



Ministry for the
Environment
Manatū Mō Te Taiao

Information request

Implications of the 2020 target on the second commitment period

Date:	28 July 2009	MfE Priority:	Urgent
Security Level:		Number of Attachments:	0
		MfE Ref No:	09-B-02155

	Description	Relevant dates
Hon Dr Nick Smith Minister for Climate Change issues Minister for the Environment	Information on the implications of the 2020 target on the second commitment period for finalisation on the Cabinet paper	The Cabinet paper on the 2020 target needs to be lodged with the Cabinet Office on 30 July 2009
Hon Tim Groser Minister for Climate Change Issues (International Negotiations)	None.	None.

Ministry for the Environment Contacts

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Purpose

This briefing note outlines possible implications of the proposed 2020 targets of 12% and 20% below 1990 levels on the second commitment period (CP2).

Negotiating context

The implications of a 2020 target on CP2 depend on two major factors: the starting point for calculating the budget of Assigned Amount Units (AAUs) and the length of future commitment periods. There is, as yet, no agreement on these issues.

Parties are negotiating the length of the second commitment period (CP2 lasting to 2017 or 2020) and how to calculate assigned amounts relative to the target in a single year (e.g. 2020). There are also proposals to agree now a third commitment period.

The length of CP2 is not a major concern for New Zealand at this stage as there are both advantages and disadvantages to both five-year and eight-year commitment periods.

The choice of starting point for calculating assigned amounts implied from a 2020 target would significantly affect New Zealand's emissions budget in CP2. At the most recent international meeting in Bonn, New Zealand argued that starting from actual emissions in a recent pre-CP1 base year would be appropriate as it would capture the cost to an economy of emissions reductions.

Starting from the CP1 target would not recognise that countries which met their target through purchasing international credits, rather than through domestic reductions, had fully paid for emissions reductions in CP1 and would have to incur additional costs by effectively paying for the offsets again in meeting their CP2 target. A CP1 starting point would also enshrine a significant amount of "hot air" by countries which have experienced economic decline since 1990.

In contrast, some countries have argued that starting from actual emissions in a pre-CP1 base year is an attempt to weaken the stringency of Annex I commitments. The EU sees this starting point as giving a right to pollute to countries that have made no effort to reduce emissions to date. The EU has suggested that, for environmental integrity reasons, Parties should start either from actual emissions or the CP1 level, whichever is the lowest. In its internal effort sharing, the EU has used actual emissions in 2013 as long as this level is lower than the average of 2008, 2009 and 2010 emissions.

[Withheld].

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Date