

Week commencing:	11 December 2023
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Climate Change Commission final advice on the second Emissions Reduction Plan Daniel Brown 9(2)(a)	<p>On 28 November, the Climate Change Commission tendered its advice to the Climate Change Minister. We understand the report has now been shared with your office. The report is considered market sensitive and will not be made public until it is tabled in Parliament on 12 December 2023. We understand the report includes recommendations related to the Energy portfolio, including a recommendation to ban all new gas connections. The publication of this report and the Government's response to the recommendations is likely to attract significant media and public interest. We understand the Minister for Climate Change will lead the initial response to media queries. The second emissions reduction plan (due to be published by the end of 2024) is the formal vehicle for the Government to consider and respond to the Commission's final advice. Officials will provide you with further advice when the report is publicly released.</p>
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Week commencing:	26/02/2024
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Decisions to formally close actions in the first Emissions Reduction Plan

Scott Russell 9(2)(a)

The Minister for Climate Change will take a paper to Cabinet in early April seeking Cabinet approval to formally close certain actions from the first Emission Reduction Plan (ERP1), where Government priorities have resulted in a different direction being taken. The paper will also set out New Zealand's climate targets and goals, associated legal obligations and how to manage litigation risk.

MBIE has been asked to provide input into this paper, particularly to confirm the ERP1 energy actions that should be formally closed.

We are therefore seeking your decisions as to which ERP1 actions in the energy portfolio you wish to formally close through the upcoming Cabinet process. The actions we recommend you close are listed below for your decision.

Indicate your decision to formally close the actions listed below:

Ban new fossil-fuel baseload generation

'Baseload' is generation plant that is slow to turn on, and so less likely to be useful in helping to meet winter peak demand or to firm short periods (hours) when intermittent renewable generation cannot generate. Gas peaking plants are not baseload. We recommend this action be discontinued because:

- We consider there is a low likelihood that generation developers will build new fossil fuel baseload due to its higher cost compared with renewables coupled with the ETS making fossil-fuel baseload generation less competitive. There are also uncertainties with future gas supply. It is therefore not likely to have an emissions reduction benefit. This is consistent with the Regulatory Impact Statement on this policy.
- Introducing this policy will impose costs on the Crown as the regime would need to be monitored and enforced. In the near term it would require policy resource and House time to pass legislation.

This action did not have emission reductions estimates attributed to it for meeting emission budgets.

Yes / No

Develop a gas transition plan.

We recommend this action be discontinued because:

- This action has a primary focus on delivering a plan to phase out gas use.
- The focus of the new government is to ensure security of energy supply with the use of gas as a transition fuel while managing emissions.
- The gas security of supply work programme will provide the vehicle to make changes needed to improve security of supply and support emissions reduction.
- Retaining the gas transition plan as envisaged in ERP1 would signal an intent to remove gas from the system rather than its use as a fuel to support security of supply.
- It will be important for the gas sector to understand that the substantive issues for the gas sector will be managed through the security of supply workplan and ceasing the gas transition plan does not mean the work has stopped.
- This action did not have emission reductions estimates attributed to it for meeting emission budgets.

We will provide you with information and options to communicate this change with the sector.

Yes / No

Set an action plan for decarbonising the industrial sector.

We recommend this action be discontinued because MBIE and EECA are separately progressing a refresh of the New Zealand Energy Efficiency and Conservation Strategy (NZECS). As set out in the legislation, this Strategy must contain targets, objectives

and actions. Any further actions to support the industrial sector can be considered as part of this. We can provide you further advice on the refresh of the NZEECS as required. This action did not have emission reductions estimates attributed to it for meeting emission budgets.

Yes / No

Develop a mandatory energy and emissions reporting scheme.

We recommend this action be discontinued as part of ERP1 because you have agreed put this scheme on hold and reconsider it as part of ERP2 or when the Government has given due consideration to its relative priority [2324-1585 refers]. As a result, it cannot not be progressed as an action within the timeframes of ERP1. This action did not have emission reductions estimates attributed to it for meeting emission budgets.

Yes / No

Monitor progress towards the Government's aspirational target of 100% renewable electricity by 2030 and review this target in 2024.

We recommend this action be discontinued recognising the Government has dropped the 100% renewable electricity target. This action did not have emission reductions estimates attributed to it for meeting emission budgets.

Yes / No

Note that Cabinet decisions to discontinue the following actions have already been taken (and so will not be included in the upcoming Cabinet paper):

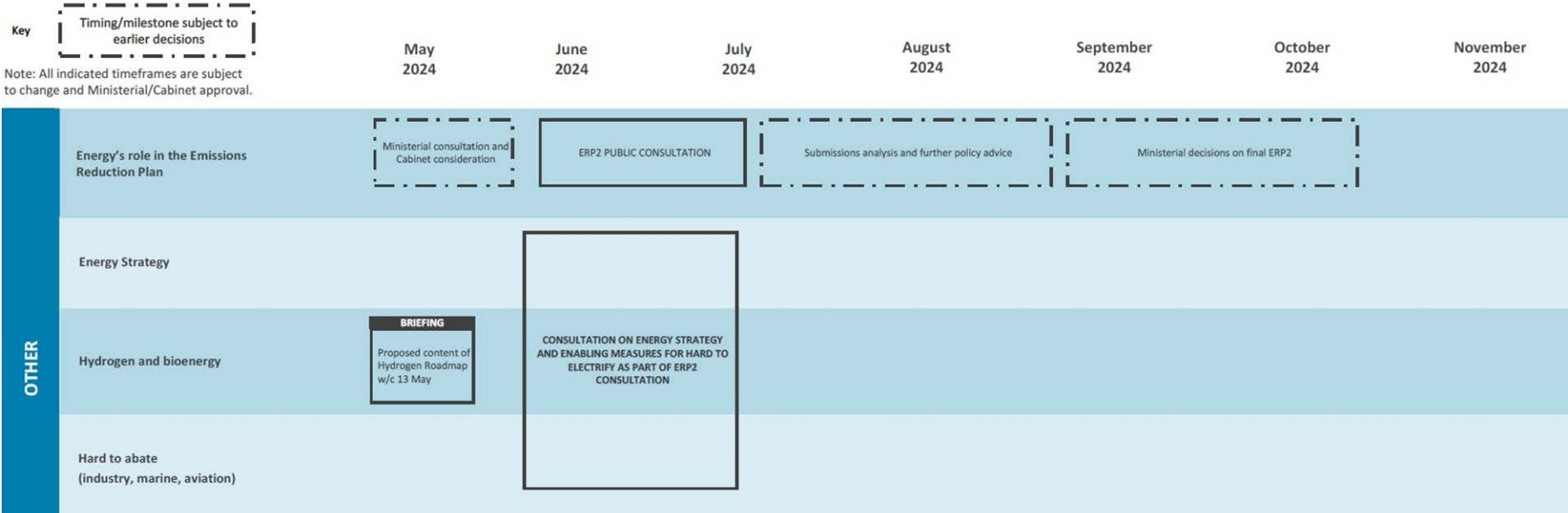
1. Investigate options for dry-year electricity storage through the New Zealand Battery Project
2. Actions to deliver the Government Investment in Decarbonising Industry (GIDI) fund.

Week commencing:	11 March 2024
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ERP2 engagement – Climate Business Advisory Group Scott Russell 9(2)(a)	<p>The Ministry for the Environment is leading targeted pre-engagement on the second Emissions Reduction Plan (ERP2), ahead of public consultation planned for mid-2024. As part of this, on 13 March, Energy and Transport officials are meeting with the Climate Business Advisory Group (whose members includes General Managers from PowerCo, Mercury and Air New Zealand) to:</p> <ul style="list-style-type: none">• hear their views on transition planning• seek feedback on what role the Government may have in removing additional barriers to better enable the private sector to adopt electric or alternative low emissions technologies.
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Week commencing:	13 May 2024
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ENERGY PORTFOLIO WORK PROGRAMME



Key Timing/milestone subject to earlier decisions

Note: All indicated timeframes are subject to change and Ministerial/Cabinet approval.

Week commencing:	20/05/2024
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<p>Climate Priorities Ministerial Group (CPMG) Scott Russell 9(2)(a)</p>	<p>The second CPMG meeting is scheduled for 7:30pm on Monday 20 April 2024. We understand the substantive agenda items will focus on:</p> <ul style="list-style-type: none"> • The proposed Climate vision/approach • Key policy proposals to be included in the ERP2 discussion document, including for transport • May 2024 Climate Change Chief Executives Board Quarterly report, including the sufficiency of ERP2 proposals to meet the second Emissions Budget <p>We have sent your office a briefing with suggested talking points</p>
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<p>Week commencing:</p>	<p>17/06/2024</p>
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<p>ERP2 – updates to Energy chapter Scott Russell 9(2)(a)</p>	<p>The Minister of Climate Change has provided feedback on the draft ERP2 Discussion Document ahead of Ministerial consultation. Specifically, he asked for officials to explore new policies in the following areas.</p> <ul style="list-style-type: none"> • Double renewables: The energy chapter already includes a specific section on Electrify NZ, the Government's policy programme to support the goal of doubling renewable energy by 2050. • Hydrogen and sustainable aviation fuel (SAF): The current energy chapter talks about the approach the Government is taking to enabling hydrogen and SAF. We do not expect meaningful emissions reductions from hydrogen or SAF in EB2 because they are not economic at current ETS prices. We have added some additional detail to this section of the chapter.
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	<ul style="list-style-type: none"> • Feed-in-tariffs (FiT) for rooftop solar and battery systems: Feed-in-tariffs could be effective in enhancing uptake of household systems, and the Authority plans to consult on potential amendments to the Code to support FiT shortly. We will add some additional detail to the chapter in relation to a smart electricity system, including seeking feedback on options for progressing a smarter electricity system more broadly. • 9(2)(f)(iv) <p>The updated chapter will also include information from the CCUS Climate Impact Policy Assessment (CIPA). We will provide your office with an updated draft Energy chapter next week. We expect Ministerial consultation to start shortly.</p>
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Week commencing:	15/07/2024
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<p>Proactive release during consultation on the second Emissions Reduction Plan Scott Russell 9(2)(a)</p>	<p>Public consultation on the second Emissions Reduction Plan (ERP2) is expected to begin on Wednesday 17 July. Ministry for the Environment officials advise the launch will take place outside of market hours, as the consultation content contains ETS market sensitive information. Officials expect the consultation launch will lead to an increase in Official Information Act (OIA) requests for advice relating to ERP2. To manage this, we recommend Ministers agree to proactively release key ERP2 advice during the consultation period.</p>
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We are therefore seeking your agreement to proactively release the following key ERP2 energy advice:

- 2324-1059 The role of energy in the Second Emissions Reduction Plan
- Electrify NZ and ERP2 – A3 for 12 February 2024
- 2324-1763 Bilateral meeting with the Minister of Climate Change
- 2324-2313 Emissions Reduction Plan 2 – Energy content for consultation
- 2324-3256 ERP2 – Updated energy content for consultation
- 2324-3385 Climate Priorities Ministerial Group – May 2024
- 2324-3512 ERP2 – Updated energy chapter outline
- 2324-3536 ERP2 – Revised energy chapter for consultation
- [various dates] ERP2 weekly report updates

Yes / No

If agreed, we will send you a briefing next week with proposed redactions to the above titles, and work with the Ministry of Transport and Ministry for the Environment to coordinate the approach to the information release.