



Climate Weekly Update

Pūrongo Ahuarangi ā-Wiki

For the week beginning 2 September 2024

Hon. Simon Watts, Minister of Climate Change

Copy to: Hon. Nicola Willis, Associate Minister of Climate Change

Key Updates

New Zealand and International Carbon Markets

New Zealand carbon market: New Zealand carbon prices saw a 1% increase week-on-week. Jarden observed over 1,747,000 traded spot NZUs, which was a significant increase from the previous weekly volume of 356,000 NZUs traded. Market commentary attributed this increase in market activity to the Government's final decisions on ETS settings for 2025-2029. Additionally, the NZUs product on the ASX Futures market traded for the first time on 26 August with trades executed across all available maturities (Q2 2025 – Q2 2029).

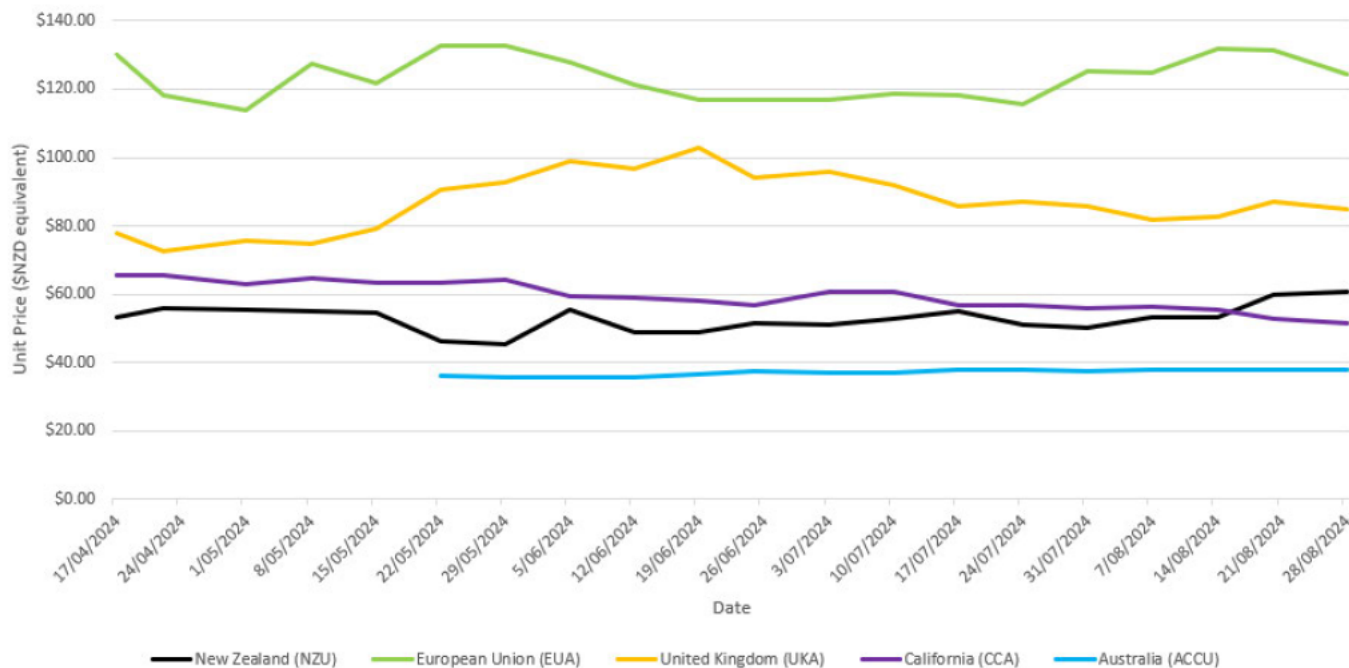
EU and UK carbon markets: European carbon prices saw a 4% decrease week-on-week. Market commentary attributed this price decrease to Monday being a public holiday in the UK. The commentary also noted that concerns about gas transit supply risks are easing. UK carbon prices saw a 3% week-on-week decrease. Commentary reported the price decrease was driven by similar factors as those affecting the European carbon price.

Australia carbon market: Australian carbon prices saw a 2% week-on-week increase. Market commentary reported that ACCU prices have inched upwards in recent weeks due to steady demand from the Safeguard Mechanism (compliance) entities, however short-term prices have remained relatively static as supply continues to outstrip demand.

NZ, Europe, UK, California and Australia emission unit prices as at 27 August 2024 (NZD)				
NZU	EUA	UKA	CCA	ACCU
\$60.50	\$124.30 (€69.61)	\$84.68 (£39.80)	\$51.32 (USD 31.82)	\$37.99 (AUD 34.95)

Table: Current emission unit prices

Chart: International emissions prices



Business Group: Climate Change Mitigation and Resource Efficiency

Owner: Susan Baas, 9(2)(a)

Methane Science and Target Review Panel Update

The Methane Science and Target Review Panel has been operating for two months and has been meeting on a weekly basis to progress the review. A framework has been established for the report, and sections have been allocated to individual panel members for drafting and review. The Panel are focused on ensuring the information provided is suitable for the public to understand. A draft report is due by 1 November. We are working alongside the Panel Chair to manage any delivery risks.

Business Group: Climate Markets

Owner: Cheryl Moir, 9(2)(a)

Māori Climate Action Update

Our joint work programme with Pou Take Āhuarangi, the climate pou of the National Iwi Chairs Forum (NICF), is on track to meet the required deliverables for Q1 FY/24-25. In the last two weeks, Pou Take Āhuarangi technicians have held meetings in Te Karaka, East Cape, and Taupō to inform their stocktake of climate risk and readiness for Māori communities. Pou Take Āhuarangi are also being engaged to provide feedback on the second Emissions Reduction plan and the Adaptation Framework.

We will brief you on the wider Māori climate platform in early September, including on strategy, funding, and how the platform work will relate to the work with NICF/Pou Take Āhuarangi.

Business Group: Tūmatakōkiri

Owner: Hakarangi Tichborne, 9(2)(a)

ERP2 Consultation Update

Consultation on the second emissions reduction plan discussion document closed on 25 August, following a consultation period of just under 6 weeks. During this time a total of 40 consultation events were held, led by the Ministry for the Environment, alongside colleagues at the Ministry for Primary Industries, the Ministry of Transport and the Ministry for Business Innovation and Employment. Events ranged from general online webinars, sector specific webinars on Energy, Agriculture, Forestry, Transport and the NZ ETS, and online hui held with representatives from a number of Iwi, Māori stakeholder groups and Post Settlement Governance Entities (PSGEs). The total number of attendees across these events was 1421, with contributions and feedback collated from events to inform the submissions analysis process.

The interim final count on submissions received at the close of the period was 1,824 contributions. This number exceeds our initial estimate and is significantly more than the Climate Change Commission recently received during their recent consultation. [REDACTED] 9(2)(ba)(i)

[REDACTED] We are currently analysing the content of all submissions and while it is too early to draw conclusive themes, advice will be provided to you in the coming weeks to support the development of final policies to be included in the plan. Alongside the work we are doing, MPI, MBIE and MoT are also assessing the key stakeholder submissions from a technical angle to inform their current thinking in their specific areas and development of their advice to their relevant portfolio Ministers.

Business Group: Climate Change Mitigation and Resource Efficiency

Owner: Hemi Smiler, [REDACTED] 9(2)(a)

Coastal Wetland Blue Carbon Policy Research in Aotearoa report – The Nature Conservancy and the Ministry for the Environment

Update regarding progressing pathways for blue carbon/coastal wetlands into investor and market settings

This item updates you and Minister Hoggard on the release of a joint report from the Ministry for the Environment and The Nature Conservancy New Zealand (TNC NZ). The report identifies barriers and opportunities for enabling coastal wetland blue carbon (where carbon is stored and sequestered in the plants and sediments of coastal wetlands) projects to participate in voluntary carbon markets. Key recommendations from the report include:

- Developing guidance for blue carbon projects to participate in voluntary markets.
- Developing a national blue carbon roadmap or strategy, with suggested pathways for enabling blue carbon projects at scale.
- The Government simplifying land title complexities for landowners wanting to restore coastal wetlands and participate in blue carbon projects.
- The Government and Māori exploring regulatory and non-regulatory options to realize blue carbon benefits.

This is relevant to you and Minister Hoggard, given your climate, biodiversity and market portfolios, Ministerial visits to wetlands in the Bay of Plenty, recent meetings with representatives from TNC NZ, and interest in the investor preferences for projects such as coastal wetland restoration as outlined in the EY Investor Preferences work shared recently.

A range of policy mechanisms recognise the potential for Nature-based Solutions (NbS) to provide multiple benefits such as carbon sequestration, biodiversity, habitat restoration and climate resilience. This includes the Government's Climate Strategy featuring NbS as one of the five pillars, and NbS including coastal ecosystems recognised in the second Emissions Reduction Plan discussion document as a mechanism for

encouraging non-forest carbon removals. This report will help accelerate the potential for coastal wetlands to be considered in these policy settings.

The report provides insights to support work on investor signals

Investors globally are shifting focus from reducing emissions to broader environmental outcomes. This shift is also driven by consumer demand for verifiable climate and nature credentials. With their potential for sequestration and biodiversity co-benefits, New Zealand's coastal wetlands could be an attractive investment option, offering both carbon reduction and tangible contributions to ecosystem health. Our (informal) conversations with investors have indicated interest in wetlands.

Next steps

The final (embargoed) report is **attached**.

On 3 September, the Coastal Wetland Blue Carbon Policy Research in Aotearoa report is scheduled to be released by TNC NZ on its website, with a link to it from the Ministry for the Environment's website.

TNC NZ will announce publication of the report via an agreed press release on the day, while we will post a news story online and link to the report.

We are integrating the findings of this report into consideration for ERP2 actions, and to inform the development of the biodiversity markets work.

Business Group: Strategic Partnerships

Owner: Anna Ririnui, 9(2)(a)

Upcoming Briefings for Minister Watts

Papers sent to the Minister in the last seven days and due to the Minister in the following 3 weeks
As at 1pm 28 August 2024

Tracking Number	Title	Purpose	Responsible General Manager / Chief Advisor	Title Suitable for Proactive Release?	Date due to Minister
BRF-5213	Annual Report and non-departmental reporting 2023/24	Provides Annual Report feedback and non-departmental report review.	Kathleen Mackie	N	Sent 26 August
BRF-5238	5 Iwi Afforestation Project - response to Te Rūnanga o Ngāi Tahu	Provides a draft response to correspondence.	Clare Maihi	Y/N	Sent 27 August
[REDACTED]	[REDACTED]	9(2)(f)(iv) [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	9(2)(f)(iv) [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	9(2)(f)(iv) [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BRF-5183	Draft LEG paper: NZ ETS unit settings and SGG Levy updates 2024	Provides Draft LEG paper to authorise submission of regulations on NZ ETS unit settings, SGG Levy updates and other ETS regulations and seeks approval to begin Ministerial consultation.	Mark Vink	Y	29 August

	9(2)(f)(iv)				
BRF-5179	Biodiversity credits market workstream: proposed next steps	Proposes targeted private sector engagement on options for a market led approach to unlock private financing for nature. Outlines an approach, a list of stakeholders, and draft collateral for your feedback.	Hayden Johnston	Y	30 August
BRF-5217	Draft response to Climate Change Commission's Emissions Reduction Monitoring report	Seeks feedback on the draft response to the Climate Change Commission's Emissions Reduction Monitoring report.	Lisa Daniell	Y	3 September
BRF-5138	ERP2 Implementation and Risk Management	Provides advice on monitoring, governance and accountability issues key to implementing ERP2.	Hemi Smiler	Y	4 September
BRF-4969	High level options for improving the environmental data system	Provides the next iteration of the improving environmental data work programme.	Clare Barton	Y	4 September
BRF-5163	Progressing Māori Climate Action	Provides a pathway forward to progressing Māori climate action under the Māori climate platform.	Hakarangi Tichborne	Y	5 September
BRF-5231	Joint Environment Ministers meeting on improving environmental data system	Supports the joint Environment Ministers meeting on 11 September.	Katherine Wilson	Y/N	6 September
BRF-5156	Waste in the second emissions reduction plan: consultation summary and final policies	Provides a summary of waste sector feedback from the second emissions reduction plan (ERP2) consultation process and seeks agreement to the final waste sector policies to be included into ERP2.	Glen Wigley	Y	6 September

BRF-5241	ERP2 public facing products and timing	ERP2 public facing products and timing	Chloe Groser	Y/N	10 September
[REDACTED]	[REDACTED]	9(2)(f)(iv) [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	9(2)(f)(iv) [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BRF-5246	Proposed protocol for market sensitive releases	Provides a proposed protocol for the Government's announcements and other releases of market sensitive information into the New Zealand carbon market	Mark Vink	Y/N	19 September
9(2)(f)(iv)					
BRF-5004	Policy direction of the Carbon Neutral Government Programme	Provides options for the future of the programme and seeks final decisions.	Hemi Smiler	Y	26 September

Cabinet Papers

As at 1pm, 28 August 2024

Tracking Number	Title	Description	Committee	Responsible General Manager	Date due to Minister's Office	Lodgement Date	Date of Committee Meeting	Date of Cabinet Meeting
[REDACTED]	[REDACTED]	9(2)(f)(iv) [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	9(2)(f)(iv)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CAB-463	Response to the Climate Change Commission's Emissions Reduction Monitoring Report	Seeks Cabinet's agreement to the Government's response to the Climate Change Commission's Emissions Reduction Monitoring Report.	CBC	Lisa Daniell	25 September	26 September	30 September	14 October
[REDACTED]	[REDACTED]	9(2)(f)(iv)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

9(2)(f)(iv)

Official Information Act Requests for Minister Watts

As at 1pm, 28 August 2024

Tracking Number	MO Tracking Number	Request	Correspondent	Organisation	Date due to Minister's Office	Date due to Requestor
OIAM-609	MOIA-107-24	Briefings referenced in WPQ 43597 (2024).	9(2)(a)	Generation Zero NZ	30 August	30 August
OIAM-608	MOIA-104-24	Request for list of briefings – BRF-4344 and BRF-4609.		Newsroom	3 September	10 September
OIAM-561	MOIA-068-24	Copy of BRF-4533: Additional CERF savings, implications, and next steps.		Newsroom	5 September	12 September
OIAM-607	MOIA- 107-24	Correspondence with Prime Minister and Minister Watts about ERP2, Paris Agreement, CCC Monitoring report.		Opposition	6 September	13 September
OIAM-613	MOIA-115-24	Request for briefings and their drafts – BRF-5033.		Opposition	11 September	18 September
OIAM-616	Not provided	Information supporting the statement that climate change is causing more frequent storms.		9(2)(a)	11 September	18 September
OIAM-576	MOIA-026-24	Request for Weekly Update reports.		Generation Zero NZ	20 September	27 September
OIAM-600	MOIA-102	Briefings request for BRF-5092, BRF-5108 and Climate Weekly Update 29 July.		Opposition	25 September	2 October

Ministerial Correspondence Update

As at 1pm, 28 August 2024

Minister Watts:

We are preparing responses to 10 pieces of correspondence on a range of topics including concerns about the financial costs of the Paris Agreement and the findings of the Intergovernmental Panel on Climate Change, feedback on the Second Emissions Reduction Plan discussion document, measuring soil carbon stores, and concerns and queries about Government policies on climate change and emissions reductions.

Written Parliamentary Question Update

As at 1pm, 28 August 2024

Minister Watts:

We are preparing responses to written parliamentary questions about changes to levy rates, contractor and consultant spend on change processes, and advice received, and papers taken to Cabinet and Cabinet committees in July and August.

Minister Willis:

We are preparing responses to written parliamentary questions about advice received, and papers taken to Cabinet and Cabinet committees in August.

Key Dates

Upcoming Chief Executive and Deputy Secretary Acting Responsibilities

Staff member	First day of absence	Last day of absence	Acting arrangements
Laura Dixon	30 August	30 August	Pepi Batsos will be acting.
Sam Buckle	3 September	5 September	Glenn Wigley will be acting.
Laura Dixon	6 September	20 September	Arun Patel will be acting.