

### Aotearoa New Zealand's ERP: Playing our part

Purpose: To contribute to the global effort to limit global warming by 1.5°C

Target: Net zero long-lived gases by 2050 and a 24-47% reduction in biogenic methane by 2050

### Nationally Determined Contribution (NDC1) target

50% reduction of net emissions below our gross 2005 level by 2030 (NDC 2-5 to follow)

First emissions budget  
2022-2025

Second emissions budget  
2026-2030

Third emissions budget  
2031-2035

Empowering Māori

Equitable Transition

Working with Nature

STRATEGIC CROSS-SECTOR SETTING - Emissions Pricing		
Actions for delivery	Proposed outputs	Timeline
Align NZ ETS settings with emissions budgets.	Annual adjustment of the NZ ETS unit and price-control settings to ensure they reflect Aotearoa New Zealand's climate ambitions and future emissions budgets.	<ul style="list-style-type: none"><li>3 Nov 2022: Cabinet decision</li><li>Nov 2022:</li><li>Dec 2022: gazette regulations</li></ul>
Adjust the NZ ETS to drive a balance of gross and net removals	Investigate options for adjusting the NZ ETS to drive an appropriate balance of gross and net emissions reductions.	<ul style="list-style-type: none"><li>Dec 2022: Cabinet report back</li><li>Q2 2023: consultation on change proposals</li><li>s 9(2)(f)(iv)</li></ul>
Update IA policy	Update NZ ETS industrial allocation (IA) policy to ensure it is compatible with emissions budgets in the short-term and removes over-allocation	<ul style="list-style-type: none"><li>Nov 2022: Cabinet approval to introduce Bill</li><li>Dec 2022: Introduction of the Bill</li><li>Jul 2023: Royal assent and enactment of legislation</li></ul>
Develop an overarching market governance framework	A robust market governance framework for the NZ ETS that effectively mitigates market risks.	<ul style="list-style-type: none"><li>s 9(2)(f)(iv)</li><li>s 9(2)(f)(iv)</li><li>s 9(2)(f)(iv)</li></ul>
ETS permanent forestry category	Assess options to redesign the NZ ETS to better support long-term indigenous carbon sinks. It is intended that a redesigned permanent forest category would come into effect from 1 January 2025.	<ul style="list-style-type: none"><li>Early to mid 2023: Further consultation on detailed proposals</li><li>June/July 2023: Seek Cabinet approval on final policy decisions</li><li>February 2024: Introduction of Bill</li></ul>

SECTOR PLANS

Transport

Agriculture

Waste

Forestry

Energy and industry

Building and construction

Fluorinated gases