



Weekly update
Hon. James Shaw
Minister of Climate Change

Finalised on 4 February for week commencing 9 February 2021

Date: Wednesday 10 February
Time: 11.30am-12pm
Location: Room 2.026, Level 2, Parliament House,

Attendees: Hon. James Shaw, Minister of Climate Change
Vicky Robertson, Secretary for the Environment
Anne Haira, Deputy Secretary, Climate Adaptation and Evidence
Janine Smith, Deputy Secretary, Climate Mitigation
Lisa Daniell, Director, Climate Mitigation
Katherine Wilson, Director, Climate Change Adaptation
Sarah Anderson, Manager, Climate Change Adaptation Legislation
Lisa Niven, Senior Analyst, Climate Change Adaptation
Scott Gulliver, Manager, Climate Change Mitigation
Rachel Ward, Team Leader, Climate Change Mitigation (by Zoom)

	Agenda	Lead	Time
1	Context: follow up from Waitangi	Anne Haira	5 min
2	Adaptation legislation s 9(2)(f)(iv) [Redacted] [Redacted]	Katherine Wilson	10 min
3	Climate Action Plan and CLC/SBC briefing to incoming government s 9(2)(f)(iv) [Redacted] [Redacted]	Rachel Ward/Lisa Daniell	5 min
5	Industrial allocation policy review s 9(2)(f)(iv) [Redacted] [Redacted]	Scott Gulliver	5 min
6	Minister's summer thinking	Hon James Shaw	5 min

Upcoming meetings

Tuesday 9 February	Meet with David Crawford, Chief Executive – Motor Industry Association
Wednesday 10 February	MfE Officials Meetings
Wednesday 10 February	Meeting with Bryce Davis, IAG
Wednesday 10 February	Meeting with Livia Esterhazy, Chief Executive, WWF New Zealand
Thursday 11 February	Meeting with Jolie Hodson, Chief Executive Spark New Zealand
Thursday 11 February	Meeting with Rob Gaimster, Chief Executive, Concrete New Zealand
Friday 12 February	Meeting with British High Commissioner, H.E Laura Clark
Friday 12 February	Meeting with Contact Energy Board
Monday 15 February	MfE Officials Meeting (Associate Environment)
Monday 15 February	MfE Officials Meeting
Monday 15 February	Meeting with the Resource Management Reform Ministerial Oversight Group
Monday 15 February	Multi-Ministerial Three Waters Meeting
Tuesday 16 February	Meeting with University of Otago Wellington symposium Building for Zero Carbon by 2050

Climate Change

1. Context

Updates for noting or decision

1.1. China's national emissions trading scheme enters into force

China's national emissions trading scheme formally came into force on Monday 1 February 2021, although trading is not expected to begin until around July 2021 because work on the permit registry and trading platform is not yet completed. Several regional pilot schemes will be withdrawn over time.

The scheme applies to only the electricity industry initially, with the first compliance period 1 January to 31 December 2021. More than 2,200 entities are expected to participate. Petrochemical, chemical engineering, construction, iron and steel, nonferrous metals, paper-making and civil aviation industries will follow in later compliance periods.

The Chinese Ministry of Ecology and Environment issued rules for the national emissions trading scheme on 5 January. Under the rules:

- Emitters of more than 26,000 tons of CO₂ per year must participate. For comparison, Mercury Energy reported approximately 220,000 tCO₂-e last year from its five geothermal plants.
- Allowances are grandfathered to participants based on benchmarks and electricity generation over 2018 to 2020.
- Participants can use Chinese certified emissions reduction credits to offset as much as 5% of their volume.
- Provincial governments will be allowed to set emission caps for electricity generators.

1.2. Release of Quarterly Greenhouse Gas Emission Estimates

On 17 February 2021, Stats NZ will release quarterly Greenhouse Gas Emission Estimates for the first time. The release will involve industry and household emission estimates and the intention is that the statistics will be 'experimental' for feedback and testing on the methodology. The statistics will have the potential to inform emission budgets, projections and the Emissions Reduction Plan in the future.

You will receive further background information from the Minister of Statistics early next week and your office will be provided with an embargoed copy of the release on 16 February. The embargoed material will include a methods paper, media release and data tables.

1.3. New Zealand and international emissions prices

The NZU price increased significantly this week to reach a further all-time high of \$39.60 after the Climate Change Commission released its draft advice for consultation on Sunday the 31st of January. The proposed emission budget reductions and increases in the NZU price were discussed in multiple articles on international carbon price and climate change policy website, Carbon Pulse.

The Commission recommends that in the next annual update to the NZ ETS price control settings, the Government should raise the cost containment trigger price to \$70 (from \$50) with an increase of 10% plus inflation annually, and raise the price floor to \$30 (from \$20) with an increase by 5% plus inflation annually. You will receive further detail about our recommendations regarding the upcoming NZ ETS settings regulations updates in relation to the Commission advice in a briefing note later in the week.

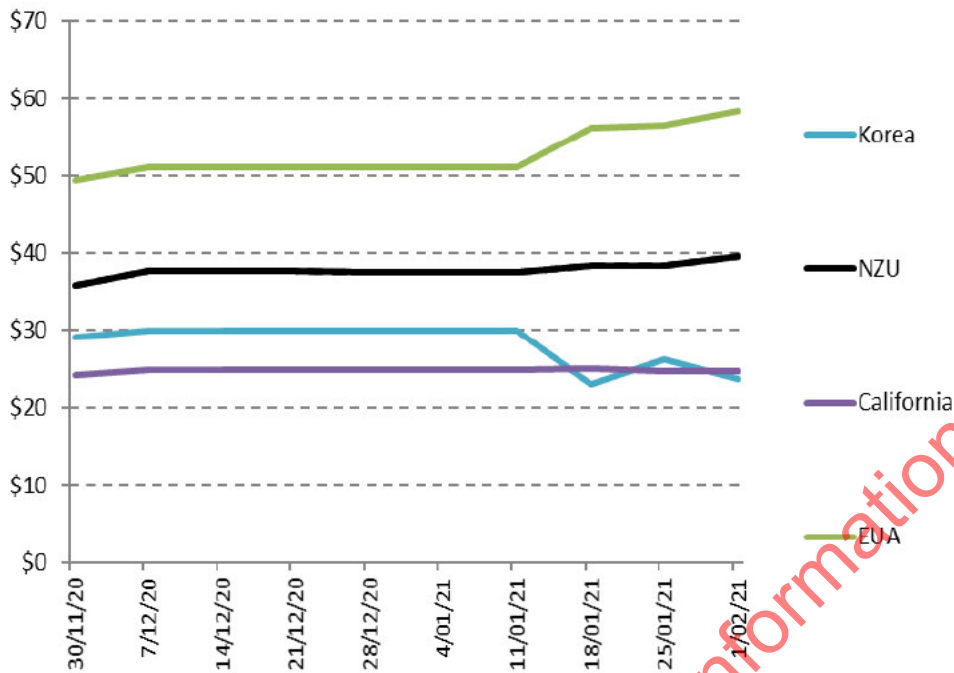
The EUA price fluctuated somewhat over the week. The first official EUA auction of the year took place on the 1st of February and saw a clearing price 27 cents below the secondary market. There is currently some uncertainty in the EUA auction market now that the UK is leaving the EU ETS. UK emitters require EUAs to meet their 2020 emissions surrenders, but will require new UK ETS units from 2021 onwards. However, units valid for the future UK ETS or specific details of how the market will operate have not yet been finalised, meaning businesses are unable to begin forward hedging.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 03 February 2021		
NZU	EUA	California
39.60	58.28	24.76

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Chart: Recent trends in international emissions prices



2. Upcoming briefings – February 2021

Paper number	Issue or event	Lead	Further information	Date due at office
2021-B-07569	Work plan for the emissions reduction plan	MfE	S9(2)(f)(iv)	Thursday, 11 February
2021-B-07514	Setting a methodology for the NZ ETS auction confidential reserve price	MfE	Providing advice to you to support you, along with the Minister of Finance, to set a methodology for the auction operator to use to calculate a confidential reserve price for NZ ETS auctions. The methodology is confidential.	Thursday 11 February

Paper number	Issue or event	Lead	Further information	Date due at office
2021-B-07266	Draft discussion document and Cabinet paper for national direction on process heat	MfE	S9(2)(f)(iv)	Thursday 11 February
2021-B-07540	Summary of preparedness of reporting organisations to the impacts of climate change	MfE	s 9(2)(f)(iv)	Thursday 18 February
2021-B-07566	Initial advice on the scope and approach of the initial National Adaptation Plan	MfE		Thursday 18 February
2021-B-07522	2021 March Baseline Update Submission for Climate Change appropriations	MfE		Thursday 18 February
2021-B-07550	Initial response to the draft Climate Change Commission advice on the NDC	MfE		Thursday 18 February
2021-B-07564	Approach to amending 2022-2026 NZ ETS unit limits and price control settings	MfE		Thursday 18 February

Paper number	Issue or event	Lead	Further information	Date due at office
2021-B-07535	Proposed Consultation on Updates to NZ ETS Regulations for 2021	MfE	s 9(2)(f)(iv)	Thursday 25 February

3. Cabinet material being prepared for you

Paper number	Paper name	Committee	Description	Timeframes
2020-C-07376	New Zealand Emissions Trading Scheme: Additional consultation on proposed forestry regulations	s 9(2)(f)(iv)		
2020-C-07085	Process for reviewing the industrial allocation policy of the emissions trading scheme			

Paper number	Paper name	Committee	Description	Timeframes
2020-C-07479	Carbon Neutral Government Programme report-back to Cabinet - March 2021	s 9(2)(f)(iv)		
2020-C-07188	Adaptation Legislation: scope, objective and process			
2021-C-07567	National Adaptation Plan: scope and approach			
2020-C-07249	Proposed Consultation on Updates to NZ ETS Regulations for 2021			

Released under the Official Information Act 1982

4. OIA requests

Request	Correspondent	Organisation	Reference	Drafting agency	Date due to send
<p>What was the first date, if any, at which officials provided advice to a Minister on the declaration of a climate emergency?</p> <p>What was the first date, if any, at which officials provided any advice to Ministers on the implications of requiring government agencies to purchase electric vehicles and reduce the size of their car fleet?</p> <p>Has any advice been provided on the ability of government agencies to purchase electric vehicles and reduce the size of their car fleet, the cost, the cost per tonne of carbon saved, and any operational impacts that arise from driving EVs? If so, could I please have a copy of this advice?</p> <p>Was any advice provided to any Minister on commitments made by the New Zealand Police to purchase Scoda cars, relating to the impact either this commitment would have on a commitment to shift government vehicles to EVs, or the impact a commitment to shift government vehicles to EVs would have on this contract?</p> <p>Has any forecast information been provided to any Minister on the number of government cars that would be expected to be replaced by EVs each year and / or the number of EV cars expected in the government fleet by 2025, if so, could I please have a copy of this advice?</p>	s 9(2)(a)		20-D-02611	MfE	16 February

Request	Correspondent	Organisation	Reference	Drafting agency	Date due to send
<p>Under section 12 of the Official Information Act 1982, I request all original communications including briefings, reports, memos, aides memoirs, cabinet papers and texts regarding the following information:</p> <p>Carbon Neutral Government Programme as described in WPQ 17122(2020)</p> <p>Where information is withheld, I request you provide the title and date of the communication/document withheld, the reason for refusal and the grounds in support of that reason as required by section 19 (a) (i) and (ii) of the Official Information Act.</p>	s 9(2)(a)		21-D-00021	MfE	17 February
<p>Could I please have a copy of all advice provided to Minister or Ministers offices in relation to:</p> <p>- reducing the Government's own emissions and becoming a carbon-neutral Government by 2025.</p> <p>Could this request please be interpreted advice be interpreted as all written advice, including cabinet papers, draft cabinet papers, briefing notes, aide memoirs, memos and emails, received since July 2020.</p>	s 9(2)(a)		20-D-02403	MfE	18 February
<p>Could you please let me know the dollar value of New Zealand's financial commitment in relation to the Paris Agreement?</p> <p>A recent news New Zealand website mentioned (via FIA response) that it would be \$1.4 billion per annum over 10 years (commencing 2020). This was apparently going to be a contribution to other countries signed up to the agreement.</p> <p>(1) Could you please confirm or clarify this?</p> <p>(2) How does New Zealand plan to fund this commitment?</p>	s 9(2)(a)		21-D-00107	MfE	18 February

IN CONFIDENCE

Minister of Climate Change OIAs

Request	Correspondent	Organisation	Reference	Drafting agency	Date due to Minister	Date due to send
<p>Copies of:</p> <ul style="list-style-type: none"> 12/11/2020 New Zealand Emissions Trading Scheme: Approval to issue call for data notice for New Zealand Aluminium Smelters 12/11/2020 Enabling a technical reserve price for NZ Emissions Trading Scheme auctions 13/11/2020 Leading the way Establishing a Carbon Neutral Government Programme 13/11/2020 Governance options for climate change work programme. 19/11/2020 Decisions on Aotearoa New Zealand's long-term low emissions development strategy 19/11/2020 Proceeds from the New Zealand Emissions Trading Scheme update 19/11/2020 Embedding climate adaption into central government decision making 19/11/2020 Progress update on NZ ETS market governance 26/11/2020 Carbon Sequestration on Sheep and Beef Farms and Claims of Carbon Neutrality 26/11/2020 Climate Change Work Programme: Cabinet report backs 26/11/2020 Issuance of units in the NZ ETS updated for auctioning 27/11/2020 Revised Cabinet Paper - Climate change emergency and a whole-of-government response 30/11/2020 Sustainable finance deep dive 30/11/2020 Adaptation work programme 	s 9(2)(a)		20-O-02614	MfE	25 January	15 February

IN CONFIDENCE

Request	Correspondent	Organisation	Reference	Drafting agency	Date due to Minister	Date due to send
Copies of all correspondence, including but not limited to, internal and external email communications, records of phone communications, briefings, reports and advice, sent or received by the Minister for Climate Change and his office regarding the Carbon Neutral Government Programme, as outlined here: https://www.beehive.govt.nz/release/public-sector-be-carbon-neutral-2025 .	s 9(2)(a)		20-O-02599	MfE	11 February	25 February

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