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**Submission on the Proposed Regulations for Synthetic  
Greenhouse Gases Amendments**

1. Vector Limited ("Vector") welcomes the opportunity to make this submission on the Ministry for the Environment's ("the Ministry") consultation document on proposed regulations for synthetic greenhouse gases amendments, released on 24 September 2012.
2. This submission focuses on the options considered by the Ministry for calculating the emissions obligations of sulphur hexafluoride ("SF<sub>6</sub>") users under the Emissions Trading Scheme ("ETS"), which is relevant to Vector's electricity distribution business. Vector appreciates the Ministry's engagements with stakeholders on this matter, particularly at the SF<sub>6</sub> Workshop on 11 October 2012.
3. Vector supports the Ministry's preferred option of calculating SF<sub>6</sub> obligations based on actual emissions (Option 3). Vector agrees that Option 3 best meets the policy objectives of:
  - a. accuracy of emissions calculation;
  - b. incentive to reduce emissions; and
  - c. low administration and compliance costs.
4. Vector reiterates that it supports the efficient operation of the ETS, which ensures participants are able to find the least-cost sources and opportunities for the abatement of emissions. Calculating SF<sub>6</sub> obligations based on actual emissions

promotes market efficiency by sending out the right price signals and avoiding perverse or disproportionate incentives/disincentives.<sup>1</sup>

5. Importantly, Option 3 is consistent with Vector's desire to have the lowest level of emissions possible, driven by safety concerns (as electrical switchgear can become unsafe if SF6 pressure drops) and cost considerations (SF6 is expensive and should not be wasted).<sup>2</sup>
6. One concern raised at the SF6 Workshop was the potential challenge of measuring SF6 volume in some circumstances. Vector suggests that the Ministry provide some flexibility in the measurement of SF6 volume particularly in older equipment which may not have sufficient information, or if there is reason to believe the information indicated may no longer be reliable.
7. Finally, Vector believes the cost to the Ministry of administering Option 3 and to users of complying with its requirements should not be materially different from those of the other options, once processes to comply with the amended requirements have been put in place. In this regard, and consistent with the policy objective of ensuring a low-cost regime, Vector endorses the self-assessment approach to compliance proposed by the Ministry.
8. No part of this submission is confidential and Vector is happy for it to be made publicly available.
9. Vector's contact person for this submission is:

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Yours sincerely



Bruce Girdwood  
**Manager Regulatory Affairs**

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<sup>1</sup> This view was reflected in Vector's previous submissions on the calculation of SF6 emissions obligations, <http://www.vector.co.nz/sites/vector.co.nz/files/Vector%20Submission%20ETS%20Amendments.pdf> and [http://www.parliament.nz/NR/rdonlyres/B94A60ED-5044-4791-8E44-2ED9D429C8E6/244019/50SCFE\\_EVI\\_00DBHOH\\_BILL11566\\_1\\_A275285\\_Vector\\_1.pdf](http://www.parliament.nz/NR/rdonlyres/B94A60ED-5044-4791-8E44-2ED9D429C8E6/244019/50SCFE_EVI_00DBHOH_BILL11566_1_A275285_Vector_1.pdf).

<sup>2</sup> Ibid.