

Weekly update - Minister for Climate Change

Finalised on 30 January for the week commencing 03 February

Date: 3 February
Time: 10:30-11:30am
Location: Office of the Minister for Climate Change

Attendees: Hon James Shaw, Minister for Climate Change
 Vicky Robertson, Secretary for the Environment
 Roger Lincoln, Director, Climate Change
 Janine Smith, Director, Climate Change
 For item 3: Sarah Deblock, Manager, International Carbon Markets
 For item 4: Scott Gulliver, Principal Advisor, Emissions Trading

	Agenda	Lead	Time
1	Context	Vicky Robertson	5 min
2	Cabinet Priorities Committee paper on climate change	Janine Smith	10 min
3	NDC – Discuss your feedback on revised Cabinet paper	Sarah Deblock	10 min
4	Fixed price option supplementary order paper – discuss proposed process	Scott Gulliver	5 min

Upcoming meetings 03 February – 14 February

Monday, 3 February (tentative)	MfE officials meeting
Tuesday, 4 February to Thursday, 6 February	Waitangi
Monday, 10 February	MFAT officials meeting MfE officials meeting
Tuesday, 11 February	ConcreteNZ's Sustainability Committee
Wednesday, 12 February	Speak with the Major Electricity Users' Group (MEUG) Just Transitions B20 Ministers' meeting 2
Thursday, 13 February	Kathleen Bell Monthly Climate Change Adaptation meeting Meeting with Gareth Hughes and Stephen Batstone, Director Whiteboard Energy Speak with the Motor Trade Association

1. Material for you to be aware of this week

Domestic

1.1 Proactive release of Cabinet minute approving SOP to the CCR (ETR) Amendment Bill for agriculture

You previously approved publication of Cabinet Minute 625.01 as part of the proactive release of 19 December 2019 [2019-B-06305 refers]. As part of this, you approved redactions of this document under section 9(2)(f)(iv), to protect budget-sensitive information and matters still under active consideration (i.e. voluntary participation). However, we delayed this briefing until now because Minister O'Connor's office requested that CAB-19-MIN-0625.01 be released separately from the proactive release package, via standard protocol.

On 5 February, we intend to proactively release this minute, which refers to Cabinet approval of the supplementary order paper (SOP) for including interim agricultural emissions provisions in the ETS. This minute needs to be released **by 6 February** in order to comply with Cabinet guidelines on proactive release.

We consider this release to be low risk. The SOP that the minute refers to is already publicly available, and public interest in the agricultural emissions provisions of the ETR Bill has been relatively low (approx. 50 submissions in total). Moreover, industry representatives will already be aware of the content that the minute contains, via *He Waka Eke Noa* negotiations.

1.2 Reforming the NZ ETS: Rules for Auctioning – high level summary of submissions

A total of 47 submitters provided views on the NZ ETS rules for auctioning during last year's consultation (closed 19 December 2019). There was widespread support for the approach the Government is taking to develop the auctioning regulations. Some submitters stated that the rules need to be considered alongside the results of consultation on auction volumes (part of the NZ ETS Settings consultation) to take into account concerns about ETS market operation. A small group of forestry submitters expressed concern that the introduction of auctioning will oversupply the market with units that, in their view, do not represent real emissions removals. Submitters largely supported a majority of the Government's preferred proposals, but did not support preferred proposals for the recommended tied bid approach, timeframes for publication of the auction notice and the requirement to submit an intent to bid form.

Of the 47, 24 identified as ETS participants, 10 were not and the remaining 14 did not specify. When asked to identify their submitter type over half of submitters (who could choose more than one, so numbers add to more than 47) identified as business/industry (25), six as individuals and one as iwi/Māori. Sector categories chosen were as follows: liquid fossil fuels (8), forestry (7), electricity (5), market intermediaries (5), agricultural and horticultural (5), industrial processors (4), stationary energy (3), waste (2), central/local government (3), research/tertiary (2), iwi (1).

Timeframes for decisions are still under discussion taking into account the announcement of the election date, but we expect to propose a March cabinet date for these decisions. More detail will be provided in next week's advice.

1.3 Reforming the NZ ETS: An update on the process to appoint a Managed Auction Service Provider

The Managed Auction Service Project is currently in the procurement phase. An open market Request for Tender (RFP) closed on 24 January 2020. The Ministry has received four high-quality conforming responses that are currently being evaluated and shortlisted by the ETS Team. Over the coming weeks a final contract for services will be negotiated with the selected preferred supplier. The target date for contract award is 01 April 2020. The managed auction service is scheduled to be available by 01 February 2021.

1.4 New Zealand and international emissions prices [commercial in-confidence]

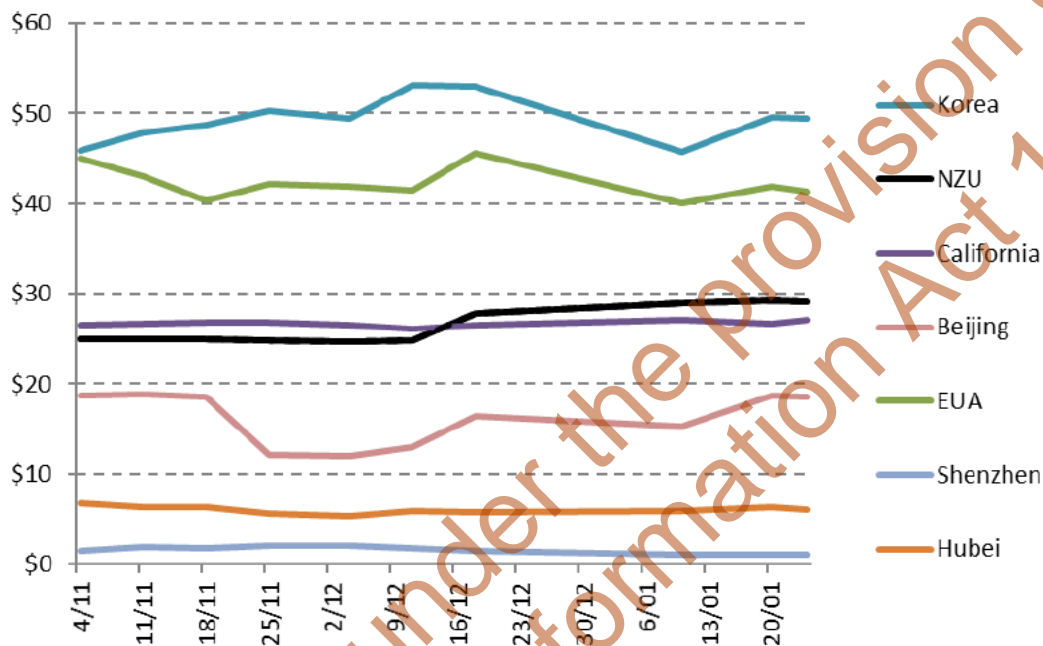
NZUs fell below \$29 for the first time since the Government began consultation on the NZ ETS unit supply and price control settings. Commentators attribute this to buyers being increasingly unwilling to drive up NZU prices.

Emissions prices in the European Union dipped this week following confirmation of Germany's coal phase-out plan and better than expected results from Poland's unit auction.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 29 Jan 2020		
NZU	EUA	California
28.75	40.44	27.07

Chart: Recent trends in international emissions prices



International

1.5 Prime Minister Scott Morrison pitches Australia's "Climate Action Now"

On 29 January 2020, Prime Minister Scott Morrison gave a speech to the National Press Club outlining Australia's climate change agenda. With the bushfires as the background context, he focused first on climate resilience. On mitigation, he described their Nationally Determined Contribution (NDC) as a "balanced and responsible emissions reduction plan" that was "comparable to countries like Japan, New Zealand and Canada".

He noted that in planning to meet its NDC, "if legitimate carry over credits are not necessary, then even better". To deliver emissions reductions, Morrison announced the Government would consult on a technology roadmap next month. This would focus on hydrogen, solar and batteries, and carbon capture and storage. He also emphasised natural gas as an "important transition fuel" for Australia.

s 6(a)

1.6 Bank of International Settlements (BIS) and the Banque de France release new book on the 'Green Swan'

A new book by BIS and Banque de France reviews ways of addressing climate change risks and challenges within central banks' financial stability mandate. The Reserve Bank of New Zealand was acknowledged as reviewer / contributor.

The book notes that that traditional backward-looking risk assessments and existing climate-economic models cannot anticipate accurately enough the form that climate-related risks will take. These include the consideration of "green swan" risks: financially disruptive events that the authors argue could be behind the next financial crisis. The book suggests two key new 'avenues of action' for central banks. First, exploring different approaches to modelling (such as non-equilibrium models) that can better account for nonlinearity, uncertainty, structural economic change and the role of money and finance, compared with traditional equilibrium-based models. MfE is currently undertaking a summer pilot project on a non-equilibrium agent-based model in partnership with New Zealand's Centre of Research Excellence on Complex Systems, Te Pūnaha Matatini. Second, "going beyond models" and developing more holistic approaches that are less focused on risk management and are more about building resilience, drawing on work on complex adaptive systems thinking and planetary boundaries by the Stockholm Resilience Centre.

2 Upcoming briefings

Papers for week ending 07 February

Paper number	Issue or event	Lead	Further information
2020-B-06374	NZ ETS Auctioning Regulations Update	MfE	An update on the timeframes for making decisions regarding the NZ ETS Rules for Auctioning following consultation at the end of 2019
TBD	Past and future industrial allocation work	MfE	A review of previous announcements and decisions on industrial allocation, particularly those regarding Refining NZ, and an indication of the review work programme.
N/A	2020 International Climate Change Agenda	MFAT	A high level submission to outline the year ahead on the international climate change agenda.

Papers for week ending 14 February

Paper number	Issue or event	Lead	Further information
2020-B-06413	Emissions Trading Reform Bill: Departmental Report for your feedback	MfE	This briefing seeks your feedback on the draft Departmental Report on the ETR Bill for the Environment Select Committee, by 17 February. Cabinet will also consider any policy changes to the Bill on 17 February, and the report will be finalised on the

Paper number	Issue or event	Lead	Further information
			morning of 18 February. The report is due to the Committee at noon 18 February, and will be considered by the Committee on 20 February.
2019-B-06354	2020 March Baseline Update Submission for Climate Change appropriations	MfE	Approve and sign the 2020 March Baseline Update submission (Climate Change related appropriations within Vote Environment).
2019-B-06297	National Climate Change Risk Assessment: Interim Report	MfE	This briefing provides you with an update on the National Climate Change Risk Assessment, and a copy of the Interim Report.

3 Cabinet material being prepared for you

Paper number	Paper name	Committee	Description	Timeframes
2019-C-06296	s 6(a) NDC	ENV - Environment, Energy and Climate	Seeking Cabinet agreement to the NDC narrative for the 2020 s 6(a).	Lodge: 6-Feb-20 ENV: 20-Feb-20 Cabinet: 24-Feb-20
2019-C-06351	Policy decisions for the Climate Change Response (Emissions Trading Reform) Amendment Bill	ENV - Environment, Energy and Climate	This cabinet paper outlines the policy decisions required to support the Departmental report for the Climate Change Response (Emissions Trading Reform Bill) due in early 2020.	Lodge: 13-Feb-20 ENV: 17-Feb-20 Cabinet: 24-Feb-20
2019-C-06047	Establishing the Climate Change Commission - Appointment of the Nominating Committee	APH - Appointments and Honours	This paper seeks agreement by Cabinet to appoint members to the statutory Nominating Committee which will be established by the enactment of the Zero Carbon Bill, in order to make subsequent appointments to the Climate Change Commission.	Lodge: 13-Feb-20 APH: 13-Feb-20 Cabinet: 24-Feb-20
TBD	Fixed Price Option SOP	CAB	Paper seeks approval for policy decisions on the fixed price option and introduction of amendment to the ETR Bill via SOP	Direct to Cabinet on 30 March

4 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	DEV	Under assessment.
NES Highly Productive Soils	MPI	TBC	Under assessment.
Waste Levy Landfill Exemption	MfE	TBC	Under assessment.

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the Official Information Act 1982

5 OIA requests

5.1 Ministerial

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>A copy of reports/briefings dated 22 October 2019 – Advice on the permeability of emissions budgets, the ability to amend the 2050 target to manage forestry and the form of emissions budgets</p> <p>Where information is withheld, I request you provide the reason for refusal and the grounds in support of that reason as required by section 19(a)(i) and (ii) of the Official Information Act.</p>	s 9(2)(a)	National Party	19-O-02724 / OIA298	MfE	Mon 27 Jan	Tue 21 Jan
<p>Copy of reports/briefings dated 24 October 2019 Enabling voluntary participation in future agricultural emissions pricing</p>	s 9(2)(a)	National Party	20-O-00059 / OIA302	MfE	Fri 07 Feb	Fri 31 Jan
<p>MEUG requests all advice from officials to your office, cabinet papers you have taken to cabinet and cabinet decisions in relation to possible policy changes to industrial allocations since the date you started as Minister for Climate Change.</p> <p>The materials should encompass all related briefing papers, emails and records of telephone calls, discussions and meetings.</p>	s 9(2)(a)		20-O-00047 / OIA304	MfE	Wed 05 Feb	Thu 30 Jan
<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)	Lyall & Thornton	20-O-00120 / OIA307	MfE	Wed 19 Feb	Thu 13 Feb

IN CONFIDENCE

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
Copies of briefings, advice, correspondence and meeting notes regarding any meetings you have had with the PM's Chief Science Advisor Professor Juliet Gerrard, from 31 May 2019 to November 30 2019	s 9(2)(a)		OIA306	MfE / MFAT	TBC	25-Feb-20

5.2 Ministry for the Environment OIAs

Request	Correspondent	Organisation	Reference	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)	Lyall & Thornton	20-D-00117	Wed 26 Feb
<p>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:</p> <ol style="list-style-type: none"> 1. New Zealand signing the Marshall Islands declaration in or around September 2019 committing to submitting a new Nationally Determined Contribution in 2020. 2. 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 3. 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	20-D-00115	Wed 26 Feb

IN CONFIDENCE

Request	Correspondent	Organisation	Reference	Date due to send
<p>Scientific proof of global warming caused by CO2, and Methane.</p> <p>I wish to understand the indisputable evidence of global warming and how the ETS is going to manage this. Please do not send me climate model information, as none of them have accurately forecast anything that resembles hard evidence of global warming</p>	s 9(2)(a)		20-D-00123	Thu 26 Feb

5.3 Ministry of Foreign Affairs and Trade OIAs

Request	Correspondent	Organisation	Date due to send
...all papers in relation to climate-related displacement and migration	s 9(2)(a)		<p>23-Jan-20</p> <p>Decision letter sent 23 Jan, documents to follow.</p>

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Weekly update - Minister for Climate Change

Finalised on 05 February for the week commencing 10 February

Date: 10 February
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
Janine Smith, Director, Climate Change

For item 2: Matt Smith, Senior Analyst, Transition Hub

For item 3: Fraser Wyeth, Manager, Climate Change

Kate Whitwell, Senior Policy Analyst, Climate Policy

For item 4: Vicki Connor, Director, Communications and Engagement

For item 5: Helen Plume, Principal Analyst, Climate Change

Dan Zwartz, Principal Scientist, Climate Change Analysis

	Agenda	Lead	Time
1	Context	Vicky Robertson / Cheryl Barnes	5 min
2	NZ ETS consultation update	Matt Smith	10 min
	NZ ETS auctioning regulations – decision on timing	Fraser Wyeth / Kate Whitwell	5 min
3	Follow up on advice on climate education campaign	Vicki Connor	5 min
4	1.5 degree report	Helen Plume	10 min

Upcoming meetings 10 February – 21 February

Monday, 10 February	MFAT officials meeting MfE officials meeting Treasury officials meeting (with MfE and DIA) re: Community resilience – funding and financing work-stream update
Tuesday, 11 February	ConcreteNZ's Sustainability Committee
Wednesday, 12 February	Major Electricity Users' Group Just Transitions B20 Ministers' meeting 2
Thursday, 13 February	Kathleen Bell Monthly climate change adaptation meeting Gareth Hughes and Stephen Batstone, Director Whiteboard Energy Motor Trade Association
Monday, 17 February	MfE officials meeting MFAT officials meeting
Thursday, 20 February	Telephone call with Jacqueline Macalister re: Aspen Institute's future work on sustainability and climate change LGNZ Community Resilience Steering Group. TBC: With Hon Grant Robertson and Hon. Nanaia Mahuta

1. Material for you to be aware of this week

Domestic

1.1. [Media article on the stalling of Hawke's Bay councils' contributory fund for climate adaptation](#)

An article appeared in the media late last week about the Hawke's Bay councils' lack of agreement on how to approach the funding of the implementation of the *Clifton to Tangoio Coastal Hazards Strategy 2120*. The article states the Joint Committee that has overseen this work is due to meet next week. The Committee are expected to agree that their position on the proposed contributory fund and funding concepts more broadly will be a key focus over the coming months.

Funding issues were the subject of the partnership project between the Hawke's Bay Regional Council and MfE, which is briefly referred to in the article. MfE is setting up a meeting between yourself and Hawke's Bay Regional Council Chief Executive James Palmer to discuss this project and its findings. We are also working with the Regional Council to prepare a communications plan for any media enquiries we may receive in relation to the report.

1.2. The launch of the OECD report on decarbonising Auckland

In November 2016, MfE partnered with Auckland Council and the OECD to assess the impact of land use and transport policies on transport-related greenhouse gas (GHG) emissions, house prices and overall social wellbeing in Auckland. *'Decarbonising urban mobility with land use and transport policies: The case for Auckland'* was finalised in November 2019. A copy of this report was sent to your office at the end of last year.

The project involved a spatial modelling exercise which tested a number of policy scenarios around changes to transport pricing, land use regulation and public transport provision. Modelling results suggest it may be possible to reduce total CO2 emissions by 40% to 60% by 2050 using a range of measures including road user charges, public transport provision and subsidies, EV subsidies and housing intensification. The authors find that in the business as usual scenario aggregate CO2 emissions will rise 7% over the next 30 years although per-capita emissions fall 40% due to the uptake of emissions free public and private transport. The report also identifies welfare gains from greater intensification including a substantial reduction in house price inflation.

MfE is bringing the authors of this report to New Zealand to present their work. The authors will be in Auckland on 17 February, hosted by Auckland Council. They will be in Wellington on 18 February, hosted by the PCE. The final agenda is still being worked through, but tentatively, presentations will happen with central and local Government officials in the mornings and bespoke meetings will be in the afternoon. There is opportunity at this time for meetings with interested Ministers. The official launch of the OECD report will be in UN's World Urban Forum at Abu Dhabi on the 12 February.

1.3. Feels Good to Refill campaign progress report

On Thursday 30th January, the Ministry for the Environment released a campaign to encourage New Zealanders to choose to refill, and keep single-use plastic drink bottles out of the environment - #FeelsGoodToRefill, pai ana ki te whakakī Ano. Prime Minister's Chief Science Advisor Professor Juliet Gerrard's Rethinking Plastics report in December 2019 called for more behaviour change and educational campaigns on single-use plastics.

The main video of the campaign uses humour and a sports backdrop, which, alongside the campaign partnership with Basketball NZ, aims to put environmental action in the hands of many New Zealanders for whom sports is so important.

Key partners include councils, Para Kore, Z Energy who are opening their doors to refilling drink bottles and Refill NZ, who have put refill stations on a map.

Wai Auckland have reported that additional refill stations have been signed up in Auckland as a result of the campaign.

The campaign uses a mix of online and in-store promotions.

As of 4.30pm on Tuesday 4 February the total reach (number of people who have seen the material) on social media across all MfE channels and posts was 235,801 and total impressions (number of times content appeared in social media feeds) were 322, 571. Engagement has been high and comments have been positive.

The partners also posted some of the content including the video itself and they report similar high and positive engagement.

Partners have expressed an interest in a longer relationship and an extension of the campaign.

1.5 Public consultation sessions underway for proposed Emissions Trading Scheme settings

Two public consultation sessions have taken place this week, one in Auckland and one in Rotorua, for the proposed provisional emissions budget and Emissions Trading Scheme unit supply and price control settings. These sessions provided an opportunity for key stakeholders and members of the public to hear directly what the Government is proposing and ask questions to support any written submissions to the consultation. Participants (approximately 60-70 people) in Auckland tended to come from businesses/industry groups, and their questions focused on specific price controls and the methodology behind unit supply. In contrast, questions from approximately 25 attendees in Rotorua tended to be more focussed on the ambition of the provisional emissions budget, the use of international units, and the impact the proposed settings would have on the NZU price and the forestry sector.

The public consultation sessions continue next week, with sessions scheduled for Wellington on February 11th and Christchurch February 12th.

2. Upcoming briefings

Papers for week ending 14 February

Paper number	Issue or event	Lead	Further information
2019-B-06354	2020 March Baseline Update Submission for Climate Change appropriations	MfE	Approve and sign the 2020 March Baseline Update submission (Climate Change related appropriations within Vote Environment).

Papers for week ending 21 February

Paper number	Issue or event	Lead	Further information
2020-B-06439	Updated NDC Cabinet paper for Ministerial Consultation	MfE	This briefing provides you with an updated Cabinet paper for Ministerial consultation. This briefing note also provides context around updates to the Cabinet paper and narrative, in light of previous feedback you have provided.
2019-B-06297	National Climate Change Risk Assessment: Interim Report	MfE	This briefing provides you with an update on the National Climate Change Risk Assessment, and a copy of the Interim Report.

3. Cabinet material being prepared for you

Paper number	Paper title	Detail	Committee	Timeframes
2019-C-06351	Policy decisions for the Climate Change Response (Emissions Trading Reform) Amendment Bill	This cabinet paper outlines the policy decisions required to support the Departmental report for the Climate Change Response (Emissions Trading Reform Bill) due in early 2020.	ENV	Lodge: 13-Feb-20 ENV: 17-Feb-20 Cabinet: 17-Feb-20
2020-C-06296	s 6(a) New Zealand's nationally determined contribution under the Paris Agreement	DEV paper on New Zealand's NDC s 6(a), seeking Cabinet approval for the updated NDC narrative	DEV	Lodge: 26-Feb-20 DEV: 4-Mar-20 Cabinet: 9-Mar-20
2019-C-06047	Establishing the Climate Change Commission - Appointment of the Nominating Committee	This paper seeks agreement by Cabinet to appoint members to the statutory Nominating Committee which will be established by the enactment of the Zero Carbon Bill, in order to make subsequent appointments to the Climate Change Commission.	APH	Lodge: TBC APH: TBC Cabinet: TBC
2020-C-06416	Consultation on Proposed New Zealand Emissions Trading Scheme Annual Technical Regulations Updates	ENV paper on proposed NZ ETS technical regulation updates for 2020.	ENV	Lodge: 5-Mar-20 ENV: 12-Mar-20 Cabinet: 16-Mar-20

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4. 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
Consumer Credit Regulations	MBIE	DEV	The CIPA threshold is not met.
s9(2)(f)(iv)	MPI	ENV	Undergoing analysis.
Wairarapa Moana Ramsar	DOC	ENV	The CIPA threshold is not met.

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the Official Information Act 1982

5. OIA requests

5.1. Ministerial

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
Copy of reports/briefings dated 24 October 2019 Enabling voluntary participation in future agricultural emissions pricing	s 9(2)(a)	National Party	20-O-00059 James Shaw / OIA302	MfE	With office	Thu 13 Feb
MEUG requests all advice from officials to your office, cabinet papers you have taken to cabinet and cabinet decisions in relation to possible policy changes to industrial allocations since the date you started as Minister for Climate Change. The materials should encompass all related briefing papers, emails and records of telephone calls, discussions and meetings.	s 9(2)(a)	MEUG	20-O-00047 James Shaw / OIA304	MfE	Wed 05 Feb Phase one with office	Wed 12 Feb
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)	Lyall & Thornton	20-O-00120 James Shaw / OIA307	MfE	Wed 19 Feb	Wed 26 Feb
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)		OIA306	MBIE	20-Feb-20	25-Feb-20
All feedback and aide memoirs from Minister James Shaw or his office to Minister Megan Woods, her office and MBIE regarding Research,	s 9(2)(a)		OIA308	MBIE	20-Feb-20	28-Feb-20

IN CONFIDENCE

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
Science and Innovation strategy, from 1 July 2019 to 31 Dec 2019, both dates inclusive.						
All correspondence, advice and briefings, from Minister James Shaw or his office to Minister Megan Woods, her office and MBIE regarding Research, Science and Innovation strategy, from 1 July 2019 to 31 Dec 2019, both dates inclusive.	s 9(2)(a)		OIA309	MBIE	20-Feb-20	28-Feb-20

Released under the provision of the Official Information Act 1982

5.2. Ministry for the Environment OIAs

Request	Correspondent	Organisation	Reference	Date due to send
<p>I hereby make a request pursuant to the Official Information Act 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:</p> <p>1. New Zealand signing the Marshall Islands declaration in or around September 2019 committing to submitting a new Nationally Determined Contribution in 2020.</p> <p>2. 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> <p>3. All other documents related to New Zealand updating or enhancing its nationally determined contribution dated between 1 January 2019 and 1 February 2020.</p>	s 9(2)(a)	Mauao Legal Chambers	20-D-00115 Departmental	Wed 26 Feb
<p>Scientific proof of global warming caused by CO2, and Methane.</p> <p>I wish to understand the indisputable evidence of global warming and how the ETS is going to manage this. Please do not send me climate model information, as none of them have accurately forecast anything that resembles hard evidence of global warming</p>	s 9(2)(a)		20-D-00123 Departmental	Thu 27 Feb
<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	Tue 03 Mar

5.3. 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)	Lyal and Thornton	27-Feb-20

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Weekly update - Minister for Climate Change

Finalised on 13 February for the week commencing 17 February

Date: 17 February
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

Roger Lincoln, Director, Climate Change
Craig Salmon, Acting Director, Climate Change

For item 2: Mark Storey, Manager, Climate Policy
For item 3: Lewis Stevens, Senior Policy Analyst, Climate Change
For item 4: Sarah Deblock, Manager, International Carbon Markets

	Agenda	Lead	Time
1	Context		5 mins
2	Update on ETR Bill progress	Mark Storey	15 mins
3	Guidance for departments (s5ZO)	Lewis Stevens	5 mins
4	NDC feedback on Cab paper	Sarah Deblock	15 mins

Upcoming meetings 17 February – 28 February

Monday, 17 February	MfE Officials Meeting MFAT Officials Meeting
Wednesday, 19 February	Ministerial Community Resilience Meeting
Thursday, 20 February	Introductory Call - New European Union Ambassador to New Zealand, H.E. Mrs Nina Obermaier Telephone call with Jacqueline Macalister re: Aspen Institute's future work on sustainability and climate change
Monday, 24 February	MfE Officials Meeting Beef & Lamb, Chairman, Andrew Morrison (TBC)
Tuesday, 25 February	MFAT Officials Meeting Meeting with Mike Chapman Horticulture NZ Panel Discussion 'New Zealand's contribution to a sustainable world with specific focus on climate action' Institute of Directors (Palmerston North)
Wednesday, 26 February	Visit to LIC (Hamilton) Rotorua Hui (TBC)
Saturday, 29 February	Speak to the Nelson Tasman Climate Forum (funded by the Nelson City Council) (Nelson)

1. Key decisions for you to make this week

1.1. Circulate NDC Cabinet paper for ministerial consultation

2. Material for you to be aware of this week

Domestic

2.1. New Zealand and international emissions prices

NZU prices fell this week, shedding 4.3% of their recent value. Commentators attribute the decline to emitters selling of their units at higher levels to pay for the \$25 fixed price option at the

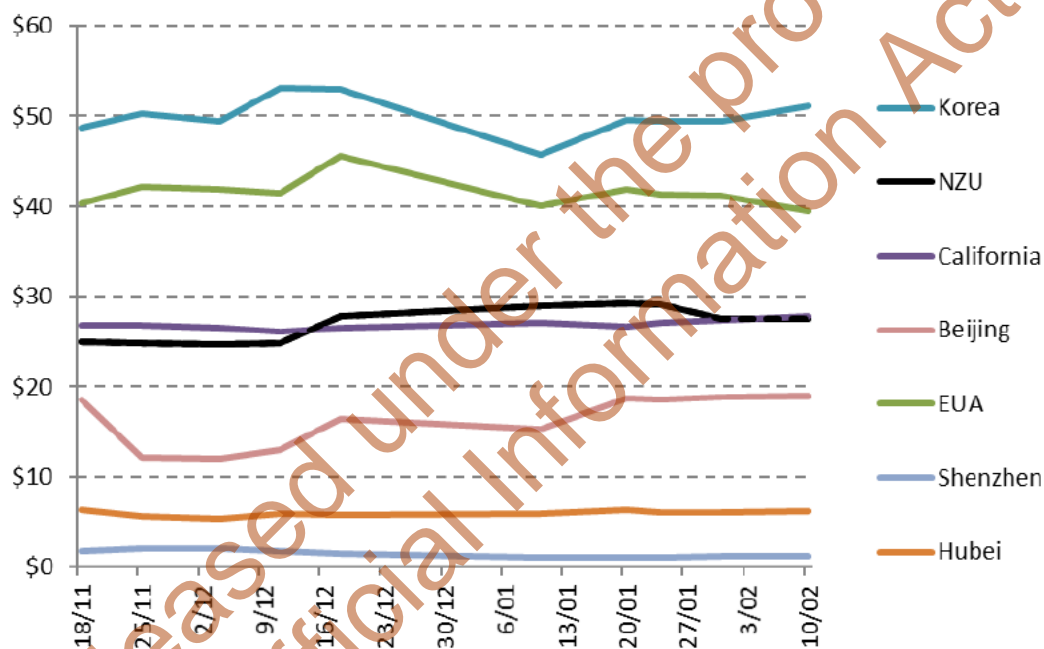
May compliance. This is an attractive option for market participants as they profit from the price difference between market spot prices and the fixed price option. There is still an expectation that prices will rise in the long-term once the fixed price option is removed and supply in the market tightens.

This week, all but one of China's pilot carbon markets reopened, following closure as a result of the coronavirus outbreak. Prices, however, in these markets remained flat in these markets.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 12 Feb 2020		
NZU	EUA	California
27.00	39.49	27.86

Chart: Recent trends in international emissions prices



2.2. National Climate Change Risk Assessment – engagement with iwi/Māori in February

During February, we are engaging with iwi/Māori on the National Climate Change Risk Assessment (the Risk Assessment) in three different forums:

1. Hui with a number of iwi who have invited the Ministry for more in-depth conversations on this work. These iwi are Te Arawa, Te Atiawa, Waikato-Tainui, and Ngai Tahu (still to be confirmed). These hui are being undertaken this month until early March.
2. Ministry for the Environment is holding a series of regional hui with iwi/Māori across the country on a range of kaupapa. The primary focus is resource management system reform

and the proposed National Policy Statement on Indigenous Biodiversity, but we are taking the opportunity to provide an update and overview of the Risk Assessment.

3. A series of Risk Assessment workshops are being undertaken this month with strong attendance from key stakeholders, including iwi/Maori.

Next week you will receive a briefing with an update on the Risk Assessment and copy of the Interim Report. The Interim Report summarises the Stage 1 feedback and identifies the priority risks to take through into the next stage. You will also receive an update on the key themes raised at the hui and workshops.

2.3. Extending the temporary adverse event exemption to all post-1989 forestry in the NZ ETS

MPI has proposed changes to the Climate Change Response (Emissions Trading Reform) Amendment Bill extending the temporary adverse event exemption to all post-1989 forestry in the NZ ETS. The provision currently exempts newly-registered post-1989 forestry under averaging and permanent forestry from having to surrender units to the Crown if there is a loss of carbon stock as a result of a temporary adverse event (such as temporary damage from fires, earthquakes or storms). MPI now recommend the exemption also include existing post-1989 forests registered in the NZ ETS which use stock change accounting.

MPI has proposed that the Minister of Forestry seek Cabinet agreement to this policy change. Decisions would be needed in early April 2020 to allow for the introduction of a supplementary order paper at the Committee of the Whole Stage for the Emissions Trading Reform Amendment Bill.

We are considering the implications of extending the temporary adverse event exemption to all post-1989 forestry, and are waiting on further analysis from MPI. We will provide you with a further update and advice on this issue ahead of Cabinet consideration of any supplementary order papers for the ETR Bill.

International

2.4. s9(2)(f)(iv)

s9(2)(f)(iv)

2.5. UK's priorities for COP26: Fossil fuel subsidy reform

The UK launched its COP26 presidency last week, touting 2020 as the 'Year of Climate Action'. MFAT understands from conversations with the UK High Commission in Wellington that, alongside the negotiating agenda, the UK will have several finance-related priorities. These will include fossil fuel subsidy reform, insurance and risk, and delivery of climate finance. The UK is intending to seek a country to champion each priority. MFAT considers New Zealand would be well placed to champion FFSR, given our historic active engagement on this issue. MFAT will provide more advice on this possibility as more information becomes available.

2.6. Minister Parker to seek Pacific island support for WTO statement on Fossil Fuel Subsidy Reform

Minister Parker will host a breakfast on fossil fuel subsidy reform (FFSR) at the Pacific Islands' Forum Trade Ministers' meeting, on 14 February. Minister Parker will seek support from the six Pacific island country members of the World Trade Organisation for a joint declaration on FFSR. The statement is intended to create further momentum for engagement at the WTO and to prepare Members for deeper discussion when the WTO is ready to tackle new issues. The declaration will be delivered at the WTO Ministerial Conference in June 2020.

2.7. Non-attendance at international climate change meetings due to Covid-19 outbreak

Due to the ongoing outbreak of Covid-19, in the short-term MfE is taking a precautionary approach to staff attendance at international meetings.

This affects two international climate change meetings in the next three weeks. New Zealand will not be represented at the:

- 52nd Session of the Intergovernmental Panel on Climate Change (IPCC) - France;
- Informal Dialogue on Article 6 (the main out-of-session meeting on Article 6) – United Kingdom .

We know of no other countries proposing to alter planned attendance at these meetings.

If significant numbers of countries do not attend the IPCC meeting this may cause the legitimacy of decisions to be questioned (at this meeting this includes approving the outline of the Synthesis Report for the IPCC's 6th Assessment Report, due 2022). As we have no knowledge of other countries planning to pull attendance from this meeting, our view is the likelihood of this risk eventuating is low. We will however monitor this.

Regarding Article 6, no decisions will be taken at this meeting. In this instance, we can somewhat mitigate the impact of non-attendance (particularly on our ability to gather information) through well-established relationships with trusted individuals from other countries who will be in attendance.

MfE is also assessing risks and business needs with a view to limiting travel in the context of the virus.

3. Upcoming key events/announcements involving MfE/MFAT

3.1. Launch of the OECD report on decarbonising Auckland – postponed

MfE had planned, as mentioned in the report last week, to bring the authors of the OECD report on *'Decarbonising urban mobility with land use and transport policies: The case for Auckland'* to New Zealand to present their work in February. The authors have postponed this trip due to the coronavirus outbreak. There might be opportunity for them to come in March/April instead. The report will be publicly available on the OECD website from March 16 2020.

Further information: In November 2016, MfE partnered with Auckland Council and the OECD to assess the impact of land use and transport policies on transport-related greenhouse gas (GHG) emissions, house prices and overall social wellbeing in Auckland. The project involved a spatial modelling exercise which tested a number of policy scenarios around changes to transport pricing, land use regulation and public transport provision. The report was finalised in November 2019 and a copy was sent to your office at the end of last year.

4. Upcoming briefings

Papers for week ending 21 February

Paper number	Issue or event	Lead	Further information
2020-B-06415	Draft Cabinet Paper: Approval to Consult on Proposed New Zealand Emissions Trading Scheme Annual Technical Regulations Updates 2020	MfE	The briefing provides you with a Cabinet paper for Ministerial consultation.
2019-B-06297	Interim Report for the National Climate Change Risk Assessment	MfE	This briefing provides you with an update on the National Climate Change Risk Assessment, and a copy of the Interim Report.
2020-B-06447	Climate-related financial disclosures - update on submissions, timetable for advice to Cabinet, and joining the International Platform on Sustainable Finance	MfE	The briefing provides you with an update on the submissions we received to the consultation, an updated timetable and an update on NZ joining the IPSF.
N/A	2020 International Climate Change Agenda	MFAT	A high level submission to outline the year ahead on the international climate change agenda.

Papers for week ending 28 February

Paper number	Issue or event	Lead	Further information
2020-B-06450	Climate-related Financial Disclosures: Summary of submissions	MfE	This briefing provides you with the key findings from submissions to the CRFD consultation, with the full summary attached.
2020-B-06413	Emissions Trading Reform (ETR) Bill: Departmental Report for your feedback	MfE	This briefing seeks your feedback on the draft Departmental Report for the ETR Bill. We are anticipating that we will deliver the Departmental Report to the Environment Select Committee on 10 March, to be considered on 12 March. This timing is subject to agreement with the Committee.

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5. Cabinet material being prepared for you

Paper number	Paper title	Detail	Committee	Timeframes
2019-C-06351	Policy decisions for the Climate Change Response (Emissions Trading Reform) Amendment Bill	This cabinet paper outlines the policy decisions required to support the Departmental report for the Climate Change Response (Emissions Trading Reform Bill) due in early 2020.	ENV	Lodge: 27-Feb-20 DEV: 2-Mar-20 Cabinet: 2-Mar-20
2020-C-06296	s 6(a) New Zealand's nationally determined contribution under the Paris Agreement	ENV paper on New Zealand's NDC s 6(a), seeking Cabinet approval for the updated NDC narrative	ENV	Lodge: 5-Mar-20 DEV: 12-Mar-20 Cabinet: 16-Mar-20
2019-C-06047	Establishing the Climate Change Commission - Appointment of the Nominating Committee	This paper seeks agreement by Cabinet to appoint members to the statutory Nominating Committee which will be established by the enactment of the Zero Carbon Bill, in order to make subsequent appointments to the Climate Change Commission.	APH	Lodge: TBC APH: TBC Cabinet: TBC
2020-C-06416	Consultation on Proposed New Zealand Emissions Trading Scheme Annual Technical Regulations Updates	ENV paper on proposed NZ ETS technical regulation updates for 2020.	ENV	Lodge: 5-Mar-20 ENV: 12-Mar-20 Cabinet: 16-Mar-20
2020-C-06455	Regulatory decisions on rules for auctioning in the New Zealand Emissions Trading Scheme	This paper seeks Cabinet agreement to implement regulations to enable the auctioning of NZUs in the New Zealand Emissions Trading Scheme.	DEV	Lodge: 11-Mar-20 DEV: 18-Mar-20 Cabinet: 23-Mar-20

6. Cabinet material we have been consulted on

Paper name	Agency	Committee	Ministry comments
Government Policy Statement on Land Transport 2021 – release of draft for public engagement	MoT	DEV	<p>This paper seeks Cabinet agreement to undertake public engagement on the proposed content of the draft Government Policy Statement on Land Transport (GPS) 2021/22–2030/31.</p> <p>The key changes to note in the new GPS 2021 are that rail and coastal shipping have been brought into the framework and the strategic priorities have changed. GPS 2018 has strategic priorities of safety, access, environment and value for money. In GPS 2021 the strategic priorities have been changed to safety, better travel options, and improving freight connections. Delivering best value for money and</p>

Paper name	Agency	Committee	Ministry comments
			<p>contributing to New Zealand's commitment to transition to low emissions economy are seen as being embedded across these priorities.</p> <p>s9(2)(g)(i)</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>

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
Increase in Road User Charges for 2020	MOT	TBC	<p>In the short run and long run, VKT for RUC vehicles will decrease as a result of the increased costs of travel due to higher RUC rates. The elasticity in short-run (<1 year) is -0.12, and in the long-run (5+ years) it is -0.24. These elasticities imply that a 10 percent (real) rise in the cost of a kilometre will reduce VKT by 1.2 percent in the short term and 2.4 percent in the long term (assuming no change in other determinants of VKT).</p> <p>Despite an increase in the costs of transport leading to a reduction in VKT for individual vehicle owners/users, overall VKT is expected to increase as a result of New Zealand's growing population and levels of economic activity. Despite this increase, the CIPA threshold of significance is not met.</p>
The Future of Rail: Kiwirail Structure and Track User Charges	MOT	TBC	<p>The CIPA threshold of significance is not met for this proposal. However, part of the Government's objectives for increasing the amount of rail freight and passengers on rail is to reduce the amount of greenhouse gases produced from transport. However, this is a broader policy. The proposals in this cabinet paper will have little impact on that outcome. The</p>

Paper name	Agency	Committee	Our advice on the GHG analysis
			Ministry for the Environment will work with the Ministry of Transport, to calculate the emissions impacts, for later Cabinet decisions.
s9(2)(f)(iv)	MPI	ENV	s9(2)(f)(iv)
Final policy decisions for the NPS Urban Development	HUD/MfE	TBC	Emissions analysis underway.

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7. OIA requests

7.1. Ministerial

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>MEUG requests all advice from officials to your office, cabinet papers you have taken to cabinet and cabinet decisions in relation to possible policy changes to industrial allocations since the date you started as Minister for Climate Change.</p> <p>The materials should encompass all related briefing papers, emails and records of telephone calls, discussions and meetings.</p>	s 9(2)(a)	MEUG	20-O-00047 James Shaw / OIA304	MfE	Batch 2 Wed 19 Feb	Batch 2 Wed 26 Feb
<p>2.1 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)	Lyall & Thornton	20-O-00120 James Shaw / OIA307	MfE	Wed 19 Feb	Wed 26 Feb
<p>*All feedback and aide memoirs from Minister James Shaw or his office to Minister Megan Woods, her office and MBIE regarding Research, Science and Innovation strategy, from 1 July 2019 to 31 Dec 2019, both dates inclusive.</p>	s 9(2)(a)	National Party	OIA309	MBIE	Thu 20 Feb	Fri 28 Feb
<p>*All correspondence, advice and briefings, from Minister James Shaw or his office to Minister Megan Woods, her office and MBIE regarding Research, Science and Innovation</p>	s 9(2)(a)	National Party	OIA308	MBIE	Thu 20 Feb	Fri 28 Feb

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
strategy, from 1 July 2019 to 31 Dec 2019, both dates inclusive.						

7.2. Ministry for the Environment OIAs

Request	Correspondent	Organisation	Reference	Drafting agency	Date due to send
s9(2)(b)(ii)	s 9(2)(b)(i)	s9(2)(b)(ii)	20-D-00093 Departmental	MfE	Fri 14 Feb
<p>Scientific proof of global warming caused by CO2, and Methane.</p> <p>I wish to understand the indisputable evidence of global warming and how the ETS is going to manage this. Please do not send me climate model information, as none of them have accurately forecast anything that resembles hard evidence of global warming</p>	s 9(2)(a)		20-D-00123 Departmental	MfE	Thu 27 Feb
<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

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7.3. 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)	Lyal and Thornton	27-Feb-20

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Weekly update - Minister for Climate Change

Finalised on 20 February for the week commencing 24 February

Date: 24 February
Time: 2-3 pm
Location: Office of the Minister for Climate Change

Attendees: Hon James Shaw, Minister for Climate Change
Cheryl Barnes, Deputy Secretary, Water and 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
Mark Storey, Manager, Agriculture and Climate Policy
For item 3: Sarah Deblock, Manager, International Climate Change Issues
Chloe Rumsey, Analyst, International Climate Change Issues
For item 4: Matthew Everett, Principal Analyst, Transition Hub
For item 5: Alex White, Senior Policy Analyst, Climate Policy
For item 6: Fraser Wyeth, Manager, Emissions Trading Markets

	Agenda	Lead	Time
1	Context	Cheryl Barnes	5 min
2	Update on Emissions Trading Reform Amendment Bill process <i>What we need from you: agreement on next steps for the ETR Cabinet paper and feedback on the Departmental Report</i>	Mark Storey (paper)	15 min
3	Discuss engagement strategy on Nationally Determined Contribution s 6(a) <i>What we need from you: feedback on your level of comfort with the key messages and proposed engagement approach</i>	Sarah Deblock (paper)	5 min
4	s9(2)(f)(iv) <i>What we need from you: initial feedback on our thinking ahead providing a draft Cabinet paper this week</i>	Matthew Everett (no paper)	10 min
5	Discuss timing for Climate Related Financial Disclosures advice <i>What we need from you: feedback on your level of comfort with delaying the report-back to Cabinet</i>	Alex White (paper)	5 min
6	Feedback on draft Cabinet paper: Emissions Trading Scheme regulations update <i>What we need from you (if required): whether there are any points of clarification ahead of circulating the paper for Ministerial consultation</i>	Fraser Wyeth (paper)	5 min

1. Upcoming meetings 24 February – 06 March

Monday, 24 February	MfE officials meeting Beef & Lamb, Chairman, Andrew Morrison (TBC)
Tuesday, 25 February	Meeting with Mike Chapman Horticulture NZ MFAT officials meeting European Parliament Delegation 'Climate Change and Sustainability - Efforts to reduce methane emission' Panel Discussion 'New Zealand's contribution to a sustainable world with specific focus on climate action' Institute of Directors (Palmerston North)
Wednesday, 26 February	Visit to LIC (Hamilton) Rotorua Hui (TBC)
Saturday, 29 February	Speak to the Nelson Tasman Climate Forum (funded by the Nelson City Council) (Nelson) Climate Community Leaders who have worked on Climate Charter Nelson City Council - Officers present on ways we are responding to the Climate Emergency
Monday, 2 March	MfE officials meeting MFAT officials meeting
Tuesday, 3 March	Breakfast event: Tourism Holdings Ltd and Proxima - Making NZ Future-Fit: Measuring what matters for transformational change (Auckland) 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 Meet and Greet: Auckland Transport Chair, Adrienne Young-Cooper and Chief Executive, Shane Ellison
Thursday, 5 March	Next Foundation, Jan Hania, Environment Director

1. Key decisions for you to make this week

- **Lodge Cabinet paper – Policy Decisions for the Climate Change (Emissions Trading Reform) Amendment Bill Departmental Report**

2. Material for you to be aware of this week

Domestic

2.1. He Waka Eke Noa – summary from first meeting held on 10 February

The He Waka Eke Noa Steering Group held a successful first meeting on Monday 10 February. This builds on recent months of work between Food and Fibre Leaders Forum (F&FLF) members, MPI and MfE to stand up the group and start developing the work programme.

The following represents the key messages the Group agreed as a summary of the meeting:

- The Steering Group's work is in its early days; and the work programme under He Waka Eke Noa will continue to evolve. The final member of the Steering Group is still to be appointed. This member will bring understanding of iwi, hapū and whānau perspectives.
- The Steering Group adopted the Terms of Reference for the Group as agreed between the Minister for Climate Change, Minister of Agriculture, and the Food and Fibre Leaders Forum Chairs (F&FLF).
- The Steering Group agreed to the establishment of eight work streams. These are:
 - On-farm emissions reporting
 - Farm plans
 - On-farm emissions pricing
 - On-farm sequestration
 - Māori agribusiness
 - Extension
 - Innovation and uptake
 - Supporting early action
- The Steering Group committed to having each workstream lead jointly by a representative of government and industry.
- The Steering Group acknowledged the challenge that production seasons pose for meeting the milestones set out in the Climate Change Response (Emissions Trading Reform) Amendment Bill. They agreed to reflect the implications of the production seasons in the work plans for the relevant work streams.
- In establishing a small Programme Office to support the Steering Group, the appointment of a Programme Director role will be prioritised. Discussions regarding funding for the Programme Office will continue with F&FLF Chairs and Ministries CEs, supported by Steering Group members.

We are happy to discuss or clarify any of these points at the weekly meeting.

International

2.2. New report released by the Investors Group on Climate Change: Zero emissions / sustainable returns, strategies for achieving net-zero emissions

The report gives an update on the progress made in the financial sector to transition portfolios and specific asset classes to net-zero emissions, the barriers they are facing and the effectiveness of the existing tools and resources.

It shows that investors are making progress towards net-zero emissions portfolios. There has been a shift from an ad hoc, opportunistic approach to climate-aligned investment to more holistic, long-term strategies to ensure portfolios are aligned with the targets set out in the Paris Agreement. Property and listed equities are the most advanced, however there has been limited progress in fixed income and infrastructure and no meaningful progress in private equity.

The difference in progress is due to a number of factors, including the availability of support and guidance for net-zero emissions from industry bodies, the ease and progress of carbon footprinting, the ease of achieving emissions reductions and the size of residual emissions and the cost of offsetting. In relation to offsetting, the report notes that some investors seem to be sceptical about any use of offsets due to differing views as to whether offsets operate effectively as a market mechanism to achieve least cost abatement and the lack of regulatory oversight. It is also noted that investors do not appear to discuss least cost abatement.

The lack of a globally applicable definition of net-zero has not stopped investors from pursuing their own targets. They are determining their own strategies including definition, methodology, time frame, scope and mitigation. This leads to a lack of clarity between managers and asset classes, which remains a key challenge.

2.3. New Zealand to attend the Japan-Brazil Dialogue

Ambassador Kay Harrison will attend the 18th Japan-Brazil dialogue, to be held in Tokyo 27-28 February. The dialogue brings together countries in an informal setting to discuss the year ahead in climate change. This year's agenda includes expectations for COP26, Article 6, ambition, and climate finance. We will be continuing to push for global ambition across all agenda items and seek to understand how we can collaborate and prepare for what is shaping up to be the finance COP in the United Kingdom. The dialogue will be preceded by a day-long Umbrella Group coordination meeting on 26 February and followed by a Center for Climate and Energy Solutions (C2ES) dialogue.

2.4. New Zealand and international emissions prices

NZU prices continued to fall this week amid market uncertainty and the ability of participants to sell units and receive cash at a price higher than the fixed priced option (FPO). The \$25 FPO is available to use for upcoming 2019 emissions surrender obligations due by the end of May. Market analysts see the remaining spread between the FPO and current spot prices as a strong incentive to sell units.

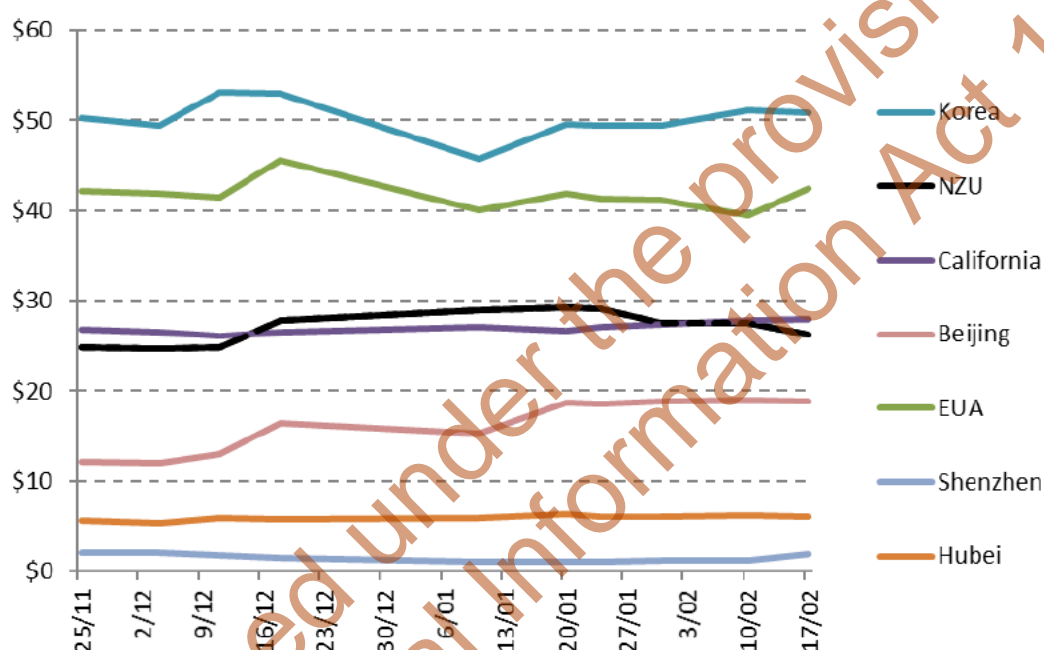
Market analysts also note that the market is in an unusual position considering the short-term profit-taking, and the long-term expectation that NZUs will increase in value over time. Uncertainty remains relating to the liability and management of the large NZU stockpile, which will continue to increase if the FPO sees a high level of use for upcoming surrenders as predicted.

Prices in the EU ETS climbed above \$43 on mounting hopes the impact of the coronavirus in Europe would be limited. Commentators suggest that there could be some short-term disruption to EUA prices when the UK resumes participation in auctions.

Table: Current emissions prices

NZU, EUA and California emissions prices (NZD/t CO ₂ e) as at 19 Feb 2020		
NZU	EUA	California
26.50	43.53	27.94

Chart: Recent trends in international emissions prices



2.5. UK announces new COP26 President Alok Sharma

Following Prime Minister Johnson's recent Cabinet re-shuffle, Alok Sharma has been appointed as COP26 President. Sharma was also appointed Secretary of State for Business, Energy and Industrial Strategy (BEIS). He was previously Secretary of State for International Development, where he oversaw programmes on climate change resilience and launched a new International Development Infrastructure Commission to support sustainable infrastructure investment across the globe.

Public reporting of the appointment has been positive, suggesting that Sharma's experience in international development will bode well for the role, in particular the expected focus on climate finance from developing countries. He has some familiarity with our region having also served as Parliamentary Under Secretary of State at the Foreign and Commonwealth Office, responsible for Asia and the Pacific (including New Zealand).

3. Upcoming key events/announcements involving MfE/MFAT

- 24 – 28 February: Update and overview on National Climate Change Risk Assessment at MfE regional hui-a-rohe (Whangerei, Taupo, Rotorua, Hamilton, Nelson). The hui is on a range of kaupapa. Their primary focus is resource management system reform and the proposed National Policy Statement on Indigenous Biodiversity.
- 25 February: National Climate Change Risk Assessment hui with Waikato-Tainui
- 26 February: Trade policy engagement hui for representatives from Te Ao Māori, hosted by Te Taumata and MFAT's Trade and Economic Group, in Rotorua. You will attend the afternoon session and Minister Mahuta will attend the morning session as keynote speakers.
- 9 April: Release of the National Greenhouse Gas Inventory

4. Upcoming briefings

Papers for week ending 28 February

Paper number	Issue or event	Lead	Further information
2020-B-06450	Climate-related Financial Disclosures: Summary of submissions	MfE	This briefing provides you with the key findings from submissions to the CRFD consultation, with the full summary attached.
2020-B-06413	Emissions Trading Reform (ETR) Bill: Departmental Report for your feedback	MfE	This briefing seeks your feedback on the draft Departmental Report for the ETR Bill. We are anticipating that we will deliver the Departmental Report to the Environment Select Committee on 10 March, to be considered on 12 March. This timing is subject to agreement with the Committee.
2020-B-06494	Progress on Climate Action Plan	MfE	This briefing provides you with the Climate Change CE Board Quarterly report on progress of the Climate Action Plan for the period of Oct-Dec.
2019-B-06297	Interim Report for the National Climate Change Risk Assessment	MfE	This briefing provides you with an update on the National Climate Change Risk Assessment and a copy of the Interim Report

Papers for week ending 06 March

Paper number	Issue or event	Lead	Further information
TBD	Fixed price option change – approval for issuing drafting instructions	MfE	Joint BN with MOF and Minister of Forestry; summarises feedback from consultation and seeks approval for drafting a supplementary order paper to increase and extend the FPO.

Paper number	Issue or event	Lead	Further information
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	Talking Points for the ENV discussion on 12 March, on the NDC s 6(a)	MfE	Talking points regarding s 6(a) the NDC

5. Cabinet material being prepared for you

Paper number	Paper name	Committee	Description	Timeframes
2019-C-06296	s 6(a) New Zealand's Nationally Determined Contribution under the Paris Agreement	ENV - Environment, Energy and Climate	Proposed NDCs s 6(a) to the UNFCCC	Lodge: 5 March ENV: 12 March Cabinet: 16 March
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 Mar ENV: 12 Mar Cabinet: 16 Mar
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 Mar DEV: 18 Mar Cabinet: 23 Mar
TBC	Emissions Trading Reform Amendment Bill Supplementary Order Paper	LEG or CAB	Seeks approval for the introduction of a whole of government Supplementary Order Paper to the ETR Bill	TBD possibly direct to CAB for 30 March

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
Final policy decisions for the NPS Urban Development		DEV	The CIPA requirements do not apply to this proposal. This is a broad policy proposal on urban development with a main focus on increasing housing supply. The direct emissions impacts are unable to be accurately determined in quantitative terms. However, the Ministry notes that overall emissions from transport

Paper name	Agency	Committee	Our advice on the GHG analysis
			can be expected to decrease due to increased density of urban development, particularly where this is enabled in or near centres or employment opportunities, and in areas well-served by public transport.
Clean Car Standard		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		To be determined	Emissions analysis underway.
Wood legality and registration of forestry practitioners		ENV	The CIPA requirements are expected to apply to this proposal. Emissions analysis will begin once more information is provided.
Waste Landfill Levy Expansion		[TBC]	The CIPA requirements are expected to apply to this proposal. Emissions analysis will begin once more information is provided.

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7. OIA requests

7.1. Ministerial

Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
<p>*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.</p> <p>*Where relevant material has already been disclosed in the EAF consultation and Bill consultation, we do not need copies of that material; rather that can be included in a list of materials with the relevant web link so we can cross-check we have all of the currently published material.</p>	s 9(2)(a)	MEUG	OIA304		With the office	With the office
Copies of briefings, advice, and meeting notes regarding any meetings you have had with the PM's Chief Science Advisor Professor Juliet Gerrard, from 31 May 2019 to November 30 2019	s 9(2)(a)	National Party	OIA306	MBIE	20-Feb-20	25-Feb-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)	Lyall & Thornton	OIA307 / 20-O-00120	MfE	4 March	11 March 2020
*All feedback and aide memoirs from Minister James Shaw or his office to Minister Megan Woods, her office and MBIE regarding Research, Science and Innovation strategy, from 1 July 2019 to 31 Dec 2019, both dates inclusive.	s 9(2)(a)	National Party	OIA308	MBIE	20-Feb-20	28-Feb-20
*All correspondence, advice and briefings, from Minister James Shaw or his office to Minister Megan Woods, her office and MBIE regarding Research, Science and Innovation	s 9(2)(a)	National Party	OIA309	MBIE	20-Feb-20	28-Feb-20

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Request	Correspondent	Organisation	Reference	Drafting agency	Due at your office/current status	Date due to send
strategy, from 1 July 2019 to 31 Dec 2019, both dates inclusive.						
*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-O-00177	MfE	3-Mar-20	10-Mar-20

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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
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)	Lyall and Thornton	27-Feb-20
<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> <p>3. All other documents related to New Zealand updating or enhancing its nationally determined contribution dated between 1 January 2019 and 1 February 2020.</p>	s 9(2)(a)	Michael Sharp - Barrister	10 March 20
<ul style="list-style-type: none"> 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

IN CONFIDENCE