

Draft advice on the second Emissions Reduction Plan (2026 -2030)

Christchurch, 31 May 2023



He Pou a Rangi
Climate Change Commission

What we will cover today

- The Commission's role and background to this consultation.
- A path to net zero (Chapter 3)
- Emissions pricing (Chapter 4)
- Forestry and bioeconomy (Chapters 10 & 15)
- Questions

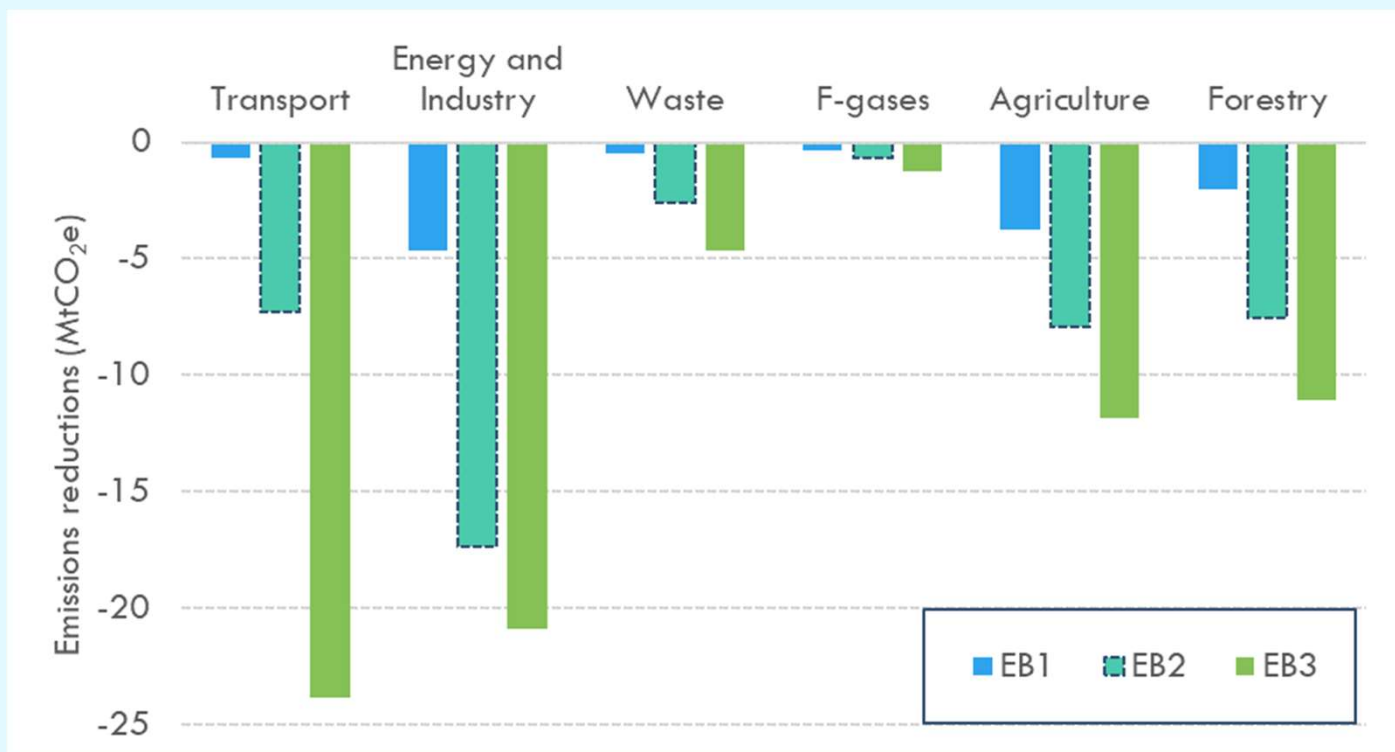
Our role

**We provide independent, evidence-based
advice to Government on climate issues**

How this fits into our work programme

Deliverable	Delivery date
Advice on the ETS unit limits and price control settings	Annually (in Q1)
Provide advice for preparation of Emissions Reduction Plans	December 2023
Monitor and report on progress towards meeting emissions budgets, emissions reduction plans and the 2050 target	First annual progress report due mid 2024
Progress reports on the National Adaptation Plans	August 2024
Provide advice for preparation of emissions budgets	December 2024
Review of inclusion of emissions from international shipping and aviation in 2050 target	December 2024
Review of the 2050 Emissions Targets	December 2024

Meeting the emissions budgets requires concerted and timely action across all sectors



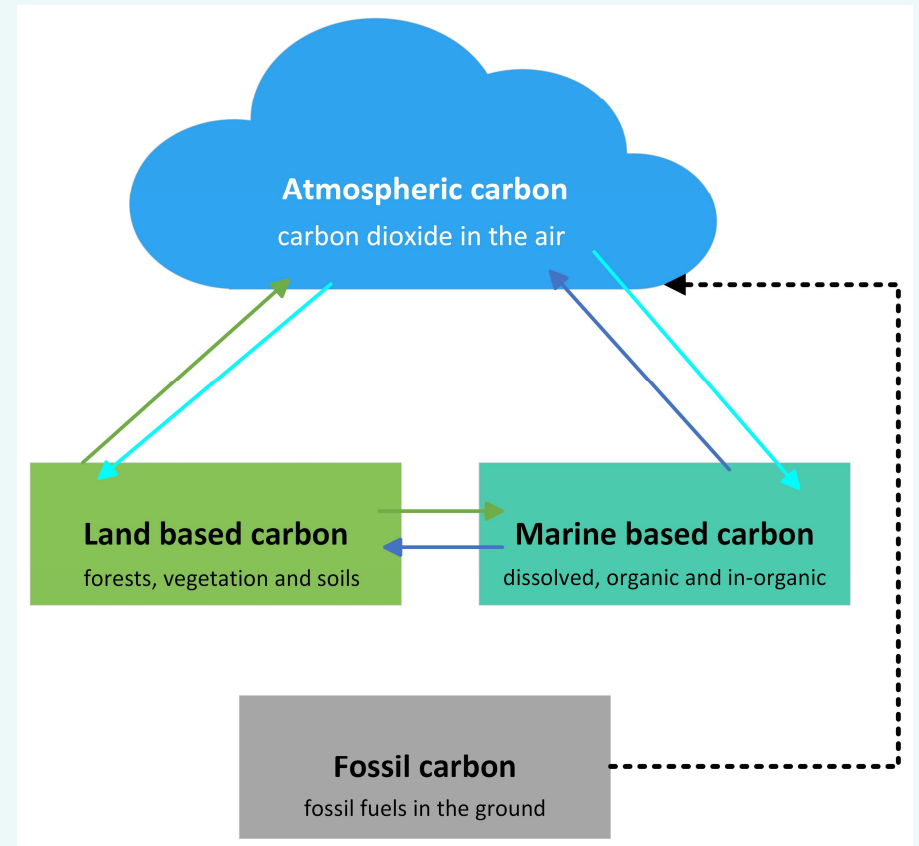
How this draft advice is different from last time

- Building on the work already progressing under the first emissions budget period
- Identifying critical gaps, where actions need to be urgently strengthened or accelerated



A path to net zero

- The Act requires us to maintain net zero beyond 2050 for all greenhouse gases other than biogenic methane.
- Reducing gross emissions brings benefits. While forests must play an important role, there are risks around their permanence.
- To reach budgets and targets in an equitable and sustainable way, both gross emissions reductions and removals by forests are needed.



Proposed recommendations

- Commit to a specific level of gross emissions for the second and third emissions budgets, no less ambitious than 362 MtCO₂e and 322 MtCO₂e respectively, and ensure that its policy choices align with delivering this outcome.
- Communicate indicative levels of gross emissions and carbon dioxide removals from forestry out to 2050, and beyond, to guide policy development.



Emissions pricing

- Reducing emissions and forests have essential roles to play in a sustainable and equitable low emissions transition
- The NZ ETS is not currently structured to deliver both of these things:
 - Until the mid-2030s, it is likely to drive mostly planting of forests rather than gross emissions reductions
 - After the mid-2030s, it will not drive the planting of forests needed to achieve net zero long lived gas emissions by 2050

Proposed recommendation

- Make the emissions pricing system consistent with delivering the specific levels of gross emissions for the second and third budgets, and with the 2050 net zero target, by:
 - implementing an amended NZ ETS that separates the incentives for gross emissions reductions from those applying to forestry
 - developing an approach that can provide durable incentives for net carbon dioxide removals by forests through to and beyond 2050.

Forests and the bioeconomy

- Forests are important for meeting long-lived gas targets
- Forests will also provide wider benefits
- Forests will play a key role in a developing bioeconomy
- Significant reliance on carbon storage in forests is risky
- Government should clarify the role of forestry
- Māori collectives need to be an integral part of the conversation on the role of forestry

Proposed recommendation

- Set and implement integrated objectives for the role of forests with respect to emissions mitigation and adaptation, while giving effect to the principles of te Tiriti o Waitangi / the Treaty of Waitangi



How to submit

Our consultation runs from April 26 – June 20

Visit haveyoursay.climatecommission.govt.nz/comms-and-engagement/erp2/ to read our advice and submit your feedback.

You can stay in the loop on our consultation through our Twitter and LinkedIn.