



## Briefing: Final section 5K request on second Nationally Determined Contribution

Date submitted: 05/10/2023

Security level: CLASSIFICATION

MfE priority: Urgent

Actions sought from Ministers		
Name and position	Action sought	Response by
To Hon James SHAW Minister of Climate Change	<b>Approve</b> the final terms of reference for the section 5K request to the Climate Change Commission  <b>Approve</b> the letter to the Climate Change Commission  <b>Agree</b> to send the final terms of reference to the Climate Change Commission	06/10/2023

Actions for Minister's office staff
Return the signed briefing to the Ministry for the Environment ( <a href="mailto:ministerials@mfe.govt.nz">ministerials@mfe.govt.nz</a> ).

Appendices and attachments
1. NDC2 Terms of Reference 2. Letter to the Commission

Key contacts at Ministry for the Environment			
Position	Name	Cell phone	First contact
Principal Author	Arek Wojasz		
Responsible Manager	Meredith Davis		

Minister's comments

# Final section 5K request on second Nationally Determined Contribution

## Key messages

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1. We have been working on a draft section 5K request for advice from the Climate Change Commission (the Commission) to inform decisions on the second Nationally Determined Contribution (NDC2) which is due in 2025 [BRF-3854, BRF-3773 and BRF-3871 refer].
2. On 12 September 2023 you provided the Commission with the draft terms of reference for the request for the Commission to provide formal feedback. You met with the Commissioners on 13 September to discuss the request.
3. On 28 September the Commission sent you formal feedback with new suggested wording for inclusion in the terms of reference and we understand from your office that you have expressed agreement with the revised approach.
4. We have worked with the Commission to further refine this wording and incorporate it into a final draft terms of reference for your approval. There have been some minor changes in wording to clarify meanings and avoid confusion. Note that the Commission have requested that the illustrative NDC pathway graph be removed, as they feel it could be seen to prejudge the analysis.
5. The final draft terms of reference and letter to the Commission are attached as appendices 1 and 2.

## Final terms of reference

6. The final terms of reference will request advice on:
  - i *Analysis of the implied level of emissions in the NDC2 period that are consistent with New Zealand's potential contribution to the global 1.5°C ambition under a range of burden sharing principles.*

This should build on the analysis that the Commission previously provided on the first NDC and use the modelled pathways for emissions assessed by the IPCC in the Sixth Assessment Report as its basis. It would provide the Government with a better understanding of the level of emissions implied for NDC2 under different burden sharing principles.

- ii *Analysis of the impacts of a limited number of different domestic emissions reductions levels in the NDC2 period, consistent with achieving different and feasible emissions reduction levels in 2050.*

As part of this analysis, the Commission should assess the impacts of achieving the implied levels of NDC2 through solely domestic action.

- iii Comparison between the range of emissions implied for NDC2 under the range of burden sharing principles (i above), and the feasibility and impact of domestic emissions reductions achievable in the NDC2 period (ii above).*

This would provide the Government with a range for NDC2 within which it could make a decision on the relative priority it places on contributing to global efforts and the domestic economic and social impacts of achieving NDC2.

7. This new framing will provide a range of possible NDC2 values that are likely to be compatible with global 1.5°C efforts, and identify the potential impacts from different levels of domestic emission reductions within that range. This advice could be used to inform both choices on NDC2 level and the ambition of domestic emissions reductions within the NDC2 period.
8. The new framing omits the previous question about when future NDCs could intersect with the demonstration pathway, but will help officials identify how much that gap could be closed in the NDC2 period, and will inform future analysis on when that intersection could eventually happen.

### **Commission resourcing to deliver NDC2 advice**

9. The Commission has communicated in its formal feedback that they will require additional resourcing in order to deliver this advice in addition to the Commission's existing, legislatively mandated advice due in 2024.
10. This resourcing has not yet been confirmed internally within MfE and cannot be confirmed within timeframes necessary to make this request of the Commission before the election.
11. MfE will continue to explore options to address this resourcing issue, but recommends that you make the request, but acknowledge in your letter to the Commission that delivery of the advice will require additional resourcing.

### **Next steps**

12. We recommend that you send your final formal request and terms of reference to the Commission by 6 October.
13. The Commission will then make the terms of reference publicly available as soon as practicable, as per CCRA requirements. This will likely take place early in the week beginning 9 October.

## Recommendations

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We recommend that you:

- a. **note** the Climate Change Commission has provided formal feedback on the draft terms of reference you sent them on 12 September 2023
- b. **note** the Climate Change Commission and MfE officials have redrafted the terms of reference to better align your direction and the capabilities of the Commission
- c. **note** the Climate Change Commission will only be able to deliver the requested advice if they receive additional resourcing
- d. **approve** the final terms of reference for the section 5K request to the Climate Change Commission (Appendix 1)

Yes/No

- e. **approve** the letter to the Climate Change Commission (Appendix 2)

Yes/No

- f. **agree** to send the final terms of reference to the Climate Change Commission

Yes/No

## Signatures

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Meredith Davis  
**Manager, Targets and Budgets**  
**5 October 2023**

Hon James SHAW  
**Minister of Climate Change**

**Date**

## **Appendix 1 NDC2 Terms of reference**

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## Terms of Reference

The Minister of Climate Change requests under s5K of the Climate Change Response Act 2002 (the Act) that the Climate Change Commission (the Commission) provides a report on New Zealand's second Nationally Determined Contribution (NDC2).

### Purpose of the work

In 2021, the Government updated New Zealand's first Nationally Determined Contribution (NDC1) to 50 per cent below 2005 levels by 2030. In 2022, the Government published its first emissions reduction plan and the first three emissions budgets (2022–2025, 2026–2030, 2031–2035) as required under the Climate Change Response Act 2002 (CCRA).

Every five years, the Government will set the next NDC and tranche of emissions budgets, as stepping stones towards New Zealand's long term climate targets. In 2025, the Government is required to set New Zealand's NDC2 (2031-2035) under the Paris Agreement and to set emissions budget four (2036 – 2040) under the CCRA.

It is important that New Zealand's targets and budgets are set coherently and consistently. Careful consideration of climate change policy can change New Zealand's future for the better by creating economic growth, while avoiding the worst impacts of climate change.

When read alongside the Commission's advice on the 2050 target and emissions budgets, this advice will provide a full package of independent, expert advice on New Zealand's long-term climate goal and the international and domestic steps to take us towards that goal. This will support the Government's future decisions on NDC2 ambition.

### Advice requested

The Minister requests that the Commission provide a report on New Zealand's NDC2, including:

- i. *Analysis of the implied level of emissions in the NDC2 period that are consistent with New Zealand's potential contribution to the global 1.5°C ambition under a range of burden sharing principles.*

This should build on the analysis that the Commission previously provided on the first NDC and use the modelled pathways for emissions assessed by the IPCC in the Sixth Assessment Report as its basis. It would provide the Government with a better understanding of the level of emissions implied for NDC2 under different burden sharing principles.

- ii. *Analysis of the impacts of a limited number of different domestic emissions reductions levels in the NDC2 period, consistent with achieving different and feasible emissions reduction levels in 2050.*

As part of this analysis, the Commission should assess the impacts of achieving the implied levels of NDC2 through solely domestic action.

- iii. *Comparison between the range of emissions implied for NDC2 under the range of burden sharing principles (i above), and the feasibility and impact of domestic emissions reductions achievable in the NDC2 period (ii above).*

This would provide the Government with a range for NDC2 within which it could make a decision on the relative priority it places on contributing to global efforts and the domestic economic and social impacts of achieving NDC2.

### Considerations

As with all advice the Commission provides, it must consider where relevant the matters under s5M of the Act; applying judgement as it deems appropriate.

The Commission should also consider how the level of ambition for NDC2 is presented and how Government will account for progress against it. Results should be provided for NDC2 on the basis that:

- a. the NDC1 target accounting approach will continue to apply to the Land Use, Land-Use Change and Forestry (LULUCF) and a gross-net approach is applied
- b. no special rules apply to the LULUCF sector, all emissions and removals from LULUCF are accounted for as reported in the New Zealand Greenhouse Gas Inventory, and a net-net approach is applied.

### Mode of work

In preparing the report, the Commission must act independently, as per s5O of the Act. The Commission may engage with relevant persons as provided for by s5N of the Act.

Relevant officials will be available to engage with the Commission and will share related information and data to inform the Commission's work.

### Timeframes

The Commission's advice on these matters, in the form of a final report, is to be provided to the Minister of Climate Change by 31 December 2024.

The Commission will brief officials on its final advice after it has been provided to the Minister, but prior to the public release of the report.

### Publication

s5L of the Act applies, meaning the Minister of Climate Change must present a copy of the report to the House of Representatives no less than ten working days after the Minister receives it, and the Commission must make it publicly available as soon as practicable thereafter (but no later than 20 working days after providing it to the Minister).



## Appendix 2 Letter to the Commission

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Dr Rod Carr

Chair of the Climate Change Commission | He Pou a Rangi

By email: *roderick.carr@climatecommission.govt.nz*

[6] October 2023

Tēnā koe Rod,

Further to my letter of 12 September, I am writing to confirm my request for advice from the Climate Change Commission on New Zealand's second Nationally Determined Contribution (NDC2) and to provide the terms of reference for this request.

### REPORT ON NDC2

I make this request under s5K of the Climate Change Response Act 2002 (the Act), which provides for the Minister of Climate Change to request reports from the Commission on matters relating to climate change.

The purpose of this request is to support the government to determine the level of NDC2, as per the Paris Agreement requirements.

I am requesting the Commission provide advice to help identify possible NDC2 levels compatible with the global 1.5°C goal and to understand the potential impacts from different levels of domestic emission reductions in the NDC2 period.

I am not asking the Commission to make a decision on what would be the most appropriate NDC2 for New Zealand, which is a decision the Government will make based on a wide range of factors. I am seeking the Commission's advice on NDC2 alongside its advice on emission budgets and the 2050 target.

The purpose of this request is to provide the Government with a full package of independent, expert advice from the Commission on New Zealand's long-term climate goal and the international and domestic steps to take us towards that goal.

## NEXT STEPS

I expect your advice to be delivered by 31 December 2024. I encourage you to align this advice alongside the related advice on New Zealand's 2050 target and emissions budgets as much as possible.

Following consultation with you on these requests for advice under section 5K(2) of the Act, I have finalised the terms of reference for this work. The terms of reference are attached to this letter, and I expect you to make them publicly available in accordance with section 5K(3)(a) of the Act.

I acknowledge that in order to deliver this advice, given the Commission's existing significant work programme for 2024, the Commission will likely require additional resourcing. Officials at the Ministry for the Environment will continue to engage with you on this matter.

Nāku noa, na,

Hon. James Shaw

**Minister of Climate Change**