

ERP2 – Weekly report items for proactive release

(post 15 July 2024)

Week commencing:	22 July 2024
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Consultation on the second Emissions Reduction Plan (ERP2) Scott Russell s9(2)(a)	<p>Public consultation on proposals to inform ERP2 launched on Wednesday 17 July 2024.</p> <p>We have informed key energy stakeholders of the launch and invited them to register for the energy sector webinar, scheduled for Wednesday 24 July 2024.</p> <p>Consultation runs till 21 August 2024. We have provided your office with key messages and Q&A, and will provide an update on initial feedback from consultation in upcoming weekly reports.</p>
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Week commencing:	29 July 2024
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Consultation on the second Emissions Reduction Plan (ERP2) Scott Russell s9(2)(a)	<p>On Wednesday 24 July, MBIE hosted a public webinar to provide an overview of the energy chapter in the ERP2 Discussion Document.</p> <p>154 people attended the webinar, including stakeholders from across the energy, transport, and financial sectors.</p> <p>We will send you a briefing next week that provides an update on key emerging themes from consultation so far and seeks your agreement on the proposed EPR2 energy content for proactive release.</p>
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<p>WPQ on discontinued actions from the first emissions reduction plan (ERP1) Scott Russell s9(2)(a)</p>	<p>The Minister of Climate Change has received several WPQs on advice received on the discontinuation of ERP1 actions and legal risks. Several Energy portfolio actions are in scope of these requests, and we have provided information to the Interdepartmental Executive Board who are co-ordinating agency responses.</p> <p>We understand the office of the Minister of Climate Change will co-ordinate with your office and we recommend any questions be referred to the office of the Minister of Climate Change.</p>
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Week commencing:	19 August 2024
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<p>ERP2 Scott Russell s9(2)(a)</p>	<p>Following requests from a range of stakeholders for more time, the Ministry for the Environment has decided to extend the submission deadline for ERP2 consultation from 21 August, to 11.59pm Sunday 25th August. While we do not expect this to materially impact overall timeframes, it will increase resourcing pressure on submissions analysis.</p>
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Week commencing:	26 August 2024
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<p>Emissions Reduction Plan 2 (ERP2) Proactive Release Scott Russell s9(2)(a)</p>	<p>Proactive release of documents relating to the development of the ERP2 energy chapter was scheduled for 22 August 2024 to coincide with your planned announcements on Electrify NZ. As the announcement date for Electrify NZ has moved we are now planning to release on 27 August 2024 following your announcements on 26 August 2024.</p>
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Week commencing:	16 September 2024
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ERP2 Scott Russell s9(2)(a)	<p>On 5 September we briefed you on our submission analysis of key energy stakeholder submissions received during consultation on the second emissions reduction plan (ERP2) discussion document and outlined our proposed approach to developing final energy content for ERP2 (2425-0611). In that briefing we indicated we would provide you with a draft chapter on 26 September. We now propose to instead provide you with the draft chapter on Thursday 19 September. This chapter will build off existing discussion document content while reflecting progress and recent developments, particularly in key areas such as energy security and competitive prices.</p> <p>The briefing on 19 September will also provide you with talking points to support your discussion of ERP2 at the Climate Priorities Ministerial Group meeting on 23 September.</p>
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Week commencing:	30 September 2024
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Second Emissions Reduction Plan (ERP2) Scott Russell s9(2)(a)	<p>On Thursday 19 September we provided you with a draft energy chapter for ERP2. MFE have requested agencies submit draft chapters for collation by Friday 4 October. We are awaiting your feedback on this chapter and agreement to submit it to MFE.</p> <p>Following the CPMG meeting on 23 September, we are clarifying two points related to modelling of policies in the energy portfolio:</p>
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- How ERP2 modelling reflects adoption of rooftop solar and if/ how work underway, including the EA’s Energy Competition Task Force, is reflected in this.
- How ERP2 modelling reflects the likely effect of the Fast Track Consenting Bill and small-scale hydro projects understood to be in the pipeline.

We understand CPMG also included a discussion on options for further incentivising rooftop solar. We seek your direction on whether you want further advice on this topic.

We also understand on 25 September you attended a meeting with Ministers Jones and Watts relating to the possible establishment of a biomass task force. We await your direction on how we can support your participation in this task force and how you want it reflected in ERP2.

We have been advised that the Minister of Climate Change will soon forward you four briefings on matters related to ERP2 – Update on ERP2 consultation and submissions; ERP2 sufficiency; Māori rights and interests in ERP2; and Distributional Impacts of ERP2. These are all matters which the Minister of Climate Change must consider when setting ERP2.

The briefing on ERP2 consultation and submissions includes MFE’s quantitative analysis of ERP2 submissions. This information should be read alongside the summary of energy stakeholder submissions we provided to you on 5 September (2425-0611 refers).

Week commencing:

7 October 2024

<p>Meeting with Genesis Energy on Biomass at Huntly Scott Russell s9(2)(a)</p>	<p>MBIE Energy, MFE and NZTE officials met with Genesis to discuss their progress toward using biomass at Huntly instead of coal. They have publicly stated that they intend to utilise 300,000 tonnes of torrefied wood pellets at Huntly by 2028. The meeting was in response to the requests from Ministers for more visibility of their plans. Genesis and officials have agreed to meet fortnightly to ensure we are well briefed on their intentions and progress. Genesis reported they are currently refreshing their plan for enabling biomass use at Huntly, with a board meeting scheduled for 14 October to discuss this. Officials will reengage after that for an update to appropriately reflect in ERP2 and to brief Ministers.</p>
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<p>Week commencing:</p>	<p>21 October 2024</p>
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<p>ERP2– strategic opportunities and biomass taskforce Scott Russell s9(2)(a)</p>	<p>We expect Ministerial and Departmental consultation on the ERP2 Cabinet paper to begin imminently, ahead of expected lodgement on 31 October 2024.</p> <p>On 12 October 2024, you agreed to include information on the biomass task force and strategic opportunities for additional industrial emissions reductions in the ERP2 energy chapter [BRIEFING-REQ-0004469 refers].</p> <p>On 17 October 2024, the Ministry for the Environment (MfE) sent a briefing to the Minister for Climate Change which proposes ERP2 could signal the government's intent by stating:</p>
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- Several key firms have identified regulatory barriers that are delaying or even stopping investments that will reduce emissions.
- The Government is working with some of the biggest emitters to identify regulatory barriers to them delivering their significant decarbonisation projects. The Government will investigate the possibility of developing decarbonisation agreements that could involve removing regulatory barriers to enable investment decisions that lead to major emissions reductions.
- The Government will establish a domestic ministerial biomass taskforce to take an economy wide approach to unlocking strategic opportunities within the sector to support emissions reductions

The briefing includes a recommendation to forward to Climate Priorities Ministerial Group members.

We have met with agencies working on biomass and will work with MfE on advice for implementing the biomass task force and strategic opportunities, which we intend to send you in the next month. 9(2)(f)(iv)

9(2)(f)(iv)

We welcome your feedback on the proposed ERP2 content and implementation approach.

Strategic opportunities – Genesis update

On 16 October 2024, officials met with Genesis to hear more about their plans to use biomass at Huntly power station. This follows Genesis' Board meeting on 14 October and shareholder meeting on 15 October. Genesis has a publicly stated objective of delivering 300,000 tonnes of biomass at Huntly in Fiscal Year 2028. This commitment is roughly equivalent to a non-dry year use of coal. In support of this objective, Genesis has already completed a fibre market review and are currently evaluating production options and engaging with potential suppliers.

Officials are working to evaluate how the material Genesis provided can be reflected in ERP2. This includes work to understand how much energy would be generated by 300,000t of biomass, compared to 300,000t of coal, for example.

We will provide further advice to the Minister for Energy and Minister of Climate Change as soon as possible next week.

Week commencing:

29 October 2024

Emissions Reduction Plan 2

Scott Russell s9(2)(a)

The ERP2 Cabinet paper and draft text is currently at ministerial and departmental consultation. Comments are due to the Minister of Climate Change by midday Tuesday 29 October. The Minister intends to lodge the paper on 31 October. We are currently working on comments, and an estimated emissions impact from the Huntly power station moving to replace coal with biomass from approximately 2028/29.

We will also approach the other firms (s9(2)(b)(ii)) indicated as strategic opportunities in the text of ERP2, to confirm their comfort and ensure we fully understand their decarbonisation plans.

Week commencing:

4 November 2024

ERP2 update

Scott Russell s9(2)(a)

The Minister of Climate Change has lodged the Cabinet paper seeking approval to the final second emissions reduction plan (ERP2), for consideration at the Cabinet Economic Policy Committee on 6 November 2024.

Consistent with your policy direction, we have updated content on the ministerial taskforce and strategic opportunities for industrial emissions reductions

On 22 October 2024, we advised that the estimated emissions reductions from Genesis' Huntly biomass plans could be included in ERP2 [BRIEFING-REQ-0005567 refers]. In the last week, we have worked with Genesis and the Ministry for the Environment to develop a paragraph for inclusion in ERP2, and to refine our emissions estimates. Officials consider the information from Genesis, and the corresponding public commitment, meets the criteria for

inclusion in ERP2 modelling. MFE has therefore included it, resulting in estimated further reductions of 1.1MT CO2e in EB2 and 1.5MT CO2e in EB3.

Consistent with your policy direction, the latest version of the energy chapter includes "enable woody bioenergy" as a third key action and updated text to reflect the Ministerial taskforce on woody bioenergy (previously referred to as woody biomass). We will provide a briefing to ministers on the scope of work under the taskforce in the coming weeks.

The latest version of the ERP2 also includes the following changes to the energy chapter

- To address feedback from the Minister of Climate Change, we have slightly restructured the chapter to feature Electrify NZ earlier in the chapter.
- Minor wording updates to better reflect the work underway to enable a smarter electricity system.
- Following direction from the Minister of Finance, we have removed reference to the Support for Energy Education in Communities Programme in 'Promoting the affordability of electricity supply' section of the chapter.

We will provide your office with talking points ahead of the Committee meeting.

Week commencing:

25 November 2024

ERP2 update and proactive release

Scott Russell s9(2)(a)

Following Cabinet approval on 11 November 2024, ERP2 is on track for release in the week of 9 December 2024. We are continuing to support the Ministry for the Environment (MfE) to resolve minor changes to the final document as part of editorial reviews. Of note since Cabinet approved the document are two new case studies in the energy portfolio, which have been agreed with the companies:

- Outlining Genesis' plans to use biomass at Huntly
- Mercury's investment at its Ngā Tamariki geothermal station.

We are also working to update key messages and Q&As. We will send these to your office ahead of the launch in December.

Proactive release of key energy advice

We expect the publication of the final plan will lead to an increase in Official Information Act requests for advice relating to ERP2. We have already received a request for two of these briefings. We recommend you agree to release key energy advice that has not already been released in early 2025. This is consistent with the approach we took to advice ahead of consultation.

We are therefore recommend you:

Agree to proactively release the following advice:

- 2425-0257 ERP2 Consultation Update and Proactive Release
- 2425-0610 Draft Energy Content for ERP2 and CPMG Talking Points
- 2425-0611 ERP2 Submissions analysis and further policy advice

- BRIEFING-REQ-0004469 ERP2 – work on opportunities for additional emissions reductions and updated energy chapter
- [various dates] ERP2 weekly report updates

Agree / Disagree

If you agree to our proposed approach, we will send you a briefing in January 2025 with proposed redactions to the above titles and confirm any additional proposed content for release. We will work with the Ministry of Transport and MfE to coordinate our approach.