

Summary of March 2024 Quarterly Progress Report

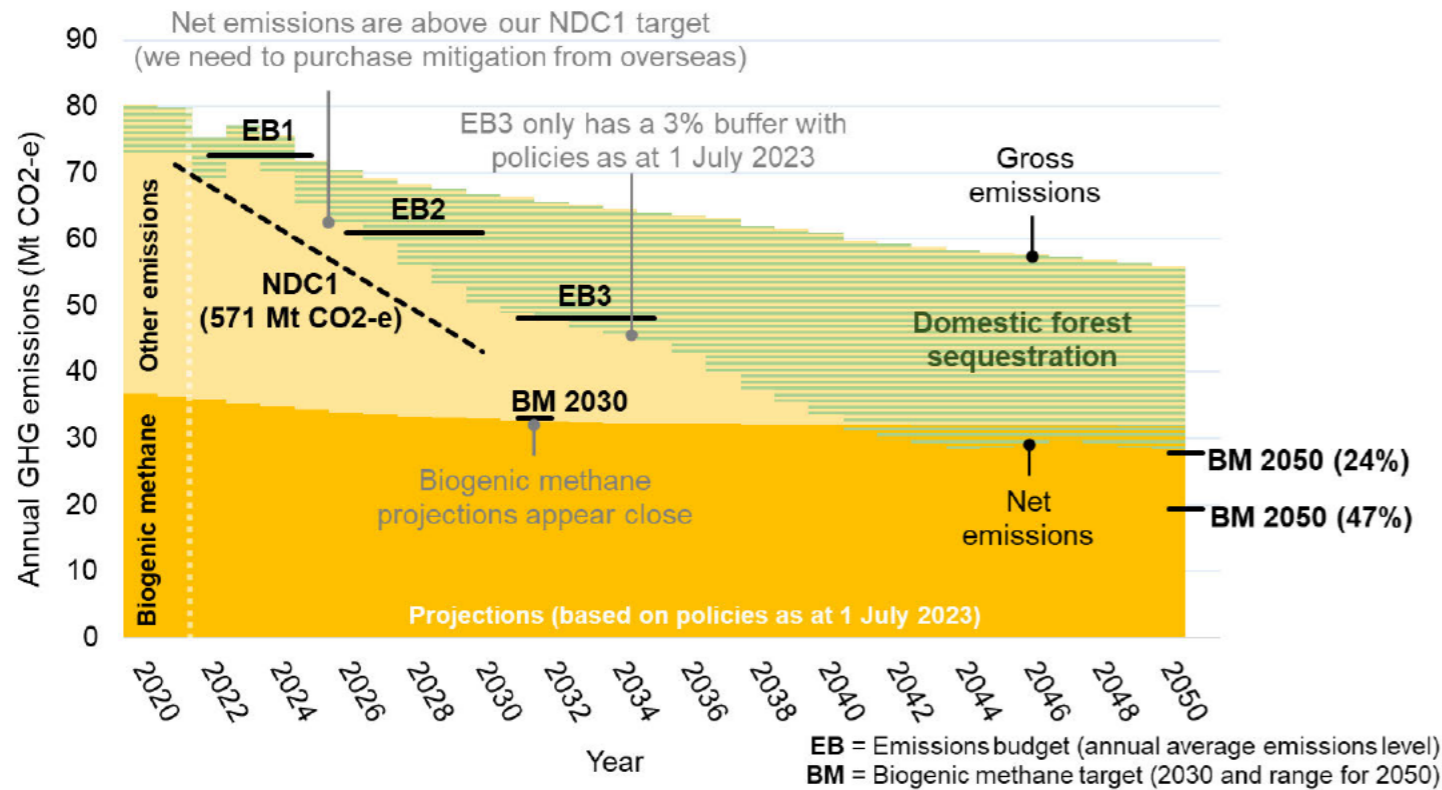
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Delivering on the Government's climate priorities

Sector/theme	Manifesto/Coalition Agreement commitments	Responsible Minister	Progress to date; Upcoming work over the coming quarters, including any upcoming Cabinet papers or dates	Any key risks, opportunities, or interdependencies
Energy	Core policy: Energy Action Plan/Electrify NZ, including: <ul style="list-style-type: none"> Electrify NZ: cut red tape to enable investment in renewables so New Zealand can double its supply of affordable, clean energy and become a lower emissions economy by 2050: Removing consenting barriers to accelerate consenting of electricity generation, transmission, and distribution infrastructure Enabling use of offshore renewable energy resources Ensuring fit for purpose funding and cost recovery rules for network infrastructure. 	Minister for Energy	<ul style="list-style-type: none"> Fast track approvals legislation introduced into Parliament 7 March 2024 Cabinet considering next steps for work on EV charging in April 2024 Offshore renewable energy legislation policy proposals to Cabinet in May 2024 s 9(2)(f)(iv) Electricity Authority working on some aspects of Electrify NZ around rules for infrastructure investment 	<ul style="list-style-type: none"> Electrify NZ is the overarching work programme – with sub-components being led by different agencies and aligned with other work programmes. E.g.: RMA-related parts of Electrify NZ are being coordinated with the wider RM reform programme (both changes to legislation and national direction instruments). Interdependencies with Transport and ETS policies which impact the rate of users switching to electricity (which impacts the pace at which increased electricity supply needs to be delivered).
Transport	Core policies: <ul style="list-style-type: none"> Deliver 10,000 public EV chargers by 2030 Eliminate the need for resource consents for EV charging points Enable the development of sustainable aviation and marine biofuels 	Minister of Transport	Electric vehicle charging infrastructure: <ul style="list-style-type: none"> The Minister of Transport and Minister for Energy will take a paper to Cabinet in early April 2024 to provide an update on: <ul style="list-style-type: none"> the public EV charging context, existing work to address regulatory barriers to private investment in EV charging, and plans for the EV charging work programme and government co-funding model. Officials are progressing the cost-benefit analysis for public EV charging infrastructure, as outlined in the National-ACT Coalition Agreement. Early outputs will feed into ERP2 emissions impact analysis, and the analysis will be finalised by November 2024. Enable the development of sustainable aviation and marine biofuels: <ul style="list-style-type: none"> Officials attended the International Maritime Organisation (IMO) climate change negotiations (MEPC81) over March 2024. <ul style="list-style-type: none"> IMO will produce a revised greenhouse gas mandate. s 9(2)(f)(iv) Cross-government and industry group Sustainable Aviation Aotearoa are investigating barriers and opportunities relating to sustainable aviation fuels (SAF). 	Electric vehicle charging infrastructure: <ul style="list-style-type: none"> There are close interdependencies with Electrify NZ workstreams (including measures relating to the costs, processes, and timeframes for new connections to the electricity network). Officials are working closely across agencies on the relevant policies
Agriculture	Core policies: <ul style="list-style-type: none"> Give farmers the tools they need to reduce emissions (tech-led): <ul style="list-style-type: none"> Farm-level measurement by 2025 Continued sector-led investment in R&D to reduce on-farm greenhouse gases End the effective ban on GE and GM technologies Full recognition of on-farm sequestration on a robust, scientific basis Fair and sustainable pricing of on-farm emissions by 2030: <ul style="list-style-type: none"> Split gas approach to keep agriculture out of the ETS Prices set to reduce emissions without sending agricultural production overseas Review methane targets for consistency with no additional warming from agriculture 	Minister of Agriculture	Methane science and target review <ul style="list-style-type: none"> Cabinet paper for announcement prior to 8 April 2024 (joint with Minister of Climate Change) Climate Change Response Act <ul style="list-style-type: none"> Backstop amendments to Cabinet start of April 2024 (joint with Minister of Climate Change) 	
Forestry	Core policies: <ul style="list-style-type: none"> Build confidence in forestry by restoring the stability of Emissions Trading Scheme revenues for the sector Limiting whole-farm conversions to exotic forestry on high-quality productive land registering in the ETS from 2024 	Minister of Forestry	Climate Change Response Act: limiting whole-farm conversions to exotic forestry in ETS <ul style="list-style-type: none"> s 9(2)(f)(iv) 	
Climate Data System	Core policy: Delivering high quality data, informing decisions, and supporting research into real world policy options. This includes: <ul style="list-style-type: none"> Measuring progress to date; modelling and projections of climate risks and emissions; data on options, their costs and benefits; and linking these things to real world variables for example across the economy, or rural and urban communities 	Minister of Climate Change	The Ministry for the Environment (MfE) will be delivering: <ul style="list-style-type: none"> an emissions reporting dashboard by 1 July 2024 which provides quarterly reporting on measuring mitigation progress to date with real world data. a data tool which provides open access to NIWA's downscaled climate impacts projections by 1 July 2024 for adaptation and RM decision making. MfE will also be releasing: <ul style="list-style-type: none"> its updated Measuring Emissions Guide in May which supports business and organisations to measure emissions and assist in reducing emissions. the 2024 Greenhouse Gas Inventory in April 2024 which will support emissions reporting. MfE will be improving the quality and timeliness of its emissions projections through the Climate Data Initiative by delivering integrated emissions "data lakes" by 1 July 2024 .	The All of Government Climate Data Initiative is a significant opportunity to improve the accessibility, timeliness, and quality has on climate decision making and real-world policy options by bringing together climate data spread across central agencies, local government, and businesses. The initiative has high expectations from local government and businesses to resolve systemic issues around sharing and using climate data.
Adaptation	Core policy: Adaptation Framework, including: <ul style="list-style-type: none"> Introducing adaptation legislation in Q1 2025 Gathering and sharing information about climate related risks to support informed decision making 	Minister of Climate Change	Framework Development <ul style="list-style-type: none"> The Minister of Climate Change will take a paper to Cabinet before April 2024 to: <ul style="list-style-type: none"> Initiate development of an adaptation framework Seek in-principle agreement to high-level objectives and scope Seeks agreement to transfer the existing inquiry to the Finance and Expenditure Committee (FEC). Policy Development <ul style="list-style-type: none"> Agreement to establish a Ministerial Advisory Group through Cabinet in April 2024, with first meeting proposed for early May 2024. 4-8 Issues and options papers expected to be developed throughout the current and next quarters. Further policy advice to support final Select Committee report expected quarter 3. Scoping of framework underway with work programme to be tested across CPMG in late March 2024, and for Cabinet decisions in April 2024. 	The Adaptation Framework work programme is focused on levers within the climate change portfolio but will have interdependencies with other portfolios such as emergency management, infrastructure, housing, and resource management. Officials are working closely across agencies on the relevant policies.

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a. Progress against emissions targets



b. Progress against adaptation goals

Climate change is exposing households, communities, and the Crown to a range of risks. This requires difficult decisions about where people live, and where and how we invest in infrastructure for the future

- The National Climate Change Risk Assessment 2020 (NCCRA) identified 43 priority risks, including the 10 most significant risks across five domains (see table) which New Zealand must address.
- These risks are beginning to materialise with more severity and intensity than anticipated.
- The first national adaptation plan (NAP1) published in August 2022, is focused on reducing vulnerability to the impacts of climate change, enhancing adaptive capacity, and strengthening resilience. These goals align with the global goal on adaptation established under the 2015 Paris Agreement.
- There are no formal indicators to measure the overall sufficiency of the adaptation response in reducing risks in the NCCRA – the Board is considering potential indicators to support future reporting.

1. Latest annual projections (from December 2023 and based on policy and modelling assumptions as at 1 July 2023) show that **New Zealand is on track to meet the first emissions budget**.
2. **There is considerably more uncertainty about our ability to meet the second and third emissions budgets.** This is due to upcoming (April 2024) methodological improvements to the measurement of emissions, changes in external factors that impact on projected emissions, and recent policy changes. The combined impact of these is expected to result in little or no buffer between projected emissions and EB2 and EB3 limits (low to moderate confidence).
3. The risk to not meeting EB3 is heightened because the most recent projections assume a continuously rising Emissions Trading Scheme price pathway. Under current policy settings, officials estimate prices will peak and then fall after 2030.
4. Continued action through ERP2 will be critical to ensuring we meet those emissions budgets. Updated modelling will be provided for ERP2 consultation and for final ERP2 Cabinet decisions.
5. Domestic emissions reductions in pursuit of our EBs will count towards our Paris Agreement Nationally Determined Contribution (NDC1) and determine the amount of offshore mitigation that needs to be purchased to meet our NDC.
6. **New Zealand is not on track to meet its first NDC.** A reduction in emissions of around 61 - 97 Mt CO₂-e is required between 2021 and 2030, over and above our domestic emissions reduction targets. This number will be reassessed following the release of the next GHG emission projections in late 2024.

Note: Annual emissions projections are 'snapshots in time' and subject to uncertainty. Emissions are influenced by: external factors (such as economic growth and population, travel patterns, weather impacting hydro lakes which have been favourable for emissions reductions in recent years); estimates of the impacts of government policy; and changes to the way we measure emissions (methodology). The projections also do not account for the ETS 'waterbed' effect where some policy interventions driving abatement in sectors within the ETS could be offset by increased emissions elsewhere and/or at a later date. Despite these limitations, emissions projections are a key tool for assessing whether policies are sufficient to meet our emissions budgets and targets.

Ten most significant risks the NAP must address

Natural	Human	Economy	Built	Governance
Risks to coastal ecosystems (N1)	Reduced community cohesion due to displacement (H1)	Lost productivity, disaster relief expenditure and unfunded contingent liabilities (E1)	Drinking water availability and quality (B1)	Decision making that doesn't account for uncertainty and change over long timeframes (G1)
Impact of invasive species on indigenous ecosystems (N2)	Inequities due to differential distribution of climate impacts (H2)	Financial system instability (E2)	Buildings impacted by extreme weather, fire, drought and sea level rise (B2)	Risks that climate change impacts across all domains will be exacerbated because institutional settings are not fit for adaptation (G2)

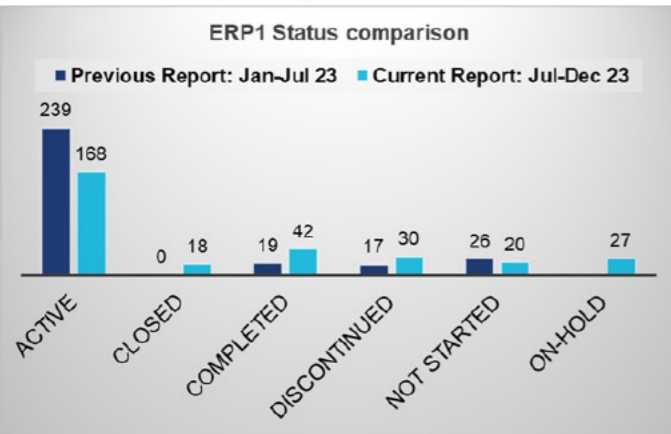
3 Implementation progress of the current emissions reduction and national adaptation plans

Key themes from this reporting period (July – December 2023) include:

- The majority of ERP1 and NAP1 actions are active and rated as green – albeit a decline from the previous reporting period. The decreased number of active actions can be explained by:
 - an increase in the number of actions that have been completed
 - a number of actions have been closed (due to errors or duplications)
 - an increase in discontinued actions by Ministerial decisions, including a number of actions classified as critical.
- The number of active actions rated as amber or red in this reporting period has increased; this trend also applies to critical actions in the plans. Key reasons cited include internal funding/resourcing constraints and the need for Ministerial decisions.

The emissions reduction plan (ERP1) implementation progress

Of the ERP1's 305 actions, the majority are still active, with a growing number completed



In this reporting period 11 critical actions were completed, for example the national EV-charging infrastructure strategy and the evaluation of options to support the decarbonisation of freight.

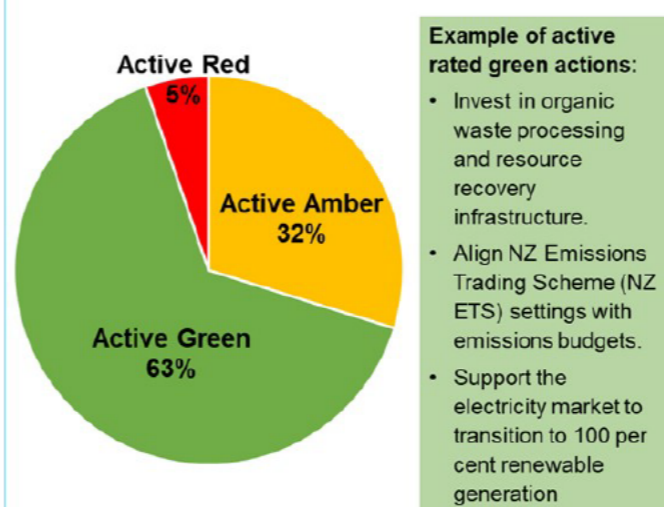
There are 85 actions impacted by Ministerial decisions, with 55 requiring clarity and direction from Ministers



Of the 85, 25 critical actions have been impacted, including the discontinuation of 8 critical actions e.g.

- 'Adjust the NZ ETS to drive a balance of gross and net emissions reductions'
- Investigate options for dry-year electricity storage through the NZ Battery Project.
- Require new investments for transport projects to demonstrate how they will contribute to emissions-reduction objectives

Of the active actions, 63% are rated green and on track for delivery in the short term. This compares to 73% Active green in the previous report.



Example of active rated green actions:

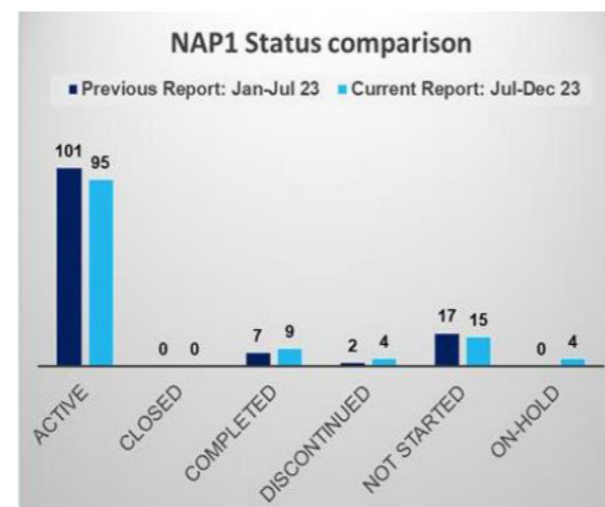
- Invest in organic waste processing and resource recovery infrastructure.
- Align NZ Emissions Trading Scheme (NZ ETS) settings with emissions budgets.
- Support the electricity market to transition to 100 per cent renewable generation

- ERP1 has 305 actions, of which 57 are considered critical.
- 11 critical actions are now complete.
- 8 critical actions have been discontinued.
- 30 critical actions are active, and 15 are rated green in terms of overall confidence to deliver to the plan.
- Overall, 28 actions have been discontinued by ministerial decisions.
- 54 actions require further clarity and direction from Ministers.

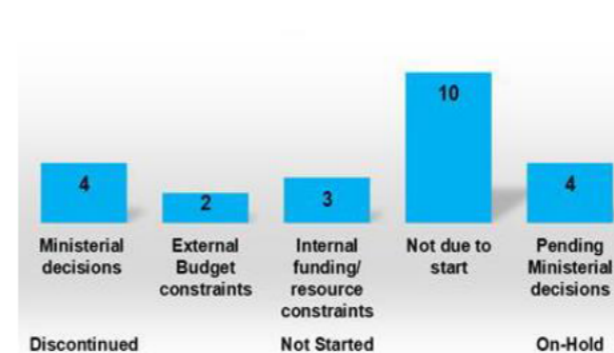
Note: An earlier version of this dashboard had minor counting errors for the numbers of 'discontinued' and 'on-hold' actions in the top middle section. This dashboard has been updated with the current numbers.

The national adaptation plan (NAP1) implementation progress

Of the 127 actions in NAP1, the majority are active but 15 have not yet started. This compares to 17 not started in the last report.



Actions are inactive for a range of reasons, including being discontinued, on hold and awaiting ministerial decisions, have funding or resource constraints, or are not yet due to start.



Those on hold pending ministerial decisions include:

- Prioritising nature-based solutions and wider biodiversity outcomes in climate work programme
- Deliver the Integrated Farm Planning Programme
- Manage dry-year risk through the New Zealand Battery Project

Of the active actions, 66% are rated green and on track for delivery in the short term. This compares to 72% rated green in the previous report.

Examples of green rated active actions:

- Integrate adaptation into Treasury decisions on infrastructure
- Implement the Water Availability and Security programme
- Improve natural hazard information on Land Information Memoranda

Two actions were completed since the last reporting period. These are:

- strengthening fisheries rules, and
- publishing work on how New Zealand meets the costs of climate change and invests in resilience.

- NAP1 has 127 actions, of which 52 are classified as critical actions.
- 21 critical actions are currently assessed as amber, red, or on hold (40% of all critical actions).
- Of these, 9 are delayed by more than six months. These delays are primarily driven by resource or funding constraints, or because ministerial decisions are needed.