

Weekly update - Minister for Climate Change

For the week starting 6 November 2017

Agenda for your Weekly Climate Portfolio Update

Agenda Item	Lead	Paper / verbal update	Mins
1. Zero Carbon Act & Climate Commission Purpose: to seek your feedback on the scope of the Cabinet paper for November	Roger Lincoln	Verbal update	40
2. Budget Purpose: to discuss resources required to deliver the 100 day priorities and wider climate change work programme	Penny Nelson	Verbal update	10
3. Bonn preparation Purpose: to provide an update on key meetings and events at COP23	Roger Lincoln	Verbal update	5
4. Fonterra Partnership Purpose: to update you on progress and next steps	Janine Smith	Briefing note	5

Actions from previous meeting

- 1. Timeframe for Zero Carbon Act** – we will provide you with a timeline setting out the key decisions and approvals required to deliver the Zero Carbon Act
- 2. Cabinet paper on Zero Carbon Act** – we will provide you with a draft Cabinet paper on 9 November setting out the process for establishing a Zero Carbon Act, options for a Climate Commission and a Chief Executives Board
- 3. Separate weekly meeting on Zero Carbon Act** – we will work with your office to schedule a weekly progress meeting on the Zero Carbon Act
- 4. List of discussion topics** – we will provide you with a forward schedule of topics for possible 'deep dive' discussions ahead of Christmas

Upcoming meetings

- 10 – 19 November 2017, Conference of the Parties, Bonn, Germany.
- 21 November 2017, Air New Zealand Annual Parliamentary Reception, Parliament Buildings.

1. Key policy issues and decisions for the week

1.1. Auckland's Greenhouse Gas (GHG) Inventory to be published 7 November

Auckland's Greenhouse Gas (GHG) Inventory tracks the region's progress against its emission reduction targets as set out in the Auckland Plan (2012). The plan provides targets to reduce regional emissions based on 1990 levels by 10 to 20% by 2020, 40% by 2040 and 50% by 2050.

The 2015 Auckland GHG Inventory will be released on 7 November. It has found that Auckland's gross emissions have increased by 3.8% and its net emissions have increased by 1.5 per cent between 2014 and 2015. The main drivers of increased emissions are the transport and industrial processes and product use (IPPU) sectors. To meet its emissions targets Auckland will need to reduce its net emissions by 23.7% by 2020, 49.1% by 2040 and 57.6% by 2050.

Although Auckland's emissions have increased, the 2015 Auckland GHG Inventory provides evidence that it has reduced its emissions intensity despite population and economic growth.

1.2. Interim resolution of issue with natural gasoline regulations

We included an item in the Briefing to the Incoming Minister for Climate Change signalling the need to urgently amend the NZ ETS regulations. This was due to a policy error relating to the export of natural gasoline. This error allows natural gasoline exporters to claim New Zealand Units for costs they had not incurred as part of the commercial arrangements with the gas processor.

We subsequently met with one of the companies involved during the week of 30 October and have developed a solution that means the regulation does not need to be amended urgently and can be corrected as a part of the annual regulation updates in May 2018. We are contacting the exporter to confirm they will not seek compensation for natural gasoline exports as currently allowed under the regulations.

1.3. Judicial Review

In November 2015 Sarah Thomson, a Hamilton student, initiated Judicial Review proceedings in the High Court challenging two decisions by the former Minister for Climate Change Issues: the previous Government's 2050 target for reducing emissions set under domestic legislation; and New Zealand's 2030 target and Nationally Determined Contribution (NDC) set under the Paris Agreement. The Court issued its judgment on 2 November, dismissing the application for Judicial Review. On the 2050 domestic target, the Court accepted that the previous Minister was required to consider whether this target needed review following new scientific evidence on climate change in the IPCC's 5th report, but held that since the new Government had announced it would be reviewing the 2050 target there was no need for the Court to make an order. On the NDC and Paris Agreement target, the Court held the Minister did not make any error in which the Court could intervene.

1.4. 2017 UNEP emissions gap report

The Paris Agreement adopted in 2015 set the specific goal of holding global warming to well below 2 degrees Celsius compared to pre-industrial levels, and of pursuing efforts to limit warming to 1.5°C. This report, which is the eighth Emissions Gap Report produced by the United Nations Environment Programme, focuses on the “gap” between the emissions reductions necessary to achieve these agreed targets at lowest cost and the likely emissions reductions from full implementation of the Nationally Determined Contributions (NDCs) communicated under the Paris Agreement. It also explores potential for enhanced mitigation efforts in a number of key sectors, presenting cost-effective options for enhanced action to close the emissions gap.

The main conclusions from the report are that there is an urgent need for greater action if the goals of the Paris Agreement are to remain achievable (and that practical and cost-effective options are available to do so), and that the ‘Talani Dialogue’ (to take place at COP24 in December 2018) and the 2020 communication and update of NDCs under the UNFCCC are the last opportunity to close the ‘gap’.

The UNEP emissions gap report is well-regarded internationally, and will likely feature prominently in discussions under the UNFCCC that seek to enhance ambition. It provides a robust analytical basis to support the calls from many for Parties to increase the ambition of their NDCs by 2020.

1.5. Upcoming advice and decisions 6 November – 17 November

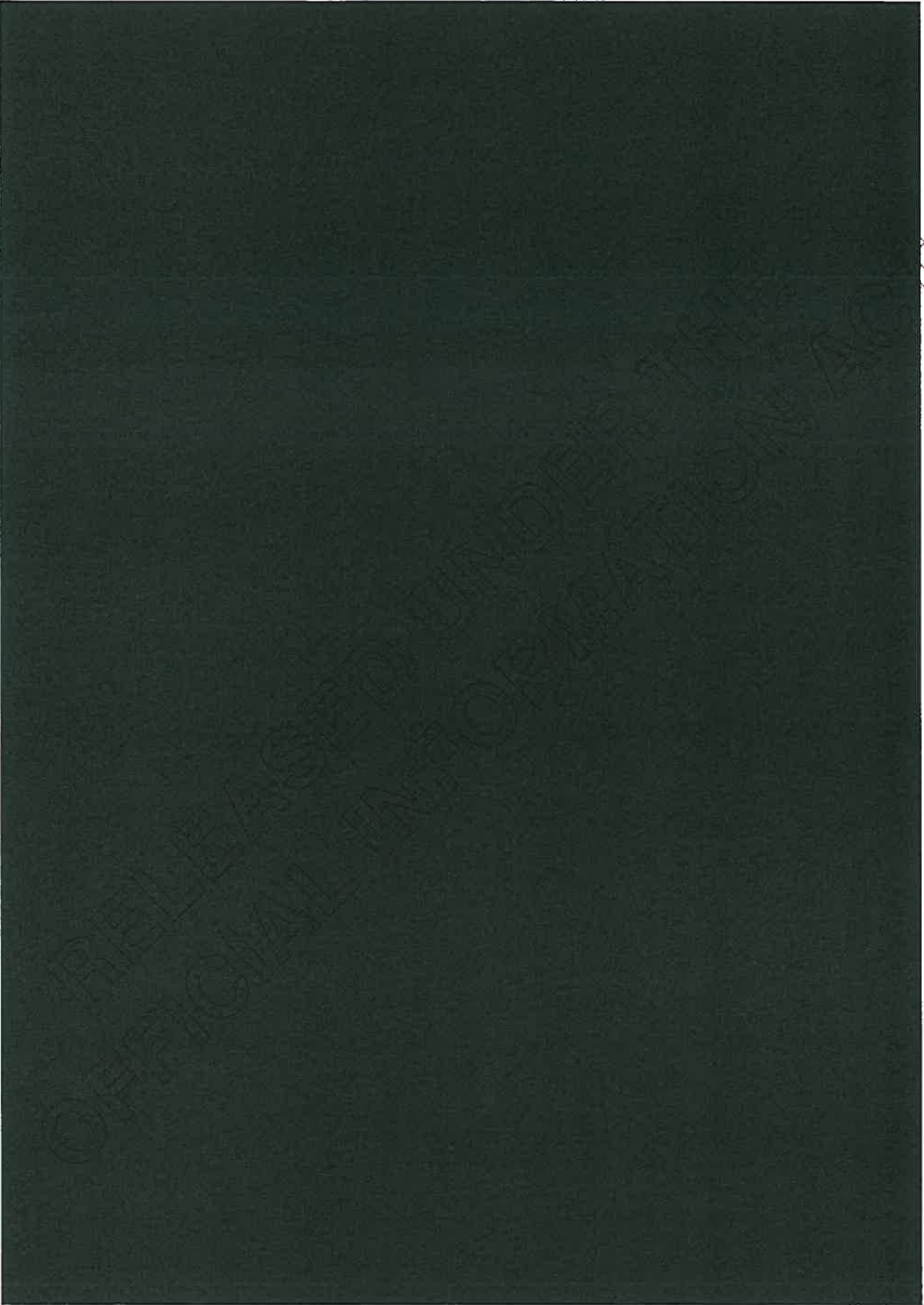
Issue or event	Portfolio	Lead agency	Further information
23rd Conference of Parties (COP23) to the UNFCCC, Bonn, Germany	Climate Change	MFAT MfE (for international carbon markets)	Fiji will preside over this COP, which is the major annual negotiation on climate change. It includes a high-level segment in the second week (13-17 November). At this meeting you are likely to have opportunities to meet with leaders from some high integrity carbon markets to discuss the possibility of access to their markets.
NZ ETS operations: approve publication of a Gazette notice calling for electricity related data from New Zealand Aluminium Smelters	Climate Change	MfE	A Gazette notice of a call for electricity related data from New Zealand Aluminium Smelters under section 161D(1)(e) of the Climate Change Response Act (2002) needs to be published by the end of November.
Climate change partnerships	Climate Change	MfE	We will provide advice on approving and announcing proposed partnerships with Air New Zealand (afforestation fund) and Fonterra (transitioning to a low emissions future).

2. Financial, legal, regulatory and legislative update

Issue or event	Portfolio	Lead agency	Further information
October Baseline Update	Climate Change	MfE	Vote Environment baselines have to be updated in October to include Cabinet decisions, confirmation of in-principle expense transfer, technical changes and forecasting changes. The Treasury sets timeframes for this and the update is due to the Minister of Finance by 14 November. We will provide you with a draft letter to sign and a background briefing.

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