

19-D-02341

s 9(2)(a)

Dear s 9(2)(a)

Thank you for your email of 10 October 2019, addressed to the Ministry for Primary Industries, requesting the following under the Official Information Act 1982 (the Act):

*"Under the OIA, could I please have an unredacted version of the A3 attached to the response?*

*i.e. the one that has the following on the first page:*

*Domestic Gross Emissions Targets DRAFT - content under review by workshop attendees*

*Context: MfE have received Ministerial direction to consider the following policy (below) and to reflect it in the Cabinet paper for the Zero Carbon Bill. A workshop was held on 12 November to discuss agency positions. The square brackets are not yet confirmed. 1. Emissions Neutrality Target - Net Zero by 2050 (New Zealand's gross emissions and removals (both forestry and international units) must balance to zero). 2. Two separate gross emissions reductions targets (Domestic Targets) [X] per cent gross emissions reduction for [short-lived GHGs]/[biogenic methane] [Y] per cent gross emissions reduction for [long-lived GHGs]/[all other GHGs] set in the Bill now."*

As notified to you by email on 11 October 2019, your request was transferred to the Ministry for the Environment (as the author of the document requested).

In response to your request, please find attached the PowerPoint slide entitled 'Domestic gross targets workshops: overview (13 November 2019)', which I am releasing to you in full. Note that the assumptions on the uptake of light vehicles in this document relate to the Ministry of Transport's base case.

Please note that due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our [OIA responses page](#) shortly after the response has been sent.

If you have any queries about this, please feel free to contact our Executive Relations team.

Yours sincerely



**Craig Salmon**  
Acting Director, Climate Change

## Domestic Gross Emissions Targets

DRAFT — content under review by workshop attendees

Context: MfE have received Ministerial direction to consider the following policy (below) and to reflect it in the Cabinet paper for the Zero Carbon Bill. A workshop was held on 12 November to discuss agency positions. The square brackets are not yet confirmed.

1. Emissions Neutrality Target - Net Zero by 2050 (New Zealand's gross emissions and removals (both forestry and international units) must balance to zero).

2. Two separate gross emissions reductions targets (Domestic Targets): [X] per cent gross emissions reduction for [short-lived GHGs]/[biogenic methane]: [Y] per cent gross emissions reduction for [long-lived GHGs]/[all other GHGs] set in the Bill now.

|   | Biogenic methane  | All other gases  |
|---|---|--|
| Advice provided in Cabinet paper                          | Indicative target range below 2016 levels: 25-35% of 2016   | Indicative target range below 2016 levels: 45-65% of 2016  |
| How these numbers were determined                         | Vivid and Prod Comm modelling. Policy driven target (slow technology change but strong policy option). The higher end includes methane vaccine and the lower end of range would require conversion of 20% of agriculture land to horticulture)  | Based on Vivid and Prod. Comm modelling:<br><ul style="list-style-type: none"> <li>- light vehicles: 65-80% electric</li> <li>- heavy vehicles: 25%-50% electric</li> <li>- Process heat: 62-68% reduction – most coal and a significant proportion of gas replaced with biomass or electricity</li> <li>- Electricity: 96-97% renewable</li> </ul> Potential extra reductions assumed from biofuels and N2O mitigation  |
| Agency positions (general)                                |   | <ul style="list-style-type: none"> <li>- Concerns around setting a gross domestic target provides less flexibility on how the target is met</li> <li>- More agreement on the biogenic methane target, owing to the greater analysis that has been conducted in this area.</li> <li>- For the all gases target, some agencies felt the limited information (don't know where costs will fall) directs us to set a target at the lower end of the range</li> <li>- Setting a target for gross emission reductions sends clearer message of NZ's transition to a low emissions economy by answering questions about where reductions are coming from</li> <li>- Removals from forestry, while important, do not in themselves signal a domestic transition. A net target without stated parameters does not answer questions about the extent to which international units are additional to domestic action.</li> </ul>  |
| MfAT (Consistent with Paris and International leadership) | <ul style="list-style-type: none"> <li>- In order to meet these criteria, MFAT felt that the domestic targets would need to meet the test for progression (measured against our 50% by 2050 target) and be ambitious enough to allay any concerns about consistency with obligations and expectations around NDCs (including the requirement to be economy wide) and compatibility with the collective long-term temperature goals.</li> <li>- Question of the messaging (are other countries going to get it)</li> <li>- Need to show developed country leadership</li> <li>- Needs to be consistent with previous messaging</li> <li>- Unclear why MfE's proposed indicative range doesn't include the higher end of the IPCC estimates for methane from agriculture (47%).</li> <li>- MFAT will not give a number but will give a view on likely international reactions to the target.</li> </ul> |  |
| MBIE  | <ul style="list-style-type: none"> <li>- Comfortable with the low end of the range proposed. MBIE view is consistent with MPI view</li> <li>- The higher we get above the bottom of the range the greater risk and cost - need more information on probability and price of international units and forestry against abatement costs</li> <li>- Also needs to understand GDP growth impact and burden sharing across the sectors and the distributional impacts</li> </ul>  | <ul style="list-style-type: none"> <li>- In general, would prefer an overall net target rather than separate gross domestic targets – this retains flexibility in how we meet our target to achieve target at least cost/allows us to achieve greater reductions for a given cost impact.</li> <li>- A gross domestic target may have potential to increase cost of achieving targets if there is a gap between the cost of gross emissions reductions and removals (whether through forestry or international units). Need more information on probability and price of international units and forestry against abatement costs. If a separate target for domestic long lived gases is included, would prefer this to be a net target.</li> <li>- Also a gross target has a risk of higher GDP growth impacts and may be have impacts for burden sharing across the sectors and the distributional impacts</li> <li>- Given uncertainties, if a gross domestic target is to be set, recommend that it is set at low end of range, with the ability to review if needed.</li> </ul> |
| MPI (public expectation and economic opportunity)         | <ul style="list-style-type: none"> <li>- Economic opportunity is likely to be related more to the amount of R&amp;D spent to develop technologies rather than through directly imposing costs on the sectors to encourage uptake.</li> <li>- Reduction of 25% is consistent with the science and is achievable based on current level of technology. Would revise this position as technology changes. This level would maintain current production levels</li> <li>- 22% would be the minimum credible reduction</li> <li>- 35% is the upper range and would create an increasing risk on and cost to the sector (increased land use change and reliance on still developing technological solutions).</li> <li>- Generally comfortable with the range presented; the further you move away from 25%, the greater the risk and cost.</li> </ul>  | <ul style="list-style-type: none"> <li>- Need more information on nitrous oxide</li> </ul>   |
| Transport   | No view   | <ul style="list-style-type: none"> <li>- MoT assumption is 65% uptake of light vehicles by 2050 (so at the lower end), however also note that there is an expectation for the uptake of new technologies</li> <li>- MoT's modelling indicate 15 to 40% reduction in CO2 emissions from transport from 2016 levels by 2050. MoT's models project up to 2040 and extrapolation that been used to project emissions by 2050. MoT are also updating and extending their vehicle fleet emission model. These results are therefore subject to change.</li> </ul>  |
| Treasury  | <ul style="list-style-type: none"> <li>- Need more information on probability and price of international units and forestry against abatement costs</li> <li>- Also needs to understand GDP growth impact and burden sharing across the sectors</li> </ul>  | <ul style="list-style-type: none"> <li>- More uncomfortable with this target – insufficient analysis and discussion has gone into setting a gross domestic reduction target for all other GHGs</li> <li>- Need more information on probability and price of international units and forestry against abatement costs</li> <li>- Also needs to understand GDP growth impact and burden sharing across the sectors</li> </ul>  |
| What do we need to do to get a position?                  | <ul style="list-style-type: none"> <li>- MfE have explored whether additional modelling before February 2019 would be necessary and beneficial. The existing modelling provided by CMV is considered to provide sufficient information and MfE recommend additional work to further understand and test this modelling.</li> </ul>  |  |