

## Weekly update - Minister for Climate Change

Finalised on 02 April for the week commencing 06 April

**Date:** 08 April  
**Time:** 4:00-5:00pm  
**Location:** Remote

**Attendees:** Hon James Shaw, Minister for Climate Change  
Vicky Robertson, Secretary for the Environment  
Martin Workman, Deputy Secretary, Water and Climate  
Lindy Fursman, Chief Advisor, Climate Change  
Roger Lincoln, Director, Climate Change  
Mark Storey, Acting Director, Climate Change  
For item 2: Matthew Cowie, Manager, Climate Policy  
Kate Timlin, Senior Analyst, Climate Policy

|   | Agenda   | Lead                         | Time   |
|---|--|------------------------------|--------|
| 1 | Context  | Martin Workman               | 10 min |
| 2 | ETR Bill – next steps<br><i>What we need from you: Confirming your understanding and agreement to the next steps on the ETR Bill</i> | Matthew Cowie<br>Kate Timlin | 10 min |

## Upcoming meetings 06 April – 17 April

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**Wednesday 8 April**

Forestry Ministers meeting

Contact Energy (Mike Fuge, CE)

LGNZ - River Management and Flood Control  
Co-Investments (with Minister Mahuta)

MfE officials meeting

**Tuesday 14 April**

Briefing on the GHG Inventory Report

**Wednesday 15 April**

MfE officials meeting

## 1. Material for you to be aware of this week

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### Domestic

#### 1.1. Resource Management Amendment Bill

The Environment Select Committee reported back on the Resource Management Amendment Bill on Monday 30 March 2020. The Committee's report recommends that:

- Local authorities should consider the emissions reduction plans and national adaptation plans under the Climate Change Response Act 2002 when drafting their regional plans, policy statements and district plans under the RMA.
- To support this, and emissions reduction more broadly, the statutory bar under the RMA that precludes local authorities from considering discharges to air of greenhouse gas emissions should be repealed (sections 70A and 104E).
- A delayed commencement date for these changes, of 31 December 2021, to ensure there is sufficient time to have national direction in place (via a national environmental standard or national policy statement). This date would also align with the deadline for publication of the first emissions reduction plan.
- Removing the prohibition on the Environment Court and boards of inquiry when a nationally significant proposal is called in by the relevant Minister on the basis of climate change so that the Court or board can consider the potential climate impacts of that proposal.

The next step is for the Bill to progress to Second Reading. Due to COVID-19, there is no confirmed date for this, although we are tentatively aiming for May.

We have provided your office with Q&A's in response to any media queries you may receive, and will continue to include you in our advice to the Environment Minister on national direction for climate change.

## 1.2. Decisions to approve Matatā plan changes to address high risk-to-life

On 26 March, independent hearings commissioners issued their decision to approve two Resource Management Act (RMA) proposed plan changes relating to the Awatarariki Fanhead in Matatā. The plan changes affect properties where residents are at a high risk-to-life from a debris flow natural hazard. The combined effect of the plan changes is to rezone the affected properties to prevent any further residential development (via the Whakatāne District Plan), and to require that existing residential use of the land cease from 31 March 2021 (via the Bay of Plenty Regional Natural Resources Plan).

Despite there being a jointly funded central and local government offer to buy affected properties, only 17 properties (out of 34) have either been purchased or have an unconditional agreement in place. A Stuff media article (see link below) is reporting that some owners of the remaining properties who are opposed to the plan changes will appeal the decision to the Environment Court. Any such appeal must be lodged within 30 working days from when the COVID-19 Alert Level 4 restrictions are lifted in the Bay of Plenty.

This is the first time that the RMA has been used to extinguish existing residential uses. The decision will likely be of interest to other councils that may be considering managed retreat in response to natural hazards and /or the effects of climate change.

There has been recent media attention about this issue – please refer to the following link for further information: <https://www.stuff.co.nz/national/politics/local-democracy-reporting/120753289/commissioners-agree-bay-of-plenty-township-unsafe-and-residents-must-go>.

## 1.3. Regulations Review Committee

In a letter to Vicky Robertson dated 19 March 2020 the Regulations Review Committee noted that the Climate Change (General Exemptions) Amendment Order (No 2) 2019 meets the grounds in Standing Order 319(2)(9) for drawing a regulation to the special attention of the House: that the regulation is retrospective where this is not expressly authorised by the empowering statute.

This amendment order is an exemption from the NZ ETS for re-disposal of waste from the Fox Glacier Landfill which was made on your recommendation on 18 November 2019.

A response is due with the committee on 24 April. We will provide further advice in due course.

## 1.4. ETS Compliance

As required by the Climate Change Response Act 2002 (CCRA), annual emissions returns for some participants were due by 31 March, to report on emissions for the previous year. In late March, the EPA began contacting participants that had not submitted returns to remind them of their obligations. Participants were advised, as per section 119 of the CCRA, they could apply for an extension of time to complete their returns if required.

As at 5.00 pm 31 March, 153 participants had submitted a return, 49 applied for and were granted an extension, and six that had neither filed a return, nor applied for an extension. The EPA is following up with those participants who did not meet the deadline to file a return or apply for an extension.

### 1.5. New Zealand and international emissions prices

All the emissions prices we monitor recovered some ground this week. NZUs increased to \$24 as demand returned to New Zealand’s carbon market from buyers purchasing cheap units to meet 2019 surrender obligations.

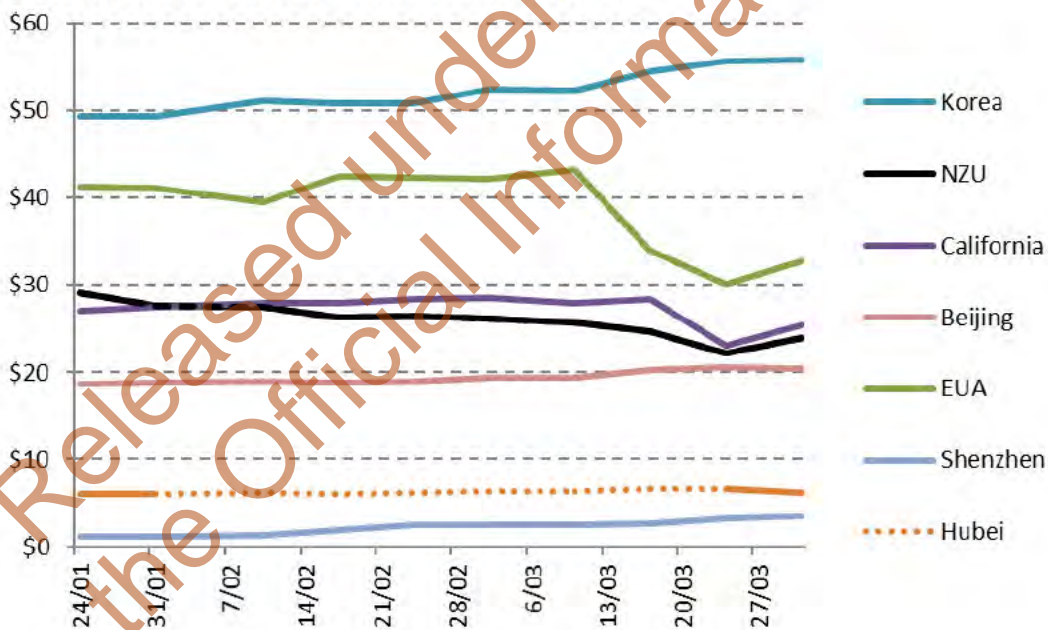
EUA prices have rebounded after the COVID-19 related collapse. Market analysts attribute this to stronger than expected auction results this week. Emissions prices in South Korea continued to increase, despite the economic pressures caused by the outbreak.

The Hubei pilot carbon market reopened this week, as the COVID-19 outbreak eased in Wuhan. The market had closed in January in response to the significant social and economic impact of the virus. Prices in the market were down 5 per cent compared to what they were when the market closed.

Table: Current emissions prices

| NZU, EUA and California emissions prices (NZD/t CO <sub>2</sub> e) as at 27 Feb 2020 |       |            |
|--|-------|------------|
| NZU  | EUA   | California |
| 24.00  | 32.74 | 25.47      |

Chart: Recent trends in international emissions prices



### International

#### 1.6. Petersberg Climate Dialogue XI

Germany’s Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, has advised that in response to the global COVID-19 situation, the Petersberg Climate Dialogue XI will now take place in a virtual format on April 27 and 28. The hosts see great value in keeping up the ministerial exchange in these difficult times. Given the circumstances, the plan is to host a

two-hour ministerial video conference, complemented by separate video exchanges among lead-negotiators and among non-party stakeholders. The organisers will communicate the exact timing, technical details and agenda as soon as possible.

### 1.7. Postponement of UNFCCC Officials Meetings

Meetings of the UNFCCC Subsidiary Body for Scientific and Technological Advice (SBSTA 52) and the Subsidiary Body for Implementation (SBI 52) were scheduled to take place in Bonn, Germany from 1 to 11 June 2020. In light of the COVID-19 situation worldwide, the UNFCCC Bureau held a virtual meeting on 1 April 2020 and concluded that the SB 52 sessions would not be possible at the planned dates in June 2020. The Bureau decided that SB 52 will be held from 4 to 12 October 2020 at the World Conference Center Bonn. The sessions will be preceded by preparatory meetings from 28 September to 3 October 2020.

### 1.8. UK and UNFCCC Postpone COP26

In addition, in light of the COVID-19 situation worldwide, and upon receiving a detailed assessment from the representative of the United Kingdom of Great Britain and Northern Ireland, the host of COP 26, the Bureau also decided to postpone COP 26, CMP16, CMA 3 to 2021.

## 2. Upcoming key events/announcements involving MfE/MFAT

- Date TBC – Subsequent release of statement on establishment of the Steering Group for *He Waka Eke Noa*.
- 15 April: Release of the National Greenhouse Gas Inventory
- Date TBC - Communication of New Zealand's NDC to UNFCCC

## 3. Upcoming briefings

### Papers for week ending 10 April

| Paper number | Issue or event  | Lead | Further information   |
|--------------|---|------|---|
| 2020-B-06571 | Advice on application of surrender/repay penalty to small foresters | MfE  | Advice on application of surrender/repay penalty to small foresters   |
| TBD          | NZ ETS surrender obligations in 2020 and COVID-19                   | MfE  | Advice on options for managing potential for inability for participants to meet surrender obligations this year because of COVID-19 impacts on cash flow.               |
| 2020-B-06591 | Release of the National Climate Change Risk Assessment              | MfE  | Options for timing of release of the NCCRA and the government response, as well as advice on potential 'quick wins' to be announced as part of the government response. |
| 2020-B-06618 | Provisional emissions budget timing and options post Covid-19       | MfE  | Discussion regarding the decisions that will need to be made regarding setting the provisional emissions budget after Covid-19  |

| Paper number | Issue or event | Lead | Further information   |
|--------------|----------------|------|---|
|              |                |      | lockdown and potential impacts on the economy and emissions |

#### Papers for week ending 17 April

| Paper number | Issue or event   | Lead | Further information  |
|--------------|--|------|--|
| 2020-B-06617 | Draft supplementary order paper for ETR Bill Cabinet paper to review | MfE  | ETR SOP Cabinet paper is expected to go for Ministerial consultation on 17 April   |
| 2020-B-06614 | NZ Emissions Trading Scheme Auction Monitor role update              | MfE  | To give an update on the impact of the recommended deferral of regulations to appoint an auction monitor for the NZ ETS. |
| 2020-B-06358 | 2020 Submission - Greenhouse Gas Inventory 1990-2018                 | MfE  | Greenhouse Gas Inventory submission 2020   |

#### 4. Cabinet material being prepared for you

| Paper number | Paper name   | Committee                             | Description  | Timeframes |
|--------------|--|---------------------------------------|--|------------|
| TBC          | Supplementary Order Paper for the Emissions Trading Reform Bill                | ENV - Environment, Energy and Climate | Seeks approval for the all-of-Government supplementary order paper on the ETR Bill   | TBC        |
| TBC          | Report back to Cabinet on the Climate Implications of Policy Assessment (CIPA) | ENV - Environment, Energy and Climate | Seeks Cabinet approval to changes to the current CIPA framework, and a proposed approach to ensuring climate change impacts are considered in investment and policy decisions. | TBC        |
| TBC          | Government response to the National Climate Change Risk Assessment (NCCRA)     | DEV                                   | Seeks Cabinet approval to a proposed Government response to NCCRA  | TBC        |

s 6(a)

## 5. Cabinet material we have been consulted on

### Climate Implications of Policy Assessments (CIPA)

The CIPA requirement came into force on 1 November 2019. The following table sets out current CIPAs that we are working with agencies on, where the CIPA requirements apply.

| Paper name                    | Agency | Committee | Our advice on the GHG analysis  |
|-------------------------------|--------|-----------|---|
| Waste Landfill Levy Expansion | MfE    | ENV       | The CIPA requirements are expected to apply to this proposal. We are currently in the process of providing QA of NZIER commissioned cost-benefit analysis (includes modelling to estimate GHG reductions).  |
| Clean Car Standard            | MoT    | ENV       | The CIPA requirements are expected to apply to this proposal. We are currently in the process of providing QA of the cost-benefit analysis of proposed options (includes modelling to estimate GHG reductions). On request, MoT have provided some additional modelled data that we are now assessing.  |
| Essential Freshwater Package  | MfE    | ENV       | The CIPA requirements apply to this proposal. This package of proposals has the potential to have an annual reduction to net emissions of 10.5 megatonnes CO <sub>2</sub> -e by 2050, this equates to about 15% of New Zealand projected net emissions for 2021. The majority of emissions reductions are a result of the land-use change and are primarily due to the interaction of the sediment proposal and the Emissions Trading Scheme (ETS). It is estimated that 600,000 ha of the least productive farm land could be converted to forestry between 2025 and 2050. The other components of this package will reduce emissions but to a much lesser extent. |

## 6. OIA requests

### 6.1. Ministerial

| Request   | Correspondent | Organisation         | Reference           | Drafting agency | Due at your office/current status                 | Date due to send   |
|---|---------------|----------------------|---------------------|-----------------|---|--|
| For the following information relating to New Zealand's Nationally Determined Contribution to the reduction of global Greenhouse Gas Emissions under the UN Paris Agreement on Climate Change: relating to whether New Zealand will measure its nationally determined contribution by comparing gross emissions in 2021 with gross emissions in 2030 or some other basis of comparison; All other documents related to New Zealand updating or enhancing its nationally determined contribution dated between 1 January 2019 and 1 February 2020  | s 9(2)(a)     | Mauao Legal Chambers | OIA310 / 20-D-00115 | MFE / MFAT      | 3-Mar-20 for batch one<br>18-Mar-20 for batch two | Batch one sent.<br>Batch two to be sent following PMO feedback |
| The titles and dates of all reports and briefings received by the Minister from any government departments since October 1st, 2019, in his capacity as Minister of Climate Change issues.   | s 9(2)(a)     | Stuff                | OIA314 / 20-O-00306 | MfE             | 13-Mar-20   | Tranche one sent<br>Tranche two to be sent 6 April             |
| *1) Of the \$200 million allocated for <i>public estate decarbonisation</i> as above, what share has been allocated to the (a) the Ministry of Health (b) other public agencies in the New Zealand health system? 2) If the answer to (1) above is not 100%, what other Ministries or Government agencies have been allocated a share of this \$200 million, and what is the share allocated to each Ministry or agency? 3) What is the timeframe for the funding to be allocated? 4) What is the timeframe for the MoH coal boiler replacements funded under this scheme to take place? 5) How will MoH coal boiler replacements be prioritised? 6) Is there a deadline by which the boiler replacements funded under this scheme are to be completed, and if so, what is that deadline? 7) How many New Zealand hospitals currently have coal boilers? i- Of these hospitals, by the end of the intended timeframe of the recently announced boiler replacement scheme, how many will have coal boilers? ii- if the answer to (i) is greater than none: a - what is the | s 9(2)(a)     |                      | OIA311              | TSY to led      | 10-Mar-20   | 17-Apr-20  |

IN CONFIDENCE

| Request   | Correspondent | Organisation | Reference | Drafting agency | Due at your office/current status | Date due to send |
|---|---------------|--------------|-----------|-----------------|-----------------------------------|------------------|
| <p>estimated amount of coal each will burn in an average year and in their lifetime? b- what further plans does the Government have to ensure that these remaining boilers will be replaced in light of the policy set out on page one? 8) How was the share allocated to the MoH for decarbonisation determined? 9) I assume from the announcement that the \$200 million funding is new capital investment to get off coal boilers and does not involve any funding already provided for this purpose -- please confirm if this is correct 10) In addition to the announced funding of some \$200 million, have schools and hospitals been directed or encouraged to use any existing funding to contribute towards the cost of coal boiler replacements? 11) Is there any flexibility in the funds that will be made available to the MoH for this purpose? 12) Could the MoH obtain more than their share allocated, and if so, under what circumstances and how would this be obtained?</p>  |               |              |           |                 |                                   |                  |
| <p>*1) Of the \$200 million allocated for <i>public estate decarbonisation</i> as above, what share has been allocated to the (a) the Ministry of Education (b) other public agencies in the New Zealand education system? 2) If the answer to (1) above is not 100%, what other Ministries or Government agencies have been allocated a share of this \$200 million, and what is the share allocated to each Ministry or agency? 3) What is the timeframe for the funding to be allocated? 4) What is the timeframe for the MoE coal boiler replacements funded under this scheme to take place? 5) How will MoE coal boiler replacements be prioritised? 6) Is there a deadline by which the boiler replacements funded under this scheme are to be completed, and if so, what is that deadline? 7) How many New Zealand schools currently have coal boilers? i- Of these schools, by the end of the intended timeframe of the recently announced boiler replacement scheme, how many will still have coal boilers? ii- if the answer to (i) is greater than none: a- what is the estimated amount of coal each will burn in an average year and in their lifetime? b- what further plans does the Government have to ensure that these remaining boilers will be replaced in light of the policy set out on page one? 8) How was the share allocated to the MoE for decarbonisation determined? 9) I assume from the announcement that the \$200 million funding is new capital investment to get off coal boilers and does not involve any funding already provided for this purpose -- please confirm if this is</p> | s 9(2)(a)     |              | OIA312    | TSY to led      | 10-Mar-20                         | 17-Apr-20        |

IN CONFIDENCE

| Request   | Correspondent | Organisation    | Reference           | Drafting agency | Due at your office/current status                  | Date due to send  |
|---|---------------|-----------------|---------------------|-----------------|--|---|
| correct 10) In addition to the announced funding of some \$200 million, have schools and hospitals been directed or encouraged to use any existing funding to contribute towards the cost of coal boiler replacements? 11) Is there any flexibility in the funds that will be made available to the MoH for this purpose? 12) Could the MoE obtain more than their share allocated, and if so, under what circumstances and how would this be obtained? |               |                 |                     |                 |  |   |
| All documents related to New Zealand updating or enhancing its nationally determined contribution under the Paris Agreement in 2020, or otherwise relating to amending our international 2030 target, from between 1 July 2019 and 1 February 2020.   | s 9(2)(a)     | Lyll & Thornton | OIA307 / 20-O-00120 | MFE / MFAT      | 04-Mar-20 for batch one<br>18-Mar-20 for batch two | Tranches one and two sent.<br>Tranche three to be sent 6 April. |
| A list of all briefings/reports/memos Minister James Shaw has received in his capacity as Climate Change Minister, including from the Ministry of Environment, between February 1 and February 28, 2020.  | s 9(2)(a)     | NZME            | OIA316 / 20-O-00331 | MfE             | 23-Mar-20  | Tranches one and two sent.<br>Tranche three to be sent 6 April. |

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## Weekly update - Minister for Climate Change Finalised on 09 April for the week commencing 13 April

**Date:** 15 April  
**Time:** 3:00-4:00pm  
**Location:** Remote

**Attendees:** Hon James Shaw, Minister for Climate Change  
Vicky Robertson, Secretary for the Environment  
Martin Workman, Acting Deputy Secretary, Water and Climate  
Lindy Fursman, Chief Advisor, Climate Change  
Roger Lincoln, Director, Climate Change  
Mark Storey, Acting Director, Climate Change  
Lewis Stevens, Principal Analyst, Climate Change

For items 2 and 3: Matt Cowie, Manager, Emissions Trading Policy

For item 4: Rachel Ward, Acting Manager, Climate Change Adaptation; and  
Lisa Niven, Senior Policy Analyst, Climate Change Adaptation

For item 6: Matthew Everett, Principal Analyst, Climate Change

|   | Agenda  | Lead                      | Time   |
|---|---|---------------------------|--------|
| 1 | Context   | Martin Workman            | 5 min  |
| 2 | Title - Review of NZ ETS settings in response to COVID-19<br><i>What we need from you: Discussion and agreement on the package of NZ ETS settings for the draft Cabinet paper</i>   | Matt Cowie                | 20 min |
| 3 | Title – Options to support NZ ETS compliance<br><i>What we need from you: Feedback on our recommendation to not change the NZ ETS surrender obligation this year</i>  | Matt Cowie                | 5 min  |
| 4 | Title – Update on the government response to the NCCRA – timing and release options<br><i>What we need from you: Feedback on recommendation to take Cabinet paper in July and communications options to accompany the release of the NCCRA</i>  | Rachel Ward<br>Lisa Niven | 10 min |
| 5 | s 9(2)(f)(iv)   |                           |        |
| 6 | Impact of COVID-19 on the Climate Change Response Act statutory timeframes for the Climate Change Commission<br><i>What we need from you: A decision on whether to extend statutory deadlines for the Climate Change Commission to provide advice on emissions budgets and the emissions reduction plan</i> | Matthew Everett           | 15min  |

## Upcoming meetings 13 April – 24 April

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|                            |  |
|----------------------------|--|
| <b>Tuesday, 14 April</b>   | Greenhouse Gas Inventory briefing from officials |
| <b>Wednesday, 15 April</b> | MfE officials meeting                            |
| <b>Thursday, 16 April</b>  | EECA meeting - state sector decarbonisation      |
| <b>Monday, 20 April</b>    | MfE officials meeting                            |

### 1. Key decisions for you to make this week

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- **Decision on whether to extend the deadline for the Climate Change Commission to provide advice on the emissions reduction plan and emissions budgets in light of COVID-19**

### 2. Material for you to be aware of this week

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#### Domestic

#### 2.1. New Zealand and international emissions prices

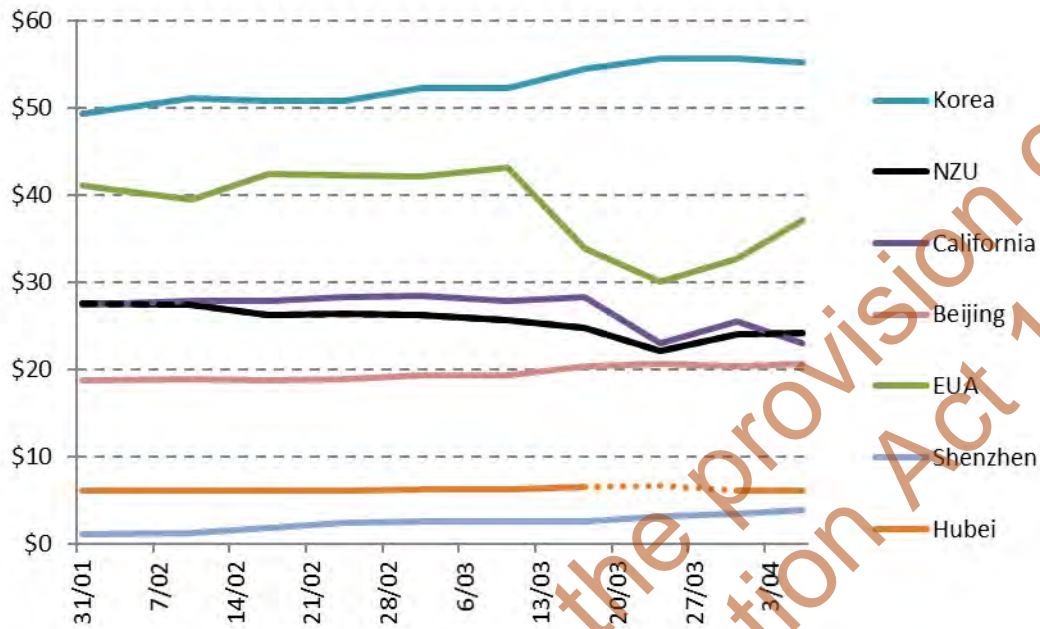
NZU prices continued to firm up this week, closing in on the \$25 fixed price option. Market analysts are seeing increased demand for NZUs on the secondary market as, at this point in time, it has become more cost-effective to surrender units than pay the fixed price option to meet 2019 surrender obligations. There is now little expectation from commentators that participants will widely use the fixed price option for this year.

Prices in the EU ETS also improved on signs that the COVID-19 outbreak might be slowing down in Europe and other parts of the world. Despite modest EUA trade this week, prices managed to increase by over 20 per cent.

**Table: Current emissions prices**

| NZU, EUA and California emissions prices (NZD/t CO <sub>2</sub> e) as at 8 April 2020 |       |            |
|---|-------|------------|
| NZU   | EUA   | California |
| 24.00   | 37.43 | 24.07      |

**Chart: Recent trends in international emissions prices**



s 9(2)(f)(iv)

### 2.3 Preferred supplier of NZ ETS managed auction service selected

MfE's Climate Change Governance Board has approved the recommendation of the project evaluation panel for the preferred supplier of the managed auction service s 9(2)(i) [redacted]. The service provider will begin auctioning NZUs on behalf of the Government in early 2021 (current timetable).

s 9(2)(j)

## International

### 2.4 International Carbon Action Partnership publishes 2020 emissions trading status report

The International Carbon Action Partnership (ICAP) has published their *Emissions Trading Worldwide: Status Report 2020*.

The report outlines Emission Trading Scheme (ETS) developments made during 2019, including Switzerland and the European Union linking their ETSs. It also provides an in-depth overview of all ETSs, including those not yet in force or only under consideration. This overview covers background information on development, size, phases and allocation, flexibility within the scheme, their compliance measures, and their capacity to link to other schemes or carbon pricing initiatives.

ICAP encourages countries to take a portfolio approach of complementary policies to drive emissions reductions, and highlights the effective role ETSs can have as they provide price signals for decarbonisation. The 2020 Status Report portrays New Zealand as a leader in sectoral coverage in emissions trading, with a section dedicated to our approach to the pricing of agricultural emissions.

The report is useful as it provides an overview of ETS developments worldwide and detailed information on potential cooperation partners for us to consider.

## 3. Upcoming key events/announcements involving MfE/MFAT

- 15 April: Release of the National Greenhouse Gas Inventory
- 16 April – Announcement on first full meeting of He Waka Eke Noa Steering Group
- 22 April (TBC) - Communication of New Zealand's NDC to UNFCCC

## 4. Upcoming briefings

### Papers for week ending 17 April

| Paper number | Issue or event  | Lead | Further information  |
|--------------|---|------|--|
| 2020-B-06614 | NZ Emissions Trading Scheme Auction Monitor role update | MfE  | To give an update on the impact of the recommended deferral of regulations to appoint an auction monitor for the NZ ETS. |
| 2020-B-06358 | 2020 Submission - Greenhouse Gas Inventory 1990-2018    | MfE  | Greenhouse Gas Inventory submission 2020   |

| Paper number | Issue or event   | Lead | Further information   |
|--------------|--|------|---|
| 2020-B-06638 | The impact of COVID-19 on the Climate Change Response Act statutory timeframes for the Climate Change Commission | MfE  | This briefing provides advice on whether the statutory deadline for the Commission's advice on the emissions reduction plan and the first three emissions budgets should be extended as a result of COVID-19. |

### Papers for week ending 24 April

| Paper number | Issue or event   | Lead | Further information  |
|--------------|--|------|--|
| 2020-B-06617 | Draft supplementary order paper for ETR Bill Cabinet paper to review | MfE  | ETR SOP Cabinet paper is expected to go for Ministerial consultation on 28 April                 |
| 2020-B-06643 | Draft NZ ETS settings regulations Cabinet paper to review            | MfE  | NZ ETS settings regulations Cabinet paper planned to go for Ministerial consultation on 28 April |
| 2020-B-06575 | Response to request for advice on Crown-owned Kyoto surplus units    | MfE  | Responds to your request for advice on what should happen to Crown-owned Kyoto surplus units     |

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## 5. Cabinet material being prepared for you

| Paper number | Paper name   | Committee                             | Description  | Timeframes |
|--------------|--|---------------------------------------|--|------------|
| 2020-C-06573 | NZ ETS settings regulations  | ENV - Environment, Energy and Climate | NZ ETS unit supply and price control settings for regulations within reformed NZ ETS | TBC        |
| TBC          | Supplementary Order Paper for the Emissions Trading Reform Bill            | ENV - Environment, Energy and Climate | Seeks approval for the all-of-Government supplementary order paper on the ETR Bill   | TBC        |
| TBC          | Government response to the National Climate Change Risk Assessment (NCCRA) | DEV                                   | Seeks Cabinet approval to a proposed Government response to NCCRA                    | TBC        |
| s 6(a)       |  |                                       |  |            |
| 2020-C-06644 | Report back to Cabinet on CIPA   | ENV - Environment, Energy and Climate | Cabinet approval to lower the CIPA threshold and update the Cabinet Office circular. | TBC        |

## 6. Cabinet material we have been consulted on

| Paper name  | Agency | Committee | Our advice on the paper   |
|---|--------|-----------|---|
| Agreement on Climate Change, Trade and Sustainability (ACCTS) Negotiating Mandate Cabinet Paper | MFAT   | DEV       | No comments   |
| COVID-19 Recovery (Fast Track Consenting) Bill  | MfE    | CBC       | <p>Comments were provided to your office on 7 April. In general, we support the proposals in the paper. However, the paper has missed an opportunity to ensure fast-tracked projects are consistent with our climate change objectives. Economic recovery should not result in maladaptation or make it harder to achieve our emissions reduction targets.</p> <p>It will be important that this Bill supports projects that:</p> |

| Paper name  | Agency | Committee | Our advice on the paper   |
|---|--------|-----------|---|
|   |        |           | <ul style="list-style-type: none"> <li>- Encourage emissions reductions, and help us to work towards our emissions reduction targets</li> <li>- Help to build resilience to the effects of climate change.</li> </ul>   |
| 2020-C-06457<br>Essential Freshwater decisions 2020 | MfE    | DEV       | <ul style="list-style-type: none"> <li>• This is a comprehensive package that will meet the Government's freshwater objectives and deliver on its commitment to clean up New Zealand's waterways</li> <li>• The proposals are generally complementary to agricultural emissions policy. The next step is for us to work together, and with industry and iwi/Māori, to ensure implementation and regulation of freshwater and agricultural emissions policy are well-aligned.</li> <li>• It includes approval to amend the timeframes for the climate change amendments in the RM Bill. The nominal date of commencement of 31 December 2021 will remain the same, with an option to extend this date by Order in Council to November 2022 (to align with the latest date for the NAP), if we are not meeting timeframes for climate change national direction.</li> </ul> |

### Climate Implications of Policy Assessments (CIPA)

The CIPA requirement came into force on 1 November 2019. The following table sets out current CIPAs that we are working with agencies on, where the CIPA requirements apply.

| Paper name                                     | Agency | Committee | Our advice on the GHG analysis  |
|--|--------|-----------|---|
| Waste Landfill Levy Expansion                  | MfE    | ENV       | The CIPA requirements are expected to apply to this proposal. We are currently in the process of providing QA of NZIER commissioned cost-benefit analysis (includes modelling to estimate GHG reductions).  |
| Clean Car Standard                             | MoT    | ENV       | The CIPA requirements are expected to apply to this proposal. We are currently in the process of providing QA of the cost-benefit analysis of proposed options (includes modelling to estimate GHG reductions). On request, MoT have provided some additional modelled data that we are now assessing.  |
| COVID-19 Recovery (Fast Track Consenting) Bill | MfE    | CBC       | The Ministry for the Environment has been consulted and confirms that the CIPA requirements do not apply to this proposal. The emissions impacts are unable to be accurately determined in quantitative terms due to the uncertainty around what infrastructure projects this will affect. The extent of any emissions increases or reductions will be determined by each project granted consent through processes established by this proposed legislation. |

## 7. OIA requests

### 7.1. Ministerial

| Request  | Correspondent | Organisation | Reference | Drafting agency | Due at your office/current status | Date due to send |
|--|---------------|--------------|-----------|-----------------|-----------------------------------|------------------|
| <p>1) Of the \$200 million allocated for <i>public estate decarbonisation</i> as above, what share has been allocated to the (a) the Ministry of Health (b) other public agencies in the New Zealand health system? 2) If the answer to (1) above is not 100%, what other Ministries or Government agencies have been allocated a share of this \$200 million, and what is the share allocated to each Ministry or agency? 3) What is the timeframe for the funding to be allocated? 4) What is the timeframe for the MoH coal boiler replacements funded under this scheme to take place? 5) How will MoH coal boiler replacements be prioritised? 6) Is there a deadline by which the boiler replacements funded under this scheme are to be completed, and if so, what is that deadline? 7) How many New Zealand hospitals currently have coal boilers? i- Of these hospitals, by the end of the intended timeframe of the recently announced boiler replacement scheme, how many will have coal boilers? ii- if the answer to (i) is greater than none: a - what is the estimated amount of coal each will burn in an average year and in their lifetime? b- what further plans does the Government have to ensure that these remaining boilers will be replaced in light of the policy set out on page one? 8) How was the share allocated to the MoH for decarbonisation</p> | s 9(2)(a)     |              | OIA311    | TSY to led      | 10-Mar-20                         | 17-Apr-20        |

| Request   | Correspondent | Organisation | Reference | Drafting agency | Due at your office/current status | Date due to send |
|---|---------------|--------------|-----------|-----------------|-----------------------------------|------------------|
| <p>determined? 9) I assume from the announcement that the \$200 million funding is new capital investment to get off coal boilers and does not involve any funding already provided for this purpose -- please confirm if this is correct 10) In addition to the announced funding of some \$200 million, have schools and hospitals been directed or encouraged to use any existing funding to contribute towards the cost of coal boiler replacements? 11) Is there any flexibility in the funds that will be made available to the MoH for this purpose? 12) Could the MoH obtain more than their share allocated, and if so, under what circumstances and how would this be obtained?</p>   |               |              |           |                 |                                   |                  |
| <p>1) Of the \$200 million allocated for <i>public estate decarbonisation</i> as above, what share has been allocated to the (a) the Ministry of Education (b) other public agencies in the New Zealand education system? 2) If the answer to (1) above is not 100%, what other Ministries or Government agencies have been allocated a share of this \$200 million, and what is the share allocated to each Ministry or agency? 3) What is the timeframe for the funding to be allocated? 4) What is the timeframe for the MoE coal boiler replacements funded under this scheme to take place? 5) How will MoE coal boiler replacements be prioritised? 6) Is there a deadline by which the boiler replacements funded under this scheme are to be completed, and if so, what is that deadline? 7) How many New Zealand schools currently have coal boilers? i- Of these schools, by the end of the intended timeframe of the recently announced boiler replacement scheme,</p> | s 9(2)(a)     |              | OIA312    | TSY to led      | 10-Mar-20                         | 17-Apr-20        |

| Request   | Correspondent | Organisation | Reference | Drafting agency | Due at your office/current status | Date due to send |
|---|---------------|--------------|-----------|-----------------|-----------------------------------|------------------|
| <p>how many will still have coal boilers? ii- if the answer to (i) is greater than none: a - what is the estimated amount of coal each will burn in an average year and in their lifetime? b- what further plans does the Government have to ensure that these remaining boilers will be replaced in light of the policy set out on page one? 8) How was the share allocated to the MoE for decarbonisation determined? 9) I assume from the announcement that the \$200 million funding is new capital investment to get off coal boilers and does not involve any funding already provided for this purpose – please confirm if this is correct 10) In addition to the announced funding of some \$200 million, have schools and hospitals been directed or encouraged to use any existing funding to contribute towards the cost of coal boiler replacements? 11) Is there any flexibility in the funds that will be made available to the MoH for this purpose? 12) Could the MoE obtain more than their share allocated, and if so, under what circumstances and how would this be obtained?</p> |               |              |           |                 |                                   |                  |

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## Climate Change Weekly update - Minister for Climate Change

Finalised on 16 April for the week commencing 20 April

**Date:** 22 April  
**Time:** 1:00-2:00pm  
**Location:** Remote

**Attendees:** Hon James Shaw, Minister for Climate Change  
Vicky Robertson, Secretary for the Environment  
Martin Workman, Acting Deputy Secretary, Water and Climate  
Lindy Fursman, Chief Advisor, Climate Change  
Roger Lincoln, Director, Climate Change  
Mark Storey, Acting Director, Climate Change  
For item 2: Sarah Deblock, Manager, International Climate Change Issues  
Helen Plume, Principal Analyst, Climate Change  
For item 3: Matthew Everett, Principal Analyst, Climate Change  
For item 4: Ted Jamieson, Senior Analyst, Climate Policy - ETS

|   | Agenda  | Lead                         | Time   |
|---|---|------------------------------|--------|
| 1 | Context   | Martin Workman               | 10 min |
| 2 | NDC announcement<br><i>What we need from you:</i> Finalise messaging around NDC announcement  | Sarah Deblock<br>Helen Plume | 10 min |
| 3 | Impact of COVID-19 on the Climate Change Response Act statutory timeframes for the Climate Change Commission<br><i>What we need from you:</i> Check in on progress and issues arising, following up last week's decisions | Matthew Everett              | 5 min  |
| 4 | Kyoto surplus units – briefing note<br><i>What we need from you:</i> Discuss advice   | Ted Jamieson                 | 10 min |

## Upcoming meetings 20 April – 1 May

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|                    |  |
|--------------------|--|
| Wednesday 22 April | MfE officials meeting                        |
| Friday, 24 April   | Ollie Belton, Carbon Forest Services Limited |
| Tuesday, 28 April  | MfE officials meeting                        |
| Thursday, 30 April | MFAT officials                               |

### 1. Material for you to be aware of this week

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#### 1.1. New Zealand and international emissions prices

NZUs have continued to regain some of the losses from February and March. Market commentators see the arbitrage opportunity created by the difference in the current low NZU price and the \$25 fixed price option influencing price movements. However, there are still concerns about the long-term impacts of COVID-19 on the New Zealand's emissions market.

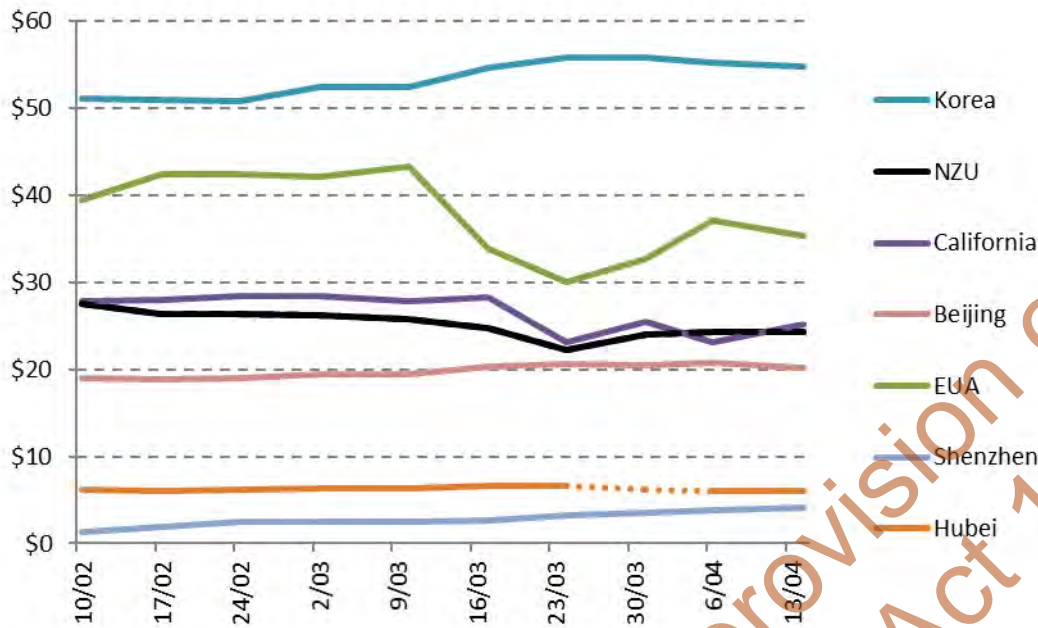
EUA prices weakened over the last week on continued volatility in global crude oil prices. By contrast, South Korea's monthly auction of CO<sub>2</sub> allowances sold out last week, fetching the highest price since the regular sales started last year. This week KAUs reached \$54.73 (NZD). Interest in these allowances is strong as Korea's carbon market is widely considered to be under-supplied. Market analysts have pointed to this as evidence that Korean CO<sub>2</sub> prices continue to be insulated from the economic impacts of COVID-19.

Allowance prices in the WCI stabilised this week following a period of volatility caused by COVID-19 and California's state-wide lockdown.

Table: Current emissions prices

| NZU, EUA and California emissions prices (NZD/t CO <sub>2</sub> e) as at 15 April 2020 |       |            |
|--|-------|------------|
| NZU  | EUA   | California |
| 24.25  | 35.38 | 26.11      |

**Chart: Recent trends in international emissions prices**



### 1.2. National Climate Change Risk Assessment draft report

On 14 April we received the draft Assessment Report for the National Climate Change Risk Assessment (NCCRA) from the AECOM led project team. This report summarises the findings from New Zealand's first National Climate Change Risk Assessment, and identifies the 10 most urgent risks to address through the National Adaptation Plan.

We will be sharing the draft report with a targeted group of stakeholders including central government, LGNZ and the NCCRA Reference Group (which is made up of representatives from various sectors including local government) and iwi/Māori for comment over the next couple of weeks. The AECOM led team will then finalise the report based on the feedback and deliver the final report to MfE in late May. We will brief you on the final report at the end of May.

The final NCCRA will then be prepared for publication so it is ready for you to take to Cabinet from early July, along with the Government's initial response to the NCCRA.

### 1.3. Update on Emissions Reduction Plan – work has begun

This item provides a brief update on work in progress for developing the Emissions Reduction Plan.

Under the Climate Change Response Act 2002 the government must prepare a plan setting out the policies and strategies for meeting the next emissions budget(s). The scope of the Emissions Reduction Plan (ERP) is set out in section 5ZG:

- sector-specific policies to reduce emissions and increase removals; and
- a multi-sector strategy to meet emissions budgets and improve the ability of those sectors to adapt to the effects of climate change; and

- a strategy to mitigate the impacts that reducing emissions and increasing removals will have on employees and employers, regions, iwi and Māori, and wider communities, including the funding for any mitigation action; and
- any other policies or strategies that the Minister considers necessary.

An outline work programme to develop the first ERP has been agreed by the Climate Change Chief Executives Board. The work programme identifies the following sector-specific strategies and lead agencies:

- heat, industry and power (Ministry for Business, Innovation and Employment)
- transport (Ministry of Transport)
- waste (Ministry for the Environment)
- building and construction (MBIE)
- agriculture and forestry (Ministry for Primary Industries).

There are also workstreams currently under development for a cross-cutting multisector strategy and a strategy to mitigate impacts. The ERP will be supported by data and modelling, and engagement and consultation. Penultimate draft sector chapters will be completed by the end of March 2021 with drafts of the cross-cutting multisector strategy and strategy to mitigate impacts components completed shortly thereafter.

The Ministry for the Environment is playing a coordination role across agencies and collaborating with lead agencies as required. Alongside the ERP we will develop a response to the emissions budgets prepared by the Climate Change Commission. On current planning timeframes, after the Climate Change Commission delivers its 1 February 2021 advice, officials will provide advice to Ministers on the government's response in the first half of 2021.

### 2.3 Refining NZ strategic review

Refining NZ's board announced the start of a strategic review of its operations and investments on Wednesday 15<sup>th</sup> April. The review will look at opportunities to improve the competitiveness of refining operations and value for shareholders, including the options to separate the refining and infrastructure assets or convert to a fuel import and storage business model.

This announcement came a day after announcing the Government's decision to allocate emission units to the business from 2023 on entry to the NZ ETS.

Refining NZ reported a \$4.2m profit for the FY 2018 (2019: \$30m). In that annual report, the board noted these reasons for the low result:

weaker than expected global refining margins, the result of a slowdown in the global economy, compounded by US sanctions on Chinese crude tanker companies, and additional refining capacity coming online earlier than expected. Demand in the Asia Pacific region was negatively impacted by a glut of diesel and gasoline exports from China and India. Crude freight rates increased from October...

The refinery is already operating in a reduced production mode because of low demand and oversupply in the Asia-Pacific region. This production mode is predicted to continue until the end of August.

The other significant industrial emitter also undertaking a public strategic review is NZAS. A decision was expected on the outcome of the review by the end of March.

## 2. Upcoming key events/announcements involving MfE/MFAT

- 22/23 April - Communication of New Zealand's NDC to UNFCCC

## 3. Upcoming briefings

### Papers for week ending 24 April

| Paper number | Issue or event   | Lead | Further information  |
|--------------|--|------|--|
| 2020-B-06617 | Draft supplementary order paper for ETR Bill Cabinet paper to review   | MfE  | ETR SOP Cabinet paper is expected to go for Ministerial consultation on 28 April                 |
| 2020-B-06657 | Climate Commission Nominating Committee – further advice on membership | MfE  | Further advice on a potential candidate for the committee, following Ministerial consultation    |
| 2020-B-06643 | Draft NZ ETS settings regulations Cabinet paper to review              | MfE  | NZ ETS settings regulations Cabinet paper planned to go for Ministerial consultation on 28 April |

### Papers for week ending 1 May

| Paper number | Issue or event  | Lead | Further information  |
|--------------|---|------|--|
| 2020-B-06614 | NZ Emissions Trading Scheme Auction Monitor role update | MfE  | To give an update on the impact of the recommended deferral of regulations to appoint an auction monitor for the NZ ETS.                         |
| 2020-B-06463 | Voluntary emissions offsetting post-2020                | MfE  | To give an update on potential options for voluntary emissions offsetting post-2020 and to outline whether the current guidance can be extended. |

## 4. Cabinet material being prepared for you

| Paper number | Paper name   | Committee | Description  | Timeframes  |
|--------------|--|-----------|--|---|
| 2020-C-06573 | NZ ETS settings regulations  | ENV       | NZ ETS unit supply and price control settings for regulations within reformed NZ ETS | Draft to you<br>Thursday 23 <sup>rd</sup> April     |
| TBC          | Supplementary Order Paper for the Emissions Trading Reform Bill            | ENV       | Seeks approval for the all-of-Government supplementary order paper on the ETR Bill   | Draft to you<br>Thursday 23 <sup>rd</sup> April     |
| TBC          | Government response to the National Climate Change Risk Assessment (NCCRA) | DEV       | Seeks Cabinet approval to a proposed Government response to NCCRA                    | Lodge – 25 June<br>DEV - 1 July<br>Cabinet - 6 July |

| Paper number | Paper name  | Committee | Description  | Timeframes |
|--------------|---|-----------|--|------------|
| 2020-C-06644 | Report back to Cabinet on Climate Impact Policy Assessments | ENV       | Seeks Cabinet approval to lower the CIPA threshold and update the Cabinet Office circular. | TBC        |

## 5. Cabinet material we have been consulted on

### Climate Implications of Policy Assessments (CIPA)

The CIPA requirement came into force on 1 November 2019. The following table sets out current CIPAs that we are working with agencies on, where the CIPA requirements apply.

| Paper name                    | Agency | Committee | Our advice on the GHG analysis  |
|-------------------------------|--------|-----------|---|
| Waste Landfill Levy Expansion | MfE    | ENV       | The CIPA requirements are expected to apply to this proposal. We have undertaken initial QA of NZIER commissioned cost-benefit analysis (includes modelling to estimate GHG reductions). NZIER to provide revised report.   |
| Clean Car Standard            | MoT    | ENV       | The CIPA requirements are expected to apply to this proposal. We are currently in the process of providing QA of the cost-benefit analysis of proposed options (includes modelling to estimate GHG reductions). On request, MoT have provided some additional modelled data that we have assessed. Further work by MoT is currently on hold due to COVID-19 response. |

## 6. OIA requests

### 6.1. Ministerial

| Request   | Correspondent | Organisation | Reference | Drafting agency | Due at your office/current status | Date due to send |
|---|---------------|--------------|-----------|-----------------|-----------------------------------|------------------|
| <p>This is to request under the Official Information Act 1982 a copy of all correspondence, memoranda, filenotes, briefings and other documents from 15 March 2020 to 15 April 2020 held by your Office regarding:</p> <p>(1) advice, correspondence &amp; decisions relating to proposed changes to legislation intended to speed up and implement infrastructure and development projects in response to COVID-19, including but not limited to consideration of maintaining environmental safeguards and community and iwi consultation.</p> <p>(2) advice, correspondence &amp; decisions relating to the identification and funding of shovel ready projects, including the establishment of the infrastructure group</p> <p>(3) advice, correspondence and decisions to delay the introduction of national direction, policy, and environmental regulations in light of COVID-19 considerations.</p> <p>(4) how the three above processes relate to Government commitments to:</p> <ol style="list-style-type: none"> <li>apply a 'climate lens' to these COVID-19 response decisions as per the Government's announcement of 4 December 2019 "Climate change lens on major Government decisions" and pursuant to the Zero Carbon Act;</li> <li>the proposed national direction on freshwater, highly productive land and urban development and transport; and</li> <li>Māori consultation, both with iwi &amp; Hapū, and Māori development.</li> </ol> | s 9(2)(a)     |              | TBC       |                 | 7 May 2020                        | 14 May 2020      |

IN CONFIDENCE

## 6.2. Ministry for the Environment OIAs

| Request  | Correspondent | Organisation | Reference  | Drafting agency | Date due to send |
|--|---------------|--------------|------------|-----------------|------------------|
| <p>Kia Ora This is to request under the Official Information Act 1982 a copy of all correspondence, memoranda, filenotes, briefings and other documents from 15 March 2020 to 15 April 2020 held by your Office regarding: (1) advice, correspondence &amp; decisions relating to proposed changes to legislation intended to speed up and implement infrastructure and development projects in response to COVID-19, including but not limited to consideration of maintaining environmental safeguards and community and iwi consultation. (2) advice, correspondence &amp; decisions relating to the identification and funding of shovel ready projects, including the establishment of the infrastructure group (3) advice, correspondence and decisions to delay the introduction of national direction, policy, and environmental regulations in light of COVID-19 considerations. (4) how the three above processes relate to Government commitments to: a. apply a 'climate lens' to these COVID-19 response decisions as per the Government's announcement of 4 December 2019 "Climate change lens on major Government decisions" and pursuant to the Zero Carbon Act; b. the proposed national direction on freshwater, highly productive land and urban development and transport; and c. Māori consultation, both with Iwi &amp; Hapū, and Māori development. I am also sending this request to Hon. Shane Jones, Minister of Infrastructure &amp; Regional Economic Development, Hon. Phil Twyford, Minister of Economic Development, Hon. James Shaw, Minister of Climate Change, Hon. David Parker, Minister of Environment, Hon. Eugenie Sage, Minister of Conservation, and Hon. Julie Ann Genter, Associate Minister of Transport. Please refer this onto other offices if they are more appropriately placed to provide me with these documents.</p> | s 9(2)(a)     |              | 20-D-00560 | MfE             | 14 May 2020      |

Released under the provision of the Official Information Act 1982

## Weekly update - Minister for Climate Change

Finalised on 23 April for the week commencing 27 April

**Date:** 28 April  
**Time:** 4:00-5:00pm  
**Location:** Remote

**Attendees:** Hon James Shaw, Minister for Climate Change  
Vicky Robertson, Secretary for the Environment  
Martin Workman, Acting Deputy Secretary, Water and Climate  
Lindy Fursman, Chief Advisor, Climate Change  
Roger Lincoln, Director, Climate Change  
Mark Storey, Acting Director, Climate Change  
For items 2 and 3: Matthew Cowie, Manager, Emissions Trading Policy  
For item 2: Scott Gulliver, Principal Analyst, Emissions Trading  
For item 3: Justin Wood, Senior Analyst, Climate Change  
For item 5: Sarah Deblock, Manager International Climate Change  
Ted Jamieson, Senior Analyst, Climate Policy

|               | Agenda  | Lead   | Time   |
|---------------|---|--|--------|
| 1             | Context   | Martin Workman                                 | 10 min |
| 2             | NZ ETS settings regulations draft Cabinet paper<br><i>What we need from you: Your feedback on the draft Cabinet paper and an update on timing</i> | Matthew Cowie                                  | 10 min |
| 3             | Supplementary Order Paper draft Cabinet paper<br><i>What we need from you: Your feedback on the draft Cabinet paper and an update on timing</i>   | Matthew Cowie<br>Justin Wood                   | 10 min |
| s 9(2)(f)(iv) |   |  |        |
| 5             | Kyoto surplus units – briefing note<br><i>What we need from you: Discuss advice</i>   | Ted Jamieson<br>Sarah Deblock<br>Lindy Fursman | 5 min  |

## Upcoming meetings 27 April – 8 May

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|  |   |
|--|---|
| <b>Tuesday, 28 April</b>                                     | MfE officials meeting   |
| <b>Tuesday, 28 April night / early Wednesday, 29 morning</b> | Petersberg Climate Dialogue XI  |
| <b>Thursday, 30 April</b>                                    | MFAT officials  |
| <b>Monday, 4 May</b>   | MfE officials meeting   |
| <b>Thursday, 7 May</b>                                       | LIVECAST: Mt Aspiring College - Climate Change WebSeries 'Dear Future Generation' |

### 1. Key decisions for you to make this week

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Begin Ministerial consultation on two Cabinet papers:

- NZ ETS Settings Regulations
- Supplementary Order Paper to the Emissions Trading Reform Bill

### 2. Material for you to be aware of this week

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#### Domestic

#### 2.1. Five Iwi Afforestation project

s 9(2)(f)(iv)

The Five Iwi Afforestation project was an initiative of the previous Government to allow Ngai Tahu and four other iwi (Waikato-Tainui, Te Uri o Hau, Ngāti Awa and Tūwharetoa (Bay of Plenty)) to afforest on Crown land and retain the NZUs earned from the land. The project was proposed to help resolve Ngai Tahu's legal claim that the introduction of the NZ ETS had adversely affected the value of the pre-1990 land they had received as part of their Treaty settlement with the Crown. Ultimately, the Five Iwi Afforestation project did not go ahead as it became clear to Ngai Tahu that afforestation on the offered land would have high costs and low returns. It is important to note that while the Government proposed the afforestation project it never accepted Ngai Tahu claims.

s 9(2)(f)(iv)

## 2.2. Estimate 2020/21 – Select Committee Hearing

Your office has been advised that on 18 June you will appear in front of the Environment Select Committee in relation to the 2020/21 Estimate for Vote Environment. We are currently working with your office to set up preparation sessions and are working to provide you supporting information well in advance of the hearing. The supporting material will include speech notes, summary information on key areas from the Climate Change portfolio that may be raised at the hearing and summary of the Vote estimate break down as it relates to Climate Change.

We have received the first set of questions from the Select Committee which are due to be filed with the Clerk of the Committee on 15 May, and we expect more batches of questions to follow.

## 2.3. New Zealand and international emissions prices

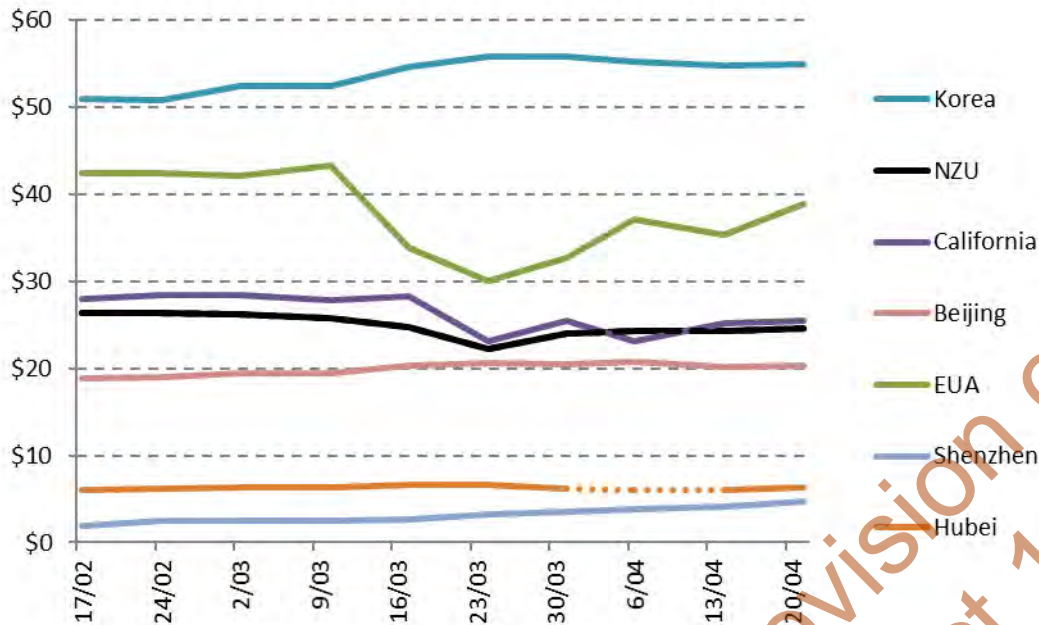
NZU prices increased slightly from last week on healthy demand. There are still a large number of buyers looking to pick up units at current levels before the 31 May surrender deadline. Most observers expect demand to remain strong until the deadline, but there is uncertainty among market participants as to what will happen for 2020 surrenders.

There was significant movement in EUA prices this week as wider financial markets were rattled by the sub-zero US oil prices. Prices fell sharply at the beginning of the week, but regained some losses on Wednesday. The continued economic disruption from COVID-19 has caused prices in the EU ETS to fluctuate significantly. Commentators predict this dynamic could persist as long as markets remain in flux.

**Table: Current emissions prices**

| NZU, EUA and California emissions prices (NZD/t CO <sub>2</sub> e) as at 22 April 2020 |       |            |
|--|-------|------------|
| NZU  | EUA   | California |
| 24.55  | 35.98 | 25.70      |

**Chart: Recent trends in international emissions prices**



#### 2.4. Key messages from He Waka Eke Noa Steering Group meeting

The He Waka Eke Noa Steering Group met for first time as a full cohort on the 16th of February. The following represents the key messages the Group chair agreed as a summary of the meeting:

- The Steering Group had their first full meeting on the 16th of April with Vaughan Payne, CE Waikato Regional Council joining the Steering Group as the final member. Vaughan brings clear thinking and experience in integrating a Te Ao Maori perspective into the work programme and will also help strengthen the connections between work on freshwater and greenhouse gas emissions.
- Covid-19 is presenting significant and varying challenges for the different parts of the primary sector and for farmer wellbeing. Notwithstanding this there was an acknowledgement of needing to 'stay the course' on this work programme given its long-term importance. The opportunity for 'shovel ready' response projects to align with He Waka Eke Noa objectives and milestones was also flagged.
- An approach to engaging with the Climate Change Commission was agreed that will:
  1. support the Commission to understand in more detail how progress on the He Waka Eke Noa work programme has been made
  2. support the Commission in setting its five-year budgets to understand the likely emissions reductions from the regulatory and non-regulatory actions delivered through He Waka Eke Noa and
  3. to ensure that the Commission and He Waka Eke Noa communicate consistently when engaging with farmers and agricultural stakeholders.
- Workstream leads from industry and government for the 4 priority workstreams (Emissions Reporting, Emissions Pricing, On-farm sequestration and Farm Planning) were confirmed. Work is continuing on scoping 20/21 deliverables and funding/resource requirements for those workstreams. Once funding/resource requirement are understood and agreed by the Steering Group a business case for any additional resourcing needs will be developed.

- There has been a considerable amount of work done scoping the Maori Agribusiness workstream between FOMA, MPI's Maori agribusiness unit and TPK. This is comprehensive and looks well placed to support Maori landowners to engage in the programme objectives. Work is underway to understand the resource requirements of this workstream.
- Work is also progressing on a strategic communications and engagement strategy for the 5-year work programme. A team of specialists across industry and government are working together to develop the plan. Māori coms and engagement expertise will be included in that team.

## 2.5. Hawke's Bay adaptation partnership project case study published

On Monday 20 April the case study produced through MfE's partnership project with Hawke's Bay Regional Council was publicly released on the MfE website. The case study looked into challenges the councils are experiencing in implementing the *Clifton to Tangoio Coastal Hazard Management Strategy 2120*. You received a copy of this case study in January, and it was presented to the RM Review Panel in March to inform their thinking.

The publication of the case study was picked up on Tuesday 21 April in a Marty Sharpe article for Stuff media. The article uses multiple quotes from the case study and emphasises the case study's recommendations that central government look to provide more direction for local government on a range of climate change adaptation issues including funding, division of responsibilities, and alignment between key statutes such as the RMA and LGA.

## International

### 2.6. CORSIA

You asked for officials' view on the environmental integrity of programmes approved for compliance with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) by the International Civil Aviation Organisation (ICAO) Council. We provide an overview of commentary on the programmes, and resulting implications, including input from MOT, EPA and MFAT.

There are mixed views about the eligibility criteria: ICAO's assessment is that programmes meet the criteria, some NGOs argue some programmes do not meet the criteria. It may be too early to form a comprehensive view, as much existing commentary focuses on the programmes generally, whereas ICAO's decision only approves units from projects initiated from 2016 onwards.

The approach taken by CORSIA has a number of implications:

- s 9(2)(j)

[Redacted]

[Redacted]

- s 9(2)(j)



## 2.7. Climate Teams

On 22 April you received an email from Fred Krupp, President of the Environmental Defense Fund (EDF), inviting New Zealand to participate in a 15-month design and exploration process for Climate Teams. Climate Teams is a potential way to allow large-scale cooperation between countries to reduce emissions.

Suzi Kerr, EDF's Chief Economist (formerly of Motu), continues to lead Climate Teams. MfE officials have been liaising with Suzi over several months and we worked with her to draft the letter of invitation emailed to you. s 9(2)(j)

Officials' involvement in Climate Teams does not imply any future commitment from New Zealand. It represents an opportunity to help us assess whether New Zealand might be able to use a Climate Teams approach to cooperate with other countries in the future, with a view to increase climate change ambition. It will also allow us to influence the initiative, and help ensure that whatever is developed has environmental integrity and is workable from a government perspective.

We recommend that you accept the invitation for New Zealand to be involved in Climate Teams. If you agree, we will draft a response for you to send back to EDF on that basis, which you will receive in the coming days.

**Do you agree to accept the invitation from EDF for officials to participate in a 15-month design and exploration process for Climate Teams?**

**AGREE / DISAGREE**

## 3. Upcoming briefings

### Papers for week ending 1 May

| Paper number | Issue or event  | Lead | Further information  |
|--------------|---|------|--|
| 2020-B-06614 | NZ Emissions Trading Scheme Auction Monitor role update | MfE  | To give an update on the impact of the recommended deferral of regulations to appoint an auction monitor for the NZ ETS. |

## Papers for week ending 8 May

| Paper number | Issue or event                           | Lead | Further information  |
|--------------|--|------|--|
| 2020-B-06463 | Voluntary emissions offsetting post-2020 | MfE  | To give an update on potential options for voluntary emissions offsetting post-2020 and to outline whether the current guidance can be extended. |

## 4. Cabinet material being prepared for you

| Paper number | Paper name   | Committee         | Description   | Timeframes  |
|--------------|--|-------------------|---|---|
| 2020-C-06644 | Report back to Cabinet on Climate Impact Policy Assessments                          | ENV               | Seeks Cabinet approval to lower the CIPA threshold and update the Cabinet Office circular.  | TBC   |
| 2020-C-06573 | NZ ETS settings regulations  | ENV               | NZ ETS unit supply and price control settings for regulations within reformed NZ ETS  | Lodge: 7-May-20<br>ENV: 14-May-20<br>Cabinet: 18-May-20 |
| 2020-C-06541 | Supplementary order paper the Emissions Trading Reform Bill                          | Direct to Cabinet | Seeks agreement to a range of policy changes and the introduction of the SOP  | TBC   |
| 2020-C-06595 | Report back to DEV on climate-related financial disclosures                          | DEV               | This Cabinet paper will present final policy recommendations to DEV, seeking agreement to issue drafting instructions to PCO. Note that timing of this is TBC, as our counterparty at MBIE is now on the COVID-19 response.                   | Lodge: 21-May-20<br>DEV: 27-May-20<br>Cabinet: 1-Jun-20 |
| TBC          | Government response to the National Climate Change Risk Assessment (NCCRA)           | DEV               | Seeks Cabinet approval to a proposed Government response to NCCRA   | Lodge – 25 June<br>DEV - 1 July<br>Cabinet - 6 July     |
| 2020-C-06527 | Establishing the Climate Change Commission - Appointment of the Nominating Committee | APH               | This paper seeks agreement by Cabinet to appoint members to the statutory Nominating Committee which will be established by the enactment of the Zero Carbon Bill, in order to make subsequent appointments to the Climate Change Commission. | Lodge: TBC<br>APH: TBC<br>Cabinet: TBC                  |

IN CONFIDENCE

## 5. Cabinet material we have been consulted on

| Paper name                                | Agency | Committee | Our advice on the paper  |
|---|--------|-----------|--|
| Amending the RM Bill climate change dates | MfE    | TBC       | A short Cabinet paper making minor adjustments to the RM Bill. The date of commencement for the climate change provisions is 31 December 2021, this date is retained as the nominal date in the Bill for commencement, but now (contingent on Cabinet agreement) allows for extension by Order in Council to November 2022 (to align with the last possible date of gazettal of the first national adaptation plan) if we are not meeting timeframes for national direction. Officials are supportive of this paper. |

### Climate Implications of Policy Assessments (CIPA)

The CIPA requirement came into force on 1 November 2019. The following table sets out current CIPAs that we are working with agencies on, where the CIPA requirements apply.

| Paper name                    | Agency | Committee | Our advice on the GHG analysis   |
|-------------------------------|--------|-----------|--|
| Waste Landfill Levy Expansion | MfE    | ENV       | The CIPA requirements are expected to apply to this proposal. We have undertaken initial QA of NZIER commissioned cost-benefit analysis (includes modelling to estimate GHG reductions). NZIER to provide revised report.  |
| Clean Car Standard            | MoT    | ENV       | The CIPA requirements are expected to apply to this proposal. We are currently in the process of providing QA of the cost-benefit analysis of proposed options (includes modelling to estimate GHG reductions). On request, MoT have provided some additional modelled data that we have assessed. Further work by MoT is currently on hold due to COVID-19 response.  |
| ETS settings                  | MfE    | ENV       | The CIPA requirements do apply to this proposal. The proposal will influence behaviour and lead to business and consumer decisions to reduce emissions and increase sequestration through forestry. The proposal will play a major part in reducing our emissions but will need to be coupled with complementary measures to enable us to meet emission budgets. Due to the broad based impact of the policy it is not possible to estimate the direct impact of the proposal with a high level of accuracy. The estimates of the emissions impact are provided to give a sense of the size and scale of the proposal. The CIPA team is in the process of reviewing broad estimates of emissions impact drawn from expert input. |

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the Official Information Act 1982

**IN CONFIDENCE**

## 6. OIA requests

### 6.1. Ministerial

| Request   | Correspondent | Organisation | Reference | Drafting agency | Due at your office/current status | Date due to send |
|---|---------------|--------------|-----------|-----------------|-----------------------------------|------------------|
| <p>This is to request under the Official Information Act 1982 a copy of all correspondence, memoranda, filenotes, briefings and other documents from 15 March 2020 to 15 April 2020 held by your Office regarding:</p> <p>(1) advice, correspondence &amp; decisions relating to proposed changes to legislation intended to speed up and implement infrastructure and development projects in response to COVID-19, including but not limited to consideration of maintaining environmental safeguards and community and iwi consultation.</p> <p>(2) advice, correspondence &amp; decisions relating to the identification and funding of shovel ready projects, including the establishment of the infrastructure group</p> <p>(3) advice, correspondence and decisions to delay the introduction of national direction, policy, and environmental regulations in light of COVID-19 considerations.</p> <p>(4) how the three above processes relate to Government commitments to:</p> <ol style="list-style-type: none"> <li>apply a 'climate lens' to these COVID-19 response decisions as per the Government's announcement of 4 December 2019 "Climate change lens on major Government decisions" and pursuant to the Zero Carbon Act;</li> <li>the proposed national direction on freshwater, highly productive land and urban development and transport; and</li> <li>Māori consultation, both with Iwi &amp; Hapū, and Māori development.</li> </ol> | s 9(2)(a)     |              | OIA319    |                 | 7 May 2020                        | 14 May 2020      |

## 6.2. Ministry for the Environment OIAs

| Request   | Correspondent | Organisation | Reference  | Drafting agency | Date due to send | Progress                                      |
|---|---------------|--------------|------------|-----------------|------------------|---|
| <p>Kia Ora This is to request under the Official Information Act 1982 a copy of all correspondence, memoranda, filenotes, briefings and other documents from 15 March 2020 to 15 April 2020 held by your Office regarding: (1) advice, correspondence &amp; decisions relating to proposed changes to legislation intended to speed up and implement infrastructure and development projects in response to COVID-19, including but not limited to consideration of maintaining environmental safeguards and community and iwi consultation. (2) advice, correspondence &amp; decisions relating to the identification and funding of shovel ready projects, including the establishment of the infrastructure group (3) advice, correspondence and decisions to delay the introduction of national direction, policy, and environmental regulations in light of COVID-19 considerations. (4) how the three above processes relate to Government commitments to: a. apply a 'climate lens' to these COVID-19 response decisions as per the Government's announcement of 4 December 2019 "Climate change lens on major Government decisions" and pursuant to the Zero Carbon Act; b. the proposed national direction on freshwater, highly productive land and urban development and transport; and c. Māori consultation, both with Iwi &amp; Hapū, and Māori development. I am also sending this request to Hon. Shane Jones, Minister of Infrastructure &amp; Regional Economic Development, Hon. Phil Twyford, Minister of Economic Development, Hon. James Shaw, Minister of Climate Change, Hon. David Parker, Minister of Environment, Hon. Eugenie Sage, Minister of Conservation, and</p> | s 9(2)(a)     |              | 20-D-00560 | MfE             | 14 May 2020      | Debbie Bell will be assisting Curtis Hammond. |

IN CONFIDENCE

| Request  | Correspondent | Organisation | Reference | Drafting agency | Date due to send | Progress |
|--|---------------|--------------|-----------|-----------------|------------------|----------|
| Hon. Julie Ann Genter, Associate Minister of Transport. Please refer this onto other offices if they are more appropriately placed to provide me with these documents. |               |              |           |                 |                  |          |

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the Official Information Act 1982