



Climate Change Chief Executives Board

Meeting papers

Wednesday 24 July 2024



Karakia

Karakia timatatanga: opening

Tuia i runga

Tuia i raro

Tuia i roto

Tuia i waho

Tuia i te here tangata

Ka rongo te pō

Ka rongo te ao

Haumi ē, Hui ē, Tāiki ē

Unite above

Unite below

Unite without

Unite within

Listen to the night

Listen to the world

Now we come together

As one.

Karakia whakakapi: closing

Kia whakairia te tapu

Kia wātea ai te ara

Kia turuki whakataha ai

Haumi ē, hui ē, tāiki ē

Restrictions are moved aside

So the pathway is clear

To return to everyday activities.



Climate Change Chief Executives Board

AGENDA

Wednesday 24 July 2024, 2:30–4:30pm

Room 2.04 Pipitea, MfE Offices, 8 Willis Street, Wellington / Online via MS Teams

Attendees	James Palmer (Chair, MfE), Audrey Sonerson (MoT), Caralee McLiesh (TSY), Carolyn Tremain (MBIE), Dave Gawn (NEMA), Penny Nelson (DoC), Paul James (DIA), Ray Smith (MPI), Aaron Martin (CL), Victoria Hallum (MFAT)
Invited	Martin Kessick (Public Service Commission); Item 2 - Jo Hendy (Climate Change Commission)
In support	Nadeine Dommissie, Bryan Smith, Sam Buckle, Hemi Smiler, Mark Vink (MfE), Lisa Daniell, Jane White, Rachael Church (CCIEB Unit)

Previous meeting: 14 June 2024	Current meeting: 24 July 2024	Next meeting: 30 August 2024
<ul style="list-style-type: none"> Context sharing updates Adaptation Framework update ERP2 update International Climate Strategy Noting items: <ul style="list-style-type: none"> Upcoming reporting deliverables Corporate Health dashboard Update on MfE change proposal 	<ul style="list-style-type: none"> Context sharing updates Climate Change Commission's report on NAP1 Adaptation Framework oral update; Adaptation priorities ahead of upcoming CCC report and CPMG adaptation discussion; NDC update Delivering on Government Target 9, including oral updates on ERP2 and ETS settings Noting items: Update on CCC Emissions Reduction Monitoring report 	<ul style="list-style-type: none"> External engagement: OAG presentation on draft climate assessment Climate Leaders Coalition engagement (tbc) CPMG preparation – likely Adaptation Framework and priorities; ERP2 post-consultation; other items to be confirmed

Board-only time

Chair's opening comments / karakia timatanga

#	Time	Item	Recommended actions
1	15 mins 1430-1445	Welcome / Board-only context sharing updates Lead: Chair / All Roundtable discussion for sharing any updates on ministerial priorities or climate-related context.	

External engagement

2	30 mins 1445-1515	Climate Change Commission's report on NAP1 Lead: Jo Hendy, Stephen Walter, Karen Lavin, Sally Garden (Climate Change Commission) The Climate Change Commission will provide an overview of the preliminary findings of their 2024 progress report on the National Adaptation Plan, which have been publicly provided to the Finance and Expenditure Committee. The report is due to be provided to the Minister of Climate Change on 2 August.	Note the preliminary findings of the Commission's progress report on NAP1 implementation which have been publicly provided to the Finance and Expenditure Committee Discuss any implications for the Board's governance and monitoring role.
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Climate adaptation

3	20 mins 1515-1535	3.1 Oral update: Adaptation Framework Lead: Nadeine Dommissie / Bryan Smith (MfE) The purpose of this item is to provide an update to the Board on the Adaptation Framework work programme, including the investment framework and cost sharing pillars.	Provide comments on the oral update on the Adaptation Framework work programme.
		3.2 Oral update: Adaptation priorities ahead of upcoming Climate Change Commission report and CPMG adaptation discussion Lead: Lisa Daniell (CCIEB Unit) / Nadeine Dommissie (MfE) This is an opportunity to discuss the proposed approach to discussing adaptation priorities with CPMG in September (beyond the Adaptation Framework). 9(2)(f)(iv)	Provide comments on the proposed approach to discussing adaptation priorities with CPMG.

Climate mitigation

4	20 mins 1535-1555	<p>NDC update Lead: Victoria Hallum (MFAT) / Sam Buckle (MfE)</p> <p>This item seeks the Board's feedback on how to walk Ministers through the sequence of decisions needed for NDCs, to ensure we meet our international obligations.</p> <p>Supporting paper: <i>Paper 4.1: Memo – Update on the approach to Ministerial decisions on NDCs</i></p>	<p>Discuss and provide feedback on the role the Climate Change Chief Executives Board can take to support the Ministers making decisions on steps towards NDC1 and setting NDC2.</p>
5	20 mins 1555-1615	<p>5.1 Delivering Government Target 9 Lead: Lisa Daniell / Jane White (CCIEB Unit)</p> <p>The purpose of this item is to ensure the Board has visibility of the final Target 9 Report that has been provided to DPMC.</p> <p>Supporting paper: <i>Paper 5.1: Target 9 quarterly report</i></p>	<p>Note the final Target 9 Report has been signed off by the Minister of Climate Change and delivered to DPMC.</p> <p>Note that the Climate IEB Unit is working with MfE and agencies to prepare a simple technical annex and communications to accompany the Target 9 Report.</p> <p>Note that the next Target 9 Report format will be incorporated into the Board's September Quarterly Report.</p> <p>Note that the Climate IEB Unit is working with MfE and other agencies to ensure robust quality assurance processes are in place to support the ongoing data and modelling work required for the Target 9 reports, and we will report back to the Board on this in August.</p>
		<p>5.2 Oral update: ERP2 (Required in 2024, and representing the delivery plan for Target 9/EB2) Lead: Sam Buckle (MfE)</p> <p>This item provides the Board with an update on ERP2 consultation, highlighting any key themes emerging.</p>	<p>Note the oral update on ERP2.</p>
		<p>5.3 Oral update: ETS settings Lead: Sam Buckle / Mark Vink (MfE)</p> <p>This item will provide the Board with an update on the ETS settings review ahead of the Cabinet paper being lodged in August.</p>	<p>Note the oral update on ETS settings.</p>

Monitoring and reporting / noting papers

6	10 mins 1615-1625	<p>Monitoring and reporting updates</p> <p>6.1 Update on Climate Change Commission's Emissions Reduction monitoring report Lead: Lisa Daniell (CCIEB Unit)</p> <p>This item provides the Board with an outline of the key findings from the Commission's report on ERP1, and initial high-level observations.</p> <p>Supporting paper: <i>Paper 6.1: CCC first annual ERM report, overview of key findings</i></p>	<p>Provide any feedback on the initial high-level observations from the Commission's Emissions Reduction monitoring Report.</p>
		<p>6.2 Meeting administration Lead: Chair / Lisa Daniell (CCIEB Unit)</p> <p>The Board is asked to approve the minutes of the previous meetings, held on 10 May and 14 June 2024, and note the actions register.</p> <p>Supporting papers: <i>Paper 6.2a: Minutes of previous meeting, 14 June 2024</i> <i>Paper 6.2b: Minutes of previous meeting, 10 May 2024</i> <i>Paper 6.2c: Actions register as at 17 July 2024</i></p>	<p>Approve the minutes of the meeting held on 10 May 2024.</p> <p>Approve the minutes of the meeting held on 14 June 2024.</p> <p>Note the actions register.</p>

Chair's closing comments / karakia whakamutunga



COVERSHEET: Item 2				
To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	Climate Change Commission's report on NAP1			
Item lead	Jo Hendy			
Lead agency	Climate Change Commission			
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper	No <input checked="" type="checkbox"/>
Reason for Board's consideration	<p>The Climate Change Commission will provide an overview of the preliminary findings of their 2024 progress report on the National Adaptation Plan, which have been publicly provided to the Finance and Expenditure Committee.</p> <p>The report is due to be released on 2 August, with the Government Response required by 2 February 2025. The Commission will provide a monitoring report on the NAP every two years. We are expecting a comprehensive report (around 250 pages).</p> <p>9(2)(f)(iv)</p> <p>[Redacted]</p> <p>[Redacted]</p>			
Recommendations	<ul style="list-style-type: none"> • Discuss the key findings of the Commission's report on NAP1 implementation and any implications for the Board's governance and monitoring role. 			



COVERSHEET: Item 3.1			
To	Climate Change Chief Executives Board		
Meeting date	24 July 2024		
Agenda item name	Oral update: Adaptation Framework		
Item lead	Nadeine Dommissie		
Lead agency	MfE		
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Reason for Board's consideration	The purpose of this item is to provide an update to the Board on the Adaptation Framework work programme, including the investment framework and cost sharing pillars.		
Key focus areas	<ul style="list-style-type: none"> The Independent Reference Group (IRG) has now considered 3 of the 4 workstreams of the Adaptation Framework (information sharing, investment in infrastructure, and cost-sharing pre- and post-event) at a high level. The next discussion, on 7 August, will be on the 4th workstream – roles and responsibilities. The policy teams anticipate needing to return to the IRG with more detail – informed by the Finance and Expenditure Committee (FEC) inquiry. 9(2)(f)(iv) [REDACTED] The FEC held hearings all day on 16th July and has more than half of the hearings to still get through. They have a very heavy workload aside from the inquiry These discussions are informing briefings to Minister Watts 		
Recommendations	<ul style="list-style-type: none"> Provide comments on oral update on the Adaptation Framework work programme. 		
Has the Board previously considered this item, if so, when?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date 14 June 2024
	<p>At its meeting on 14 June, the Board:</p> <ul style="list-style-type: none"> noted the key design choices for the Adaptation Framework, as outlined in the paper, and provided feedback on options to support decision-making. noted it is likely that the next CPMG meeting, expected to be in September, will include an item on Adaptation. noted that a further update on the Adaptation Framework will be provided to the Board ahead of discussion at CPMG. 		
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date 17 July 2024
	DCEs received an oral update on the Adaptation Framework on 17 July.		
Will this item be going to CPMG or Cabinet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date September 2024 (tbc)
	It is anticipated that the Adaptation Framework will be discussed at the next CPMG meeting.		



COVERSHEET: Item 3.2				
To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	Oral update: Adaptation priorities ahead of upcoming Climate Change Commission report and CPMG adaptation discussion			
Item lead	Jane White			
Lead agency	CCIEB Unit			
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Reason for Board's consideration	<p>9(2)(f)(iv) [Redacted]</p> <p>The Commission's report will be provided to the Minister of Climate Change on 2 August, with a response required by February 2025.</p> <p>9(2)(f)(iv) [Redacted]</p>			
Key focus areas	<ul style="list-style-type: none"> Getting Ministers sufficiently briefed on adaptation priorities, including the status of their NAP1 actions, ahead of CPMG and the role of DCEs and CEs in supporting this Positioning of material for CPMG 			
Recommendations	<ul style="list-style-type: none"> Provide comments on the proposed approach to discussing adaptation priorities with CPMG. 			
Has the Board previously considered this item, if so, when?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
Has this item been considered/endorsed by Climate DCEs?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
Will this item be going to CPMG or Cabinet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	September 2024
	The next CPMG meeting in September is likely to include a discussion item on adaptation priorities.			
Relevant Cabinet decisions and dates	N/A			





COVERSHEET: Item 4				
To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	NDC update			
Item lead	Victoria Hallum / Sam Buckle			
Lead agency	MFAT / MfE			
Verbal update	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Reason for Board's consideration	This item seeks the Board's feedback on how to walk Ministers through the sequence of decisions needed for NDCs, to ensure we meet our international obligations			
Key focus areas	<ul style="list-style-type: none"> • 9(2)(f)(iv) • [REDACTED] • [REDACTED] • [REDACTED] 			
Recommendations	<ul style="list-style-type: none"> • 9(2)(f)(iv) 			
Has the Board previously considered this item, if so, when?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	14 June 2024
	9(2)(f)(iv)			
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	17 July 2024
	An oral update was provided to DCEs on 17 July 2024.			
Will this item be going to CPMG or Cabinet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	9(2)(f)(iv)
	9(2)(f)(iv)			
Relevant Cabinet decisions and dates	9(2)(f)(iv)			
Comments	The NDC work will inform the Biennial Transparency Report, which is due to be finalised at the end of the year.			



COVERSHEET: Item 5.1

To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	Delivering Government Target 9 Report			
Item lead	Lisa Daniell / Jane White			
Lead agency	CCIEB Unit			
Verbal update	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Reason for Board's consideration	The Board is responsible for preparing and delivering the Target 9 Report to the Minister of Climate Change. The Minister, as Lead Minister, signs out the report.			
Key focus areas	<p>The first Target 9 Report has been signed-out by the Minister of Climate Change.</p> <ul style="list-style-type: none"> Note that the final version had RAG status of EB2 as probable, and reflected further minor agency feedback. 			

Recommendations	<ul style="list-style-type: none"> Note the final Target 9 Report has been signed off by the Minister of Climate Change and delivered to DPMC. Note that the Climate IEB Unit is working with MfE and agencies to prepare a simple technical annex and communications to accompany the Target 9 Report. Note that the next Target 9 Report format will be incorporated into the Board's September Quarterly Report Note that the Climate IEB Unit is working with MfE and other agencies to ensure robust quality assurance processes are in place to support the ongoing data and modelling work required for the Target 9 reports, and we will report back to the Board on this in August.
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Has the Board previously considered this item, if so, when?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	14 June 2024
	<p>At its meeting on 14 June, the Board:</p> <ul style="list-style-type: none"> noted that there is a new quarterly reporting deliverable – Target 9 noted the Board will be the responsible governance body for delivering Target 9 reports noted the first Target 9 report is due end of July 2024 noted the next quarterly progress report across ERP1 and NAP1 actions is due in September. This will incorporate Target 9 reporting and also be used for the proposed responses to the CCC's two monitoring reports. 			
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	3 July 2024
	DCEs noted that the CCIEB Unit has been working with key agencies to prepare the draft Target 9 report. Feedback was invited from DCEs and has been incorporated in the final version of the report provided to the Minister.			
Will this item be going to CPMG or Cabinet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	5 August 2024
Relevant Cabinet decisions and dates	The first Target 9 report will be considered at the Cabinet Strategy Committee on 31 July 2024 and Cabinet on 5 August, and proactively released 2 weeks after that.			

Comments	Board Chief Executives may be invited to attend the STR discussion on Target 9, given the Board's collective responsibility for delivery of this target. We will seek ministerial guidance on this before asking the Board to attend.
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Target Quarterly Report

Target 9 – Reduced net greenhouse gas emissions

On track to meet New Zealand’s 2050 net zero climate change targets with total net emissions of no more than 290 megatonnes from 2022 to 2025 and 305 megatonnes from 2026 to 2030.

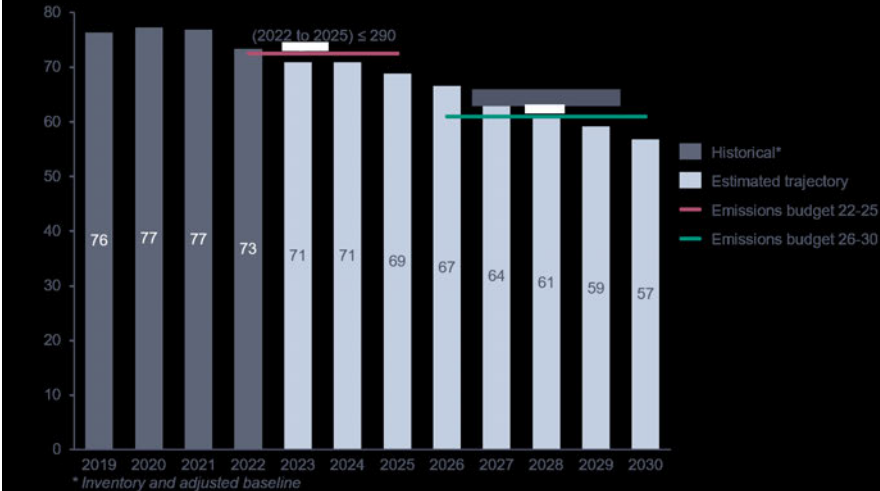
Quarter ending
30 June 2024

Current Target Performance

Status EB1 & EB2	Target EB1	Target EB2	Current Performance
	Net emissions ≤ 290 Mt CO ₂ -e	Net emissions ≤ 305 Mt CO ₂ -e	Will be included in next target quarterly report

Trajectory towards target

New Zealand Net Emissions, megatonnes (with existing measures but without proposed ERP2 policies)



What are the key issues and risks?

Projections are inherently uncertain and can change based on external factors (e.g. dry/wet years and hydro inflows, significant climate events, decisions by major industries, commodity prices, economic conditions - such as inflation, unanticipated global developments); improvements in measuring emissions (methodology); and successful implementation of policies.

The ETS is intended to play the key role in achieving Target 9, and future decisions will be made by the Government. The large existing stockpile (144m New Zealand Units (NZUs) as at June 2024, or 4 x annual ETS surrenders) of banked NZUs, which can be used at any time, creates uncertainty around achieving timebound emissions targets like Target 9.

Action and Insights

What is driving changes in performance vs. last period ?

Current interim projections give confidence that Target 9 can be achieved. We are on track to achieve EB1 with our existing measures. Our central projection shows that EB2 is achievable, assuming the strategies proposed in the ERP2 Discussion Document are implemented as planned. Delivery of the actions within ERP2 and the Government’s Climate Change Strategy will be key to meeting EB2.

What is the progress of key initiatives that support target delivery?

The Government has published its Climate Change Strategy. This sets out the Government’s approach to achieving its mitigation and adaptation goals.

The Government’s overall approach is centered on taking a price-led, net-based, and least cost approach that involves restoring confidence in the NZ Emissions Trading Scheme (ETS)

The Government will finalise the second emissions reduction plan (ERP2) by the end of the year. This is the Government’s plan for meeting Emissions Budget 2 (EB2) and hence the second half of the Target 9 period (2026-30).

Government will consult on the ERP2 from July, before taking final decisions on ERP2 by December 2024. ERP2 policies and/or proposals include:

- **Energy policies** - Electrify NZ and incentivising Carbon Capture, Utilisation and Storage.
- **Transport policies** - 10,000 public EV charge points by 2030, Clean Car Standards, and supporting public transport in our main cities.
- **Agriculture and forestry policies** - agricultural emissions pricing and mitigation technologies, limits to land use change to forestry on high value land uses; and Crown Land afforestation.
- **Waste policies** - the Waste Minimisation Fund, organic waste and landfill gas capture

The modelling of new ERP2 policies is preliminary, and estimates are expected to change as the modelling is improved and policies are further specified, with additional modelling occurring before ERP2 is finalised.

Annual NZ ETS unit supply/price control settings is a key vehicle for the Government to set direction for the NZ ETS.

What decisions and actions are required from Ministers?

Cabinet must determine ETS unit supply/price control settings for 2025-2029, with decisions required in time to publish amended regulations before 30 September 2024. Cabinet must determine NZ ETS unit supply/price control settings for 2025-2029, with decisions required in early August 2024

The Minister of Climate Change must respond to the Climate Change Commission’s first emissions monitoring report by 17 October 2024.

Final decisions on direction and content for ERP2 by December 2024, including complementary or enabling policies that may arise following ERP2 consultation.

Setting of New Zealand’s second Nationally Determined Contribution (NDC) – February 2025

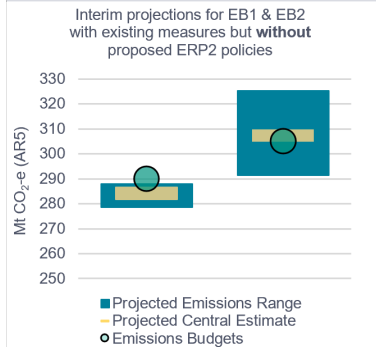
Target 9 - Supporting Indicators

Based on current interim projections, we are on track to achieve EB1 with our existing measures. Our central projections shows that EB2 is probable, assuming the strategies proposed in the ERP2 Discussion Document are implemented as planned. Sectoral emissions numbers can fluctuate but are projected to drop over time. System indicators show that the economy is decarbonising. Looking ahead to the next quarter, leading indicators suggest there may be more coal consumption emissions in the short term, but lower emissions from decreasing livestock numbers. Slower than usual economic growth could limit short term emissions (as has been experienced historically).

Quarter ending
30 June 2024

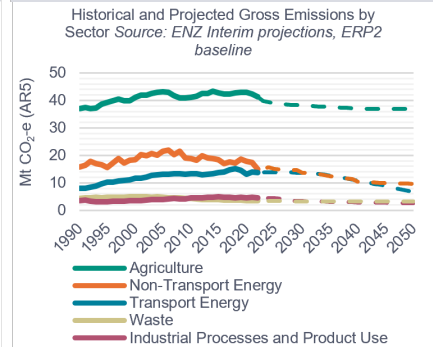
Emissions margins and sectoral breakdown

Emissions are 6Mt under EB1



- Projected emissions are below budget for EB1, even at the high end; and
- Projected 2Mt CO₂-e under EB2 if proposed ERP2 policies are included, with wide uncertainty.

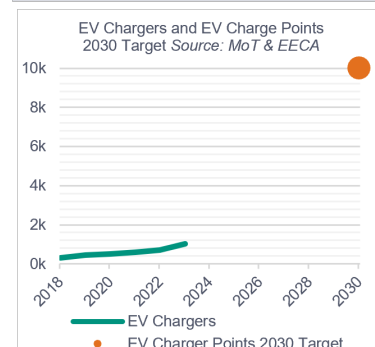
Gross emissions have peaked



- Since total emissions peaked in 2006, emissions have fallen for non-transport energy, agriculture, and waste.
- Emissions from transport and IPPU are trending downwards

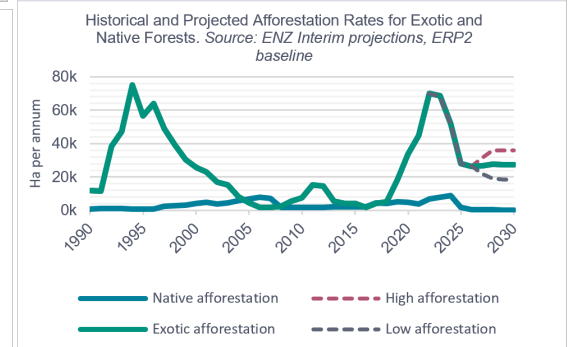
Leading indicators (long term)

More EV charger points



- Growth in EV chargers is up 41% from 2022.
- There are 1,209 EV charge points as of July '24.

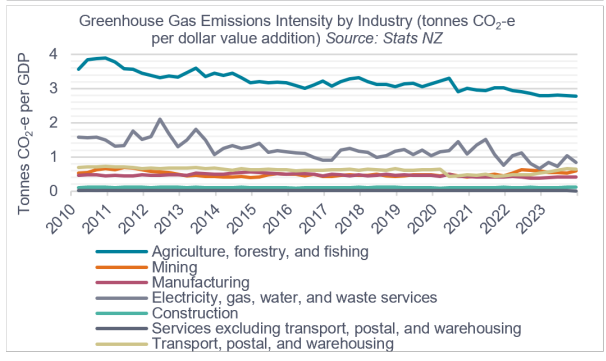
Forests will sequester more carbon



- Actual levels of afforestation will likely range between the low and high scenarios.
- Older forests contribute significantly to EB1 and EB2, while projected afforestation will contribute more to subsequent EBs.

System Indicators (long term)

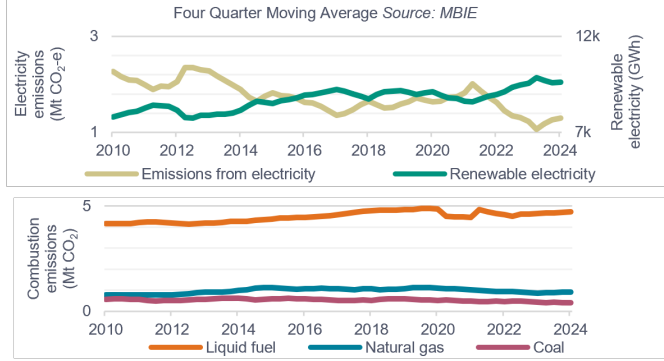
Emissions intensity decreasing across key sectors



- The economy is slowly decarbonising, including in key sectors
- With declining emissions intensity, there is greater economic efficiency, and GDP relative to emissions.

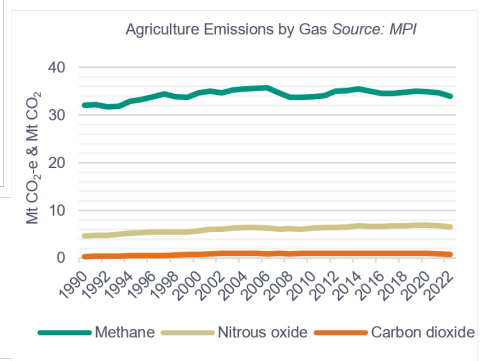
Leading Indicators (next quarter)

Electricity emissions declined overall but rose last quarter



- Electricity generation emissions declined since 2020 but recently increased due to coal combustion.
- Long term renewable generation has risen.
- Natural gas emissions declined since 2019 and liquid fuels increased post COVID.

Agricultural emissions declined slightly



- From 2014 - 2022, agricultural emissions decreased 4%, mainly due to reductions in cattle and sheep populations.
- SOPI 2024 projects a decline in all livestock.



COVERSHEET: Item 5.2

To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	Oral update: ERP2			
Item lead	Sam Buckle / Hemi Smiler			
Lead agency	MfE			
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Reason for Board's consideration	This item provides the Board with an update on the development of ERP2, highlighting any key themes emerging.			
Key focus areas	<ul style="list-style-type: none"> • Key trends emerging from the early phase of consultation • Forthcoming Ministerial decision making on related topics (ETS Settings, NDC, LUC restrictions in particular) • Progress towards publishing a final ERP2 by December (which is the delivery plan for Target 9) 			

Recommendations	<ul style="list-style-type: none"> • Note the oral update provided on ERP2.
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Has the Board previously considered this item, if so, when?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	14 June 2024
	<p>An update was provided to the Board on 14 June. At this meeting, the Board:</p> <ul style="list-style-type: none"> • noted the new modelling conducted using ENZ and discussed its implications for the Government's mitigation response • discussed and agreed the Chief Executives Board's role in helping Ministers to make efficient decisions on ERP2 so as to achieve statutory deadlines in 2024 • agreed that Climate DCEs should prepare and consider a governance and assurance process for modelling, including independent peer review, to ensure modelling is as robust as possible (anticipated to come back to the Board in August) 			
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	17 July 2024
	An oral update was provided to DCEs at their meeting on 17 July.			
Will this item be going to CPMG or Cabinet?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
Relevant Cabinet decisions and dates	Cabinet agreed to consult on the ERP2 discussion document on 8 July			



COVERSHEET: Item 5.3				
To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	Oral update: ETS settings			
Item lead	Sam Buckle / Mark Vink			
Lead agency	MfE			
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Reason for Board's consideration	This item will provide the Board with an update on the annual ETS auction settings process ahead of the Cabinet paper being lodged in August.			
Key focus areas	<ul style="list-style-type: none"> The annual process to update ETS auction settings is on track to progress to Cabinet in early August following the close of public consultation on 14 June 2024. Expect Ministerial consultation to commence in week of 22 July. Ministers will be presented with a range of options to consider, within the legal framework of the Climate Change Response Act, that are associated with a range of risks. 			
Recommendations	<ul style="list-style-type: none"> Note the oral update provided on ETS settings. 			
Has the Board previously considered this item, if so, when?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	17 July 2024
Will this item be going to CPMG or Cabinet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	August 2024
Relevant Cabinet decisions and dates	It is intended that the ETS settings paper be considered by the Cabinet Economic Committee on 7 August.			
Comments	The draft Cabinet paper has been circulated to agencies for comment, prior to Ministerial consultation in late July and Cabinet Committee discussion in August.			



COVERSHEET: Item 6.1

To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	Update on Climate Change Commission's Emissions Reduction Monitoring Report			
Item lead	Lisa Daniell			
Lead agency	CCIEB			
Verbal update	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Reason for Board's consideration	This item provides the Board with an outline of the key findings from the Commission's monitoring report on emissions reductions, and initial high-level observations.			
Key focus areas	<ul style="list-style-type: none"> The data used by the Commission and by the Government in recent reporting differs and is explained in the attached slide pack. The Minister is required to table the Report by 30 July, and to table and publish a response to the Report by 16 October. 			
Recommendations	<ul style="list-style-type: none"> Provide any feedback on the initial high-level observations from the Commission's Emissions Reduction monitoring Report. 			
Has the Board previously considered this item, if so, when?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
	This has been included in the list of statutory deliverables due this year provided in earlier meetings.			
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	17 July 2024
	On 17 July, the CCC provided an overview to Climate DCEs of the Emissions Reduction Monitoring Report, the approach it took, their latest emissions projections and opportunities for future emissions reductions and removals.			
Will this item be going to CPMG or Cabinet?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
	The Minister is required to table the CCC report in the House of Representatives within 10 days of receiving the report.			
Comments	The Commission's Emissions Reduction Monitoring Report was provided to MCC on 16 July 2024. The Commission will make it public once it has been tabled in the House (between 23-25 July).			



Climate Change Commission's first annual emissions reduction monitoring report

Overview of the key findings

July 2024

What is the report the Commission has recently delivered?

The Climate Change Response Act requires the Climate Change Commission to independently monitor and report annually on the Government's progress towards meeting the 2050 target, progress against emissions budgets and emissions reduction plans (s5ZK).

The first of these reports was delivered to the Minister of Climate Change on 16 July. The Commission will make the report public after the Minister tables it in the House.

The Commission's Report addresses the required components by posing four questions that inform the key findings. The four key findings are presented in these slides, along with our initial observations.* More detailed analysis of the findings will be undertaken over the coming weeks.

The Minister of Climate Change is required to provide a response to the report within three months. The CCIEB Unit will lead the development of this response working with agencies.

**Noting this paper was prepared 1 day following receipt of the report.*

Commission's approach to the report

The Commission developed its monitoring approach after reviewing international research, how other countries report on emissions reductions and policy progress, and reviewing available data and information on emissions reductions (including the GHG Inventory and government projections) and the effects of government policy and action.

To assess emissions reductions progress, the Commission used its 2022 demonstration path as a benchmark – consistent with the approach taken to inform the first ERP, and other government benchmarks where available (such as in ERP1 for the transport sector). The Commission used data and publicly available policies up until April 2024.

To assess progress across sectors, the Commission:

- developed 'Sector monitoring maps' to set the intervention logic between outcomes and policies
- undertook a 'Scorecard assessment' to assess strength of policies and plans (based on the UK CCC approach)
- used a wide-range of indicators to measure real-world progress in sectors.

The assessment of the implementation progress of the current ERP was also informed by the CCIEB March quarterly report. In the initial observations, this is why we refer largely to that report, rather than the May report.

Note that CCC only present projected emissions figures for EB1. For subsequent periods they do not show figures, but rather use a scorecard approach.

What progress have we seen in emissions reductions to date?

Key finding 1: Gross emissions have declined each year since 2019, in response to policy efforts combined with external factors.

Initial observations:

- This aligns with the 2024 Greenhouse Gas Inventory release in April this year.
- The 2024 Inventory release states that gross emissions peaked in 2006 and have been declining since 2019.
- The Commission report that, based on the 2024 Inventory, gross emissions fell in 2022 to the lowest levels since 1999, and that gross emissions fell in every sector from 2021 to 2022 with the largest drop being in the energy and industry sectors.
- The Commission's assessment is that 94% of the overall reduction in gross emissions in 2022 were influenced by external factors (for example, the Marsden Point Oil Refinery closure, and increased hydroelectricity due to higher inflows into hydro lakes). Some of these factors are likely to be temporary.

How is the country tracking towards meeting the first emissions budget for 2022–2025?

Key finding 2: Available emissions data and projections are consistent with the first emissions budget (2022–2025) being met. This is, however, highly uncertain. Risk factors such as deforestation levels, dry years and rising transport emissions, could result in net emissions exceeding the budget. Further action to reduce emissions would decrease the risk of missing the budget.

Initial observations:

- This aligns with the Government's interim projections that EB1 can be met (EB1=290 Mt CO₂-e).
- The CCIEB March quarterly report stated that emissions projections (Dec 2023, based on settings as at July 2023) indicated we are on track to meet EB1, with the central estimate at 277 Mt CO₂-e (±7Mt).
- Updated interim net emissions projections used to inform the Target 9 report and the ERP2 discussion document still have NZ on track to achieve EB1, with the central estimate of 284 Mt CO₂-e (±4 Mt).
- Like the Commission's findings, the Board has previously advised in its reports that projections carry inherent uncertainty and external factors can also impact on certainty.
- The Commission notes that limited time remains for new policies to be able to have a sizeable impact within the first budget period. It identifies addressing ongoing delays and discontinuation of actions and actions to sustain momentum in emissions reductions as a way of decreasing the risk of missing the budget.

How is the country tracking towards meeting EB2 (2026–2030) and EB3 (2031–2035) and the 2050 target, under current emissions reduction policies and plans?

Key finding 3: There are significant risks to meeting the second and third emissions budgets and the 2030 biogenic methane target under current policies.

Initial observations:

- This somewhat aligns with Government reporting to date.
- The CCIEB March quarterly report stated that our ability to meet EB2 (305 Mt CO₂-e) and EB3 (240 Mt CO₂-e) is considerably more uncertain.
- Interim modelling demonstrates that with the additional measures proposed in the ERP2 discussion document, emissions are projected to be between a range of 285-321 Mt, with a central scenario of 303 Mt. There is greater uncertainty about our ability to achieve EB3, but modelling shows it is possible to achieve the budget with proposed policies from the ERP2 discussion document.
- The Commission report that the agriculture and transport sectors show the largest risk of not achieving the reductions anticipated against the demonstration path benchmark.
- The Commission's assessment for the agriculture and waste sectors shows significant risk that the legislated 2030 biogenic methane target will not be met under current policies and plans.
- As the Commission only had access to data available until April 2024, the ERM report doesn't account for all policies and strategies related to reducing biogenic methane and nitrous oxide from livestock and fertilisers (which are not covered by the NZ ETS) and reducing biogenic methane emissions in the waste sector. The Government has committed to providing an up-to-date evidence base for biogenic methane and commenced an independent review of the methane science and targets for consistency with 'no additional warming'.

What is needed for Aotearoa New Zealand to be on track for future emissions budgets and the 2050 target?

Key finding 4: Our assessment shows an urgent need to strengthen policies and strategies to put Aotearoa New Zealand on track to meet future emissions budgets and the 2050 target, including the 2030 biogenic methane target. We identify a range of opportunities to work towards these climate goals.

Initial observations:

- This somewhat aligns with Government reporting to date.
- The CCIEB March Quarterly report stated that “several new initiatives are also in the process of being implemented, and their abatement potential will be modelled as part of ERP2 development. More broadly, ERP2 will provide the updated pathway for meeting future emissions budgets, and an opportunity to consider reducing the NDC1 abatement shortfall through more domestic action.
- The ERM report also identifies ERP2 as the opportunity for a clear and coherent plan for future budgets, and that, while there is flexibility for how to meet these, there are real-world constraints and barriers that need to be addressed/considered.

Does the data line up with Government data?

The CCC ultimately was only able to use data and publicly available government policies up until April 2024 whereas government has been able to use data up until July 2024 in the ERP2 Discussion Document (DD).

Differences in the modelling approach and inputs used include:

- CCC used Inventory 2024 while the Government's ERP2 Discussion Document uses Inventory 2024 but adjusted for new information on livestock and fertiliser numbers. This new information will be included in Inventory 2025.
- CCC considered Stats NZ quarterly emissions to Q4 2023. Those were calibrated to Inventory 2023. CCC made their own adjustments to those figures, to allow for changes in Inventory 2024.
- CCC made some use of Projections 2023, which had policies as at 1 July 2023. The ERP2 discussion document includes policy changes under the Coalition Government and information up to July 2024.
- Land Use, Land-use Change and Forestry (LULUCF) Target Accounting was not in Inventory 2024. To obtain net emissions from gross emissions, CCC used LULUCF Target Accounting from Projections 2023. The ERP2 discussion document uses newer information provided by MPI in 2024.
- CCC made assumptions different to the Projections 2023 modelling, for example, related to the closure of the aluminum smelter.
- While both CCC and the ERP2 discussion document used ENZ for projections, they did so using independent assumptions. CCC may have used ENZ for only part of the EB1 projection period, whereas the ERP2 discussion document has used ENZ for the entire period.



COVERSHEET: Item 6.2

To	Climate Change Chief Executives Board			
Meeting date	24 July 2024			
Agenda item name	Meeting administration			
Item lead	Chair / Lisa Daniell			
Lead agency	MfE / CCIEB Unit			
Verbal update	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Recommendations	<ul style="list-style-type: none"> • Approve the minutes of the meeting held on 10 May 2024 • Approve the minutes of the meeting held on 14 June 2024 • Note the actions register
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Comments	Due to time constraints, the minutes of the meeting held on 10 May have not yet been approved. These are included in the meeting pack for formal approval.
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Climate Change Chief Executives Board

MEETING MINUTES

Friday 14 June 2024, 12:30-2:00pm
Online via MS Teams

Attendees	James Palmer (Chair, MfE), Caralee McLiesh (TSY), Carolyn Tremain (MBIE), Dave Gawn (NEMA), Paul James (DIA), Penny Nelson (DoC), Aaron Martin (CL), Victoria Hallum (MFAT)
Delegates	Charlotte Denny (MPI)
In support	Alice Revell (MFAT), Nadeine Dommissie, Sam Buckle, Bryan Smith, Hemi Smiler, Stephen Goodman, Simon Mandal-Johnson, Daniel Rimmer (MfE), Lisa Daniell, Amy Tisdall, Jeremy Webb, Rachael Church (CCIEB Unit)
Apologies	Audrey Sonerson (MoT), Ray Smith (MPI)

#	Item	Actions
Chair's opening comments / karakia timatanga		
1	<p>Welcome / context sharing updates – Board only time Lead: Chair / All</p> <p>The Chair opened the meeting and acknowledged apologies received and delegates attending.</p> <p>It was noted that the Minister of Climate Change (MCC) has upcoming bilateral meetings to help with Ministerial alignment, particularly in relation to ERP2 chapters and the direction of ERP2 leading up to Cabinet approval.</p> <p>It was agreed that the Board has a key role in supporting the MCC on the nature-based solutions workstream, 9(2)(f)(iv)</p>	<p>Board to support MCC on NBS workstream, including discussion on collective advice 9(2)(f)(iv)</p> <p>Lead: DoC / MfE / CCIEB Unit (with agencies)</p>
2	<p>Adaptation Framework update Lead: Nadeine Dommissie / Bryan Smith (MfE)</p> <p>Acknowledgement was given for the work agencies have done to bring together key decision choices for the Adaptation Framework. Work with the independent reference group is proceeding well, and has good representation from the banking and insurance sectors, and iwi/Māori.</p> <p>9(2)(f)(iv)</p>	

	<p>Discussion points:</p> <ul style="list-style-type: none"> • Welcomed the update, proposals viewed as moving in the right direction. • 9(2)(f)(iv) [redacted] • 9(2)(f)(iv) [redacted] • Importance of cross-party consensus was noted, to provide a long-term solution for building resilient communities and enabling people to make informed decisions. • The Adaptation Framework is made up of various components that all intersect and mutually reinforce each other, with good information the foundation for all components. <p>The Board:</p> <p>2.1 noted the key design choices for the Adaptation Framework, as outlined in the paper, and provided feedback on options to support decision-making.</p> <p>2.2 noted it is likely that the next CPMG meeting, expected to be in September, will include an item on Adaptation.</p> <p>2.3 noted that a further update on the Adaptation Framework will be provided to the Board ahead of discussion at CPMG.</p>	
<p>3</p>	<p>ERP2 update Lead: Chair / Sam Buckle (MfE)</p> <p>Acknowledgement was given to agencies for their work on the discussion document, which has had positive support from sector Ministers. The discussion document and draft ERP2 plan are in good shape for upcoming public consultation.</p> <p>Sufficiency data updates have shown a more favourable direction. Modelling estimates showing the impact of the government's proposed, intended, or introduced new policies have been undertaken; this has generated approximately four megatonnes of additional abatement during the second emissions budget period.</p> <p>Timeframes for the discussion document to go to Cabinet promptly to meet statutory timeframes for the end of 2024 are currently the biggest challenge. Ministers will need support from Chief Executives in this process, to understand that any gaps or issues they want to explore further can be considered after public consultation.</p> <p>Discussion points:</p> <ul style="list-style-type: none"> • 9(2)(f)(iv) [redacted] • Understanding trends outside of government policy and how likely they are to continue, and whether these can be included in the modelling. This would include better understanding potential challenges and volatility and what could negatively impact targets. 	<p>Governance process for modelling, 9(2)(f) [redacted] (iv) [redacted], to be prepared and considered by DCEs to ensure modelling is as robust as possible. Lead: CCIEB Unit / MfE (with agencies)</p>

	<ul style="list-style-type: none"> Ministers will need support with responses to the CCC reports on ERP1 and NAP1. <p>The Board:</p> <p>3.1 noted the new modelling conducted using ENZ and discussed its implications for the Government's mitigation response</p> <p>3.2 discussed and agreed the Chief Executives Board's role in helping Ministers to make efficient decisions on ERP2 so as to achieve statutory deadlines in 2024</p> <p>3.3 agreed that Climate DCEs should prepare and consider a governance and assurance process for modelling, [redacted] 9(2)(f)(iv) [redacted] to ensure modelling is as robust as possible.</p>	
<p>4</p>	<p>International Climate Strategy Lead: Victoria Hallum (MFAT) / Sam Buckle (MfE)</p> <p>New Zealand's first biennial transparency report, including on progress towards meeting our first nationally determined contribution (NDC1), needs to be tabled later this year.</p> <p>Advice is being prepared for the MCC 9(2)(f)(iv) [redacted]</p> <p>The work is being led by MfE and MFAT, with input from other agencies.</p> <p>Discussion points</p> <ul style="list-style-type: none"> NDC1 had been agreed with the knowledge that it would be achieved through a mixture of domestic and international mitigation. 9(2)(f) [redacted] (iv) 9(2)(j) [redacted] <p>The Board:</p> <p>4.1 noted the update provided and the need for a more substantive Board conversation on these issues ahead of providing advice to Ministers.</p>	
<p>5</p>	<p>Upcoming reporting deliverables for the Board, including the new quarterly report on Government Target 9 Lead: Lisa Daniell (CCIEB Unit)</p> <p>The Chair noted that the Climate IEB Unit is subject to the MfE change process and staffing reductions are proposed for the unit.</p> <p>Officials are preparing the September Quarterly Report to CPMG, which will include the regular update on the Government's climate priorities, Target 9, and a six-monthly update on the implementation of ERP1 and NAP1 actions (which will also be used for the two responses on the CCC's reports on ERP1 and NAP1).</p> <p>It is proposed that the Board supports the governance of the Government's new Target 9 report; the first report is due in July. The Climate IEB Unit is working with DPMC on material for this report.</p>	<p>Climate IEB Unit to coordinate the Government's response to the CCC's reports on ERP1 and NAP1 through the normal agency data request channels. Lead: CCIEB Unit (with agencies)</p>

	<p>The MCC needs to have the report signed off by 17 July, ahead of it going to STR on 30 July and to Cabinet in early August. The report includes an update on tracking and outlines key risks and indicators. Information already provided by agencies will be used to prepare the report and a first draft will be provided to DCEs prior to Board consideration.</p> <p>The MCC is required to table a response to the CCC's first report on ERP1 by October. The Climate IEB Unit will coordinate the response with agencies through the normal data request channels. The Chair noted the need to ensure the CCC and the Board are using the same forecasts.</p> <p>The Chair noted that Board Chief Executives may be invited to attend the STR discussion on Target 9, given the Board's collective responsibility for delivery of this target.</p> <p>The Board:</p> <p>5.1 noted that there is a new quarterly reporting deliverable – Target 9</p> <p>5.2 noted the Board will be the responsible for delivering Target 9 reports</p> <p>5.3 noted the first Target 9 report is due end of July 2024</p> <p>5.4 noted the next quarterly progress report across ERP1 and NAP1 actions is due in September. This will incorporate Target 9 reporting and be used for the proposed responses to the CCC's monitoring reports.</p>	
6	<p>Meeting administration: Corporate Health Dashboard; update on MfE change proposal; minutes of previous meeting Lead: Chair / Lisa Daniell (CCIEB Unit)</p> <p>Due to time constraints, agenda item 6 was not discussed.</p>	
Chair's closing comments / karakia whakamutunga		
<p>The Chair thanked attendees for their time and the useful feedback provided.</p> <p>The meeting closed at 1:59pm.</p>		

Please note, the 10 May 2024 meeting minutes are publicly available on
the Ministry for the Environment's website here:
([hyperlink](#))

Climate Change Chief Executives Board - actions register

Paper 6.2c

Action #	Meeting Date	Discussion item	Minutes	Action	Responsible	Status
08-5	17/08/2023	Draft six-monthly ERP and NAP progress report	The Board noted that a one-page diagram to show how the Board's role fits alongside other government architecture for resilience, response and recovery work would be useful	IEB Unit to coordinate an outline showing how the Board's role fits alongside other government architecture for resilience, response, and recovery work	IEB Unit	Open
24-10	3/04/2024	External engagement - CBAG	The Board noted that the Climate IEB Unit will arrange further engagement with the Climate Business Advisory Group following finalisation of the Sapere report	Climate IEB Unit to arrange further engagement with the CBAG following finalisation of the Sapere report	IEB Unit	CBAG to forward final Sapere report to Board; further engagement scheduled for October
24-13	10/05/2024	Review and positioning of material for CPMG	The Board agreed that quality assurance of modelling 9(2)(f)(iv) should be undertaken to show credibility of the approach used	9(2)(f)(iv)	MfE / IEB Unit	In hand with Climate Directors
24-14	14/06/2024	Context sharing - Board-only time	It was agreed that the Board has a key role in supporting the MCC on the nature-based solutions workstream, 9(2)(f)(iv)	Board to support MCC on NBS workstream, including discussion on collective advice to 9(2)(f)(iv)	DOC / CCIEB Unit (with agencies)	In hand with DCEs
24-15	14/06/2024	ERP2 update	The Board agreed that Climate DCEs should prepare and consider a governance process for modelling, 9(2)(f)(iv) to ensure modelling is as robust as possible.	Governance process for modelling, 9(2)(f)(iv), to be prepared and considered by DCEs to ensure modelling is as robust as possible	CCIEB Unit / MfE (with agencies)	In hand with DCEs
24-16	14/06/2024	International Climate Strategy	The Board noted the update provided and the need for a more substantive Board conversation on these issues ahead of providing advice to CPMG	9(2)(f)(iv)	MfE / MFAT (with agencies)	On agenda for 24 July
24-17	14/06/2024	Upcoming reporting deliverables for the Board, including the new quarterly report on Government Target 9	The Board noted the next quarterly progress report across ERP1 and NAP1 actions is due in September. This will incorporate Target 9 reporting and be used for the proposed responses to the CCC's monitoring reports.	Climate IEB Unit to coordinate the Government's response to the CCC's reports on ERP1 and NAP1 through the normal agency data request channels	CCIEB Unit (with agencies)	In hand