

## Supporting material (backpocket) for 26 January MCC meeting on sufficiency and projections

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### The Climate Change Commission's advice said we were not on track, but the 2023 projections say we are on track – why?

The 2023 projections are based on historical emissions data from the 2023 Greenhouse Gas Inventory (Emissions data 1990-2021) and policies implemented or adopted by the Government, assumptions and economic conditions as of 1 July 2023. In the 2023 Inventory some emissions estimates were revised down due to methodological improvements.

The Commission's advice used the 2022 projections as the basis for their assessment. These had higher projected emissions compared to 2023 projections due to lower policy coverage, and the impact of methodological improvements in the 2023 inventory.

### How do these findings compare to the May 2023 sufficiency assessment?

The interim projections used in analysis referred to by the IEB advice in its six-monthly update in August 2023 used projections data based on the 2022 Inventory, assumptions, economic conditions and policy settings in 2022.

The IEB analysis added on the impacts of additional ERP policies not included in 2022 projections. Most of these additional policies have since been included in the 2023 projections. Impacts of methodological changes to the 2023 inventory were included by using an estimated value for the agriculture sector.

Results from the May 2023 sufficiency analysis show that we are broadly on track to meet our first three emissions budgets. This is consistent with the 2023 projections results.

### What is the impact of removing the previous government's policies on our emissions?

Policy	Abatement impact over EBs 1-3
GIDI	MBIE estimates that stopping GIDI funding will result to an increase in emission of around 11 kt CO <sub>2</sub> e for EB1, 3 Mt CO <sub>2</sub> e for EB2 and 3.5 Mt CO <sub>2</sub> e for EB3
Clean Car Discount	MoT estimates that stopping Clean Car Discount by January 2024 will result in an increase in emission of around 66 kt CO <sub>2</sub> e for EB1, 453 ktCO <sub>2</sub> e equivalent for EB2 and 469 kt CO <sub>2</sub> e for EB3.
Repealing agriculture emissions pricing	Recent estimates show that repealing these obligations could lead to an increase in expected emissions of around 157kt CO <sub>2</sub> e for EB1, 2Mt CO <sub>2</sub> e for EB2 and 5Mt CO <sub>2</sub> e for EB3.

There is high uncertainty in these estimates due to inherent uncertainty in projections and lack of policy details when these numbers were produced. The impact of removing policies was not modelled in the 2023 projections but will be included in the 2024 projections.

### When will we be able to estimate impact of new policies like expanded EV chargers?

These abatement estimates are being developed as policies are being shaped, and through development of action plans and ERP2. Some are not easy to estimate using currently available data and models but we aim to have a high level understanding of impact by May

(for public consultation) and a more robust estimate by August, to assess the sufficiency of the overall plan.

**What is the gap between domestic emissions and NDC1?**

There is an ~100MT CO2e gap between the NDC1 provisional budget and our domestic emissions budgets over NDC period.

The gap is more precisely 97MT. This is adjusted annually as 2021 emissions are recalculated in each inventory. The gap is calculated by comparing the NDC1 provisional budget (571MT) to EB1 (covering 2022-2025), EB2 (covering 2026-2030) and 2021 target accounting emissions.

We can also compare the NDC1 budget against projected emissions over the NDC1 period. The most recent projections estimate that this gap has narrowed:

Gap between NDC1 provisional budget and EB1 and EB2	97 MtCO2e
Gap between NDC1 provisional budget and projected and historical emissions (2021-2030, central estimate)	61 MtCO2e

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**Why does it take so long to update projections?**

Developing emission projections takes several months. This is in part because some sectors need to be modelled sequentially (for example, the transport sector is an input into modelling the energy sector). Future emissions are modelled by a number of government agencies, and the results are collated and reviewed to ensure accuracy. The projections are released as soon as possible following the completed collation and review of data.

**When will we have the next set of projections?**

Projections of future emissions are calculated annually. New projections, based on the 2024 Greenhouse Gas Inventory will be largely complete in September and released in late 2024.

**Our emission budgets:**

	EB1 (2022-25)	EB2 (2026-2030)	EB3 (2031-2035)
<b>All gases, net (AR5)</b>	290	305	240
<b>Annual average</b>	72.5	61	48

*Prepared by the Targets and Budgets team 25/1*