



Climate Change
CHIEF EXECUTIVES BOARD


Progress Report on the first Emissions Reduction Plan

March 2025






Purpose and context

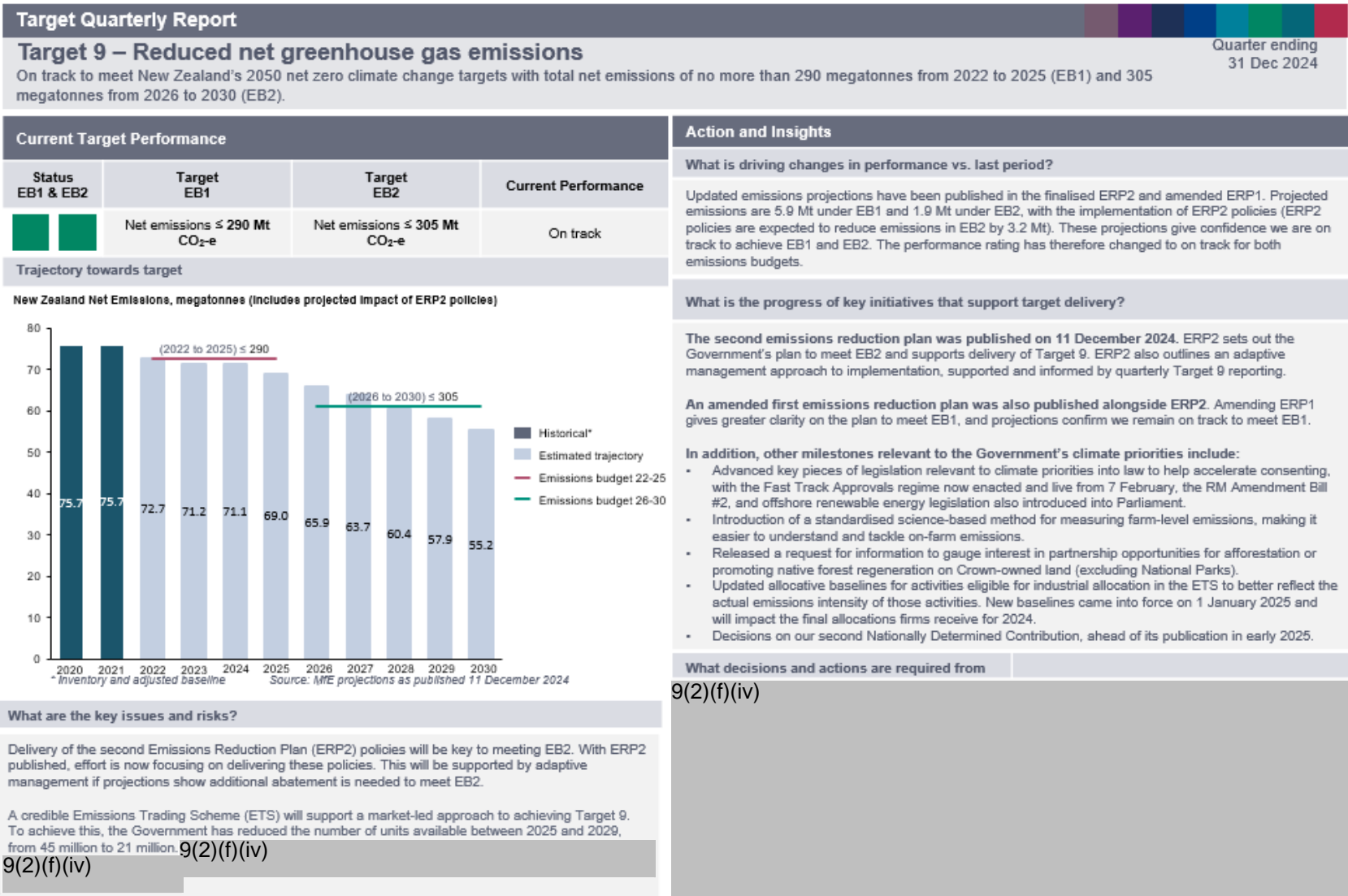
- This is the first progress report on the first emissions reduction plan (ERP1) following its formal amendment in December 2024. The Climate Change Chief Executives Board (the Board) last received a comprehensive progress report against ERP1 in October 2024. That report included the Target 9 Report for the quarter ending September 2024, and an assessment of implementation progress of ERP1 prior to its amendment.
- This Report provides a further ERP1 update and is structured into three sections:
 - Section 1:** Highlights key decisions and milestones in the first six months of 2025 across the climate priorities – as an interim update ahead of future reports evolving to focus on implementation of the second emissions reduction plan (ERP2).
 - Section 2:** Includes the Target 9 Report for the quarter ending December 2024.
 - Section 3:** Provides a programme-level overview of implementation progress across the amended ERP1, as at 31 December 2024.
- As agreed by the Board at your February meeting, this will be the final progress update on ERP1 implementation. Future progress reports will focus on ERP2 readiness and implementation under a revised monitoring and reporting approach, in support of the Board's ERP2 adaptive management role.
- A post-ERP1 implementation report will be provided in March 2026 for the period ending 31 December 2025 (the conclusion of ERP1 and the first emissions budget period (EB1)).

Recommendations

- a) **Note** the Target 9 report for the quarter ending 31 December 2024 indicates the Government is on track to meet emissions budgets 1 and 2 (EB1 and EB2), with the implementation of ERP2 policies.
- b) **Note** that the next Target 9 Report for the period ending 31 March 2025 will provide an overview of the implementation status of key ERP2 policies and associated indicators, including any risks and challenges.
- c) **Agree** that your agencies will contribute to reporting and assessment on ERP2 readiness, as monitoring and reporting transitions to the adaptive management approach ahead of ERP2 becoming operative in 2026.
- d) **Note** implementation progress across ERP1 as set out in this report, and that a final ERP1 implementation close-out report will be prepared in early 2026.
- e) **Note** that while a large number of ERP1 actions are reported as discontinued or on-hold (some reflecting continued changes to embed Government priorities), they are unlikely to present a material risk to the ability to meet EB1, and no corrective action is required by the Board.
- f) ^{9(2)(h)}
- g) **Note** that agencies expect work programmes included in 103 ERP1 actions to continue beyond the ERP1 period, either as part of ERP2 or as 'business as usual' (listed in Appendix 1). As part of the ERP1 close out report, the CCIEB Unit will work with agencies to confirm and reflect the status of these actions.
- h) **Agree** to a future discussion on the role of foundational actions in supporting longer-term abatement necessary to meet future emissions budgets, and how to support these as ongoing actions that lay the groundwork for an enduring net-zero transition.

Section 1: Key decisions and milestones on climate priorities

Climate Strategy pillar	January to March 2025	April to June 2025
 <p>Infrastructure is resilient</p>	<p>Adaptation</p> <ul style="list-style-type: none"> January publication of Government responses to the Climate Change Commission's (CCC) progress report on the National Adaptation Plan, and to the Finance and Expenditure Committee 	<p>9(2)(f)(iv)</p>
 <p>Credible markets</p>	<p>Limiting farm conversions</p> <ul style="list-style-type: none"> Final policy decisions and drafting of Bill 	<p>NZ ETS</p> <ul style="list-style-type: none"> Cabinet decisions on emissions trading scheme (ETS) market governance April receipt of CCC annual advice on ETS settings for 2026-2030 Commence consultation on ETS settings for 2026-2030 <p>Limiting farm conversions</p> <ul style="list-style-type: none"> Report back to Cabinet with draft bill Introduce and progress primary legislation Develop and draft secondary legislation
 <p>Clean energy</p>	<p>Electrify NZ</p> <ul style="list-style-type: none"> Select Committee consideration of the Resource Management Amendment Bill #2 February commencement of Fast Track Approvals regime Q1 2025 consultation on wider national direction reform package (including standards for EV charging infrastructure) <p>Transport</p> <ul style="list-style-type: none"> Cabinet decisions on revised model for Government co-investment in EV charging infrastructure 	<p>Electrify NZ</p> <ul style="list-style-type: none"> Resource Management Amendment Bill #2 to pass into law Select Committee report back on Offshore renewable energy legislation Electricity Authority decisions on improving efficiency of network connections and network pricing for new connections <p>Transport</p> <ul style="list-style-type: none"> Implementation of revised model for Government co-investment in EV charging infrastructure, pending Cabinet decisions
 <p>World-leading climate innovation</p>	<p>Agriculture</p> <ul style="list-style-type: none"> Continued work on on-farm sequestration and sector engagement on farm-level emissions calculation methodology <p>9(2)(f)(iv)</p> <p>9(2)(f)(iv) update ACVM guidance on minimum efficacy requirements</p> <ul style="list-style-type: none"> Gene Technology Bill Select Committee underway <p>9(2)(f)(iv)</p>	<p>Agriculture</p> <ul style="list-style-type: none"> Continued work on on-farm sequestration and sector engagement on farm-level emissions calculation methodology Continue to work with sector to invest in R&D Complete updated GHG inventory research strategy Continue policy work and engagement with the sector on agricultural emissions policy <p>9(2)(f)(iv)</p>
 <p>Nature-based solutions</p>	<p>9(2)(f)(iv)</p> <p>Afforestation on Crown-owned land</p> <ul style="list-style-type: none"> Request for information (RFI) process, analysis of RFI responses and progress policy work to enable final policy decisions 	<p>9(2)(f)(iv)</p>



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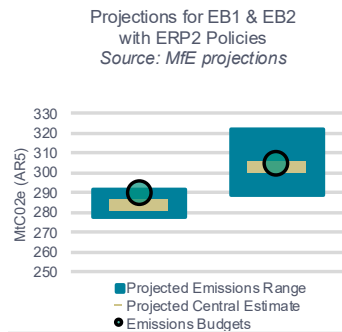
Target 9 - Supporting Indicators

System indicators show that the economy is decarbonising and New Zealand is on track to meet EB1 and EB2. ERP2 outlines the pathway for meeting EB2, with the indicators below including the estimated impact of the policies set out in ERP2. Quarter ending 31 Dec 2024

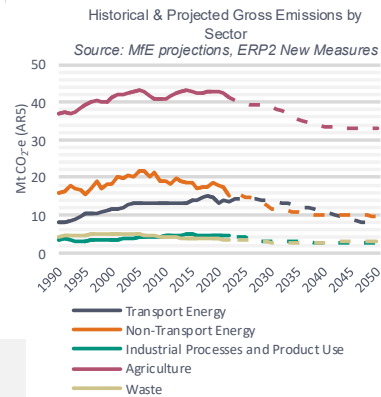
Emissions margins and sectoral breakdown

Emissions are projected to be 5.9 Mt under EB1 and 1.9 Mt under EB2

Sectoral emissions can fluctuate, but are projected to drop over time



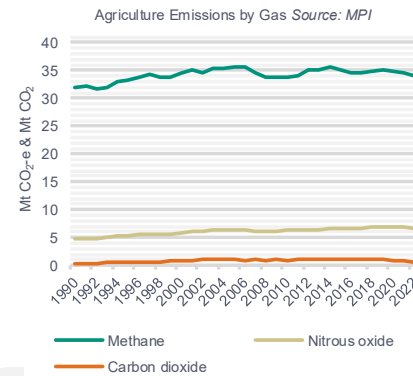
Emissions are projected to be favourable to EB1 and EB2 with the inclusion of ERP2 policies. However, EB2 is finely balanced. The 16 Mt range highlights uncertainty and ongoing risk to be managed - including via an adaptive management approach as outlined in ERP2.



Emissions reductions in energy, forestry and agriculture are projected to make the largest contribution to meeting EB2.

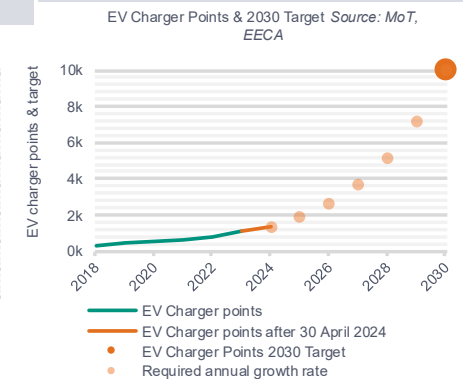
Sectoral indicators

Agricultural emissions decreased by 4% from 2014-2022, largely due to reduced sheep and cattle populations



Total livestock is projected to decline (December 2024 Situation & Outlook for Primary Industries)

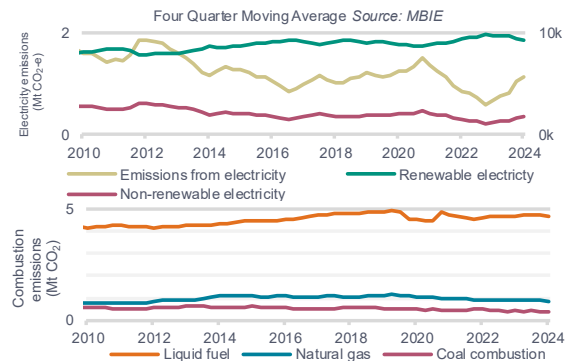
EV charger points require a 40% annual growth rate to reach target



1,331 EV charger points are in place, an increase of 22% from 2023. In addition, 511 points are contracted for installation. However, installation rates need to steeply increase to reach 2030 target.

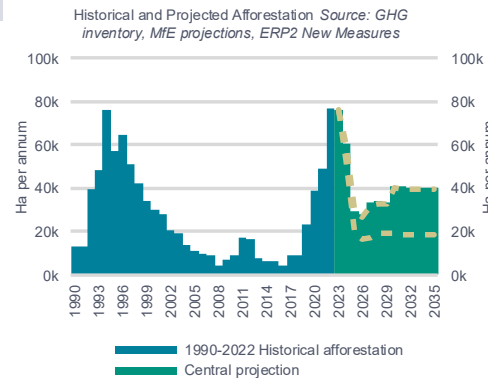
Sectoral Indicators

Electricity emissions have declined, but rose in recent quarters due to reduced renewable electricity



The slight downward trend of total renewable electricity supply is due to recent low hydro inflows and reduced wind power. This has required increased use of coal and a small amount of diesel, increasing emissions from electricity.

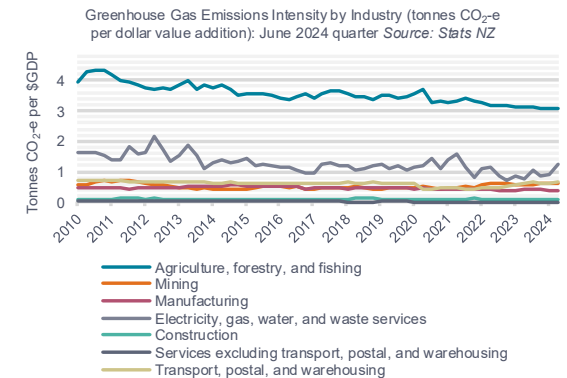
Afforestation vital to forestry's contribution



Projected afforestation will impact later emission budgets. However, investment and policy uncertainty affect planting intentions and afforestation levels.

System Indicators (long term)

Emissions intensity of industries slowly decreasing



A slight rise in emissions intensity in electricity, gas, water, and waste services last quarter likely reflects increased coal use, due to unfavorable renewable generation conditions and a tight gas market.

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Section 3: Progress on ERP1 implementation

1. The ERP1 and EB1 are for the period 2022 to the end of 2025. An amendment to ERP1 in December 2024 formally removed 41 actions from the plan. Analysis at that time confirmed that removing those actions would not affect the ability of ERP1 to meet EB1.
2. This report is for the period ending 31 December 2024. It is the first report to monitor the amended ERP1, with 264 actions remaining in the Plan. Despite the amendment of ERP1, implementation progress remains uneven (see Table 1 for charts). However, this is not assessed as likely to materially impact our ability to meet EB1.

Over half of ERP1 actions are expected to achieve their outcomes by the end of 2025, with work established by many of these likely to continue beyond EB1

3. 69 actions (or 26% of ERP1) have been completed, with 87 actions (or 33% of ERP1) recorded as 'active' with a 'green' delivery confidence RAG status. Work programmes included in 103 actions are expected to continue beyond the ERP1 period, either as part of ERP2 or as 'business as usual' (see Appendix 1 for list of relevant actions).¹
4. We recommend a future Board or DCE discussion on how best to ensure foundational actions such as those in Appendix 1 can continue, as many contribute to longer-term targets. For that reason, maintaining momentum on foundational actions will be important. As we move beyond ERP1 and ERP2, fewer straightforward abatement opportunities will remain, and the focus will likely need to shift to complex, long-lead-time interventions if we are to meet and maintain our longer-term targets.

However, a large number of actions are unlikely to achieve their expected outcomes within the ERP1 timeline for delivery

5. The number of actions either on-hold or discontinued remains high, and other actions face delivery challenges.
 - **Discontinued actions:** 15 additional actions were discontinued between September and December 2024. More discontinued actions were always expected as agencies continued to implement the climate strategy, and some agencies had been in the process of getting Ministerial decisions for their actions but were unable to include these in the ERP1 amendment. Of those,

¹ Note Appendix 1 includes some actions that currently are on-hold, with some dependent on Ministerial decisions or other reforms.

11 were in the Building and Construction Chapter, reflecting the Government's recent refocused climate work programme for that sector.²

- **On-hold actions:** The number of on-hold actions has decreased from 60 to 46, largely due to some moving to discontinued and others returning to active. The transport chapter represents a large portion of on-hold actions (20 actions).
 - **Actions yet to begin:** 5 actions, all from the transport chapter, have not started, 3 of which cite the need for ministerial decisions.
 - **Delays and uncertainty:** 15 actions are classified as amber, meaning delivery is feasible but risks or issues exist. Where explanations were provided, process delays and internal funding issues were cited.
6. The CCIEB Unit will work with agencies on an efficient process to ensure there is a complete final picture of implementation progress for the post-ERP1 final report. This will be needed at the point when the Commission delivers its end of budget advice for EB1 in 2027 to inform the assessment for how ERP1 contributed to progress towards meeting EB1.

Overall, implementation challenges are not expected to materially impact on the ability to meet EB1

7. The December 2024 emissions projections indicated that New Zealand remained on track to meet EB1, with a 5.9 Mt buffer based on central estimates. Despite the mixed implementation of ERP1 actions, EB1 sufficiency is unlikely to be materially impacted. This is because a large portion of actions facing delivery risks or that have been discontinued were not modelled as having a direct impact on abatement in EB1. In addition, much of the abatement for the EB1 period has already been 'locked-in', including due to external factors³ and policy efforts to date.

8. 9(2)(h)



² This change in approach is not expected to affect NZ's ability to achieve EB1 (as outlined in the Refocused climate work programme for building and construction Cabinet paper).

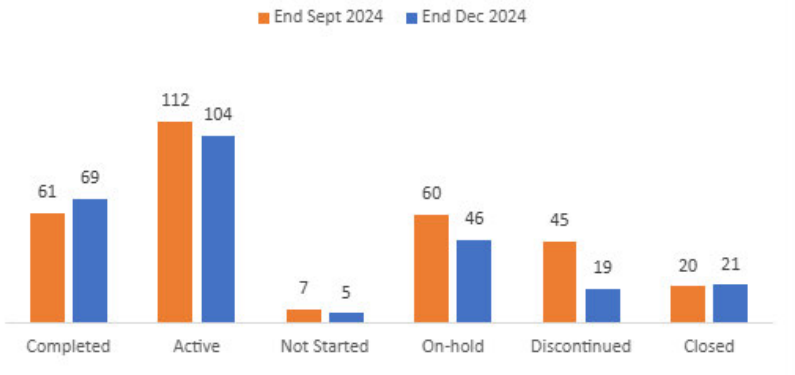
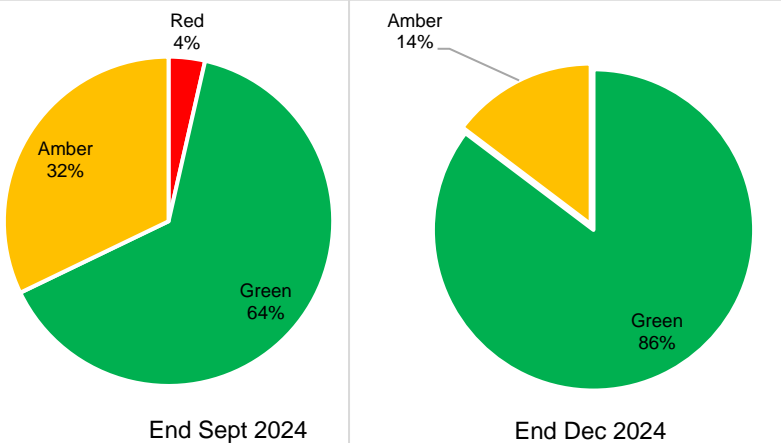
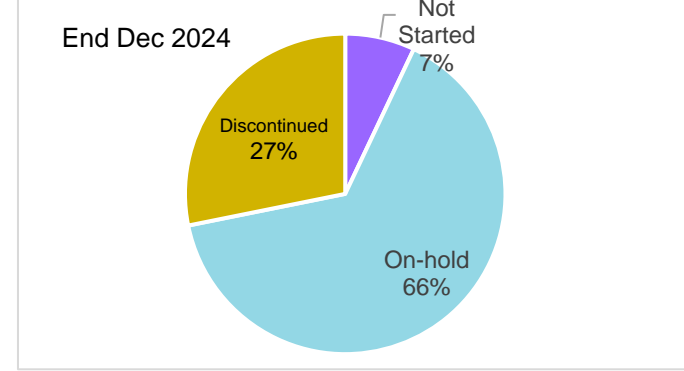
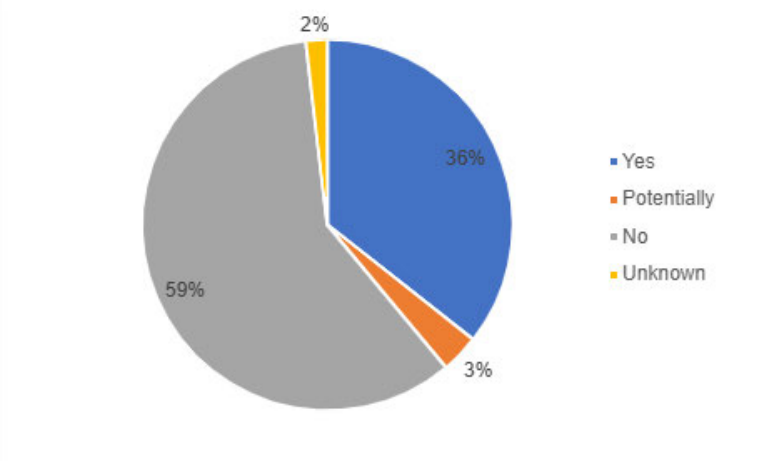
³ For example, economic activity and global commodity prices.

9(2)(h)

9.

10. To ensure transparency on the progression of ERP1, the CCIEB Unit intends to use the Government Response to the Climate Change Commission's 2025 Emissions Monitoring Report to note discontinued and on-hold actions, alongside updated projections towards EB1.

TABLE 1: STATUS OF ACTIONS IN ERP1 as at end December 2024

<p>Implementation of actions remain mixed, even with the formal removal of 41 discontinued actions via the ERP1 amendment.</p>	<p>A further 8 actions have been completed this reporting period. They are:</p>	<p>86% of active actions are rated green, meaning delivery confidence is high – an increase from 64%.</p>
 <ul style="list-style-type: none"> 41 of the previously reported 45 discontinued actions have been formally removed from ERP1. This reduces the total number of actions being reported on from 305 to 264. This means that whilst the graph appears to show a reduction in the number of discontinued actions, 15 additional actions have been discontinued within the reporting period September to December 2024. 	<ul style="list-style-type: none"> Improve monitoring and forecasting of transition impacts; An update to industrial allocation policy that is compatible with emissions budgets in the short-term and removes over-allocation; Incorporating transport emissions impact assessment into transport plans; Delivering major public transport service and infrastructure improvements in Auckland; Research development and uptake of alternative low- and zero-carbon shipping fuels; Developing a hydrogen roadmap; Creating a regional heat demand database; and Explore providing industry grants to increase the number of Environmental Product Declarations for building materials and products. 	 <ul style="list-style-type: none"> Only 15 actions currently have an amber confidence, down from 36 for the period ending September 2024. For those active actions rated as amber, agencies cited process delays and internal funding constraints. While several actions modified their delivery timeframes, it is still expected that those actions will be delivered.
<p>Inactive actions currently make up 27% of ERP1 actions. Of these, the percentage of On-hold actions remains high.</p>	<p>15 actions were discontinued this reporting period. They are:</p>	<p>A new question this reporting period was which actions would continue beyond the end of ERP1/EB1.</p>
 <ul style="list-style-type: none"> None of the On-hold or Not Started actions (19% of ERP1 actions) have upcoming milestones. These are assessed as highly unlikely to progress further or be delivered by Dec 2025. The 60 previously On-hold actions from Sept 2024 are now reported as: On-hold - 31; Active - 12; Discontinued - 13; Completed - 4; and one closed due to duplication. As of Dec 2024, the 45 current On-hold action statuses were previously recorded as: On-hold - 31; Not Started - 2; and Active - 13. NOTE: 1 inactive action⁴ is On-hold with a red RAG status due to an external budget issue, putting its completion in doubt. 	<ul style="list-style-type: none"> Public transport service and infrastructure improvements in Wellington; Implement the Tackling Unsafe Speeds programme; Progress regulatory change to reduce embodied emissions of new buildings; Explore providing independent specialist advice support households to reduce their carbon impact; Explore requiring waste minimisation or recovery plans for building consent; Set maximum CO2 Limit or penalties for high emitting vehicles; Explore providing business change advice and support; Test emissions reporting and capabilities for buildings; Consult on proposed Building Code changes for building operational efficiency; Introduce mandatory energy performance certificates for certain building types; Assess the equity impacts of shifting away from fossil gas use; Identify potential barriers to shifting away from fossil-fuel use in buildings; Work with Māori to identify new opportunities and support an equitable transition; Establish an enabling legislative framework in the Building Act; and Improve household kerbside collection for food and garden waste. 	 <ul style="list-style-type: none"> 103 actions (39% of ERP1 actions) are expected to continue beyond 2025, either as part of ERP2 or as 'business as usual'. Of those actions, 69% are rated green, meaning delivery confidence is high. An additional 5% of responses are still seeking Ministerial decisions around the continuation of those actions. NOTE: Agencies did not answer this question for 3% of total actions

⁴ Action 7.4: Improve the evidence base and tools for understanding and assessing urban development and infrastructure emissions.

Appendix One - ERP1 actions that include work programmes agencies anticipate will continue beyond the end of 2025.

ERP Chapter	Actions for Delivery
02: Empowering Māori	Establish a platform for Māori climate action.
	Embed partnership and representation.
	Support development of a Māori climate strategy.
	Activate Kaupapa Māori, Tangata Māori solutions.
03: Equitable transition	Equip all children and young people for the transition
	Build the evidence base and monitor and assess impacts.
04: Working with nature	Improving knowledge about nature-friendly carbon removals.
	Investigating incentives for public and private investment in biodiversity.
	Encourage global efforts to use nature-based solutions.
	Report on biodiversity outcomes.
	Build an evidence base on blue carbon in Aotearoa.
05: Emissions pricing	Align New Zealand Emissions Trading Scheme (NZ ETS) settings with emissions budgets.
	Investigate new sources of emissions removals.
	Assess the role of the NZ ETS in supporting the Nationally Determined Contribution (NDC).
	Develop an overarching market governance framework.
	Develop a voluntary carbon market framework.
06: Funding and finance	Build on the success of New Zealand Green Investment Finance (NZGIF).
	Support investor decisions through world first climate reporting legislation.
	Support an integrated financial system.
	Collaborate with the finance sector to accelerate sustainable finance.
	Apply the Government Procurement Rules to reduce emissions.
07: Planning and infrastructure	Address infrastructure funding and financing challenges.
	Integrate climate mitigation into government decisions on infrastructure.
08: Research, science, innovation and technology	Scale up and further target existing initiatives towards climate change.
	Vision Mātauranga policy*. <i>* Note: This action is anticipated to continue beyond 2025 but cannot be confirmed with certainty due to the science reform process</i>
	The Endeavour Fund*. <i>* Note: This action may continue beyond 2025 but cannot be confirmed with certainty due to the science reform process</i>
	The Catalyst Fund will continue to support international research collaborations, linking Aotearoa to the international knowledge frontier.
	The Strategic Science Investment Fund (SSIF) will enable the continued strategic investment in Aotearoa New Zealand's science priorities.
	Research-industry partnership networks will continue connecting industry to the science system, to help solve sector problems.

ERP Chapter	Actions for Delivery
	<p>The start-up support programme will continue to be enhanced, to provide the support required to foster the development of new start-up businesses.</p> <p>The International Science Partnerships Programme.</p> <p>Te Pūnaha Hihiko: Vision Mātauranga Capability Fund*. <i>*Note: This action may continue beyond 2025 but cannot be confirmed with certainty due to the science reform process.</i></p> <p>The Marsden Fund.</p> <p>Continue to support research and development through innovation grants and incentives.</p>
10: Transport	<p>Deliver nationally integrated ticketing for public transport.</p> <p>Support a major uplift in all urban bus networks nationwide, including by improving bus driver terms and conditions.</p> <p>Implement Accessible Streets proposals nationwide to support safe walking, cycling/scooter and other active modes.</p> <p>Work with councils interested in congestion charging (including Wellington and Auckland) and investigate ways to mitigate the adverse effects of congestion charging on low-income individuals and households.</p> <p>Review the revenue system in response to longer-term changes in the way New Zealanders travel.</p> <p>Determine whether legislative barriers preventing the use of some types of light low-emissions vehicles can be reduced without unduly comprising safety objectives.</p> <p>Undertake a review of the regulatory system to better enable zero emissions heavy vehicles to operate on our roads.</p> <p>Continue to implement the New Zealand Rail Plan and support coastal shipping.</p> <p>Support the sector to overcome high total cost of ownership barriers to purchasing zero emissions heavy vehicles.</p> <p>Require only zero-emissions public transport buses to be purchased by 2025. • Set a target to decarbonise the public transport bus fleet by 2035 and support regional councils to achieve these outcomes through additional funding.</p> <p>Work with other like-minded countries to put in place the conditions to allow low- or zero-carbon shipping on key trade routes by 2035.</p>
11: Energy and industry	<p>Gen Less.</p> <p>Energy Equipment Efficiency (E3) Programme.</p> <p>Improve energy efficiency products and services regulation (supporting the E3 programme).</p> <p>Warmer Kiwi Homes programme.</p> <p>Support for Energy Education in Communities programme.</p> <p>Review national direction tools for new renewable generation and electricity infrastructure.</p> <p>State Sector Decarbonisation Fund (component relating to energy and industry sectors).</p> <p>Develop offshore energy regulatory framework.</p> <p>Investigate future electricity-system security and resilience.</p> <p>Market Development Advisory Group price discovery project: wholesale market operation and investment under 100 per cent renewable electricity generation.</p> <p>Implement new transmission pricing methodology.</p>

ERP Chapter	Actions for Delivery
	Update electricity distribution network regulation.
	Amendment to Electricity Code to facilitate distribution networks' ability to have small scale generation connect to, operate on, and export from networks without causing power quality issues.
	Phase out of low fixed charge regulations.
	Work with the GIC on gas availability for industrial users.
	Investigate low-emissions energy supply options for renewable gas and bioenergy.
	Support businesses to decarbonise through the EECA business programmes, including the energy transition accelerator, large energy user partnerships and sector decarbonisation plans.
	Use Government electricity purchasing to support investment in new renewable generation*. 9(2)(f)(iv)
	Develop secondary indicators for the energy system*. 9(2)(f)(iv)
	Develop an energy strategy*. 9(2)(f)(iv)
	Develop a new New Zealand Energy Efficiency and Conservation Strategy (NZECS)*. 9(2)(f)(iv)
	Support businesses to decarbonise through the EECA technology demonstration fund.
12: Building and construction	Support Kāinga Ora's waste minimisation programme and share lessons learned.
	Investigate barriers to reusing, repurposing and recycling building materials.
	Support the use of project management and prefabrication to reduce road transport.
	Identify and explore potential options to address financial barriers to low-emissions buildings.
	Recognise and showcase low-emissions buildings.
	Support a shift to medium density and modular designed buildings.
	Support implementation of Government procurement guidelines and rules for buildings.
	Explore how incentives, support or requirements could reduce existing residential and non-residential buildings' emissions.
	Explore options to expand the Warmer Kiwi Homes programme, such as eligibility criteria, to better achieve equitable outcomes.
	Develop a strong data and evidence base.
	Change behaviours of households and the sector.
13: Agriculture	Support workforce transition to ensure the sector can build for climate change.
	Strengthen the role of research and development to get mitigations to producers sooner.
	Support mātauranga-Māori based approaches to emissions reduction from agriculture.
	Support clear and effective regulatory pathways for agricultural mitigation tools.
	Lead and contribute to global agricultural climate change mitigation.
	Support Tikanga-based programmes to support needs and aspirations of whenua Māori entities.
	Build the evidence base for regenerative agriculture.
	Māori Agribusiness Pathway to Increased Productivity.

ERP Chapter	Actions for Delivery
	Māori Agribusiness Extension programmes.
	Support landowners and others to undertake afforestation.
	Essential freshwater.
	Global Research Alliance on Agricultural Greenhouse Gases (GRA).
14: Forestry	Support landowners and others to undertake afforestation.
	Reduce the cost of native afforestation.
	Encourage greater levels of native afforestation over the long term*. <i>* Note: This action potentially will continue beyond 2025</i>
	Explore measures to reduce deforestation of pre-1990 native forests*. <i>* Note: This action potentially will continue beyond 2025</i>
	Invest in expanding supply of woody biomass.
	Invest in organic waste processing and resource recovery infrastructure.
	Develop policies that support Māori to meet their aspirations.
15: Waste	Support the building and construction sector to minimise waste through research and improved capability.
	Invest in sorting and processing infrastructure for construction and demolition waste.
	Enable the separation of construction and demolition materials.
	Regulations will require landfill gas capture at municipal landfills.
	Feasibility studies will determine the need for additional landfill gas capture requirements.
16: Fluorinated gases	Introduce a mandatory product stewardship scheme for refrigerants.