

Our journey towards net zero

New Zealand's second
emissions reduction plan 2026–30

Tā Aotearoa mahere whakaheke tukunga tuarua

At a glance



Te Kāwanatanga o Aotearoa
New Zealand Government

Setting New Zealand up for our net zero future

Climate change is here and how we respond is critical for our country. We want to create a future where our economy and communities thrive, supporting New Zealand to be stronger in a changing climate.

Our second emissions reduction plan will help us maintain our way of life while minimising the cost to our country of mitigating climate change.

Now is the time to lock in the infrastructure we need to support a low-emissions economy. We will create jobs and enable businesses to transition to electric alternatives faster by increasing renewable energy. We will see more New Zealanders switch to electric vehicles by building charging infrastructure. New technologies to help reduce emissions will empower farmers to produce high-value products that will make them even more competitive on the world stage.

Critically, the actions and initiatives in this plan will meet our second emissions budget (2026–30) and put us on track to meet our 2050 net zero target.

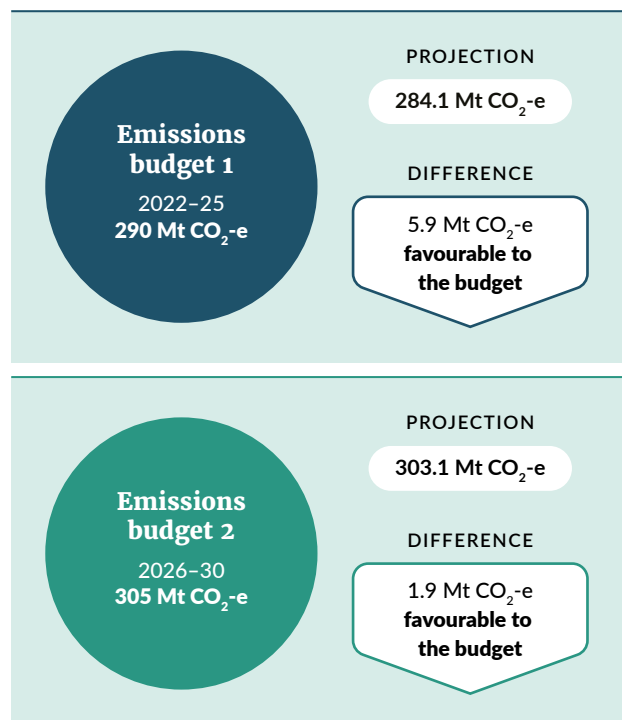
The changes we have made since consultation set us up well for the third emissions budget period (2031–35) and take us even closer to meeting our long-term targets. Future emissions reduction plans – including the third emissions reduction plan, which will address the third budget period – will build on this one and continue to drive us towards net zero.

“We are delivering a climate change plan with tangible actions that put us on track to reach our goals. I’m confident these steps put us on the pathway for a better future.”

Hon Simon Watts
Minister of
Climate Change



We are on track to meet our first and second emissions budgets.



Mt CO₂-e = million tonnes of carbon dioxide equivalent

The second emissions reduction plan projects that New Zealand will achieve net zero emissions by 2050.

Effective actions will help drive significant emissions reduction

Alongside the New Zealand Emissions Trading Scheme (NZ ETS), which is our key tool for reducing emissions, we have complementary policies and initiatives to put us on track to reach our climate targets.

Eight policies within the second emissions reduction plan that have the greatest potential to lower emissions

Carbon capture, utilisation and storage

Recognise these removals and reductions in the NZ ETS

Organic waste management and landfill gas capture

Improvements to increase landfill gas recovery rates

Electrify NZ

Enable more renewable energy projects

Afforestation on Crown-owned land

Explore private sector partnerships to plant trees on Crown-owned land

Waste Minimisation Fund

Invest in resource recovery systems and infrastructure to process organic waste

Agricultural emissions pricing system

Incentivise uptake of technologies, while not reducing production

Product stewardship of refrigerants

Introduce a regulated scheme from 2025 to capture harmful gases

EV charging network

Target a network of 10,000 charging points by 2030

These policies reduce emissions by an estimated

3.2 Mt CO₂-e

in the second emissions budget

17.1 Mt CO₂-e

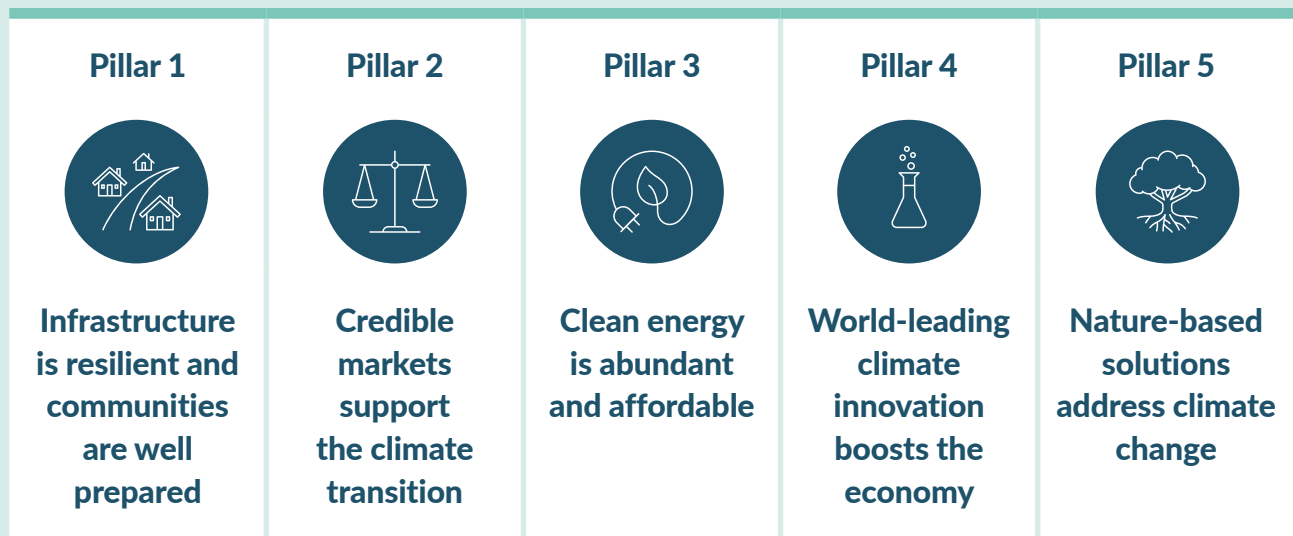
in the third emissions budget

Actions to support critical sectors of our economy

The actions in the second emissions reduction plan are targeted towards the highest-emitting sectors of our economy.

There are also actions from areas that support reductions, such as the New Zealand Emissions Trading Scheme and sustainable finance. This ensures our response is cost-effective, coordinated and efficient, drives down emissions, and will make a significant difference to New Zealand communities and businesses.

These actions span all five pillars of the Government's Climate Strategy:



Key actions include:

Strengthening the New Zealand Emissions Trading Scheme (NZ ETS)



- Restoring confidence in the NZ ETS by:
 - not placing an expiry date on New Zealand Units (NZUs)
 - committing to no differential treatment of forestry NZUs
 - strengthening market governance and clarifying market information.
- Aligning the NZ ETS with the second emissions budget by aligning unit supply with the NZ ETS cap through annual updates.

Funding and financing climate mitigation



- Developing a sustainable finance strategy.
- Developing a sustainable finance taxonomy.
- Continuing to support mandatory climate-related disclosures.
- Investigating the potential of a biodiversity credits market.
- Cooperating with Australia to align the sustainable finance policy and regulatory landscape.

Energy



- Delivering Electrify NZ to help achieve our goal of doubling renewable energy (including reducing consenting times).
- Enabling energy efficiency and a smarter electricity system.
- Enabling carbon capture, utilisation and storage.
- Enabling woody bioenergy.

Transport



- Enabling a network of 10,000 public electric vehicle (EV) charging points by 2030 and facilitating private investment in EV charging infrastructure.
- Reviewing regulatory barriers to decarbonising heavy vehicles (eg, EVs and hydrogen).
- Promoting innovation through the Low Emissions Heavy Vehicle Fund.
- Continuing to support the aviation sector to decarbonise, and working with other countries on low- and zero-carbon shipping on key trade routes by 2035.
- Supporting public transport in our main cities.

Agriculture



- Accelerating the development of mitigation tools and technologies to reduce on-farm emissions.
- Developing a measurement system for on-farm emissions for use by 2025.
- Implementing a fair and sustainable pricing system for on-farm emissions by 2030.
- Reviewing methane science and targets.

Forestry and wood processing



- Restoring price stability and confidence in the NZ ETS to give certainty to forestry.
- Limiting whole-farm conversions to forestry on high-quality land to protect highly productive farmland.
- Exploring partnering with the private sector to plant trees on Crown-owned land.
- Improving the consenting framework for wood processing.
- Ensuring the Wood Processing Growth Fund continues to support commercial investment.

Waste



- Increasing targeted investment in resource recovery infrastructure and systems (including for construction and demolition waste).
- Investigating improving organic waste disposal and landfill gas capture.
- Introducing a regulated product stewardship scheme for harmful gases in refrigerants.

Collaborating with industry to reach our goals faster

The Government can't deliver on our climate goals alone. The private sector also contributes to our budgets, which is why we are working with some of New Zealand's largest industries to support them to decarbonise.

This could include removing regulatory barriers so these businesses can make investment decisions with greater confidence. One example is the action we are taking to enable greater use of woody biomass, which may help Genesis Energy replace coal with biomass.

Case study: Biomass to displace coal generation at Huntly



Pillar 3



**Clean energy
is abundant
and affordable**

Huntly Power Station, run by Genesis Energy, is New Zealand's largest power station.

One of its roles is to provide back-up power when the country does not have enough renewable energy – for example, when the wind doesn't blow, the sun doesn't shine, or the rain doesn't fall.

Three of the five generating units at Huntly can run on coal or natural gas. Coal generation from these units produced 1.35 Mt CO₂-e of emissions from July 2023 to June 2024. Genesis Energy has a public goal of delivering 300,000 tonnes of biomass to Huntly Power Station by the end of fiscal year 2028. This fuel is intended to displace coal generation.

Initial government estimates suggest this could deliver reductions of 1.1 Mt CO₂-e in the second emissions budget period and 1.6 Mt CO₂-e in the third emissions budget period.

Our climate plan will enable our economy to thrive

The second emissions reduction plan is the blueprint for reducing emissions in the second half of this decade, so that we meet our climate change targets. The plan is guided by two principles.

A cost-effective approach

Activities that benefit the economy and the climate, ensuring value for money

The New Zealand Emissions Trading Scheme (NZ ETS) is the key tool to reduce emissions in New Zealand. Getting the system settings right is critical to building the credibility of the NZ ETS. That is why this plan prioritises actions that complement the NZ ETS, such as removing regulatory barriers, supporting research and development, unlocking private investment and improving market efficiency.

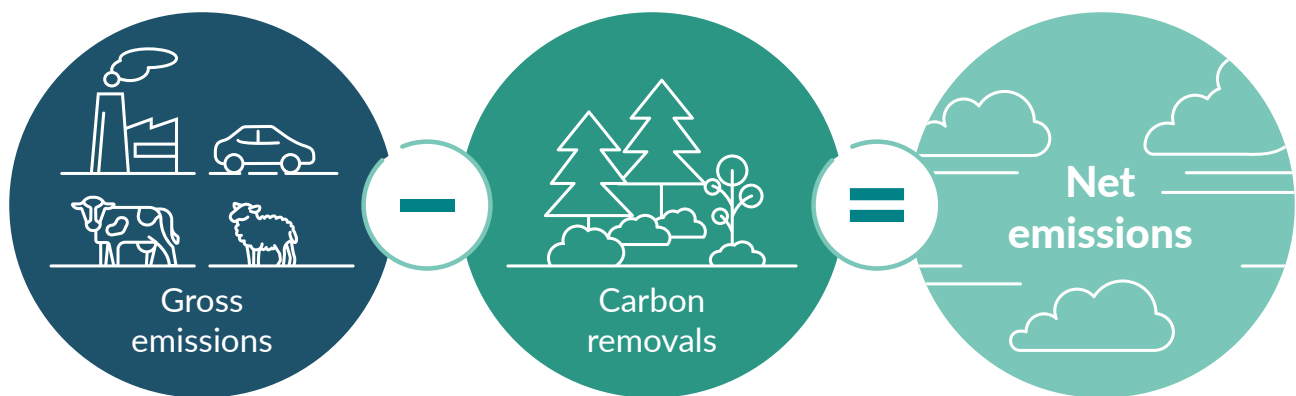
These actions will give businesses confidence to invest in reducing their emissions in ways that make most sense to them. The NZ ETS settings decision made in August 2024 means that there will be half as many carbon credits available from 2026, which will help to reduce oversupply. This decision supports confidence for market participants and shows what happens when we get the system right.



Net-based action

Activities that reduce the emissions we create, alongside others that remove carbon dioxide from the atmosphere

Activities like doubling renewable electricity generation help reduce our overall emissions (often referred to as gross emissions). These actions are balanced by activities that remove carbon, like planting trees or restoring wetlands. We need to do both to meet our climate change targets.



What's new in the final plan

The Government consulted with New Zealanders, including businesses, industry, sector groups, youth, local government and iwi/Māori, on a draft second emissions reduction plan in July 2024.

As a result, new sections on technology and innovation, and building and construction have been added to the plan. We've also provided more information about how we'll monitor our progress and ensure we stay on track to meet the second emissions budget.

Technology and innovation

Why this matters Our climate strategy highlights the importance of technology and innovation in our response. Focusing on technology that helps to reduce emissions faster will increase productivity, grow exports, open new markets and create jobs.

- Key actions or initiatives**
- Encouraging the private sector to commercialise solutions faster by removing regulatory barriers.
 - Ending the ban on gene technology outside the laboratory.
 - Increasing renewable energy and encouraging advances in enabling technology, like battery storage.
 - Removing market barriers to encourage new technology to be trialled in New Zealand.

Building and construction

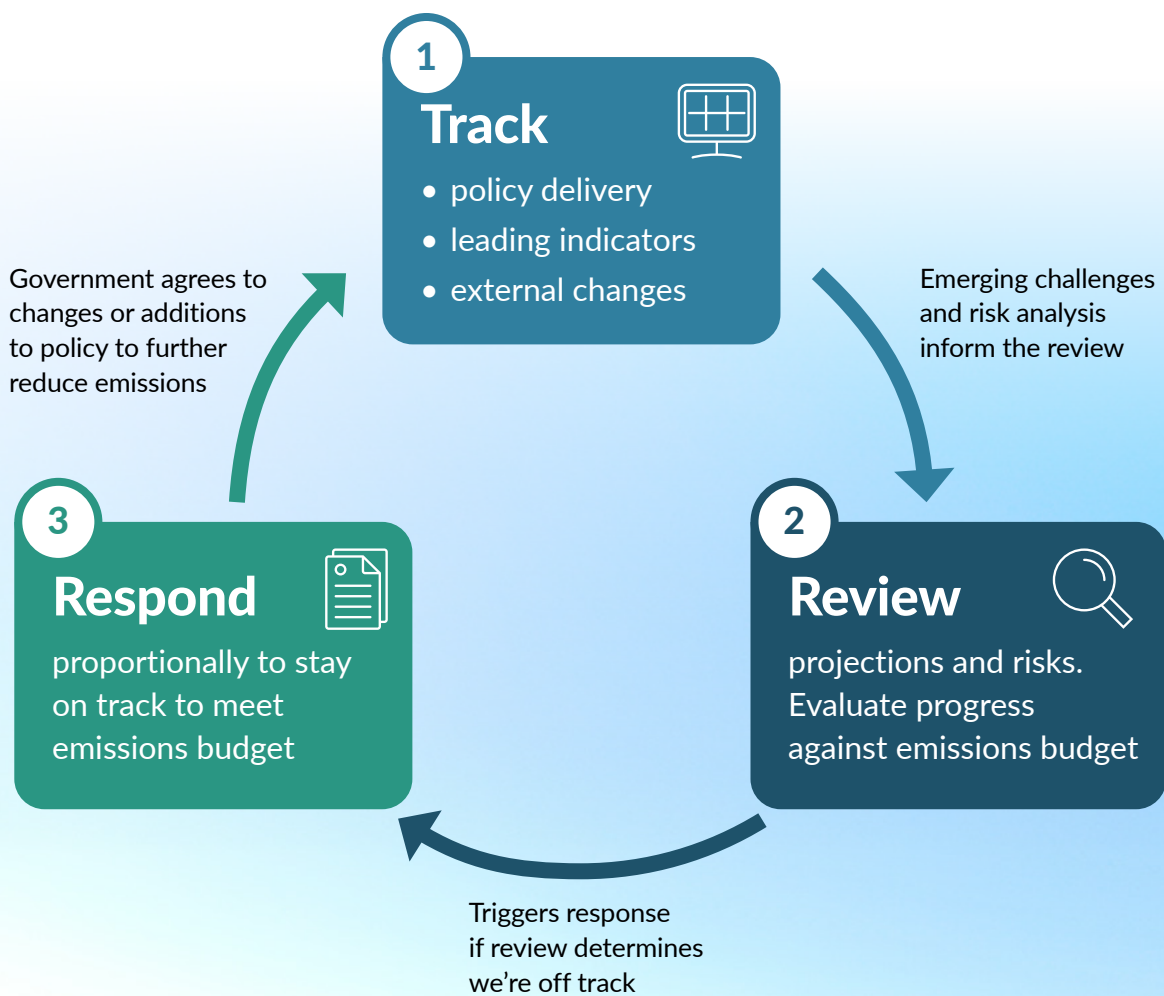
Why this matters The building and construction industry is a critical part of New Zealand's economy. It supports economic growth and employment, and provides housing, commercial and industrial buildings. The sector also contributes approximately 12% of domestic greenhouse gas emissions, so it is an important area of focus for reducing emissions.

- Key actions or initiatives**
- Expanding voluntary energy performance ratings for non-residential buildings.
 - Making it easier for people to retrofit their buildings to improve energy efficiency.
 - Improving emissions data for building products, materials and buildings.

Staying on track

We are confident the actions and initiatives in this plan will meet the second emissions budget.

However, our ability to stay on track is impacted by a range of factors outside the Government's control. For example, dry years limit renewable energy potential and could require New Zealand to use fossil fuels to generate electricity. We will take an **adaptive management** approach to monitoring our progress, which means we're able to respond quickly if we need to make changes. Every year, we'll track, review and respond to risks and opportunities, to help keep us on course.



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