



Weekly update - Minister for Climate Change

Finalised on 27 February for the week commencing 2 March 2020

Date: 2 March 2020
Time: 9-10 am
Location: Office of the Minister for Climate Change

Attendees: Hon James Shaw, Minister for Climate Change
Lindy Fursman, Chief Advisor, Climate Change
Roger Lincoln, Director, Climate Change
Craig Salmon, Acting Director, Climate Change
For item 2: Matthew Cowie, Manager, Emissions Trading Policy
For item 3: Fraser Wyeth, Manager, Emissions Trading Markets
Kate Whitwell, Senior Analyst, Climate Change
For item 4: Sarah Deblock, Manager, International Climate Change Issues
Adam Bradshaw, Analyst, International Climate Change Issues

	Agenda	Lead	Time
1	Context	Roger Lincoln	5 min
2	ETR amendment Cabinet paper <i>What we need from you: Feedback as to whether you need further information or points of clarification ahead of Cabinet</i>	Matthew Cowie	15 min
3	Draft Cabinet paper: Auction regulations <i>What we need from you: any feedback on the paper that needs to be incorporated prior to providing a final copy for ministerial consultation</i>	Fraser Wyeth	10 min
4	Updated NDC Cabinet Paper <i>What we need from you: feedback on the proposed changes following Ministerial consultation, with a view to lodgement on 5 March</i>	Sarah Deblock	15 min

Upcoming meetings 2 March – 13 March

Monday, 2 March	MfE officials meeting Breakfast event: Tourism Holdings Ltd and Proxima - Making NZ Future-Fit: Measuring what matters for transformational change (Auckland)
Tuesday, 3 March	Meeting with Dr. Rod Carr Hon Dr. Megan Woods invites you to a hydrogen energy seminar PRE RECORD - Kapiti Climate Change Summit
Wednesday, 4 March	Stun CE Adam Blackwell, NZ Creative Director Greg Ellis and Christian Bonnevie BNZ Martin King (previous Lloyds Bank, UK) GM Customer Vulnerability MFAT officials meeting Meet and Greet: Auckland Transport Chair, Adrienne Young-Cooper and Chief Executive, Shane Ellison
Thursday, 5 March	Next Foundation, Jan Hania, Environment Director
Monday, 9 March	MfE officials meeting MFAT officials meeting Forest & Bird Youth Wellington
Tuesday, 10 March	Mike Bennetts, Z Energy's Chief Executive
Wednesday, 11 March	Sanford CEO Volker Kuntzsch and Fiona MacMillan MfE officials, monthly adaptation meeting
Thursday, 12 March	Hon. Robertson MEET/CO-HOST: Farming and Forestry Stakeholders (with Hon Jones and Hon' O'Connor)
Monday, 16 March	MfE officials meeting MFAT officials meeting
Tuesday, 17 March	Courtesy Call - German Ambassador Stefan Krawielicki
Thursday, 19 March	Chartered Accountants ANZ

1. Key decisions for you to make this week

1.1. Lodge these Cabinet papers on 5 March:

- s6(a) [REDACTED]
- Producing Refined Petroleum Products

2. Material for you to be aware of this week

Domestic

2.1. Resource management review: update on Climate Change Working Group

On Friday 28 February the Climate Change Working Group provided its final recommendations report to the Resource Management Review Panel (the Panel). The report gives advice to the Panel on changes to the resource management system needed to improve climate change mitigation and adaptation outcomes. It will inform the Panel's recommendations for reform to the Government in May 2020. The Panel will meet with the Working Group on Tuesday 3 March to discuss the report's findings. There will also be presentations and discussion on the findings of the Hawke's Bay partnership project, and on options for addressing existing use rights (a key issue when dealing with proactive adaptation action, such as managed retreat).

2.2. New Zealand and international emissions prices

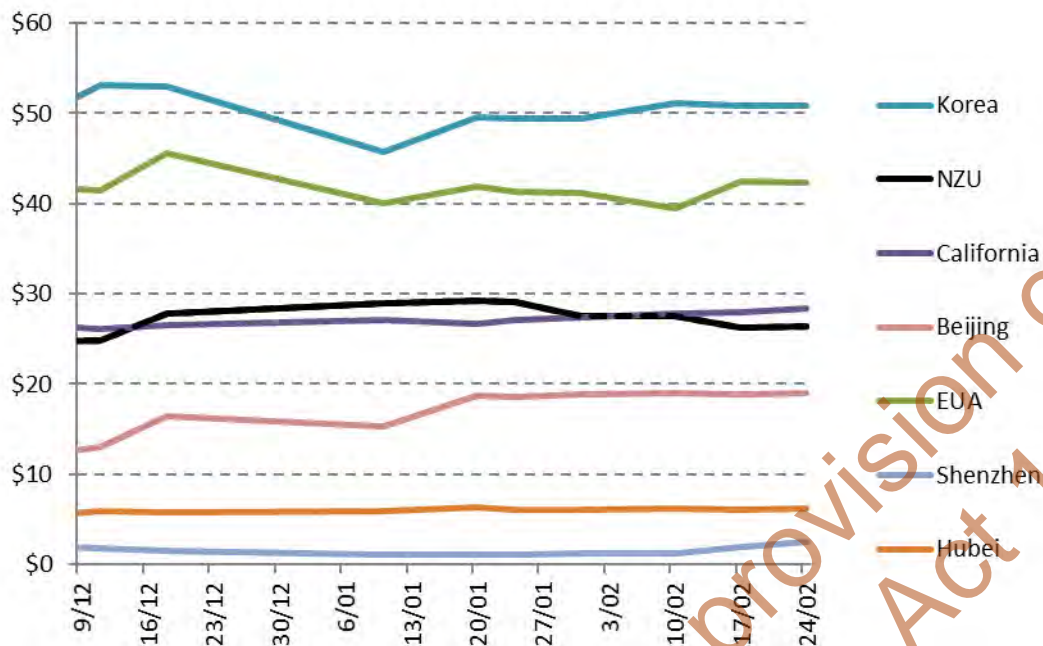
NZU prices levelled off this week after dropping since mid-January, with no new information impacting on the market.

All other international emissions trading schemes were stable this week. This included the EU ETS, which had seen drops early in the week related to concerns about coronavirus, but bounced back after traders stepped in to capitalise on the early losses.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 27 Feb 2020		
NZU	EUA	California
26.40	42.36	28.38

Chart: Recent trends in international emissions prices



International

2.3. Domestic transition: Parliamentary treaty examination of MARPOL VI

Parliamentary treaty examination has begun for Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL VI). This annex aims to reduce the harmful effects of shipping on human health and the environment. It is also the convention under which parties to the International Maritime Organisation are negotiating measures to reduce greenhouse gas emissions from ships. The initial effect for New Zealand acceding to the treaty will be that domestic shipping will need to use low sulphur fuel (which already applies to international shipping), reducing local air pollution. In the longer term, once measures to reduce greenhouse gas emissions from ships are adopted, these will also apply to New Zealand through MARPOL VI. MOT and MFAT officials are likely to brief the Environment Committee on 5 March 2020.

2.4. Global Ambition: French Climate Change Ambassador in Wellington

Brigitte Collet, the French Climate Change Ambassador, will meet with MFAT officials on Wednesday 4 March to discuss priorities for the lead-up to COP26; climate change and the Pacific; and relevant France/NZ bilateral issues in the lead up to the One Planet Summit. This visit builds on the visit by New Zealand's Climate Change Ambassador last year, and implements the 2018 Joint Declaration between France and New Zealand.

2.5. Accounting for Sustainability: Call to action in response to climate change.

This week the Chartered Accountants Australia and New Zealand (CA ANZ), as part of a group of 13 global accounting bodies representing 2.5 million accountants and coordinated by the Prince

of Wales' Accounting for Sustainability group, announced a call to members to commit to a vital role in climate change action.

The organisations believe the accountancy profession should play a significant role in achieving climate change mitigation, including through providing advice to Government on policy and providing resources. They saw their core role to be identifying material risks with financial consequences and stated that this would encompass relevant financial and strategic analysis, disclosure, scenario analysis and assurance. They also believed better disclosure would facilitate more informed allocation of capital and support the transition to a net zero carbon economy.

The global accounting bodies felt that professional accountants should commit to the use and implementation of existing and developing frameworks such as the Task Force on Climate-related Financial Disclosures. The organisations committed to providing members with the training, support and infrastructure they need and to support more useful disclosure.

Having a major accounting organisation of this size demonstrate a willingness to commit resources to sustainable finance, particularly climate related financial disclosures, may create further opportunities for us to collaborate with CA ANZ around guidance materials for climate related financial disclosures and the role of assurance.

2.6. Australian Labor Party announces 2050 net zero target

Australia's Labor Party announced that a Labor Government would adopt the target of zero net emissions by the year 2050, declaring "a new climate – and new change – is here" in light of the recent bushfires. Labor also noted that all of Australia's state and territory governments have already promised to operate in a carbon neutral way by 2050, and asserted Australia should be a clean energy superpower. In the media, the Australian Government primarily labelled the target as not planned through and reiterated its own focus on low emissions technology development.

3. Upcoming key events/announcements involving MfE/MFAT

3.1. Interview and press release on *He Waka Eke Noa*

- Date TBC – Exclusive interview with yourself and the Minister of Agriculture, with RNZ's Rural News programme and Farmers Weekly publication.
- Date TBC – Subsequent release of statement on establishment of the Steering Group for *He Waka Eke Noa*.
- 9 April: Release of the National Greenhouse Gas Inventory

4. Upcoming briefings

Papers for week ending 06 March

Paper number	Issue or event	Lead	Further information
2020-B-06518	Fixed price option change – approval for issuing drafting instructions	MfE	Joint BN with MOF and Minister of Forestry; summarises feedback from consultation and

Paper number	Issue or event	Lead	Further information
			seeks approval for drafting a supplementary order paper to increase and extend the FPO.
2020-B-06495	Approach to initial government response to the national climate change risk assessment	MfE	This briefing note is to update you on our approach to responding to the national climate change risk assessment.
TBD	s6(a) [REDACTED]	MfE	s6(a) [REDACTED]
2020-B-06519	Talking Points for the ENV discussion on 12 March, on the Refining NZ industrial allocation policy decision	MfE	Talking Points for the ENV discussion on 12 March, on the Refining NZ industrial allocation policy decision
2020-B-06501	Recommendations for an iwi-Māori representative for He Waka Eke Noa	MfE/MPI	Supports you to select a preferred iwi/Māori representative for the He Waka Eke Noa Steering Group, before the Group's meeting in early April.
2020-B-06109	Establishment of the Nominating Committee for future Climate Change Commission appointments.	MfE	Briefing note, draft APH paper, Draft Terms of Reference and appointment letters for your consideration.

Papers for week ending 13 March

Paper number	Issue or event	Lead	Further information
2020-B-06503	Adaptation Reporting Power pilots and implementation	MfE	Explains MfE's proposed pilots, and how those will inform our use of the Adaptation Reporting Power this year.

5. Cabinet material being prepared for you

Paper number	Paper name	Committee	Description	Timeframes
2020-C-06416	Consultation on Proposed New Zealand Emissions Trading Scheme Annual Technical Regulations Updates	ENV - Environment, Energy and Climate	ENV paper on proposed NZ ETS technical regulation updates for 2020.	Lodge: 5 March ENV: 12 March Cabinet: 16 March
2020-C-06505	Industrial Allocation for Producing Refined Petroleum Products	ENV - Environment, Energy and Climate	Seeks Cabinet approval for drafting regulations to make Refining NZ eligible for receiving free emission units under industrial allocation policy. The allocative baseline will be set using 2006-2009 data.	Lodge: 5 March ENV: 12 March Cabinet: 16 March
2019-C-06296	s6(a)	ENV - Environment, Energy and Climate	s6(a)	Lodge: 5 March ENV: 12 March Cabinet: 16 March
2020-C-06418	NZ ETS New Zealand Aluminium Smelter's 2020 allocation update	LEG	The Cabinet paper sets out the statutory requirements for updating NZAS's allocative baseline and seeks authorisation to submit the amendment regulations to the Executive Council	Lodge: 12 March LEG: 17 March Cabinet: 23 March
2020-C-06455	Regulatory decisions on rules for auctioning in the New Zealand Emissions Trading Scheme	DEV - Economic Development	This paper seeks Cabinet agreement to implement regulations to enable the auctioning of NZUs in the New Zealand Emissions Trading Scheme.	Lodge: 11 March DEV: 18 March Cabinet: 23 March
2019-C-06047	Establishing the Climate Change Commission - Appointment of the Nominating Committee	APH	This paper seeks agreement by Cabinet to appoint members to the Nominating Committee in order to make subsequent appointments to the Climate Change Commission.	Lodge: 18 March APH: 1 April Cabinet: 6 April
2020-C-06520	Policy decision on initial NZ ETS supply and price settings.docx	ENV - Environment, Energy and Climate	Seeks approval for issuing drafting instructions following consultation on the provisional emissions budget and unit supply and price settings.	Lodge: 23 April ENV: 30 April Cabinet: 4 May

6. 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															
Clean Car Standard	MoT	ENV	The CIPA requirements are expected to apply to this proposal. Modelling of options is underway within MoT on emissions and we will continue to work on the quality assessment when they come in.															
Increasing the fixed price option under the NZ ETS	MfE	ENV	<p>The proposal has the potential to increase the stockpile of NZUs in the ETS. The stockpile will increase for every surrender obligation that uses the proposed FPO instead of the auction. The volume that the FPO is used will depend largely on the auction price. A low auction price compared to the FPO will likely lead to minimal take up of the FPO, whereas an auction price equal to or higher than the FPO would lead to a high level of take up of the FPO.</p> <table border="1"> <thead> <tr> <th>Percentage take up of FPO</th> <th>Increase to the stockpile of NZUs</th> <th>Increase as percentage of current stockpile</th> </tr> </thead> <tbody> <tr> <td>0%</td> <td>0</td> <td>0%</td> </tr> <tr> <td>10%</td> <td>4mil</td> <td>3%</td> </tr> <tr> <td>50%</td> <td>21mil</td> <td>14%</td> </tr> <tr> <td>100%</td> <td>41mil</td> <td>27%</td> </tr> </tbody> </table> <p>In the absence of any other response from government, an increase in the stockpile of units would result in a corresponding increase in emissions (1 unit resulting in 1 tonne CO₂-e), which could be significant as shown in the table. However, the government is adjusting the volumes of units to be auctioned into the scheme to reduce the stockpile, and can easily ensure that any increase in the stockpile does not result in emissions by reducing volumes of units auctioned in future years. Doing so would negate the overall increase in the stockpile. So long as this approach is taken, the use of the FPO will not result in any greenhouse gas emissions.</p>	Percentage take up of FPO	Increase to the stockpile of NZUs	Increase as percentage of current stockpile	0%	0	0%	10%	4mil	3%	50%	21mil	14%	100%	41mil	27%
Percentage take up of FPO	Increase to the stockpile of NZUs	Increase as percentage of current stockpile																
0%	0	0%																
10%	4mil	3%																
50%	21mil	14%																
100%	41mil	27%																
Wood legality and registration of forestry practitioners	MPI	ENV	The CIPA requirements do not apply to this proposal as the emissions impacts are indirect. It is likely this proposal will cause a decrease in emissions but due to the indirect impact we consider any modelling to have a very high level of uncertainty.															
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 of proposed options (includes modelling to estimate GHG reductions).															

7. OIA requests

7.1. Ministerial

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
We request urgency to access the most recent advice from officials, Cabinet paper and Cabinet decision not already in the public domain as these are likely to be relevant to the Environment (Select) Committee consideration of changes to industrial allocations in the Bill.	s 9(2)(a)	s 9(2)	OIA304	With office	5-Feb-20	12-Feb-20
*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)	s 9(2)(a)	OIA310 / 20-D-00115	MFE / MFAT	3-Mar-20	10-Mar-20
*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	s 9(2)(a)		OIA311	TSY to led	10-Mar-20	17-Mar-20

IN CONFIDENCE

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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 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</p>						

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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 -</p>	<p>s 9(2)(a)</p>		<p>OIA312</p>	<p>TSY to led</p>	<p>10-Mar-20</p>	<p>17-Mar-20</p>

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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>						
<p>*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.</p>	s 9(2)(a)	s 9(2)(a)	OIA307 / 20-O-00120	MFE / MFAT	11-Mar-20	18-Mar-20
<p>*What advice, briefings and aides memoire did the Minister receive from the</p>	s 9(2)(a)	National Party	OIA313	To be led by the Office	12-Mar-20	19-Mar-20

IN CONFIDENCE

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
Prime Minister's Chief Science Advisor in regards to Climate Change Response (Zero Carbon) Amendment Bill?						

7.2. Ministry for the Environment OIAs

Request	Correspondent	Organisation	Reference	Drafting agency	Date due to send
<p>I am seeking any Information provided to the Minister of the environment or cabinet on the effect NZ population growth has on meeting New Zealand's Climate change targets.</p> <p>Additionally any reports or plans on managing New Zealand's population growth that is currently running close to double the average world population growth.</p>	s 9(2)(a)		20-D-00142 Departmental	MfE	Tue 03 Mar

7.3. Ministry of Foreign Affairs and Trade OIAs

Request	Correspondent	Organisation	Date due to send
<p>New Zealand signing the Marshall Islands declaration in or around September 2019 committing to submitting a new Nationally Determined Contribution in 2020.</p> <p>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</p>	s 9(2)(a)		10 March 20

IN CONFIDENCE

Request	Correspondent	Organisation	Date due to send
All other documents related to New Zealand updating or enhancing its nationally determined contribution dated between 1 January 2019 and 1 February 2020.			
The August 2019 Negotiations Mandate Update [CAB-19-MIN-0430] (this is referred to on your website at: https://www.mfat.govt.nz/en/environment/climate-change/ but I am unable to find a copy; and Information on the process NZ will be following to update its current NDC under the Paris Agreement.	s 9(2)(a)	Auckland University	10 March 20
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)	s 9(2)(a)	11 March 20

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Weekly update - Minister for Climate Change

Finalised on 5 March for the week commencing 9 March 2020

Date: 9 March
Time: 1:45-2:45pm
Location: Office of the Minister for Climate Change

Attendees: Hon James Shaw, Minister for Climate Change
Vicky Robertson, Secretary for the Environment
Cheryl Barnes, Deputy Secretary, Water and Climate
Lindy Fursman, Chief Advisor, Climate Change
Roger Lincoln, Director, Climate Change
Craig Salmon, Acting Director, Climate Change
For item 2: Matthew Everett, Principal Adviser, Transition team
For items 3 and 4: Matthew Cowie, Manager, Emissions Trading Policy
Scott Gulliver, Principal Advisor, Emissions Trading

	Agenda	Lead	Time
1	Context	Cheryl Barnes	10 min
2	NZ ETS revenue recycling s 9(2)(f)(iv) <i>What we need from you:</i> s 9(2)(f)(iv)	Matthew Everett	15 min
3	Fixed price option briefing <i>What we need from you: any points needing clarification on the proposals and process ahead of your discussion with Minister Robertson on Thursday 12 March</i>	Scott Gulliver	15 min
4	Refining NZ Cabinet paper <i>What we need from you: any points needing clarification on the Cabinet paper going to ENV on Thursday 12 March</i>	Scott Gulliver	10 min

Upcoming meetings 9 March – 20 March

Monday, 9 March	MfE officials meeting MFAT officials meeting
Tuesday, 10 March	Mike Bennetts, Z Energy's Chief Executive
Wednesday, 11 March	Sanford CEO Volker Kuntzsch and Fiona MacMillan MfE officials, monthly adaptation meeting
Thursday, 12 March	Hon. Grant Robertson re fixed price option Auckland Transport Chair, Adrienne Young-Cooper and Chief Executive, Shane Ellison (with Hon Genter)
Monday, 16 March	MfE officials meeting MFAT officials meeting
Tuesday, 17 March	Waste Levy Ministers meeting Courtesy call - German Ambassador Stefan Krawielicki
Wednesday, 18 March	Community Resilience Ministerial Meeting
Thursday, 19 March	Chartered Accountants ANZ

1. Key decisions for you to make this week

1.1. Policy decisions on changes to the fixed price option

1.2. Lodge these Cabinet papers:

- Regulatory decisions on rules for auctioning in the NZ ETS
- NZ ETS New Zealand Aluminium Smelter's 2020 allocation update

2. Material for you to be aware of this week

Domestic

2.1. Update on Cabinet report back about on-farm sequestration

On 4 May, you and Minister O'Connor are due to report back to Cabinet on how emissions pricing in the NZ ETS (or a separate policy mechanism) could account for on-farm vegetation, including shelterbelts and other on-farm planting. This report back is scheduled to occur in parallel to the work to be done in the priority work stream on on-farm sequestration under He Waka Eke Noa.

Officials advise that you use this report back to update Cabinet on the progress of He Waka Eke Noa on on-farm sequestration. We do not recommend that you make any Cabinet decisions, as extending the scope to seek decisions on these options would not align with the timeframes for delivery of joint advice under He Waka Eke Noa.

You will receive a briefing from officials on the progress of the on-farm sequestration work stream by the end of May. This briefing will outline expected timeframes for delivery of joint advice that could support Cabinet decisions on a mechanism for incentivising sequestration in on-farm vegetation.

The first step of He Waka Eke Noa's priority work stream to explore options for recognising carbon sequestration from on-farm vegetation will be a workshop on 12 March. This will be attended by individuals representing government, our sector partners, and iwi/Māori.

Officials seek any feedback that you may have on this approach, and Minister O'Connor is being provided with the same advice by MPI.

Would you like to discuss this at the weekly officials meeting?

YES / NO

2.2. Industry criticism of the marginal abatement cost curves

The Major Electricity Users' Group (MEUG) last week published its submission on the ETS settings consultation, which focuses on criticism of the marginal abatement cost curves (MACCs). MEUG's submission critiqued the report as including options that are not available in New Zealand or have already been implemented, and said that the process of emission budgets should move more slowly to ensure the analysis is robust. This was subsequently reported in a Carbon News article implying that the analysis was rushed.

The MACC report is a first assessment of options across the economy and will be iterated and improved over 2020 and 2021. The specific data that the MEUG talk about has not been provided to EECA, MBIE or MfE for general use, and was not available when the MACCs report was being developed.

As a result, the MACCs analysis for industry emissions largely used international averages and benchmarks. To the extent that MEUG's member firms are now willing to share their detailed emission information we would welcome that. The lack of firm specific information available to the public, investors and to government agencies was identified in MBIE's *Accelerating Renewable Energy and Energy Efficiency* discussion document as a barrier to developing good energy and energy-efficiency policy.

Much of the reporting to government MEUG discuss in their criticism is to the Environmental Protection Authority in submitting ETS returns or to MfE for reporting under the negotiated

greenhouse gas agreement – that information is strictly confidential for compliance purposes only or per agreement, and other agencies and officials cannot use it for informing policy (similar to the prohibition on using tax return data for other purposes).

MfE will work with MEUG and its members to address any inaccuracies and ascertain what additional data they are now willing to share to strengthen this analysis.

2.3. New Zealand and international emissions prices

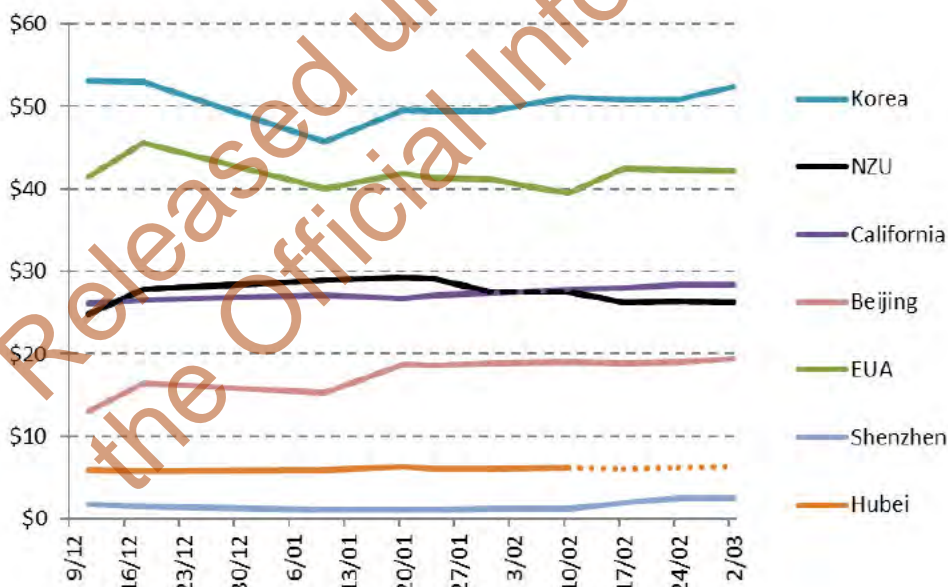
NZU prices continued to drop this week amid Covid-19 leading to business confidence dropping and significant market uncertainty. Uncertainty also remains within the NZ ETS market until the ETR Bill is formally passed and the increase in the fixed price option and value of the CCR trigger price is certain.

The impact of the coronavirus, which has led to the shutting down of factories, refineries and reducing flights, has resulted in a reduction of an estimated 150Mt of emissions in China in the three weeks to the end of February.¹ To put this in perspective, New Zealand’s NDC aims to achieve 102Mt of abatement over the next ten years. The Chinese Hubei ETS market remains closed.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 27 Feb 2020		
NZU	EUA	California
26.20	42.16	28.43

Chart: Recent trends in international emissions prices



¹ <https://www.nytimes.com/2020/02/26/climate/nyt-climate-newsletter-coronavirus.html?searchResultPosition=1>

International

2.4. Reporting on “flight guilt” in the United Kingdom

In September 2019 the Minister of Tourism Kelvin Davis announced a project to be led by Tourism New Zealand (TNZ) to understand the impact of climate concerns on visitors choosing New Zealand as a tourist destination. This includes the impact of “flight guilt” on travel decisions in key TNZ markets. The project is intended to enable a strong future for the New Zealand tourism industry in a climate conscious world.

MFAT’s post in London reports that aviation emissions are an active topic of discussion in the UK at government, industry and consumer levels. As the UK looks to host COP26, government, industry and civil society groups will be encouraging action in all sectors. A number of UK airlines have already taken on net zero goals, although the extent of industry action is criticised by climate groups as being insufficient. Advice from UK advisory bodies including the Committee on Climate Change and the Environmental Audit Committee also point to the need for more policy levers/industry practices to address aviation emissions. Although there is growing awareness in the UK public as to the environmental impact of flying, survey data casts doubt on the extent to which UK consumers are willing to change their own habits in order to support aviation emission reductions.

A report compiled last year by Imperial College London for the UK’s Committee on Climate Change recommends:

- Introducing an Air Miles Levy which escalates as a function of air miles travelled by the individual traveller and factors-in larger emissions for First Class tickets;
- Introducing a ban on air miles and frequent flyer loyalty schemes that incentivise excessive flying; and
- Encourage more responsible flying by mandating that all marketing of flights shows emissions information expressed in terms that are meaningful to consumers (e.g. as a proportion of average household’s annual emissions now and under Net Zero).

MFAT will provide further updates from our post network. TNZ expects the research project to be completed by May 2020, with further work likely to be commissioned for the 2021 Financial Year.

3. Upcoming key events/announcements involving MfE/MFAT

- Date TBC – Interview with yourself and the Minister of Agriculture, with RNZ’s Rural News programme and Farmers Weekly publication.
- 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 (tbc)

4. Upcoming briefings

Papers for week ending 13 March

Paper number	Issue or event	Lead	Further information
2020-B-06503	Adaptation Reporting Power pilots and implementation	MfE	Explains MfE's proposed pilots, and how those will inform our use of the Adaptation Reporting Power this year.
2020-B-06538	ETS Forestry Regulations Consultation Analysis	MPI/MfE	Summary of submissions made to MPI through the recent consultation on regulations for averaging and other forestry changes in the emissions trading reform Bill.
TBD	Publication of report on re-modelling the electricity allocation factor	MfE	Summarises and seeks approval to publish a consultant's report on modelling the electricity allocation factor. Publishing will allow officials to engage with stakeholders such as the Major Electricity Users Group on an updated EAF value.

Papers for week ending 20 March

Paper number	Issue or event	Lead	Further information
2020-B-06539	Climate-related Financial Disclosures	MfE, MBIE	The purpose of this briefing is to identify policy options for implementing a mandatory (comply-or-explain) climate-related financial reporting regime, and seek your decision on your preference.
2020-B-06525	Advice on options for climate change national direction	MfE	Report back to Minister Parker on advice on options for climate change national direction. In light of CAB-MIN-0051.01 this is the next set of advice (following 2019-B-06232) on national direction for climate change.
2020-B-06532	CIPA Report Back Next Steps 2020	MfE	A briefing note to outline the next steps to be taken towards the Climate Implications Policy Assessment report back which is due to Cabinet in June. This briefing will be covering the next steps for both the mitigation and adaptation aspects of the report back and will include some decisions for the Minister.

5. Cabinet material being prepared for you

Paper number	Paper name	Committee	Description	Timeframes
2020-C-06418	NZ ETS New Zealand Aluminium Smelter's 2020 allocation update	LEG	The Cabinet paper sets out the statutory requirements for updating NZAS's allocative baseline and seeks authorisation to submit the amendment regulations to the Executive Council	Lodge: 12 March LEG: 17 March Cabinet: 23 March
2020-C-06455	Regulatory decisions on rules for auctioning in the New Zealand Emissions Trading Scheme	DEV - Economic Development	This paper seeks Cabinet agreement to implement regulations to enable the auctioning of NZUs in the New Zealand Emissions Trading Scheme.	Lodge: 12 March DEV: 18 March Cabinet: 23 March
2019-C-06047	Establishing the Climate Change Commission - Appointment of the Nominating Committee	APH	This paper seeks agreement by Cabinet to appoint members to the Nominating Committee in order to make subsequent appointments to the Climate Change Commission.	Lodge: 18 March APH: 1 April Cabinet: 6 April
2020-C-06520	Policy decision on initial NZ ETS supply and price settings.docx	ENV - Environment, Energy and Climate	Seeks approval for issuing drafting instructions following consultation on the provisional emissions budget and unit supply and price settings.	Lodge: 23 April ENV: 30 April Cabinet: 4 May

6. 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
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).
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 of proposed options (includes modelling to estimate GHG reductions).
s 9(2)(f)(iv)			
Industrial Allocation for Producing Refined Petroleum Products	MfE	ENV	CIPA requirements do not apply to this proposal. The direct emissions impacts are unable to be accurately determined in quantitative terms; we have noted that it is difficult to quantify the impact of this proposal due to the level of uncertainty around what would happen to Refinery NZ if they did not receive the free allocation.
The Future of Rail: Kiwirail Structure and Track User Charges	MoT	DEV	CIPA requirements do not apply to this proposal as the threshold for significance is not met. Part of the Governments objectives for increasing the amount of freight and passengers on rail is to reduce the amount of greenhouse gas emissions produced from transport. However the proposals in this Cabinet paper are not yet calculable. The Ministry for the Environment will work with the Ministry of Transport to assess the emissions impacts where appropriate at a later date.

7. OIA requests

7.1. 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)	s 9(2)(a)	OIA310 / 20-D-00115	MFE / MFAT	3-Mar-20 for batch one 18-Mar-20 for batch two	10-Mar-20 for batch one A tentative date of 25-Mar-20 for batch two (subject to change by the office)
*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	s 9(2)(a)		OIA311	TSY to led	10-Mar-20	17-Mar-20

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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 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?</p>	s 9(2)(a)		OIA312	TSY to led	10-Mar-20	17-Mar-20

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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>						
<p>*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.</p>	s 9(2)(a)	s 9(2)(a)	OIA307 / 20-O-00120	MFE / MFAT	04-Mar-20 For batch one 18-Mar-20 for batch two	11-Mar-20 A tentative date of 25-Mar-20 for batch two (subject to change by the office)
<p>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.</p>	s 9(2)(a)	Stuff	OIA314 / 20-O-00306	MFE	11-Mar-20	18-Mar-20
<p>*What advice, briefings and aides memoire did the Minister receive from the Prime Minister's Chief Science Advisor in</p>	s 9(2)(a)	National Party	OIA313	To be led by the Office	12-Mar-20	19-Mar-20

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
regards to Climate Change Response (Zero Carbon) Amendment Bill?						
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	TBC	MfE	23-Mar-20	30-Mar-20

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7.2. Ministry of Foreign Affairs and Trade OIAs

Request	Correspondent	Organisation	Date due to send
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)	s 9(2)(a)	18-03-20
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)	s 9(2)(a)	18-03-20
New Zealand signing the Marshall Islands declaration in or around September 2019 committing to submitting a new Nationally Determined Contribution in 2020. 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)	s 9(2)(a)	10 March 20 (was transferred to us on 11 Feb)
The August 2019 Negotiations Mandate Update [CAB-19-MIN-0430] (this is referred to on your website at: https://www.mfat.govt.nz/en/environment/climate-change/ but I am unable to find a copy; and Information on the process NZ will be following to update its current NDC under the Paris Agreement.	s 6(e)	s 9(2)(a) Auckland uni	10 March 20

IN CONFIDENCE

Weekly update - Minister for Climate Change

Finalised on 12 March for the week commencing 16 March

Date: 16 March
Time: 1:45-2:45pm
Location: Office of the Minister for Climate Change

Attendees: Hon James Shaw, Minister for Climate Change
Vicky Robertson, Secretary for the Environment
Cheryl Barnes, Deputy Secretary, Water and Climate
Lindy Fursman, Chief Advisor, Climate Change
Roger Lincoln, Director, Climate Change
Craig Salmon, Acting Director, Climate Change
For item 4: Oliver Hendrickson, Director, Te Uru Rākau
For item 5: Sarah Deblock, Title Manager, Climate Policy - ETS
Helen Plume, Principal Analyst, Climate Change
Adam Bradshaw, Senior Analyst, Climate Change

	Agenda	Lead	Time
1	Context	Cheryl Barnes	10 min
2	Enabling the transition – strategic discussion. <u>What we need from you:</u> Direction on having a strategic discussion with your colleagues and feedback on the draft A3s provided.	Craig Salmon	10 min
3	Recycling of NZ ETS auctioning proceeds <u>What we need from you:</u> Feedback s 9(2)(f)(iv)	Craig Salmon	15 min
4	Farming and Forestry Roundtable – meeting prep <u>What we need from you:</u> Discussion and preparation for Forestry and Agriculture industry roundtable	Oliver Hendrickson	10 min
5	Discussion of the revised NDC Cabinet Paper following ENV meeting <u>What we need from you:</u> discuss with officials the revised NDC Cabinet Paper, with a view to lodgement on Thursday 19 March and Cabinet approval on 23 March	Sarah Deblock Helen Plume Adam Bradshaw	10 min

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the Official Information Act 1982

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Upcoming meetings 16 March – 27 March

Monday, 16 March	Sustainable Land Use Ministers meeting
	MfE officials meeting
	MFAT officials meeting
	Farming and Forestry Roundtable meeting
Tuesday, 17 March	Courtesy Call - German Ambassador Stefan Krawielicki
Wednesday, 18 March	Community Resilience Ministerial meeting
	Simon Upton, Parliamentary Commissioner for the Environment - PCE Report (with Minister Woods)
Thursday, 19 March	MFAT officials meeting
	Chartered Accountants ANZ
Friday, 20 March	Dame Anne Salmond
	Lunch with Scott McIndoe - Legasea
	VISIT - Lightforce Solar
Monday 23 March - Friday 27 March	Away on course

1. Material for you to be aware of this week

Domestic

1.1. Our Freshwater 2020 report and indicators used

The environmental domain report *Our Freshwater 2020* is due for public release on 8 April. On the day before the report is released, we will provide you a report outline and a copy of the embargoed report. Later on the same day, you and Minister Parker will jointly host a pre-release briefing for invited Ministers and officials. Selected stakeholders and media will also be provided copies of the embargoed report at the same time as you receive it. We will soon send you a briefing note detailing the process for this report release.

On 11 March, Statistics NZ published online the list of environmental reporting indicators that will be used in the *Our Freshwater 2020* report, at <https://www.stats.govt.nz/methods/outline-of-upcoming-indicators-for-our-freshwater-2020>. We have informed our stakeholders about the list.

More broadly we are leading a cross-sector process, working alongside other agencies (including DOC, Stats NZ, Treasury, LINZ and MBIE) to scope the work involved in implementing an

integrated Environmental Monitoring and Reporting System. The need for this was outlined in Environment Aotearoa 2019 and reinforced by the Parliamentary Commissioner for the Environment (PCE) report 'Focusing Aotearoa New Zealand's Environmental Reporting System', released in November 2019. This work is in its early stages and will consider operational improvements to New Zealand's monitoring and reporting system and potential changes to the Environmental Reporting Act 2015. The pace of implementation will be influenced by the outcome of a budget bid in 2020.

1.2. Release of Report on Electricity Allocation Factor Modelling

The Ministry has received a draft report from Energy Link with updated modelling on the electricity allocation factor (EAF). We seek your approval to our publishing the final report on the Ministry's website so further stakeholder discussion can be held.

The EAF is a key industrial allocation setting that affects the amount of free allocation some emissions intensive and trade exposed firms receive for their indirect emissions from electricity use. It was set in 2013 and has a current value 0.537 tCO₂/MWh.

New EAFs were modelled using the current methodology but with updated inputs, and an alternative 'look-back' approach proposed by the Major Electricity Users Group (MEUG) during consultation. The results are as follows:

Current EAF	Current EAF modelling methodology with updated inputs	Look-back method with rolling historic average proposed by MEUG
0.537 tCO ₂ /MWh	0.466 tCO ₂ /MWh	0.452 tCO ₂ /MWh

For scale, the 0.466 tCO₂/MWh value will reduce allocations to industry by 380,000 emission units per year (approximately \$10m per year using \$25/NZU).

We intend to hold a stakeholder workshop in early April to discuss the modelling results. The aim of the workshop will be to reach agreement among stakeholders on a preferred EAF. Following this, officials will report back to you on its outcomes, and provide a Cabinet paper and discussion document seeking approval to consult on changing the industrial allocation regulations to update the EAF and all allocative baselines.

Do you agree to the Ministry publishing the report *Electricity Allocation Factor Modelling 2020*? Yes / No

1.3. New Zealand and international emissions prices

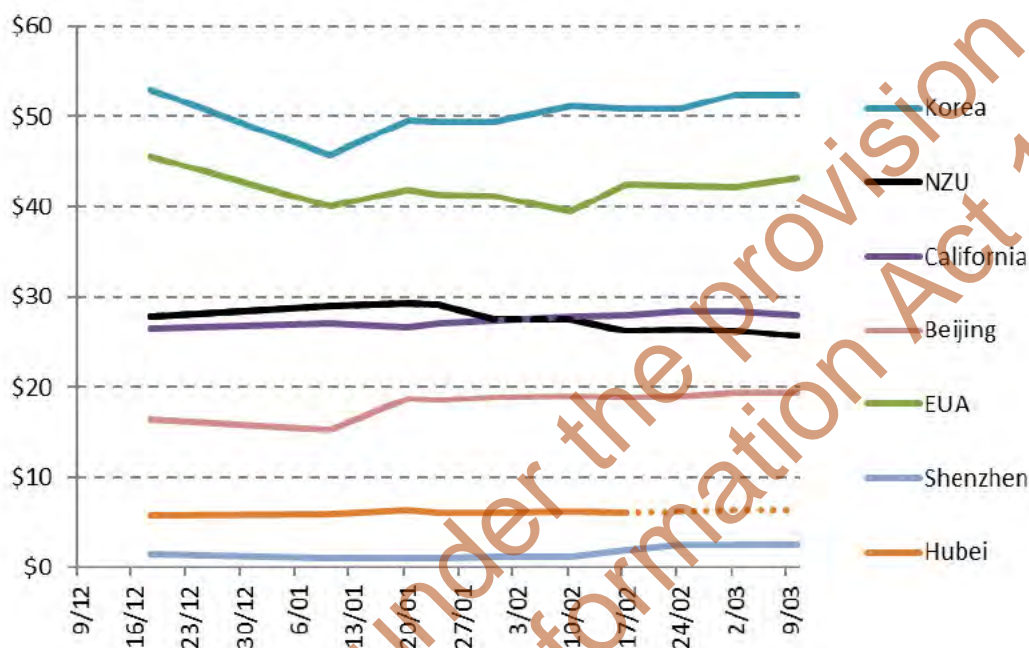
NZU prices continue to drop, almost reaching the level of the \$25 fixed price option. Commentators suggest that Covid-19 is severely impacting forest-owners, whose exports have plummeted and may need to sell their NZUs to raise cash to compensate.

EU ETS prices fluctuated throughout the week, but held up relatively well amid broader falls in energy and markets. However, traders forecast that significant drops are inevitable in the near future. The same is predicted for the California scheme, which also held relatively steady this week amid the financial market turmoil.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 27 Feb 2020		
NZU	EUA	California
25.70	43.20	27.89

Chart: Recent trends in international emissions prices



1.4. Update on Adaptation Reporting Power pilots

We'd like to update you on our progress towards pilots with reporting organisations (ROs), which will inform how the power is used [previously discussed in 2019-B-06265].

On 5 March, we met with Watercare, which had approached us about a potential pilot. We expect to sign a Terms of Reference soon and for the pilot to take two to three months. Through pilots with Watercare and others, we will test:

- implications arising from this reporting requirement for organisations of various sizes and from different sectors;
- ways to reduce ROs' duplication of effort and to increase efficiency;
- how ROs respond to information requests that are sensitive but required;
- how best to align the Reporting Power and the proposed climate-related financial disclosure (CRFD) requirements;
- the extent to which MfE's guidance to ROs should align or differ from the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

There may be an opportunity to use the Reporting Power in the latter half of this year, with the responses used to help inform MfE's development of the first National Adaptation Plan (NAP). We will be coming back to you with advice on this in the next two months.

1.5. Climate Change Litigation – s9(2)(h)

s9(2)(h)

1.6. Combining the Cabinet papers for the National Climate Change Risk Assessment and initial Government response

You are currently scheduled to take the CRG paper seeking in principle decisions on the Government's initial response to the National Climate Change Risk Assessment to DEV on 27 May. The paper seeking approval to table the NCCRA in the House is scheduled to go to DEV on 3 June. This is the earliest the NCCRA can be ready for tabling.

We recommend you delay the CRG report back to the 3 June DEV meeting to enable DEV and Cabinet to consider both the NCCRA and the Government's initial response side-by-side. It is also important that the two CRG papers (the initial response to the NCCRA and the flood risk paper) are considered as a package. To enable this, the flood risk paper would also need to be considered at DEV on 3 June.

Cabinet committee agendas are likely to get increasingly busy as the year goes on, so delaying the papers increases the risk that they will not be considered by committee. We do not expect a delay of one week to have a material impact on this risk.

If you agree to this approach, we recommend you seek agreement from the CRG ministers at the 19 March meeting. We can provide your office with talking points ahead of that meeting.

1.7. Adjustment to MBU forecast for fixed price option use and auctioning of units over the forecast period

We have revised our March Baseline Update forecast by providing an estimate for the cash receipts from auctioning of units from 2020/21 and removing fixed price option (FPO) related estimates from 2020/21 as per the recommendation from Treasury. This has decreased the forecast ETS cash receipts by \$654 million from 2020/21 to 2023/24.

The above revision relates to the proposed consultation on ETS policy changes:

- increase FPO to \$35 and extend the use of FPO to one additional year 2020/21, and
- auctioning of units from the first half of 2021 calendar year.

The previous submission included an estimate for FPO use over the forecast period and did not provide an estimate for the cash receipts from auctioning of units from 2020/21.

Although, these changes impact the net core Crown debt because the forecast number of units to be auctioned is lower than the projected use of FPO, it has decreased the Government's obligation under the ETS.

International

1.8. Government review of draft IPCC report

The Sixth Assessment Report of the IPCC (AR6) is due for completion in 2021-2022, and will consist of four components: the Physical Science Basis (Working Group 1); Impacts, Adaptation and Vulnerability (Working Group 2); Mitigation of Climate Change (Working Group 3) and a Synthesis Report. The AR6 assesses policy-relevant published literature on climate change from the last few years, but like all IPCC products it does not make recommendations or take decisions on behalf of the member countries. The Ministry for the Environment is coordinating the government review of the second draft of the Working Group 1 report which is open for expert and government review until April 26. This is the only opportunity for the government to review this report, although we will have one more opportunity to comment on its Summary for Policymakers (SPM) in December 2020 – January 2021, before the acceptance of the report and approval of the SPM in April 2021.

One important issue for New Zealand included in the Working Group 1 report is the discussion of greenhouse gas metrics. There has been a lot of literature on this topic in recent years which has highlighted the suitability of different metrics for different purposes, such as the annual reporting of emissions (for which the use of the 100-year Global Warming Potential, GWP100, is agreed by the UNFCCC, including for the Paris Agreement) and the assessment of long-term emissions pathways to achieve a temperature goal, (for which new metrics such as GWP* are more suitable). Several agriculture industry bodies are lobbying for more widespread use of GWP*. This draft report assesses the literature surrounding this issue but does not provide a recommendation for which metric to use.

Four New Zealand researchers are authors of the report including Professor Dave Frame (Victoria University of Wellington) as a Lead Author of the chapter assessing the metrics topic. Greenhouse gas metrics are also covered in some detail in the draft Working Group 3 report (Mitigation of Climate Change), which will be open for government review in October – November. The draft Working Group 2 report (Impacts, Adaptation and Vulnerability) will be open for review in August – September.

1.9. Global Ambition: EU Submits Plans for Climate Neutrality by 2050

On 6 March, the European Commission submitted a document to the UNFCCC that reports on the recent European Council conclusions on climate change. This document outlines the commitment to climate neutrality by 2050; to provide EUR1 trillion in investment between 2021-2030; support a just transition; and ensure relevant legislation and policies support the 2050 goal. While Poland has not yet committed to carbon neutrality, Member States are to prepare their national long-term low greenhouse gas emissions development strategies for submission to the UNFCCC. This is another step-up in ambition from the EU and is a positive signal for 2020.

1.10. COVID-19

1.10.1. Agency response:

Currently MFAT is looking at its ability to keep Posts operating as cases spread; the fragility of our Pacific partners; and the scale and scope of our own business operations during the response, among other issues. This has implications for our capacity to deliver business as usual work. MFAT has appointed a Deputy Secretary to lead the Ministry's COVID-19 response. A temporary travel policy is in place which recommends MFAT staff defer or decline non-essential business and official travel. This has been shared with other agencies. MfE has also revised its travel policy and has put in place measures for working remotely.

1.10.2. Meeting cancellations:

The Climate Change Expert Group (CCXG) face-to-face meetings in Paris 31 March and 1 April have been cancelled and will now take place virtually if possible. MfE had advised they would not be travelling to Paris. The Koronivia Joint Workshop on Agriculture has also been cancelled by the UNFCCC. This was to be co-hosted by New Zealand in Bonn, Germany. MPI are working with the UNFCCC to see if alternatives can be arranged.

1.10.3. New Zealand response:

Over the past week, New Zealand went from one confirmed case of COVID-19 to five. The cases involved a couple that travelled to New Zealand from Northern Italy, two people that travelled from Iran and one family transmission from the individual that returned from Iran. Cabinet has elevated COVID-19 from a "Notifiable" disease to a "Quarantenable" disease under the Health Act 1956 effective as of 11 March. Cabinet has also extended the following border restrictions for an additional seven-day period. MFAT will continue to provide updates.

2. Upcoming key events/announcements involving MfE/MFAT

- **Date TBC – Interview with yourself and the Minister of Agriculture, with RNZ's Rural News programme and Farmers Weekly publication.**
- **Date TBC – Subsequent release of statement on establishment of the Steering Group for He Waka Eke Noa.**
- **9 April: Release of the National Greenhouse Gas Inventory**

3. Upcoming briefings

Papers for week ending 20 March

Paper number	Issue or event	Lead	Further information
2020-B-06539	Climate-related Financial Disclosures	MfE, MBIE	The purpose of this briefing is to identify policy options for implementing a mandatory (comply-or-explain) climate-related financial reporting regime, to inform discussion with officials.
2020-B-06525	Advice on options for climate change national direction	MfE	Report back to Minister Parker on advice on options for climate change national direction.
2020-B-06532	Climate Implications of Policy Assessment (CIPA) report back and next steps	MfE	Briefing note to outline the proposed approach to the Cabinet report-back in May on CIPA, including recommended changes to the current CIPA framework, and a proposed approach to ensuring the impacts of climate change are considered in investment and policy decisions.
2020-B-06566	Provisional Emissions Budget and proposed NZ ETS settings summary of submissions	MfE	A summary of the submissions made to the consultation on the provisional emissions budget and draft NZ ETS settings.

Papers for week ending 27 March

Paper number	Issue or event	Lead	Further information
TBC	Advice on the application of the surrender/repayment penalty to small foresters	MfE	Cabinet directed officials to investigate options to mitigate the concerns for the application of this penalty to small foresters.

4. Cabinet material being prepared for you

Paper number	Paper name	Committee	Description	Timeframes
2019-C-06047	Establishing the Climate Change Commission - Appointment of the Nominating Committee	APH	This paper seeks agreement by Cabinet to appoint members to the Nominating Committee in order to make subsequent appointments to the Climate Change Commission.	Lodge: 18 March APH: 1 April Cabinet: 6 April

Paper number	Paper name	Committee	Description	Timeframes
2020-C-06520	Policy decision on initial NZ ETS supply and price settings	ENV - Environment, Energy and Climate	Seeks approval for issuing drafting instructions following consultation on the provisional emissions budget and unit supply and price settings.	Lodge: 23 April ENV: 30 April Cabinet: 4 May
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.	Lodge: 7 May ENV: 14 May Cabinet: 18 May
TBC	Government response to the National Climate Change Risk Assessment (NCCRA)	TBC	Seeks Cabinet approval to a proposed Government response to NCCRA	TBC

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5. 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). We have asked for some additional information from the policy team making the proposal.
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). We have asked MoT for some additional information on their modelling.
Essential Freshwater Package	MfE	ENV	The CIPA requirements may apply to this proposal. We are currently in the process of working with the Water Policy team to confirm what data is available and what analysis has been carried out in terms of modelling the land-use change emissions impacts of this proposal.

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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 18-Mar-20 for batch two	10-Mar-20 for batch one A tentative date of 25-Mar-20 for batch two (subject to change by the office)
*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	s 9(2)(a)		OIA311	TSY to led	10-Mar-20	17-Mar-20

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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 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</p>	s 9(2)(a)		OIA312	TSY to led	10-Mar-20	17-Mar-20

IN CONFIDENCE

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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 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>						
<p>*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.</p>	<p>s 9(2) (a)</p>	<p>Lyll & Thornton</p>	<p>OIA307 / 20-O-00120</p>	<p>MFE / MFAT</p>	<p>04-Mar-20 For batch one 18-Mar-20 for batch two</p>	<p>11-Mar-20 A tentative date of 25-Mar-20 for batch two (subject to</p>

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send (change by the office)
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	20-Mar-20
*What advice, briefings and aides memoire did the Minister receive from the Prime Minister's Chief Science Advisor in regards to Climate Change Response (Zero Carbon) Amendment Bill?	s 9(2)(a)	National Party	OIA313	To be led by the Office	12-Mar-20	19-Mar-20
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	MfE	23-Mar-20	30-Mar-20

6.2. Ministry of Foreign Affairs and Trade OIAs

Request	Correspondent	Organisation	Date due to send
The August 2019 Negotiations Mandate Update [CAB-19-MIN-0430] (this is referred to on your website at: https://www.mfat.govt.nz/en/environment/climate-change/ but I am unable to find a copy; and information on the process NZ will be following to update its current NDC under the Paris Agreement.	s 9(2)(a)	Auckland University	7 April 20

IN CONFIDENCE



Weekly update - Minister for Climate Change

Finalised on 19 March for the week commencing 23 March

No officials meeting currently scheduled this week

Upcoming meetings 23 March – 03 April

Monday 30 March	MFAT officials meeting (videoconference)
Tuesday 31 March	MfE officials meeting (videoconference) Mike Burrell, Executive Director Sustainable Business Council Graymont (producer of lime and lime stone) re: Climate Change (Emissions Trading Reform) Response Amendment Bill
Wednesday 1 April	Anya Satyanand and John Berry (Prince's Trust NZ) - Pathfinder Asset Management

1. Key decisions for you to make this week

- [Lodge APH Cabinet Paper by Thursday 26th March](#)

2. Material for you to be aware of this week

Domestic

2.1. Key messages from He Waka Eke Noa Steering Group meeting

The He Waka Eke Noa Steering Group met for the second time on 6^h March. The following represents the key messages the Group chair agreed as a summary of the meeting:

- The He Waka Eke Noa Steering Group held a successful second meeting, continuing to discuss the early development of its work programme, but already demonstrating the shared purpose and commitment to partnership of the group.
- The first of the workshops to inform work stream development was held on 5 March. The workshop on On-Farm Emissions Reporting was well attended by representatives from the agriculture sector, CRIs and government. It canvassed work stream objectives, work already underway on emissions reporting, as well as information and work programme gaps. It will be followed by On-Farm Sequestration, Farm Planning, and On-Farm

Emissions Pricing workshops.

- Steering Group members are taking up opportunities to engage on the high-level purpose and objectives of He Waka Eke Noa for a variety of audiences. To support these engagement opportunities, some common messaging and presenting resources are being developed. A formal media release and Ministerial statements will likely follow the appointment of the final Steering Group member.
- A Programme Director has been funded and applicants will be interviewed in the coming weeks. However, other roles may need to be contracted out in the interim to begin supporting He Waka Eke Noa as soon as possible. Resourcing is still being worked through, along with other administrative requirements of the Programme Office.
- The Climate Change Commission will not be provided with a standing invitation to observe Steering Group meetings, but a transparent and regular channel of communication will be established.
- The appointment of a final member to the Steering Group, who has understanding of iwi, hapū, and whānau perspectives, is likely to be finalised in two to four weeks.

2.2. New secondary trading platform enters the NZ ETS market

EmsTradepoint, a subsidiary of SOE Transpower, this week launched a NZU trading platform for the secondary market. The new platform will offer spot trades and forward contracts and is open seven days a week. There are no trade size limits and a market compliance committee is proposed to oversee market governance. More details about the platform are available from the media release (<https://tinyurl.com/w9ayj2l>)

Some existing service providers recently raised concerns with you about emsTradepoint entering the market. Their concerns centred on a government-owned entity competing with private sector incumbents on an unequal footing. In your response you outlined that SOEs and their subsidiaries are independent from the Crown, their boards set all operational and commercial decisions, are required to operate as successful businesses in their own right and have failed in the past. Furthermore, the Crown does not guarantee the operations or debt of Transpower or its subsidiaries.

2.3. New Zealand and international emissions prices

NZU prices fell below \$25 for the first time since the NZ ETS settings discussion document was released mid-December last year, which proposed a rising fixed price option and \$50 cost containment reserve trigger price. Clearly the impacts of Covid-19 and the associated economic downturn will have a significant impact on businesses and industries, resulting in a reduction of the current level of projected emissions, reducing NZU demand, and driving a need to sell off currently held NZUs for immediate cash.

Covid-19 is having a similar impact on overseas carbon markets. The EUA saw a significant drop to below 18 Euro for the first time in 16 months. It also experienced the first failed auction of the year due to a lack of bids. This could be driven by logistics such as self-isolation, as well as a reduction in demand for EUAs.

The California Market also saw a substantial drop, with the lowest settlement of the week (16.48 USD) trading 20 cents below the current California-Quebec price floor, for the first time since April

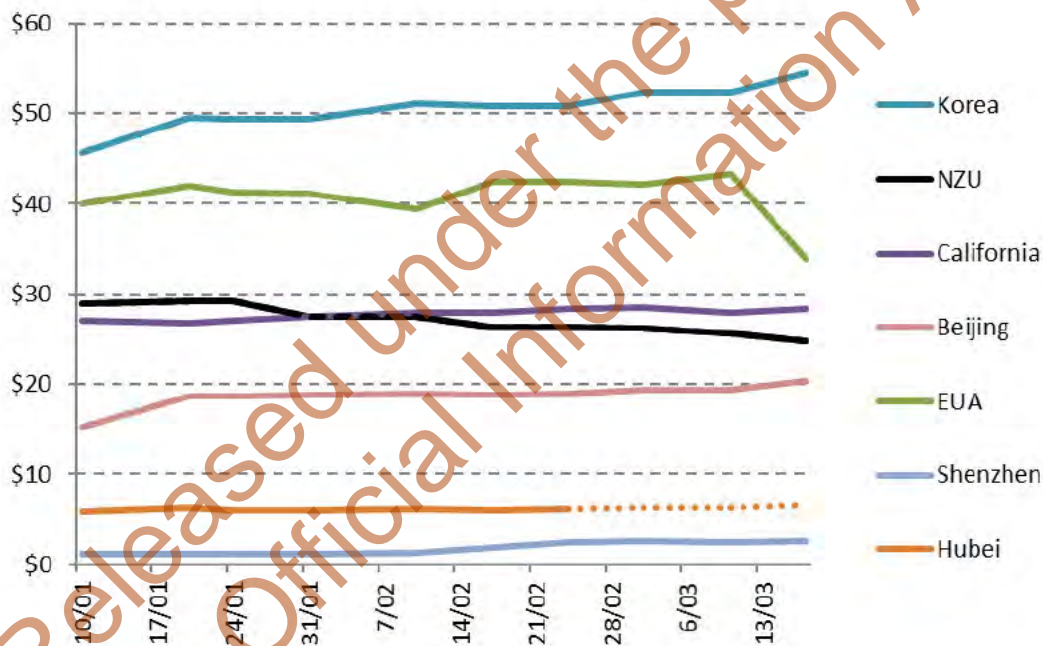
2017. However, prices rebounded slightly during the week to 16.69 USD. The below graph appears to show the California price increasing, however this is due to a result of the large drop in the NZD to USD exchange rate, down from 0.63 to 0.59.

South Korea's KAU carbon allowance continued to increase in price, despite economic concerns, as analysts maintain that the market has an overall shortage to meet 2019 obligations due at the end of June.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 27 Feb 2020		
NZU	EUA	California
24.75	33.91	28.29

Chart: Recent trends in international emissions prices



International

2.4. MFAT's COVID-19 response

Following the Saturday announcement, MFAT has further scaled up its Emergency Coordination Centre (ECC). The ECC Consular Call Centre was stood up on Saturday afternoon immediately following the Prime Minister's announcement of the new border restrictions. The ECC Consular Call Centre has 24 hour coverage to address the significant rise in calls and the ECC will also be moving to 24 hour coverage. MFAT has introduced assisted voluntary departures for recognised partners and dependants of offshore staff. This will be available for Posts that have been assessed as being at higher risk.

2.5. International Maritime Organisation cancels international meetings

The IMO has cancelled talks by the Marine Environment Protection Committee (MEPC), which had been due to meet in London from 30 March to 3 April. The MEPC is reviewing proposals to improve the energy efficiency of ships. A total of five IMO meetings have now been cancelled, including a working group on reducing greenhouse gas emissions from ships from 23-27 March. The UN body responsible for global shipping, which is based in London, also closed its headquarters to staff and visitors on Thursday and Friday as a precautionary measure.

2.6. Trade: Agreement on Climate Change and Trade and Sustainability (ACCTS) Negotiations Postponed

The first round of Agreement on Climate Change and Trade and Sustainability (ACCTS) negotiations involving New Zealand, Fiji, Norway, Costa Rica, Switzerland and Iceland, scheduled for 24-27 March in Geneva, have been postponed due to the COVID-19 situation. Participants are considering alternative methods for initiating discussions such as videoconferencing for the first introductory meetings, with the aim of developing a work programme for the interim period. MFAT are finalising a negotiating mandate cabinet paper, with inter-agency consultation under way this week. MFAT will continue to further develop research and positioning on aspects related to the ACCTS agenda, in particular fossil fuel subsidy reform and removal of tariffs on environmental goods in the interim period.

2.7. Trade: Twelfth WTO Ministerial Meeting (MC12) in Kazakhstan Postponed

On 12 March Roberto Azevêdo, Director General of the World Trade Organisation (WTO), and David Walker, General Council Chair, advised Members that holding the Twelfth WTO Ministerial Conference (MC12) over 8-11 June will not now be feasible. This view was reached on the basis of advice from the Government of Kazakhstan in light of the WHO Declaration of a COVID-19 pandemic. This followed last week's late cancellation of the Canadian-hosted Ministerial Meeting of the Ottawa Group on WTO Reform that was due to take place over 17-18 March.

Following the infection of at least one WTO Secretariat staff member with COVID-19, and broader COVID-19 developments in Switzerland and Europe, the WTO has now suspended all WTO meetings until the end of April 2020. Virtual meetings and remote work options are being considered and pursued where possible, including by our Mission in Geneva, to continue to advance the WTO agenda in areas of importance for New Zealand and in readiness for a rescheduled MC12. That said, it is likely the new dates for that meeting will not now be known for some time.

2.8. Trade: EU FTA Virtual Round 7

Following advice from the EU, and given the evolving situation both in Europe and New Zealand, negotiators will not travel to Brussels for Round 7 of EU-NZ FTA negotiations in the week of 30 March. Instead, we are currently in the process of arranging teleconferences as an alternative. Given the constraints of the EU's current operating environment, these teleconferences will be conducted with a degree of flexibility to strike a balance between maintaining progress in negotiations and accounting for the uncertain nature of the situation in Europe.

2.9. Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)

On 13 March 2020 the International Civil Aviation Organization (ICAO) Council approved six programmes that will be a source of eligible emissions units for the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) for 2021-2023. This provides clarity on which units will be eligible for use by airlines to comply with CORSA for the period 2021-2023.

These six programmes, are a subset of fourteen programmes assessed by the Technical Advisory Body (TAB) against emission unit criteria agreed by ICAO Member States. The approved programmes are:

- American Carbon Registry
- China GHG Voluntary Emission Reduction Program
- Clean Development Mechanism
- Climate Action Reserve
- The Gold Standard
- Verified Carbon Standard

The Ministry of Transport understands that a further two programmes (the Forest Carbon Partnership Facility and Global Carbon Council) have been deemed conditionally eligible, subject to a further review of updated procedures.

The Council also agreed that eligible emission units must be from activities which commenced as of 1 January 2016, and in respect of emissions reductions occurring through 31 December 2020. This is significant with respect to Article 6 as it excludes the bulk of units generated under the CDM. Brazil and India are both members of the Council, and had representatives in the TAB.

3. Upcoming key events/announcements involving MfE/MFAT

- **Date TBC – Interview with yourself and the Minister of Agriculture, with RNZ's Rural News programme and Farmers Weekly publication.**
- **Date TBC – Subsequent release of statement on establishment of the Steering Group for He Waka Eke Noa.**
- **9 April: Release of the National Greenhouse Gas Inventory**

4. Upcoming briefings

Papers for week ending 27 March

Paper number	Issue or event	Lead	Further information
2020-B-06501	Final steps to appoint a member with iwi/hapū/whānau perspectives to He Waka Eke Noa Steering Group	MfE / MPI	Supports you to select a member with iwi/hapū/whānau perspectives for the He Waka Eke Noa Steering Group, before the Group's meeting on 16 April 2020.
2020-B-06532	Cabinet report back on the Climate Implications of Policy Assessment (CIPA)	MfE	Briefing note to outline the proposed approach to the Cabinet report-back in May on CIPA, including recommended changes to the current mitigation CIPA, and a proposed approach to ensuring the impacts of climate change are considered in investment and policy decisions.
2020-B-06571	Advice on application of surrender/repay penalty to small foresters	MfE	Advice on application of surrender/repay penalty to small foresters
2020-B-06585	Policy decision to amend the fixed price option as a backstop	MfE	Seeks policy and process decisions on whether the fixed price option should be extended indefinitely as a backstop, just in case auctioning does not begin when currently planned.

Papers for week ending 03 April

Paper number	Issue or event	Lead	Further information
2020-B-06539	Climate-related Financial Disclosures policy options	MfE	The purpose of this briefing is to identify policy options for implementing a mandatory (comply-or-explain) climate-related financial reporting regime, and seek your decision on your preference.

5. Cabinet material being prepared for you

Paper number	Paper name	Committee	Description	Timeframes
2019-C-06296	s6(a) [redacted] [redacted] [redacted] [redacted]	ENV - Environment, Energy and Climate	s6(a) [redacted] [redacted] [redacted] [redacted]	Lodge: 19 March Cabinet: 23 March
2019-C-06047	Establishing the Climate Change Commission - Appointment of the	APH	This paper seeks agreement by Cabinet to appoint members to the Nominating Committee in	Lodge: 26 March APH: 1 April Cabinet: 6 April

IN CONFIDENCE

Paper number	Paper name	Committee	Description	Timeframes
	Nominating Committee		order to make subsequent appointments to the Climate Change Commission.	
2020-C-06573	NZ ETS supply and price settings regulations	ENV - Environment, Energy and Climate	Seeks approval for issuing drafting instructions following consultation on the provisional emissions budget and unit supply and price settings.	Lodge: 23 April ENV: 30 April Cabinet: 4 May
2020-C-06520	Consultation on an updated electricity allocation factor	ENV - Environment, Energy and Climate	Seeks approval to start a short period of targeted public consultation on an update to the electricity allocation factor.	Lodge: 23 April ENV: 30 April Cabinet: 4 May
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.	Lodge: 7 May ENV: 14 May Cabinet: 18 May
TBC	Government response to the National Climate Change Risk Assessment (NCCRA)	DEV	Seeks Cabinet approval to a proposed Government response to NCCRA	Lodge: 28 May Dev: 3 June Cabinet: 8 June

6. Cabinet material we have been consulted on

Paper name	Agency	Committee	Our advice on the paper
Embedding the Pacific Reset: Two Years On	MFAT	ERS	Review of international climate change references to ensure accuracy

7. 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). We have asked for some additional information from the policy team making the proposal.
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 are expected to apply to this proposal. We are currently in the process of providing QA of the initial modelled land-use change and agriculture impacts and calculating emissions using the CIPA excel tool.
ETS settings	MfE	ENV	The Ministry for the Environment has been consulted and confirms that 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 significant part in reducing our emissions but will need to be coupled with complementary measures to enable us to meet emission's budgets. Due to the broad based impact of the policy it is not possible to accurately estimate the direct impact of the proposal as per the CIPA requirements.
(s9(2)(f)(iv))	MBIE	ENV	(s9(2)(f)(iv))

8. OIA requests

8.1. 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)	s 9(2)(a)	OIA310 / 20-D-00115	MFE / MFAT	3-Mar-20 for batch one 18-Mar-20 for batch two	10-Mar-20 for batch one A tentative date of 25-Mar-20 for batch two (subject to change by the office)
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	3-Apr-20 (extended)
*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	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>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 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?</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
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?						
*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)		OIA307 / 20-O-00120	MFE / MFAT	04-Mar-20 for batch one 18-Mar-20 for batch two	11-Mar-20 A tentative date of 25-Mar-20 for batch two (subject to change by the office)
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	30-Mar-20

IN CONFIDENCE

8.2. Ministry for the Environment OIAs

Request	Correspondent	Organisation	Reference	Drafting agency	Date due to send	Progress
<p>I am currently in the process of completing an environmental wastewater related project within the Hawke's Bay region. I am looking for some GIS data in the form of a shapefile which represents any climate change sea level rise projection data. The region where I am working within is along the Porangahau-Te Paerahi coastline within the southern Hawke's Bay.</p> <p>I was just wondering whether either you had any available sea level rise projection data in the form of the shapefile within this region and if not, do you know where we may be able to get this information?</p>	s 9(2)(a)		20-D-00434	MfE	Wed 15 Apr	

8.3. Ministry of Foreign Affairs and Trade OIAs

Request	Correspondent	Organisation	Date due to send
<p>The August 2019 Negotiations Mandate Update [CAB-19-MIN-0430] (this is referred to on your website at: https://www.mfat.govt.nz/en/environment/climate-change/ but I am unable to find a copy; and information on the process NZ will be following to update its current NDC under the Paris Agreement.</p>	s 9(2)(a)	Auckland University	7 April 20

Weekly update - Minister for Climate Change

Finalised on 27 March for the week commencing 30 March

Date: 31 March
Time: 4:00 to 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
Craig Salmon, Acting Director, Climate Change

	Agenda	Lead	Time
1	Context	Vicki Robertson	10 min
2	Climate change priorities during COVID-19 response <i>What we need from you: Confirmation of short and medium term climate change work programme priorities</i>	Craig Salmon & Roger Lincoln	30 min

2. Key decisions for you to make this week

- Timeframe for lodging NDC decision paper
- Timeframe for lodging APH paper re Commission nominating committee

3. Material for you to be aware of this week

Domestic

3.1. Release of the Annual Greenhouse Gas Inventory

On 15 April 2020, the Ministry for the Environment will publish New Zealand's annual Greenhouse Gas Inventory (the Inventory), covering the period from 1990 to 2018. This is a part of New Zealand's international obligations under the United Nations Framework Convention on Climate Change (the Convention) and the Kyoto Protocol. The Inventory is also a Tier 1 Statistic under New Zealand's Official Statistics System. The Inventory reports all anthropogenic greenhouse gas emissions and removals since 1990, following internationally agreed guidelines. Emissions and removals are reported by sectors and by gas.

The annual publication of the Inventory normally attracts some attention, and this could be higher this year in light of the recent attention given to climate change in the context of Covid-19. It could be expected that Covid-19 might reduce New Zealand's greenhouse gas emissions, but any impacts of Covid-19 on New Zealand's greenhouse gas emissions won't be quantified until we prepare the inventory for the year 2020, which will be finalised and submitted in 2022. We are, however, estimating the impacts of Covid 19 on emissions in our forecasting.

We will prepare key messages and talking points for you and your office to respond to queries from media and commentators

3.2. Concerns from NZ ETS participants on ability to meet surrender obligations

The Ministry has received three letters from NZ ETS participants (all importers of synthetic greenhouse gases) seeking Government support regarding the financial impacts of the scheme. The main concern is the 31 May surrender deadline that many participants have likely been planning to meet by paying the fixed price option. Firms may now be using the cash resources that they had set aside for this purpose to support their businesses through Covid-19 instead. We are developing an urgent briefing to you on this specific issue.

The NZ ETS operational agencies (the Environmental Protection Authority and Te Uru Rakau) have stepped up communications to participants regarding the 31 March (Tuesday) emissions reporting deadline. Agencies have attempted to reach every participant in multiple ways to offer support and enquire about the participant's need for time extension. Most participants that are required to submit a return have already done so.

3.3. New Zealand and international emissions prices

NZU prices continued to see significant declines amid Covid-19 uncertainty, dropping to \$22.20, the lowest price since July 2018 and a 24 percent decrease since the peak in January.

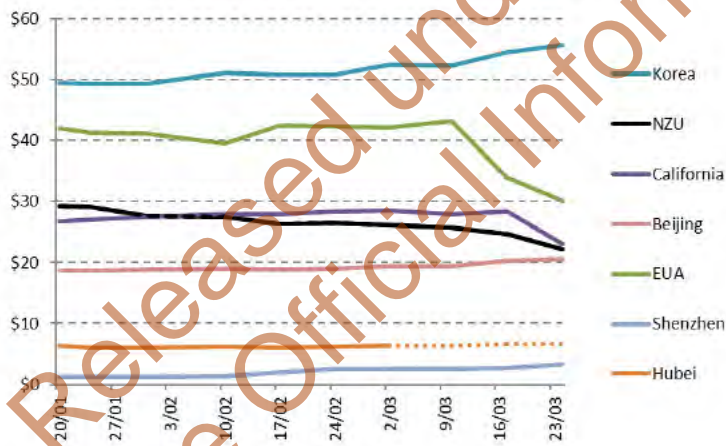
The EU market fluctuated significantly over the past week, from between 14.43 Euro, the lowest price since May 2018, to just over 17 Euro. There was no one specific trigger for price fluctuations, but analysts suggest a range of *interlinked* factors contributed, including some countries reporting a slowdown in new Covid-19 cases, and many countries announcing significant government stimulus packages. Germany's Government indicated that it would provide leniency on its EU ETS 2020 compliance deadlines.

The California market also saw significant declines and fluctuations over the past week.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 27 Feb 2020		
NZU	EUA	California
22.20	30.09	23.10

Chart: Recent trends in international emissions prices



4. 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

5. Upcoming briefings

Papers for week ending 03 April

Paper number	Issue or event	Lead	Further information
2020-B-06603	Covid-19 policy response and the NZ Emissions Trading Scheme & Greenhouse Gas Levy	MfE	Provide an outline of the potential near term compliance issues relating to the NZ Emissions Trading Scheme & Greenhouse Gas Levy
2020-B-06539	Climate-related Financial Disclosures policy options	MfE	As the MBIE co-lead is working full time on the COVID-19 response, we are unable to supply this joint briefing on 30 March as intended. The MfE team will continue to progress this work and will provide an update on intermediate actions next week. The purpose of this briefing is to identify policy options for implementing a mandatory (comply-or-explain) climate-related financial reporting regime, and seek your decision on your preference.
2020-B-06591	Follow up on short-term actions to respond to the NCCRA	MfE	This briefing note responds to your request for further advice on more immediate measures to respond to the first NCCRA.
2020-B-06358	Publication of New Zealand's Greenhouse Gas Inventory 1990-2018 and update of the 2020 Net Position	MfE	This briefing outlines key messages included in the 2018 National Inventory Report
TBC	The NZ ETS surrender obligation and impacts of Covid-19	MfE	Covid-19 may impact the ability of NZ ETS participants to meet their surrender obligation (with emission units or cash) by 31 May. This briefing explores options to support those businesses to meet this obligation.
2020-B-06532	Climate Implications of Policy Assessment (CIPA) – next steps	MfE/Treasury	Briefing to provide an update on work underway to review current CIPA requirements, and set out next steps on work to ensure the impacts of climate change are considered in investment and policy decisions. This will include a

Paper number	Issue or event	Lead	Further information
			timeline setting out next steps and key decisions for you to make.

Papers for week ending 10 April

2020-B-06358	2020 Submission - Greenhouse Gas Inventory 1990-2018	MfE	Greenhouse Gas Inventory submission 2020
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6. Cabinet material being prepared for you

Sequencing of papers to determined following reprioritisation

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
2019-C-06296	s6(a) [REDACTED]	ENV - Environment, Energy and Climate	s6(a) [REDACTED]	TBC
2020-C-06573	NZ ETS settings regulations	ENV	NZ ETS settings regulations	TBC

7. Climate Implications of Policy Assessments (CIPA)

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 are expected to apply to this proposal. We are currently in the process of providing QA of the initial modelled land-use change and agriculture impacts and calculating emissions using the CIPA excel tool.

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8. OIA requests

8.1. 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)		OIA310 / 20-D-00115	MFE / MFAT	3-Mar-20 for batch one 18-Mar-20 for batch two	Batch one sent. A tentative date of 30-Mar-20 for batch two
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	3-Apr-20 (extended)
*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	s 9(2)(a)		OIA311	TSY to led	10-Mar-20	17-Apr-20

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>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 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?</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>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 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>						
<p>*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.</p>	s 9(2)(a)		OIA307 / 20-O-00120	MFE / MFAT	04-Mar-20 for batch one 18-Mar-20 for batch two	A tentative date of 30-Mar-20 for batch two (subject to change by the office)

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
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	30-Mar-20

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8.2. Ministry of Foreign Affairs and Trade OIAs

Request	Correspondent	Organisation	Date due to send
The August 2019 Negotiations Mandate Update [CAB-19-MIN-0430] (this is referred to on your website at: https://www.mfat.govt.nz/en/environment/climate-change/ but I am unable to find a copy; and Information on the process NZ will be following to update its current NDC under the Paris Agreement.	s 9(2)(a)	Auckland University	7 April 20

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