested. Submitters in support tended to believe further evidence is required to prove high efficiency claims. Concerns were raised around the additional cost of compliance.	Officials recommend progressing additional information requirements for unique emissions factor (UEF) waste applicants seeking to report a landfill gas capture efficiency of 60% or higher. This will require affected waste participants to provide two waste composition surveys and measurements of gas collected and destroyed before they can apply for a UEF based on high capture efficiency.	This change will increase the accuracy of reported emissions through improved site-specific data use. It will introduce new administrative costs (composition data collection) for some waste participants. Estimated costs of SWAP audits vary significantly from $15-60,000 per audit. Some operators reported they are completing these in-house already, which is an option for all operators to reduce cost as the Protocols are available publicly. The Ministry will provide advice in early 2027 to the Minister for the Environment on progressing a data work programme that includes consideration of how to make SWAP audits more cost effective and more accessible.

Regulation to be amended	Update	Consulted on	Feedback from consultation	Recommendation	Impact of change
Climate Change (Unique Emissions Factors) Regulations 2009	Require waste participants reporting LFG system efficiency of over 60% to use the calculation in Regulation 23D.	This is an amendment made to ensure the data generated by the above amendment is used in UEF applications. This was consulted on as part of the tiered approach outlined above.	No specific feedback was received for this update. Submissions universally supported the principle of increasing the accuracy of reporting under the ETS for waste emissions.	This is a technical amendment that will enforce waste participants meeting the additional information requirements to use the required data in their UEF application. Officials recommend progressing the requirement to use the Regulation 23D calculation when applying for a UEF based on a landfill gas capture efficiency over 60 percent to ensure that site-specific information is used to the maximum extent possible.	This change is to support the implementation of the additional information requirements outlined above. It will have minimal standalone impact as the data will be collected due to the new additional requirements. It should result in increased accuracy for efficiency claims. It reduces operator choice, as they previously had the choice to use either the national waste composition or their own site-specific composition information.

Regulation to be amended	Update	Consulted on	Feedback from consultation	Recommendation	Impact of change
Climate Change (Unique Emissions Factors) Regulations 2009	Removing the 90% cap used when calculating the efficiency of an LFG system.	This was consulted on as part of the package of information requirement approvals. This would allow operators to claim any efficiency up to 100% when supported with evidence. It removes the previous 90% cap from the formula in the regulations.	Six of 10 submitters supported this option, and all submitters felt it should be accompanied by strong evidence requirements if introduced. Concerns were raised over whether 100% gas capture is feasible, particularly where there is a lack of independently verified direct evidence. Submitters made recommendations for future improvements, including changes to landfill models and other parameters not addressed by this change. Officials will consider these as part of a longer-term data work programme. Officials note that the same independent sources that contest a 100% lifetime capture efficiency contest a 90% lifetime capture efficiency (the current cap)[1]. This policy change does not represent an assumption that operators are currently able to capture 100% of their emissions but rather gives operators the opportunity to provide evidence if they believe they are, including in future as technology develops.	Officials recommend that the 90% cap removal is progressed. Officials recommend that this option only progresses in conjunction with the additional information requirements outlined above. Progressing this amendment without additional information requirements could undermine confidence in the ETS. Future improvements to modelling parameters should be considered to continue improving the accuracy of modelling used to estimate landfill emissions. Officials note the variance in international experience of landfill gas capture efficiencies, and the inherent uncertainty associated with modelling. Officials consider that the best mitigation against this uncertainty is to require operators to produce evidence of reported high efficiency rates. Operators will be required to provide site-specific composition information and verified direct measurement of landfill gas captured and destroyed. There are other elements of landfill gas models that could benefit from future site-specific adjustments. Officials recommend guidance is created to aid landfill operators in using best practice direct measurements of gas captured and gas destroyed in meeting their reporting obligations under this change.	This change may result in emissions reductions as waste participants take advantage of the opportunity to achieve higher landfill capture efficiency rates. If they can prove higher landfill gas capture efficiency through strong evidence requirements, they can gain the additional benefits of reduced ETS costs. It is estimated that this policy change could achieve up to ~0.734 Mt CO2-e in EB3, if market behaviours indicated as likely by submitters and the informal sector advisory group are adopted. This modelling is inherently uncertain due to the market-based approach of the ETS, and the need to make assumptions on how ETS participants will respond to change.

Regulation to be amended	Update	Consulted on	Feedback from consultation	Recommendation	Impact of change
Climate Change (Unique Emissions Factors) Regulations 2009	Removing the oxidation factor from unique emissions factor calculations for the waste sector.	We consulted on removing the use of the oxidation factor for waste participants with an LFG system when applying for a UEF. The oxidation factor has no bearing on how much landfill gas is captured and therefore should not be included in UEF applications related to LFG systems. We also consulted on a one-year delay in implementation of this change to allow for business planning.	Six out of nine submitters were supportive of removing the use of the oxidation factor for UEF waste applicants. Five submitters supported a one-year delay in implementation, to allow for business planning. Four submitters did not support a one-year delay as delaying implementation risks further inaccuracies being reported.	Officials recommend removing use of the oxidation factor for waste participants with an LFG system that apply for a UEF. This update will apply to activities that take place in 2027 and are reported on in 2028.	This change may result in higher UEFs and reported emissions, but they will be more accurate.
Climate Change (General Exemptions) Order 2009	Exempt the disposal of waste from the remediation of historic contaminated sites from ETS charges.	We consulted on introducing a general ETS exemption for waste from historic contaminated sites. This exemption will be limited to waste verified as being from a Hazardous Activities and Industries List (HAIL) site where the activity must have ceased before 1991. This exemption will exclude closed landfill sites already covered by an existing exemption.	The majority of submitters supported implementing the exemption. Some submitters raised concerns over the 1991 cut-off date with suggestions that eligibility would be better determined using either an age-based or a waste composition-based threshold.	Officials recommend establishing an ETS exemption as consulted on, without changing the proposed eligibility criteria. The proposed option is expected to have low to no administrative costs.	This change improves the accuracy of emissions charges given that historic contaminated waste has little to no remaining emissions. This exemption will also lower financial barriers to remediation projects that deliver environmental and public health benefits.

[1] For example, the previous Ministry for the Environment-commissioned Landfill Gas Management Final Report by Eunomia, prepared May 2025.

Proposed Changes to the New Zealand Emissions Trading Scheme Regulations 2026

Summary of Submissions

Ngā Huringa e Marohitia ana ki ngā Waeture Kaupapa Hokohoko Tukunga o Aotearoa 2026

Whakarāpopoto Tāpaetanga

Ministry for Cities, Environment, Regions & Transport

New Zealand Government
Te Kāwanatanga o Aotearoa

Disclaimer

The information in this publication is, according to the Ministry for Cities, Environment, Regions and Transport's best efforts, accurate at the time of publication. The Ministry will make every reasonable effort to keep it current and accurate. However, users of this publication are advised that:

- the information does not alter the laws of New Zealand, other official guidelines, or requirements
- it does not constitute legal advice, and users should take specific advice from qualified professionals before taking any action based on information in this publication
- the Ministry does not accept any responsibility or liability whatsoever whether in contract, tort, equity, or otherwise for any action taken as a result of reading, or reliance placed on this publication because of having read any part, or all, of the information in this publication or for any error, or inadequacy, deficiency, flaw in, or omission from the information in this publication
- all references to websites, organisations or people not within the Ministry are for convenience only and should not be taken as endorsement of those websites or information contained in those websites nor of organisations or people referred to.

This document may be cited as: Ministry for Cities, Environment, Regions and Transport. 2026. *Proposed Changes to the New Zealand Emissions Trading Scheme Regulations 2026: Summary of Submissions*. Wellington: Ministry for Cities, Environment, Regions and Transport.

Published in August 2026 by the
Ministry for Cities, Environment, Regions and Transport
PO Box 10362, Wellington 6143, New Zealand
mcert.govt.nz

ISBN: 978-1-997358-05-3
Publication number: MCERT 6

Contents

Tables

Introduction

From 12 June 2026 to 12 July 2026, the Government consulted on proposals to update regulations that govern the New Zealand Emissions Trading Scheme (ETS). Simultaneously, the Government consulted on annual updates to ETS unit limits and price control settings. This included two webinars held on 24 June and 1 July 2026.

This report summarises the views expressed through these consultations. It does not analyse the feedback or provide recommendations in response to them. Input from submissions was incorporated into policy development and advice to the Minister of Climate Change.

Who responded to the consultation

We received 38 unique submissions across both consultations. Some submitters responded to both consultations and others just one.

Proposed changes to New Zealand Emissions Trading Scheme regulations 2026

We received 16 unique submissions on proposed changes to the ETS regulations 2026 through the consultation platform Citizen Space and email.

Table 1 sets out the number of submissions from individuals and groups. Submitters self-reported which groups they represented, therefore, numbers in the table below may not add up to the total number of submissions.

Table 1: Number of submissions by self-reported submitter group

Submitter type	Number
Individual	–
Academic or subject matter expert	2
Iwi/hapū	1
Local government	4
Business	7
Industry body	2
Non-governmental organisation	2
Other	–

Proposed changes to ETS regulations

Proposals consulted on included:

- technical updates relating to default emissions factors for 2027 that are based on recent data
- waste updates that affect waste sector participants and remediation projects for historic contaminated waste.

The updates seek to maintain the accuracy of, and confidence in, the ETS.

Technical updates

Proposals in this section focused on updating DEFs to reflect the most recent data.

Proposal 1: Update the DEFs for natural gas activities

The consultation document included a table of proposed DEFs for natural gas activities in 2027.

We asked if there was support for updating the DEFs as presented in the table. There were six responses to this question.

- Five submitters supported updating the natural gas DEFs.
- Two submitters encouraged the Ministry to publish key details about the data used to update the DEFs including the data period, method, key assumptions and any corrections applied.
- One submitter did not support updating them. No explanation was given.

The consultation document also asked if the public had any feedback or relevant evidence about the proposed update to DEFs for natural gas fields in the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009 (SEIP Regulations). There were no responses to this question.

Proposal 2: Update the DEFs for geothermal activities

The consultation document included a table of proposed DEFs for geothermal activities in 2027.

We asked if there was support for updating the DEFs as presented in the table. There were four responses to this question.

- Three submitters supported updating the geothermal DEFs.
- One submitter did not support updating them. No explanation was given.

The consultation document also asked if the public had any feedback or relevant evidence about the proposed update to DEFs for geothermal fields in the SEIP Regulations. There were no responses to this question.

The consultation document sought feedback on the approach to calculating a DEF for new plants and on plant naming conventions in the geothermal DEF table. There were two responses to these questions.

- One submitter agreed with the approach to calculating DEFs for new plants while one did not. No further comments were provided.
- One submitter said that their plant name was accurately reflected in the regulations while one indicated it was not but did not elaborate. No further comments were provided.

Proposal 3: Update the DEFs for liquid fossil fuels

The consultation document included a table of proposed DEFs for liquid fossil fuels in 2027.

We asked if there was support for updating the DEFs as presented in the table. There were four responses to this question.

- Three submitters supported updating liquid fossil fuel DEFs.
- One submitter did not support updating them.

The consultation document also asked if the public had any feedback or relevant evidence about the proposed update to DEFs for liquid fossil fuels in the Climate Change (Liquid Fossil Fuel) Regulations 2008.

- One submitter requested that a materiality threshold of 0.5 percent be applied when considering updates.

Waste updates

The proposals in this section would impact waste disposal activities. They included updates to the default emissions factor for waste, changes to unique emissions factor settings, and an ETS exemption for the disposal of waste from remediated historic contaminated sites.

Some general feedback was received that applied to all proposals. This included a recommendation from two submitters to establish a standing technical advisory group on landfill methane and ETS waste settings, while other submitters requested further engagement with landfill operators when developing longer-term options.

One out of scope submission was received. It sought an alternative ETS reporting pathway for waste-derived fuels.

Proposal 4: Update the DEF for waste

The consultation document presented four options for improving the accuracy of the DEF for waste:

Option 1: Status quo.

Option 2: Minor increase to organics component of national composition.

Option 3: Range approach based on activity source categories accepted at site.

Option 4: Range approach based on landfill size and class.

Eleven submissions were received across these four options.

- Eight submitters supported option 2, with three of those submitters considering that both option 2 and option 3 should be progressed, with option 2 as a short-term change while option 3 is developed. These submitters felt that landfill gas efficiency claims are more accurate when based on site-specific composition data.
- A further two submitters supported progressing option 3 primarily, and one submitter preferred option 4. One further submitter expressed no preference between option 2, 3, or 4, noting all were preferable to the status quo.
- One submitter noted that activity source data is already being collected so implementation should be straight forward, although another disagreed that this data was able to be clearly translated into the IPCC activity categories used in modelling. One technical expert submitter noted that activity source categories are in use to estimate composition overseas, but this is based on more robust data than is currently available in New Zealand.
- Several submitters considered the range-based approach to be more complex than the current single DEF value, and that it would introduce new requirements for landfill operators so would need clear technical justification.

Most submitters (64 percent) noted that additional evidence needs to be procured and developed to accurately implement any change, particularly option 3. Specific suggestions included:

- ensuring consideration of how climactic conditions, the presence of geomembrane layers, and other specific design parameters may also impact gas generation and leakage in the development of any DEF change
- assessing not only what waste is landfilled, but at what point methane is generated by each waste type and whether each stage is captured by landfill gas capture
- any Solid Waste Analysis Protocol audits undertaken to determine appropriate DEF values should use a sort and weigh methodology, which was seen by several submitters as the most accurate approach and preferable to visual surveys
- engaging directly with landfill operators and weighbridge software operators to align any activity source category-based approach with practices and weighbridge codes already in operation at sites.

Proposal 5: Remove the oxidation factor from UEF applications

The consultation document proposed two options for oxidation factor use by waste participants with an LFG system applying for a UEF.

Option 1: Status quo – leave the oxidation factor at 10 percent.

Option 2: Remove the use of the oxidation factor for waste participants with an LFG system applying for a UEF.

We asked which option was preferred. There were nine responses to this question.

- Six submitters preferred option 2.

- Three submitters preferred option 1. For all three, the preference was to maintain the status quo but clarify how to use the oxidation factor in relation to the formula for calculating a UEF.

We also asked if a one-year delay in implementation was supported. There were nine responses to this question.

- Five submitters supported a one-year delay in implementation, recognising business practices may need to change.
- Four submitters did not support this. Delaying implementation risks further inaccuracies being reported.

Proposal 6: Increase information requirements for UEF applicants with high LFG capture rates

The consultation document proposed a tiered approach to information requirements for waste sector UEF applicants. A higher standard of evidence would be required when operators report high-efficiency landfill gas capture rates, including requiring these operators to use site-specific composition information in their UEF applications. The proposal would enable operators to claim up to 100 percent capture efficiency rates if supported by evidence.

Nine submissions were received on additional information requirements for UEF applicants reporting efficiency rates of 60 percent or more, and 10 submissions were received specifically on the removal of the 90 percent cap.

- No submitters specifically commented on the proposal to require the use of Section 23(D) of the Climate Change (Unique Emissions Factor) Regulations 2009 when applying for a UEF with a landfill gas capture efficiency rate of 60 percent or more.
- Six submitters supported increased information requirements for UEF applicants with higher landfill gas capture rates. One of these submitters queried the technical basis for the proposed 60 percent threshold.
- Three submitters opposed increased information requirements. This was because of complexity for operators and increased compliance costs (in relation to procuring Solid Waste Analysis Protocol surveys). One expressed the view that using site specific waste composition data would be more accurate, but that there would be a significant cost associated with this for site operators, and operators would need to consider the costs of this against the potential benefits of being able to reduce their ETS obligations.
- Six submitters supported the removal of the 90 percent cap. All private sector landfill operators who submitted on the consultation supported this change. Four submitters opposed the removal, citing concerns around the technical feasibility of 100 percent capture rates. These submitters included local government landfill operators and representatives of the resource recovery and biogas sector.
- Seven submitters stated that lifting the 90 percent cap must be accompanied by robust evidence for these claims to be appropriately scrutinised, given the potential reduction in ETS obligations resulting from a 100 percent capture efficiency. Of those who did not state this expectation, two were opposed to the removal, and one thought the initial cap had been arbitrary.

Proposal 7: Exempt the disposal of waste from remediation of historic contaminated sites

The consultation document proposed creating a general ETS exemption for the disposal of waste from historic contaminated sites. The exemption would apply to contaminated waste from sites where Hazardous Activities and Industries List (HAIL) activities ceased before 1991, excluding closed landfill sites already covered by an existing exemption.

We asked whether submitters supported this proposal or preferred no change. There were 10 responses to this question, with submitters ranging from local government, businesses, industry bodies, and one iwi organisation.

- Nine submitters supported creating a general exemption.
- One submitter preferred retaining the status quo.

We also asked for feedback on the proposed 1991 cut-off date. There were eight responses to this question.

- One submitter supported using the 1991 cut-off date.
- Seven submitters did not support using 1991 as the cut-off date. Submitters considered the date arbitrary and not scientifically justified.
- Four submitters suggested using an age-based threshold instead.
- Three submitters suggested using a waste composition-based threshold, with one of these also supporting an age-based threshold.
- Two submitters suggested using an earlier cut-off date, while one suggested aligning the cut-off with 2013, when the ETS began accounting for waste emissions.
- Two submitters recommended including a review clause to periodically reassess the cut-off date if it were used.

We asked whether submitters saw any issues with limiting eligibility to remediated waste from sites where HAIL-verified activities took place.

- Two submitters raised concerns about using HAIL verification as the sole eligibility criterion. They considered this could exclude legitimate remediation projects where records are incomplete, closed landfill material is involved, or contamination is identified through site investigation rather than historic activity records.
- One submitter recommended that the criteria should be clear enough to prevent misuse, while flexible enough to support legitimate remediation projects.
- One submitter supported the HAIL limitation but recommended including a simple organic-content or site-investigation check to ensure material with meaningful residual methane potential is not inadvertently exempted.

Appendix 3: Section 60 analysis of matters the Minister must have regard to when recommending an ETS exemption

S60(2)(a)	Is the Minister satisfied that the order will not materially undermine the environmental integrity of the ETS?	The exemption would apply only to the activity of disposing waste at a landfill where that waste is demonstrably from a remediation project of a historic contaminated site and meets the eligibility criteria and any conditions specified in the order. This would not materially undermine environmental integrity because the exemption would be limited to a narrowly defined waste stream with little to no emissions potential. Exempting eligible remediation waste would not compromise the core purpose of the New Zealand Emissions Trading Scheme (ETS), which is to help meet emission targets by pricing emissions. Because this activity is not expected to produce material emissions, exempting it from surrender obligations would not affect national emissions reporting in any meaningful way, or diminish the ETS's contribution to meeting emissions targets. ETS obligations will continue to apply to all non-exempt waste disposed of at landfill facilities. Application of the exemption will be subject to the ETS's existing compliance and enforcement framework. Waste participants would need to be able to substantiate that the identified waste meets the exemption criteria, and the regulator would retain the ability to scrutinise and audit claims.
S60(2)(b)	Is the Minister satisfied that the costs of making the order do not exceed the benefits?	The costs associated with making and implementing the order include some minor one-off administrative and implementation costs, such as updating guidance and operational processes, establishing eligibility verification and record-keeping requirements, and supporting consistent application of the exemption. Once the order is in force, it would also reduce unit surrender (and therefore reduce Crown revenue) for emissions attributable to receiving eligible waste from remediation projects of historic contaminated sites. However, the eligible waste is expected to be readily identifiable, as

		Hazardous Activities and Industries List (HAIL)-related remediation projects are uncommon and generally publicly visible. The benefits include supporting the timely remediation of historic contaminated sites by removing a potential cost barrier associated with disposing of remediation waste. The order would also improve the accuracy of the ETS, aligning with the policy intent that persons should only face costs for actual emissions. In addition, the order would ensure a consistent and predictable approach across affected waste participants. This conclusion is supported by a cost-benefit analysis, which found that the blanket exemption option delivers net benefits and outperforms the alternatives assessed. In particular, the CBA estimated that option 2, a blanket ETS exemption for eligible pre-1991 historic contaminated waste disposed to landfill from verified HAIL sites, has a benefit-cost ratio of 3.98 over ten years and 7.48 over 25 years at a two percent discount rate, and that it remains above one across the scenarios tested. On that basis, the Minister can be satisfied that the costs of making the order do not exceed the benefits.
S60(3)(a)	Has the Minister had regard to the need to maintain the environmental integrity of the ETS?	In recommending the exemption, the Minister has had regard to maintain the environmental integrity of the ETS by limiting the exemption to a specific waste stream (waste from remediation projects of historic contaminated sites) with little to no emissions potential, while relying on the existing ETS compliance and enforcement framework to support consistent application of the order.
S60(3)(b)	Has the Minister had regard to the desirability of minimising any compliance and administrative costs associated with the ETS?	The exemption is designed to minimise compliance and administrative costs by providing a clear, standardised rule for when waste from a remediation project of a historic contaminated site can be treated as exempt, rather than requiring waste operators or remediation project proponents to seek individual exemptions. Consultation with affected stakeholders has also sought feedback on the clarity, practical application, and compliance costs of the proposed exemption, and that feedback has generally

		supported the change as a simpler and more workable approach. Application of the exemption should, as far as practicable, rely on documentation that is typically produced as part of contaminated site remediation and waste disposal processes (for example, evidence the waste is from an eligible remediation project, records of quantities received, and evidence of emissions potential), to avoid introducing unnecessary new reporting requirements.
S60(3)(c)	Has the Minister had regard to the relative costs of giving the exemption or not giving it, and who bears the costs?	If the exemption is given, a fiscal cost is borne by the Crown because waste participants will no longer surrender units for emissions supposedly (under the inaccurate ETS measurement) attributable to receiving eligible waste from remediation projects of historic contaminated sites. Waste participants (and, in practice, remediation project proponents through disposal charges) benefit through reduced or avoided ETS costs for this specific waste stream. That benefit could be significant at the project level. Not giving the exemption would increase the cost of remediating historic contaminated sites, even though the relevant waste stream has little to no emissions potential and could therefore delay or discourage remediation. As noted above, waste participants are likely to have some small administrative and compliance costs from implementing the exemption.
S60(3)(d)	Has the Minister had regard to any alternatives that are available for achieving the objectives of the Minister in respect of giving the exemption?	The objectives of the exemption are to remove a potential barrier to remediation of historic contaminated sites. This would be achieved by ensuring ETS costs associated with landfill disposal do not apply to eligible remediation waste with little to no emissions potential. The exemption would also improve the accuracy of the ETS by ensuring surrender obligations better match actual emissions. These objectives are pursued while maintaining appropriate safeguards and transparency. Alternatives considered include:

		- retaining the status quo (no new exemption created, but existing exemptions remain); - continuing with case-by-case exemption orders under the current legislative process; These alternatives do not provide timely and consistent relief, impose higher administrative burden and uncertainty, and do not directly address the ETS liability faced by waste participants receiving remediation waste from historic contaminated sites. An exemption provides a clearer and more efficient approach by applying consistent eligibility criteria to a defined waste stream, while retaining ETS coverage for non-eligible waste and enabling compliance monitoring.
S60(3)(e)	Has the Minister had regard to any other relevant matters	Other relevant matters have also been considered in the design of the proposed exemption. The exemption settings can be made clear and enforceable by specifying the eligible waste stream, the types of remediation projects covered, and any evidence or record-keeping requirements needed to demonstrate eligibility. Precedent and expectation risks can be managed by defining the exemption narrowly, so it applies only to remediation waste from historic contaminated sites with little to no emissions potential and does not signal a broader exemption for landfill waste. The proposal is also consistent with the wider ETS policy framework because it would better align surrender obligations with actual emissions, while retaining normal ETS obligations for all non-eligible waste and relying on existing compliance and enforcement mechanisms.