

Proactive Release

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Listed below are the most commonly used grounds from the OIA.

N/A - Document released in full. No information has been withheld for this proactive release

<u>Section</u>	<u>Description of ground</u>
6(a)	as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
6(b)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> (i) the Government of any other country or any agency of such a Government; or (ii) any international organisation
6(c)	prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
9(2)(a)	to protect the privacy of natural persons
9(2)(b)(ii)	to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
9(2)(ba)(i)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public
9(2)(ba)(ii)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
9(2)(f)(ii)	to maintain the constitutional conventions for the time being which protect collective and individual ministerial responsibility
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
9(2)(j)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Second Emissions Reduction Plan (ERP 2) development

Progressing your Transport Decarbonisation Priorities in ERP 2

Outlined below are your emissions reduction priorities as outlined in manifesto documents *Blueprint for a Better Environment*, *Transport for the Future*, and *Supercharging EV Infrastructure*, as well as the coalition agreements and as stated to the Ministry of Transport and publicly.

We would like to confirm that these are policies you want to include in ERP 2, and whether there are any additional measures you would also like us to undertake further work on for possible inclusion in ERP 2.

Issue	Ministry Comment/trade-offs	Note from meeting
<p>EV Charging</p> <ul style="list-style-type: none"> • Deliver 10,000 EV chargers by 2030 • Eliminate the need for resource consents for EV chargers. • [Energy] Turbo-charge investment in clean renewable energy 	<p>Work is underway. We provided you advice on 14 February (OC230964 refers) on your EV charging priorities. <i>This briefing seeks your feedback on the Government’s EV charging work programme.</i></p> <p>Your office is arranging a deep-dive with officials to discuss your priorities for delivering the Government’s charging commitments (date TBC).</p> <p>There are also opportunities to expand EV uptake in the freight sector by expanding EV Charging to include freight and removing regulatory barriers regarding vehicle weight that prevent freight companies from using zero emissions trucks. <i>Would you like to commission advice on these regulatory barriers?</i></p> <p>This approach aligns with CCC Recommendations 24 and 13.</p>	
<p>Biofuels in the aviation and maritime sectors</p> <p>Enable the development of sustainable aviation and marine biofuels.</p>	<p>The Ministry chairs Sustainable Aviation Aotearoa (SAA), a public-private partnership working to provide strategic direction for low- and zero- emissions aviation, which will be included New Zealand’s State Action Plan (under ICAO). In addition, MBIE and Air New Zealand have commissioned a sustainable aviation fuel production feasibility study (due at the end of 2024). Both SAA and the results of the feasibility study are expected</p>	

Issue	Ministry Comment/trade-offs	Note from meeting
	<p>to progress policy work. MBIE has also completed analysis on the impacts of a SAF mandate.</p> <p>Green shipping involves international negotiations on target setting and engagement with all components of the shipping sector. International maritime regulations are being negotiated through to 2025, with entry into force from 2027. This may include a carbon levy. Alternative fuel needs in New Zealand have not emerged yet.</p> <p>Officials at MoT and MBIE (lead agency on fuels) are progressing work on this topic, and will provide a briefing seeking your views on options to increase SAF uptake.</p>	
<p>Financing tools to fund transport infrastructure Equity Finance and Value Capture and Cost Recovery are financing tools promoted in <i>Transport for the Future</i></p>	<p>The Ministry will prepare a briefing seeking clarity on topics related to our substantive role in private financing and value capture realisation, in addition to other potential revenue measures.</p> <p><i>Would you like our advice to include consideration for how these tools can be used to progress climate objectives?</i></p> <p>Depending on application, this approach could align with CCC Recommendation 23</p>	
<p>Public Transport Investments and Land Use Policy</p> <ul style="list-style-type: none"> • Deliver committed public transport projects in Auckland and Wellington • Retention of the National Policy Statement on Urban Development (NPS-UD) • Progress Resource Management reforms (including Fast Track Consenting) 	<p>Reliable, attractive, and accessible public transport can enhance your other transport priorities by supporting reductions in congestion and travel time, making effective use of road space and enhancing the abatement potential of the NPS-UD.</p> <p><i>Would you like to commission advice on ways to integrate your proposed public transit investments with other decarbonisation and transport priorities to maximise their effectiveness</i> s 9(2)(f)(iv)</p> <p>This approach mostly aligns with Recommendation 13 (retention of NPS-UD), and depending on application could align with Recommendation 22.</p>	

Issue	Ministry Comment/trade-offs	Note from meeting
<p>Time of Use Charging The National/Act coalition agreement includes working with Auckland Council to implement time of use charging</p>	<p>s 9(2)(f)(iv)</p>	
<p>Clean Car Importer Standard The Government has committed to retaining the Clean Car Import Standard. However, it also committed to a review of the Standard's annual CO2 targets for 2025-27 to ensure they are achievable.</p>	<p>Work is underway on the target review, and you received an initial briefing on this on 19 January (OC231156 refers). Any issues and risks will be advised through that process. Officials are progressing your decisions.</p>	

System level considerations in ERP 2 development

There are several economy-wide issues to consider in the development of ERP 2, which takes a systematic approach to emissions reduction. These economy-wide issues will have specific impacts on the transport sector that will need to be considered. *Would you like to commission additional advice on any of these issues?*

Issue	Ministry Comment/trade-offs	Note from meeting
<p>Legal obligations The Government has responsibilities under the Climate Change Response Act (CCRA).</p>	<p>s 9(2)(h)</p>	

Issue	Ministry Comment/trade-offs	Note from meeting
<p>Achieving 2050 Current all-of-economy and transport projections indicate New Zealand is not on track to meet its 2050 target.</p> <p>The Government has indicated that it is committed to the net-zero 2050 target.</p>	<p>You will receive information on latest projections from your colleague Hon. Simon Watts once it is modelled. However, it is likely that the Government will need to continue to consider the policy mix, including the cross-sector mix.</p> <p>You may wish to consider further transport measures to show alignment with this long-term goal. Officials would need to undertake further work to determine what policy mix would be best to achieve this.</p>	

Alignment of Government Priorities with Climate Change Commission (CCC) advice:

Under the Climate Change Response Act (2002) the government is required to consider Climate Change Commission (CCC) advice when developing an Emissions Reduction Plan. We provided you with preliminary advice (OC 231045 refers). The table below highlights alignments and gaps between your priorities and CCC advice. *Would you like to commission advice on ways to incorporate CCC advice into proposed ERP 2 measures?*

Climate Change Commission Advice	Potential alignment with Priorities
Directly Transport Relevant	
<p><u>Recommendation 22:</u> Simplify planning and increase investment in integrated transport infrastructure and services that optimise public and active transport.</p>	<ul style="list-style-type: none"> Public transport priorities could align with optimising public transport. RMA reform could align with simplified planning for integrated transport infrastructure. Active transport is not addressed
<p><u>Recommendation 23:</u> Provide dedicated long-term funding for the construction of integrated cycle and rapid transport networks in major population centres.</p>	<ul style="list-style-type: none"> Financing tools could align with this if used to support public transport. Active transport is not addressed
<p><u>Recommendation 24:</u> Rapidly upscale vehicle charging infrastructure, including removing existing barriers</p>	<p>EV charging aligns well with this recommendation.</p>

Climate Change Commission Advice	Potential alignment with Priorities
<p><u>Recommendation 25:</u> Accelerate the uptake of zero emissions commercial vehicles, including vans, utes, trucks and offroad vehicles</p>	<p>Expanding delivery of EV charging to include heavy freight would align with this recommendation, as would removing regulatory barriers that prevent freight companies from using zero emissions trucks. .</p>
<p><u>Upcoming advice:</u> The CCC will provide advice by the end of 2024, on if and how New Zealand could include international aviation and international maritime emissions into its domestic target.</p>	<p>If international emissions are included in domestic targets, it will significantly impact the scale of emissions and emissions reduction needed within both the transport sector and the New Zealand economy.</p>
Transport Adjacent	
<p><u>Recommendation 4:</u> Align the emissions pricing system with delivering the desired levels of gross emissions for the second and third emissions budgets, and with the 2050 net zero target.</p>	<p>All of government plans to use a rising EST price to support emissions removals are in line with this recommendation.</p>
<p><u>Recommendation 13:</u> Ensure planning systems are integrated and support building urban areas upwards and mixing uses in order to reduce emissions, while decreasing susceptibility to climate-related risks</p>	<p>s 9(2)(f)(iv)</p>
<p><u>Recommendation 19:</u> Prioritise and accelerate renewable energy generation build and ensure electricity network can support growth and variability of demand and supply.</p>	<p>EV Charging could align by coordinating development of the grid and EV charging network.</p>

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22 February 2024

OC231127

Hon Simeon Brown
Minister of Transport

MEETING WITH MINISTER OF CLIMATE CHANGE ON ERP2

Purpose

This briefing follows your meeting with officials on 19 February 2024 where you indicated your priorities for the Second Emissions Reduction Plan (ERP2) and provides you with advice for your meeting with the Minister of Climate Change about the delivery of ERP2, on 26 February.

Your colleague is meeting with you to discuss the delivery of ERP2 including:

- informing you of ERP2 process and timeline
- your plans for your key transport pillar: EV charging
- your supporting policies for transport

This meeting also provides you with the opportunity to consider your preferences for what the ERP2 transport chapter consultation could focus on.

Recommendations

We recommend you:

- 1 **confirm** the key pillar and supporting actions for the transport chapter to be included in the consultation draft are as follows:

key pillar: electric vehicle charging infrastructure	Yes / No
supporting policy: aviation and maritime decarbonisation, including green shipping	Yes / No
supporting policy: clean car standard	Yes / No
supporting policy: public transport, subject to further advice on scope	Yes / No

- 2 **agree** that consultation additionally seeks feedback on what other barriers, including regulatory barriers, and market failures inhibit reduction emissions in your priority areas

- 3 **note** that we will provide you with a subsequent briefing seeking setting out next steps on the ERP2 transport chapter for public consultation.

Siobhan Routledge

Siobhan Routledge
Acting Deputy Chief Executive Policy
 22 / 02 / 2024

Hon Simeon Brown
Minister of Transport
 / /

- Minister's office to complete:**
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive Policy Group	s 9(2)(a)	✓
Erin Wynne, Manager Emissions Reduction Plan II Development team		
Sydney Van Nortwick, Advisor Emissions Reduction Plan II Development team		

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MEETING WITH MINISTER OF CLIMATE CHANGE ON ERP2

- 1 You have a meeting with Hon Simon Watts, Minister of Climate Change, on Monday 26 February 2024. A draft agenda is included as Annex 1. In his letter (attached as Annex 2), he has requested that you:
 - discuss and agree the priorities within your portfolio
 - outline key deliverables and timeframes for those commitments
 - discuss how you can most effectively work together to deliver your shared objectives.
- 2 You can use this meeting to outline your priorities, your key pillar, your supporting policies for ERP2, and the key questions to be explored during consultation.
- 3 Advice for each agenda item is set out below.

Agenda item 1: ERP2 Delivery

Process and timeline: (1.a)

- 4 The Minister for Climate Change will provide you with information on the legal requirements and process surrounding consultation and delivery of ERP2.
- 5 This discussion will include projections of our paths towards meeting future emissions budgets and our 2050 targets. The most recent emissions projections published in December 2023 estimated that New Zealand will likely meet the first and second emissions budgets (EBs), for the periods 2022- 2025 and 2026-2030; meeting EB3 (2031-35) is less certain, with a range of outcomes possible.
- 6 Because emissions projections are uncertain, there is a risk that we may not achieve what is projected. Supporting policies in the ERP2 could help alleviate this risk, and this discussion provides an opportunity to start considering the overall mix of policies across sectors, along with the role the ETS can play. A key focus of these supporting policies is to identify and find solutions to non-market barriers to decarbonisation – such as through the work EV charging infrastructure.
- 7 As part of the ERP2 development process, public consultation on a draft document will be conducted. This is anticipated to occur in May or June 2024. Transport chapter consultation could focus on the following questions:
 - the extent to which the suite of transport priorities is expected to impact businesses and households' emissions
 - stakeholders' views regarding the role of the ETS in supporting electrification of transport
 - what other barriers, including regulatory barriers, and market failures inhibit reduction emissions in your priority areas

- what is the role of Government (if any) in addressing barriers and enabling opportunities for the transport sector to decarbonise more quickly, without adding undue cost to households and business
- if there are non-price barriers (i.e. outside of the influence of the ETS) that are inhibiting decarbonisation of the sector.

Key Pillar (1.b): EV charging infrastructure

- 8 We understand the key pillar for the ERP2 transport chapter will be electric vehicle charging infrastructure. You have indicated that you expect the government to implement policy changes that support greater private investment into EV charging infrastructure, with Crown funding targeting EV charging infrastructure that will not be funded by the private sector (such as in remote or rural communities). Any Crown funding would be subject to cost-benefit analysis. Officials are scoping this analysis, with it to be finalised by November 2024.
- 9 Ministry of Transport (MoT) officials are working closely with the Ministry of Business, Innovation and Employment (MBIE), the Energy Efficiency and Conservation Authority (EECA) and other key agencies to progress the EV charging work programme. This will include:
- measures to address the regulatory and coordination barriers that impact private investment (e.g. the pricing and processes for new connections to the electricity grid and consenting for EV chargers).
 - work on the role and scope of Crown co-funding and the delivery model for government support to ensure it is efficient and appropriately focused.
 - considering other regulatory settings and barriers related to charging infrastructure and electrifying heavy vehicles and potentially align regulatory settings with other markets to remove barriers and enable uptake of zero emission trucks.
- 10 You have received advice on 14 February (OC230964 refers) and a deep-dive with officials into this topic will be held on 23 February.

Supporting Policies (1.c)

- 11 The Minister of Climate Change will also discuss with you the foundational role of the emission trading scheme (ETS) and policies to support your key pillars and the success of the ETS.

Transport is relatively inelastic to carbon price

- 12 We understand the Government intends to use the Emissions Trading Scheme (ETS) as a key driver of emissions reductions across the economy as a whole and given this, the role of sub-sector targets (as were used in ERP1) may be less relevant as it is sensible to measure the outcome you are seeking to impact.
- 13 Relying on the ETS will mean that emission reduction will occur in sectors that have higher responsiveness to price, with transport being relatively price inelastic at least in the short term. A long-term credible price path could help consumers and businesses

have the confidence to invest in lower emissions choices¹. This highlights the importance of a well-functioning, stable ETS scheme – and you will shortly be receiving advice on this from the Treasury and Ministry for the Environment.

Aviation and maritime decarbonisation

- 14 MoT chairs Sustainable Aviation Aotearoa (SAA), a group that has both industry and government members, providing direction for decarbonisation of the aviation sector. You have informed officials that New Zealand should not be moving ahead of our international organisations and partners but that it should be a fast follower and adopter of successful interventions in this area.
- 15 You have also informed officials that you do not support a sustainable aviation fuel (SAF) mandate at this time, due to the prohibitive costs of SAF, but want to explore further options where the Government can support the aviation sector decarbonise. MoT will continue to work with industry, MBIE, MFAT and other government agencies, and engage with international organisations to explore options to support aviation decarbonisation. MoT and other agencies will coordinate efforts to avoid duplication of effort.
- 16 Green or low-emissions shipping involves international negotiations on target setting, international regulations (through the International Maritime Organisation (IMO) and the European Union), and efforts to build port to port low emission routes. IMO Member States will negotiate the adoption of formal measures to achieve the revised green house gas (GHG) reduction strategy throughout 2024/25, with entry into force in 2027.
- 17 Potential measures to achieve the revised strategy include: an economic measure, potentially in the form of a carbon levy, and a technical measure, likely in the form of a GHG fuel standard. MoT will lead engagement at the IMO on GHG matters, as it is the primary agency responsible for administering international obligations under MARPOL (International Convention for the Prevention of Pollution from Ships). There are wider economic and trade implications on our continued involvement.
- 18 There will likely be a range of future sustainable maritime fuels, including methanol, ammonia, and biofuels, with no immediately clear path for New Zealand (though green methanol is of interest to some companies). MoT plans to continue engaging with industry and international organisations to explore options to support maritime decarbonisation and a multi-fuel future, and influence international standards.
- 19 We note there is additional work underway to support aviation and maritime decarbonisation:
- MBIE and Air New Zealand will complete a SAF production feasibility study at the end of 2024.

¹For transport, the effect of a rising ETS price is estimated to be relatively small due non-market barriers to decarbonisation that limit the impact of the price on consumer and business decisions. A long term, credible, stable price signal could support consumers and businesses toward a meaningful response. An approach that combines both the ETS and reduces non-market barriers would open additional lower cost abatement opportunities and reduce the overall cost of decarbonisation below what an ETS only approach would deliver. Ministry of Transport (2023). Domestic Transport Charges: Estimation of transport-related elasticities, Prepared by Motu Economic and Public Policy Research (https://www.transport.govt.nz/assets/Uploads/DTCC-Estimation-of-transport-related-elasticities_Oct2023-1.pdf)

- MoT has commissioned research into the regulatory obstacles that prevent the operation of zero-emission shipping. This is intended to provide a basis for regulatory reforms to facilitate the operation of ships with zero-emission alternative fuels. The report is due at the end of April.

20 International aviation and maritime is currently not included in New Zealand's emission budget. Domestic emissions from aviation and maritime make up a small portion of transport emission profile and is not likely to impact EB2; lowering these emissions will be important for achieving the Government's 2050 net-zero commitment.

21 The Climate Change Commission is mandated to provide recommendations on the inclusion of international emissions in future budgets. Recommendations from the Climate Change Commission on this are expected to be delivered to Government at the end of 2024, and officials will provide you advice on them in due course.

Clean Car Importer Standard

22 You have indicated that the Government supports retaining the Clean Car Importer Standard to ensure New Zealand continues to receive sufficient volumes of zero and low-emission vehicles and to limit the import of high emission vehicles that manufacturers cannot sell in other markets.

23 You have directed officials to review the Standard's annual CO2 targets and to engage with the vehicle industry throughout the review.

24 The review will encompass the legislative requirements in the Land Transport Act 1998 for reassessing the targets. These are that any change to the targets must consider:

- the anticipated impact of the targets on vehicle carbon dioxide emissions, vehicle safety, and the affordability and availability of vehicles
- the levels of ambition of other jurisdictions, in terms of their existing and proposed carbon dioxide emissions targets
- any other matter the Minister considers relevant in carrying out the review.

25 You have directed us to consider aligning the targets with those proposed by the Australian Government.

26 This review is currently underway and we have held initial discussions with the MIA (Motor Industry Association) and MTA (Motor Trade Association), and have a future conversation with VIA (Imported Motor Vehicle Industry Association) scheduled.

s 9(2)(f)(iv)

27

Renewable energy and hydrogen (1.c.II)

- 28 These items are addressed in the briefing MBIE is providing to support your energy portfolio. For your transport portfolio, there are additional considerations:
- Green hydrogen may play a role in decarbonising transport in New Zealand, such as domestic shipping and short-haul aviation. The decarbonisation pathways for these technologies are not yet clear, so continuing to trial multiple fuels and ensuring regulatory settings are accommodating, while preserving safety, is key. International transport may have a different need for these technologies as those operators face different challenges in decarbonising, such as longer distances and heavier loads.
 - Most road transport in New Zealand can be decarbonised through electrification, although here may be a role for hydrogen as a fuel for mobile plant (such as off-road vehicles) and some heavy vehicles with trips that are both long and heavy. Regulatory settings will need to be reviewed to remove barriers to zero emissions heavy vehicles in New Zealand, whether by hydrogen or battery electric.
 - There are trade-offs to consider in assessing the role for hydrogen, or other novel fuels, in decarbonising transport in New Zealand. There are, for example, substantial energy losses associated with producing hydrogen, compressing it, storing it, and converting it back to electricity that means it may be less efficient use of renewable energy from an economy-wide perspective than direct electrification. For some applications, batteries come at the expense of carrying payload, and downtime for charging could impact operational efficiency, meaning that novel fuels could be a key technological solution.

Agenda item 2 (placeholder): Adaptation Framework

s 9(2)(f)(iv)

- 31 MoT supports this work, but there are resource constraints within MoT to work on climate change policies. Officials have prioritised work on the following:

- electric vehicle charging infrastructure,
- reviewing the Clean Car Standard, and
- decarbonising aviation and maritime sectors

in accordance with our understanding of your priorities and our international commitments.

Next Steps:

- 32 Officials will continue to work with MfE to progress development of ERP2, and will draft transport-relevant content. We will continue to brief you on these activities and the relevant policy work for the ETS.
- 33 You will be meeting with your Ministerial colleagues as part of the CPMG, likely in March. For this meeting, MfE is preparing on the Government's legal obligations around the Climate Change Response Act 2002. In addition, advice will be prepared for Cabinet on the status of ERP1 actions. We will provide you with a briefing on the ERP1 transport actions within the next two weeks.

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Annex 1: Draft agenda for meeting with Hon. Simon Watts

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Agenda for meeting between Minister Brown and Minister Watts

Date and time	Tuesday 27 February 2024, 7.30 – 8.30pm tbc
Location	Minister Brown's Office, 5.1 Executive Wing, Parliament Buildings
Purpose of the meeting	To confirm key climate priorities and agree how Ministers will work together to ensure their delivery.
Attendees	Ministry for the Environment: James Palmer tbc Sam Buckle tbc Ministry for Business, Innovation and Employment: To be confirmed Ministry for Transport To be confirmed
Agenda	<ol style="list-style-type: none">1. ERP2 delivery<ol style="list-style-type: none">a. Process and timeline<ul style="list-style-type: none">• the purpose of this item is to confirm ERP2 process and upcoming opportunities for Ministerial input.b. Key pillars<ul style="list-style-type: none">• the purpose of this item is to confirm consultation requirements for s 9(2)(f)(iv) and EV charging.c. Supporting policies<ul style="list-style-type: none">• the purpose of this item is to discuss policy areas the government could consult on that are additional to Manifesto commitments, to support Electrify NZ and the ETS.2. Adaptation Framework<p>The purpose of this item is to discuss the adaptation framework and its relevance to the local government and transport portfolios.</p>

Items	
1a. ERP2 delivery – process and timeline	
<p>Context</p> <p>The second emissions reduction plan (ERP2) is a legislated delivery mechanism for the Government’s collective climate change programme to achieve the second emissions budget. It can also ensure New Zealand is on a path towards meeting subsequent emissions budgets and our 2050 targets.</p> <p>Meeting our Climate Change targets provide an economic opportunity. Investing in our response now through renewable energy and innovation can deliver jobs, economic growth and improved standards of living for all New Zealanders. International expectations and regulatory requirements are also rapidly changing which provide opportunities to access key markets which prioritise lower emissions products.</p> <p>MfE is coordinating early engagement between now and May 2024 with key stakeholder groups including Māori and iwi, various private sector and business groups, local government networks and a small group of Pacific community representatives and youth representatives. During the public consultation period efforts will continue to engage these groups.</p> <p>The Government must publish ERP2 by 31 December 2024. This timeframe is tight. Relevant agencies and Ministers will need to prioritise this work. Cabinet will also need to allocate time to consider documents for consultation and publication. Forming a clear agreement across Government in the early part of 2024 is crucial for developing the shape and scope of ERP2 and instructing relevant agencies to prioritise this work.</p> <p>The Government has a legal responsibility to consider advice from the Climate Change Commission. The advice contains recommendations in chapters on the transport and energy sectors, which are being led by MBIE and MOT. MfE will run a process to support agencies to do this, but Ministers will need to be involved in the relevant chapters.</p> <p>Ministerial governance has been established to drive delivery and responsibility for the Government’s climate change mitigation and adaptation priorities. The first CPMG meeting has tentatively been scheduled for late February and will be chaired by the Prime Minister, with Minister Watts as Deputy Chairperson. Minister Brown’s participation will be important as some of the more complex challenges New Zealand faces in meeting climate targets fall within the energy and transport portfolios.</p>	<p>Actions</p> <p>1) Note the timeline for ERP2 delivery.</p>
1b. ERP2 delivery - Key pillars	

<p>Context</p> <p>Minister Watts has a vision that ERP2 delivers a limited number of high impact actions that reflect the Blueprint for a Better Environment.</p> <p>To ensure delivery of key mitigation policies, Minister Watts wishes to seek agreement from responsible portfolio Ministers to develop action-focused chapters for the final ERP, with a plan setting out the most significant climate mitigation policies, which could include (but would not be limited to):</p> <ul style="list-style-type: none"> • s 9(2)(f)(iv) • encouraging the uptake of EVs by delivering more chargers and eliminating the need for resource consents for EV charging points <p>Final ERP2 chapters will need to include clear actions, responsibilities, estimates of the abatement potential of key actions, success measures, and a way to measure and track progress on policy implementation. Officials are currently working through how detailed these chapters need to be for consultation, CPMG will have an opportunity to consider the proposed approach to consultation next month.</p>	<p>Actions</p> <ol style="list-style-type: none"> 1) Agree that the Minister of Energy and Transport will lead on the energy and transport chapters of the second ERP, this includes preparing for a discussion document for public consultation by June, and will consult the Minister of Climate Change on key elements of the plan. 2) Agree that the discussion document will note how the Government will progress relevant actions set out in Electrify NZ and the Blueprint for a Better Environment, and how the Government will track progress.
<p>1c. ERP2 delivery - Supporting policies</p>	
<p>There are a range of supporting policies that Ministers may wish to consult on for ERP2 relating to 1) Sustainable Aviation Fuel and Green Shipping and 2) renewable energy and hydrogen.</p> <p>Minister Watts has indicated his wish to make announcements at the upcoming Australia and New Zealand Climate-Finance Ministers Meeting (the 2+2) in these two areas. The meeting is likely to be in July 2024. Minister Watts plans to write to the relevant Minister seeking their agreement to progress work in these areas.</p> <p>I. Sustainable aviation fuel and green shipping</p> <p>Consultation could include policies relating to hard to abate areas such as Sustainable Aviation Fuel (SAF) and Green Shipping.</p> <p>II. Renewable energy and hydrogen</p> <p>Progress towards doubling our renewable energy generation and the role that hydrogen could play in transforming our energy system are also key areas of interest for Minister Watts. MBIE provided Minister</p>	<p>Actions</p> <ol style="list-style-type: none"> 1) Discuss any outstanding questions from the green hydrogen briefing. 2) Discuss, and agree, how Ministers Watts and Brown will be briefed on work to progress renewable energy generation and hydrogen. 3) Discuss to the scope for announcements to be made at the 2+2 meeting on Sustainable Aviation Fuel and Green Shipping,

<p>Brown with a briefing on green hydrogen in early February. A copy was forwarded to Minister Watts, who has indicated he wishes to discuss Ministerial governance arrangements for the hydrogen work programme.</p>	<p>and Renewable energy and hydrogen.</p>
<p>2. Adaptation Framework</p>	
<p>Current approaches to adapting to climate change in the built environment are often in the context of responding to a major weather event. They are ad hoc, can set unsustainable expectations of buy-outs, and discourage personal responsibility and evidence-based decision making.</p> <p>Establishing an adaptation framework would bring coherence to the system by providing a rational, informed decision-making framework that is fair and which minimises the losses from climate change plus the cost of investments in asset protection.</p> <p>Adaptation is a cross-system issue, with levers for intervention sitting across numerous portfolios. The key intersections between the adaptation framework and work in or related to your portfolio are:</p> <ul style="list-style-type: none"> • Role of local government • Local Waters Done Well • Infrastructure resilience <p>Given adaptation's impact on and significance to local government as well as infrastructure funding and financing, ongoing cross-portfolio collaboration will be needed to develop a clear line of sight as to how cross-agency work contributes to the framework outcomes.</p> <p>s 9(2)(f)(iv)</p>	<p>Actions</p> <ol style="list-style-type: none"> 1) Discuss the overlaps between the local government and transport portfolios with the adaptation framework. 2) Agree that our work programmes should support each other, including collaboration on setting strategic objectives.

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT, TĪMAHARAU WAKA

Hon Simon Watts

Minister of Climate Change
Minister of Revenue



21 December 2023

Hon Simeon Brown
Minister for Energy, Minister of Transport
By email: S.Brown@ministers.govt.nz

Dear Simeon,

Delivering our Government's climate priorities – Energy and Transport portfolio bilateral

As you are aware, the Government sees climate change as an economic priority and is absolutely committed to meeting New Zealand's climate targets.

In light of this commitment our Government has a number of key priorities to deliver the emissions reductions needed to meet the climate targets, including:

- Lower energy emissions through doubling of New Zealand's renewable energy,
- Lower transport emissions through delivering 10,000 new EV charging stations,
- Lower agricultural emissions; and
- Growing New Zealand's forestry industry to help meet our climate commitments.

We need to move quickly to action the delivery of these commitments, and 2024 will be a critical year for the Government to design and publish our climate mitigation implementation plan. Your support will be critical to transitioning the Energy and Transport sectors to a low carbon economy.

Given the cross-portfolio nature of the Government's climate work programme, I wish to meet with you early in 2024 to:

1. discuss and agree the climate priorities within your portfolio;
2. map out key deliverables and timeframes for those commitments,
3. discuss how we can most effectively work together to deliver our shared objectives.

My office will be in touch with your office shortly to find a time for us to meet in January if possible.

I look forward to working closely with you this term.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Simon Watts'.

Hon Simon Watts
Minister of Climate Change

CC: Carolyn Tremain, Chief Executive of the Ministry of Business, Innovation and Employment

Audrey Sonerson, Secretary for Transport



14 March 2024

OC240254

Hon Simeon Brown
Minister of Transport

Action required by:
Monday, 18 March 2024

TRANSPORT ERP 2 SLIDE FOR THE FIRST CLIMATE PRIORITIES MINISTERIAL GROUP

Purpose

- Seek your approval of the attached one pager to be included in the papers for the first Climate Priorities Ministerial Group (CPMG) meeting on 26 March 2024.
- For the first meeting the Ministry for the Environment (MfE) has asked each sector to provide a one pager against a set of common headings outlining the direction of each chapter for the second emission reduction plan. Transport's one pager is attached in **Annex 1** for your consideration – this is due with MfE by the end of 18 March 2024.
- As signalled in the weekly report for the week ending 15 March 2024, we will provide you with a meeting briefing next week to support your attendance at CPMG where a wider range of issues will be discussed, including the development of EPR 2.

Recommendations

We recommend you:

- | | | |
|---|---|----------|
| 1 | Agree to provide any feedback on the slide in Annex 1 at the MoT Officials meeting on Monday 18 March. | Yes / No |
| 2 | Approve the slide for inclusion in the papers for the first Climate Priorities Ministerial Group meeting on 26 March 2024. | Yes / No |

Siobhan Routledge
Acting Deputy Chief Executive Policy

..... / /

Hon Simeon Brown
Minister of Transport

..... / /

Minister's office to complete:

- | | |
|--|---|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Seen by Minister | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events | |

Comments

Contacts

Name	Telephone	First contact
Sioban Routledge, Acting Deputy Chief Executive, Policy	s 9(2)(a)	✓
Erin Wynne, Manager, Emissions Reduction Plan		

ANNEX 1 - TRANSPORT ERP 2 SLIDE FOR INCLUSION IN FIRST CLIMATE PRIORITIES MINISTERIALS GROUP

Transport emissions profile and objectives for the second emissions budget (EB2) period

- Transport is responsible for 18 percent of New Zealand's gross greenhouse gas emissions.
- Transport decarbonisation will be driven by electrification of the vehicle fleet. To do this, we need to ensure the infrastructure is in place for their use. Electrification will enable us to benefit from New Zealand's large proportion of renewably generated electricity.
- The transport sector is in a position to make an important contribution to achieving our emissions reduction goals. EB2 will be a crucial time to lay the groundwork for some of the transport sector's harder to abate sectors such as aviation and maritime.

Main opportunities for decarbonising the transport sector include:

- Sending clear price signals across the economy, including transport, through ETS.
- Transitioning the light and heavy vehicle fleets, maritime and aviation to low- and zero-emissions, including by removing regulatory barriers and other market failures that inhibit emissions reduction.
- Improving alternatives to driving (i.e. public transport) as it can also support wider objectives including reducing congestion and improving urban environments.

Main challenges for decarbonising the transport sector include:

- Market conditions, costs, timings, regulatory and technological barriers associated with transitioning to low and zero-emissions fleets.
- Costs and timing of delivery of new transport infrastructure and services.

Key initiatives/policies to be included in the ERP2 consultation for transport

- **Key Pillar:** Electric vehicle charging infrastructure.
- **Supporting Policy:** Aviation and maritime decarbonisation, including low emissions shipping.
- **Supporting Policy:** Clean Car Importer Standard.
- **Supporting Policy:** Public transport.

Any significant risks or issues still to be resolved (e.g., in terms of impact, Treaty implications, CCC advice)

Officials are still working on the following issues with MfE where relevant.

- The abatement opportunities and impacts (economic, environmental, social and distributional) of each key pillar and supporting policy.
- Any Treaty of Waitangi implications.
- Assessment against the Climate Change Commission's advice.
- The relationship between the draft GPS currently out for public consultation and the development of the transport chapter under ERP 2.

PROACTIVELY RELEASED BY
THE MINISTRY OF TRANSPORT TE MANATŪ WAKA

IN CONFIDENCE



20 March 2024

OC240255

Hon Simeon Brown
Minister of Transport

CLIMATE PRIORITIES MINISTERIAL GROUP 25 MARCH 2024 MEETING

Snapshot

To support attendance at the first Climate Priorities Ministerial Group meeting on 25 March 2024. We understand that you will not be able to attend but that one of your officials and Audrey Sonerson will be in attendance.

Time and date	7:30pm – 9:00pm, 25 March 2024
Venue	Ministerial Meeting Room, Level 2 Executive Wing, Parliament Buildings
Attendees	Rt Hon Christopher Luxon – Prime Minister Hon Simon Watts – Minister of Climate Change (Chair) Hon Nicola Willis – Minister of Finance; Associate Minister of Climate Change Hon Chris Bishop – Minister of Infrastructure, Minister Responsible for RMA Reform, Minister of Housing Hon Todd McClay – Minister of Agriculture, Minister of Forestry, Minister for Trade Rt Hon Winston Peters – Minister of Foreign Affairs Hon Mark Mitchell, Minister for Emergency Management and Recovery Hon Tama Potaka – Minister of Conservation, and Māori Crown Relations: Te Arawhiti Hon Penny Simmonds – Minister for the Environment Hon Shane Jones – Minister for Regional Development and Resources Hon Mark Patterson – Minister for Rural Communities
Officials attending	TBC
Agenda	The draft agenda (as of 14 March 2024) is provided at Annex 3 .
Talking points	Suggested talking points are attached at Annex 1 .

Contacts

Name	Telephone	First contact
Erin Wynne, Manager, Emissions Reduction Plan Project Team	s 9(2)(a)	✓

IN CONFIDENCE

CLIMATE PRIORITIES MINISTERIAL GROUP 25 MARCH 2024 MEETING

Key points

- Key agenda items for the first Climate Priorities Ministerial Group (CPMG) include:
 - (Agenda Item 1) Purpose and expectations for group and portfolio Ministers.
 - (Agenda Item 2) Domestic and international targets, goals and obligations for climate mitigation and adaptation.
 - (Agenda Item 3) Key decisions and directions for CPMG in 2024, including for international and domestic climate mitigation.
- A draft agenda (as of 14 March) is provided at **Annex 3**.
- Once we have received the papers for the meeting from the Ministry for the Environment, we will share these with your office.

Agenda Item 1 – The Rt Hon Christopher Luxon will attend the first CPMG to help set expectations for the group

- 1 Key topics of discussion will include noting the Ministerial and portfolio responsibilities that will contribute to successfully delivering the Government's climate change programme and agreeing to the terms of reference for the group (this will be included in the set of papers to be shared with your office).
- 2 It is expected that the group will meet quarterly, with out-of-cycle meetings occurring for specific deliverables if needed.
- 3 The Climate Change Chief Executives Board will provide support to CPMG in the form of providing collective advice, management of agendas, minutes and papers.

Agenda Item 2 – We have domestic and international targets, goals and obligations for climate mitigation and adaptation

- 4 Of note for this meeting include:
 - 4.1 Our international commitments and the first Nationally Determined Contribution (NDC1) that New Zealand has agreed under the Paris Agreement.
 - 4.2 The Climate Change Response Act targets and requirements for mitigation and adaptation. This includes domestic emissions budgets, and tracking towards those requirements to publish emissions reduction plans (ERP) and national adaptation plans (NAP).
 - 4.3 The increasing climate litigation, legal obligations with respect to targets, and good decision-making processes to manage risks of challenge.

- 4.4 The requirements for the second emissions reduction plan (ERP2) to be developed and published in 2024.
- 4.5 The Climate Change Commission's first monitoring and progress reports on the implementation and effectiveness of the Government's ERP (due in July 2024) and NAP (due in August 2024). The Government is required to provide a response to these reports.

Agenda Item 3 – This CPMG will include discussion on our international commitments, including NDC1, and the direction of consultation document for ERP2

s 9(2)(f)(iv)



Domestic mitigation (Agenda Item 3.3)

As you know, public consultation on ERP2 is anticipated to occur in May or June 2024

- 11 The draft agenda includes a recommendation to “agree that in April, Ministers will need to consider draft policies from all relevant portfolios for inclusion in ERP2 consultation, with an ERP2 consultation Cabinet paper to be approved in May”.
- 12 CPMG will provide an opportunity for those Ministers who are less directly engaged with ERP2 to be informed on where the consultation document is heading.
- 13 At the Ministry officials' meeting on 18 March 2024, you provided comment on the one pager outlining the direction of the transport chapter to be included in the CPMG

material (this is set out at **Annex 2**). The key focus for transport is proposed to be electric vehicle charging. The potential abatement impact is currently being worked through via the cost benefit analysis.

- 14 It is expected that the Minister of Climate Change will take the ERP2 consultation document to Cabinet for approval on 20 May 2024. We will provide you with the draft transport chapter for comment in the week ending 28 March 2024.

Climate adaptation (Agenda Item 3.4)

The meeting will also briefly cover the forward work programme for adaptation

- 15 The Ministry for the Environment is working on establishing an adaptation framework to provide a decision-making framework that is fair and minimises the losses from climate change plus the cost of investments in asset protection.
- 16 The draft agenda suggests Ministers note the proposed scope and timeline for the adaptation framework work programme and the opportunities for strategic alignment with other relevant reform programmes.
- 17 As signalled previously [OC231127 refers] the Ministry supports this work but notes that there are resource constraints to contribute to this work within the Ministry given your other priorities.

PROACTIVELY RELEASED BY MANATU WAKA
THE MINISTRY OF TRANSPORT

ANNEX 1: SUGGESTED TALKING POINTS

s 9(2)(f)(iv)

Agenda Item 3.3 Domestic Mitigation

- I agree that in April, Ministers will need to consider draft policies and approaches from all relevant portfolios for inclusion in the ERP2 consultation document.
- This will set us up well to ensure we can take the ERP2 consultation document to Cabinet for approval in May.
- The key pillar in the transport chapter will be electric vehicle charging infrastructure given that transport decarbonisation will be driven by electrification of the vehicle fleet.
- My overall objective is to ensure that regulatory barriers are removed and that there is more certainty for private sector investment to enable emissions reductions across the transport sector.
- Supporting policies in the transport chapter will include:
 - Aviation and maritime decarbonisation – including low emissions shipping.
 - Reducing emissions from the light vehicle fleet over time.
 - Public transport.

ANNEX 2: APPROVED TRANSPORT CONTENT FOR FIRST CABINET PRIORITIES MINISTERIAL GROUP

Transport emissions profile and objectives for the second emissions budget (EB2) period

- Transport is responsible for 18 percent of New Zealand's gross greenhouse gas emissions.
- Transport decarbonisation will be driven by electrification of the vehicle fleet. To do this, we need to ensure the necessary infrastructure is in place, that regulatory barriers are removed, and that there is a more certain environment in place to allow for private sector investment. Electrification will enable us to benefit from New Zealand's large proportion of renewably generated electricity.
- The transport sector is in a position to make an important contribution to achieving our emissions reduction goals. EB2 will be a crucial time to lay the groundwork for some of the transport sector's harder to abate sectors such as aviation and maritime.

Main opportunities for decarbonising the transport sector include:

- Sending clear price signals across the economy, including transport, through the ETS.
- Transitioning the light and heavy vehicle fleets, maritime and aviation to low- and zero-emissions, including by removing regulatory barriers and other market failures that inhibit decarbonisation.
- Improving public transport options particularly in our main centres, as this can also support wider objectives including reducing congestion in our busiest cities and improving urban environments.

Main challenges for decarbonising the transport sector include:

- Market conditions, costs, timings, regulatory and technological barriers associated with transitioning to low and zero-emissions fleets.
- Costs and timing of delivery of new transport infrastructure and services.

Key initiatives/policies to be included in the ERP2 consultation for transport

- **Key Pillar:** Electric vehicle charging infrastructure.
- **Supporting Policy:** Aviation and maritime decarbonisation – including low emissions shipping.
- **Supporting Policy:** Reduce emissions from imported fleet over time.
- **Supporting Policy:** Public transport.

Any significant risks or issues still to be resolved (e.g., in terms of impact, Treaty implications, CCC advice). Officials are still working on the following issues with MfE where relevant:

- The abatement opportunities and impacts (economic, environmental, social and distributional) of each key pillar and supporting policy.
- Any Treaty of Waitangi implications.
- Assessment against the Climate Change Commission's advice.
- The relationship between the draft GPS currently out for public consultation and the development of the transport chapter under ERP 2.

**ANNEX 3: CLIMATE PRIORITIES MINISTERIAL GROUP MEETING
DRAFT AGENDA (AS OF 14 MARCH 2024)**

PROACTIVELY RELEASED BY
THE MINISTRY OF TRANSPORT TE MANATŪ WAKA

Climate Priorities Ministerial Group Meeting

DRAFT AGENDA

Date	25 March 2024	Time	7:30-9:00pm
Venue	TBC		
Attendees (tbc)	<p>Rt Hon Christopher Luxon – Prime Minister</p> <p><i>Core members</i></p> <p>Hon Simon Watts – Minister of Climate Change Hon Nicola Willis – Minister of Finance; Associate Minister of Climate Change Hon Chris Bishop – Minister of Infrastructure, Minister Responsible for RMA Reform, Minister of Housing Hon Simeon Brown – Minister for Energy, Minister of Transport, Minister of Local Government Hon Todd McClay – Minister of Agriculture, Minister of Forestry, Minister for Trade Rt Hon Winston Peters – Minister of Foreign Affairs</p> <p><i>High-interest members</i></p> <p>Hon Mark Mitchell, Minister for Emergency Management and Recovery Hon Tama Potaka, Minister of Conservation, and Maori Crown Relations: Te Arawhiti; Hon Penny Simmonds, Minister for the Environment; Hon Shane Jones, Minister for Regional Development and Resources; Hon Mark Patterson, Minister for Rural Communities.</p>		
Apologies			

Meeting open		
#	Time	Agenda Item
1	10 mins	<p>Purpose and expectations for group and portfolio ministers Lead speaker: Rt Hon Christopher Luxon / Hon Simon Watts</p>
	7:30-7:40pm	<p>Recommendations</p> <p>1.1 Note the Ministerial and portfolio responsibilities that will contribute to successfully delivering the government's climate change programme. 1.2 Agree the terms of reference for the Climate Priorities Ministerial Group.</p> <p>Supporting document:</p> <ul style="list-style-type: none"> Paper 1.1: Establishment of the Climate Priorities Ministerial Group (including terms of reference and RACI with ministerial responsibilities for climate change programme deliverables)
2	5 mins	<p>Domestic and international targets, goals and obligations for climate mitigation and adaptation Lead speaker: Hon Simon Watts</p>
	7:40-7:45pm	<p>Recommendations</p> <p>2.1 Note the international commitments and the first Nationally Determined Contribution (NDC1) that New Zealand has agreed under the Paris Agreement. 2.2 Note the Climate Change Response Act targets and requirements for mitigation and adaptation including, domestic emissions budgets, and tracking towards those and requirements to publish emissions reduction plans (ERP) and national adaptation plans (NAP). 2.3 Note increasing climate litigation, legal obligations with respect to targets, and good decision-making processes to manage risks of challenge. 2.4 Note the requirements for the second emissions reduction plan to be developed and published in 2024.</p>

		<p>2.5 Note the Climate Change Commission is due to produce its first monitoring and progress reports on the implementation and effectiveness of the Government’s ERP (due in July) and NAP (due in August). The Government is required to provide a response to these reports.</p> <p>Supporting document:</p> <ul style="list-style-type: none"> • <i>Paper 2.1: Climate Change Response Act framework and requirements for climate mitigation and adaptation (A3)</i>
3	70 mins	<p>Key decisions and directions for CPMG in 2024</p> <p>Lead speaker: Hon Simon Watts</p>
	<p>7.45-8.30pm</p> <p>8:30-8:45pm</p> <p>8:45-8:55pm</p>	<p>Recommendations</p> <p>3.1 Note the schedule of key decisions and directions that will be brought to CPMG through 2024, across:</p> <ul style="list-style-type: none"> • international mitigation (options for meeting NDC1 and setting NDC2), • domestic mitigation (ERP2), and • adaptation (progressing the framework and directing the Government’s response to the Climate Change Commission’s report on the National Adaptation Plan). <p><i>International mitigation</i></p> <p>3.2 Discuss the recommendations from NDC1 draft Cab paper, including regarding options for additional domestic action and international/offshore mitigation.</p> <p><i>Domestic mitigation</i></p> <p>3.3 Agree that in April, Ministers will need to consider draft policies from all relevant portfolios for inclusion in ERP2 consultation, with an ERP2 consultation Cabinet paper to be approved in May.</p> <p><i>Climate adaptation</i></p> <p>3.4 Note the proposed scope and timeline for the adaptation framework work programme and the opportunities for strategic alignment with other relevant reform programmes.</p> <p>Supporting documents:</p> <ul style="list-style-type: none"> • <i>Paper 3.1: CPMG key decisions and direction for 2024</i> • <i>Paper 3.2: Draft Cabinet paper on Delivering the NDC commitment, and NDC Plan on a Page A3</i> • <i>Paper 3.3: Paper on domestic mitigation and ERP2</i> • <i>Paper 3.4: Delivering an Adaptation Framework – scope and summary timeline A3</i>
4	5 mins	<p>Any other business</p> <p>Lead speaker: Hon Simon Watts</p>
	8:55-9.00pm	<p>Recommendations</p> <p>4.1 Note the appended indicative forward agenda included below for the proposed June/July items.</p> <p>4.2 Note the summary of key findings from the March 2024 Quarterly Progress Report.</p> <p>Papers circulated for noting:</p> <ul style="list-style-type: none"> • <i>Paper 4.1: Indicative forward agenda items for 2024</i> • <i>Paper 4.2: Summary of key findings: Climate Change Chief Executives Board March 2024 progress report</i>
<p>Meeting close</p> <p>Next meeting date: [X June] 2024</p>		

UNCLASSIFIED



27 March 2024

OC240291

Hon Simeon Brown
Minister of Transport

Action required by:
Tuesday, 2 April 2024

TRANSPORT CONTENT FOR THE SECOND EMISSIONS REDUCTION PLAN (ERP2) CONSULTATION DOCUMENT

Purpose

To seek your approval on the transport content for the second Emissions Reduction Plan (ERP2) consultation document.

Key points

- 1 The transport content for the ERP2 consultation document is due to the Ministry for the Environment (MfE) on 5 April 2024, for MfE to consolidate with other content and then proceed through the Cabinet process to allow for public consultation to begin in June.
- 2 Officials have developed the transport content based on your transport priorities and using the consultation document structure designated by MfE.
- 3 On 19 February you indicated that the Clean Car Importers Standard would form a supporting pillar of ERP2. Following your 18 March 2024 meeting with officials, we propose to expand this to encompass reducing emissions from the imported fleet over time and have proposed renaming it "Improving the average emissions of the light and heavy fleets through importers standards". The Clean Car Importers Standard remains the key tool, but this framing would increase your flexibility to consider other initiatives.

Exploratory Content Highlighted

- 4 We have highlighted areas (in yellow) where new material has been introduced for your particular consideration and feedback.
- 5 We are recommending that a section on heavy vehicles is included. Heavy vehicles produce 23% of transport emissions and are unlikely to be directly affected by the existing policy pillars. In its recent advice, the Climate Change Commission recommended this sector be targeted for emissions reductions.
- 6 If agreed, the additional section would consult on removing regulatory barriers to low emissions heavy vehicles to enable industry and business to lead decarbonisation.

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7 s 9(2)(g)(i) 

8 Following your feedback on the draft chapter, we will finalise the content to send to MfE. We will continue working with MBIE colleagues to align and cross-reference our ERP2 content on your vision for transport electrification with the connection between lower emissions transport fuels and energy.

9 Officials will be available to discuss any feedback you have at the officials' meeting on 2 April 2024.

Recommendations

We recommend you:

- 1 **provide** feedback on the chapter on 2 April 2024. Yes / No
- Yes / No

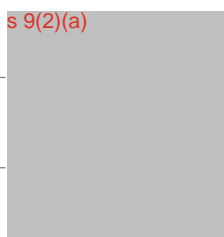
 Siobhan Routledge
Acting Deputy Chief Executive Policy
 / /

 Hon Simeon Brown
Minister of Transport
 / /

- Minister's office to complete:**
- Approved Declined
 - Seen by Minister Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive Policy	s 9(2)(a) 	✓
Erin Wynne, Manager, Emissions Reduction Plan 2 Development		
Sydney Van Nortwick, Advisor, Emissions Reduction Plan 2 Development		

ANNEX 1

s 9(2)(g)(i)

PROACTIVELY RELEASED BY
THE MINISTRY OF TRANSPORT TE MANATŪ WAKA

IN CONFIDENCE



17 April 2024

OC240171

Hon Simeon Brown
Minister of Transport

Action required by:
Tuesday, 23 April 2024

TRANSPORT ACTIONS IN THE FIRST EMISSIONS REDUCTION PLAN (ERP1) AND FIRST NATIONAL ADAPTATION PLAN (NAP1)

Purpose

The Minister of Climate Change intends to invite Cabinet to note the discontinuation of some ERP1 and NAP1 actions. This process will note actions where work has stopped, rather than where actions continue in a modified form more consistent with the Government's approach to climate change.

s 9(2)(h)

The Minister of Climate Change is currently seeking discontinued actions to include in this process. The Cabinet paper with a consolidated list of discontinued actions is planned to undergo ministerial consultation from 3 May to 13 May 2024. It is planned to be lodged on 23 May 2024.

Key points

- Officials have identified four actions that could be included in the Minister of Climate Change's paper s 9(2)(h). Three of these actions relate to the GPS, which is currently being finalised post-public consultation. Finalising the GPS and this Cabinet paper process will largely proceed in parallel.
- s 9(2)(h). The final decision on whether to keep them in that process could be made as the GPS is finalised.
- The fourth action is a national mode shift plan to be developed by NZTA. You have already asked councils to stop preparing the regional mode shift plans that would have sat alongside the national plan.
- These four actions were not modelled during the preparation of ERP1. The Ministry of Transport (the Ministry) considers that these actions are unlikely to have a material impact on achieving the first emissions budget. While it is possible they may have impacted the second emissions budget, the Government will set out its approach to that budget period in the second ERP.

IN CONFIDENCE

s 9(2)(f)(iv)

Recommendations

We recommend you:

- 1 **note** the Ministry of Transport has identified four transport actions in the first Emissions Reduction Plan (ERP1) that could be included in the Cabinet paper being prepared by the Minister of Climate Change to s 9(2)(h)
- 2 **note** that the final decision on whether to keep them in that process could be made as the GPS is finalised.
- 3 **agree** that these actions should be included in that process at this stage:
 - a) Require new investments for transport projects to demonstrate how they will contribute to emissions-reduction objectives and set a high threshold for approving new investments for any transport projects if they are inconsistent with emissions-reduction objectives. Yes / No
 - b) Establish a high threshold for new investments to expand roads, including new highway projects, if the expansion is inconsistent with emissions-related objectives. Yes / No
 - c) Revise NZTA's national mode shift plan (Keeping Cities Moving) to ensure nationally led activities align with the pace and scale of VKT reduction and mode-shift required in urban areas. Yes / No
 - d) Ensure the next Government Policy Statement on Land Transport guides investment consistent with the emissions reduction plan. Yes / No
- 4 **note** that no transport actions in the National Adaptation Plan have been nominated for being included in this paper.
- 5 **note** that officials will advise the Ministry for the Environment, which is preparing the paper, of your decisions by 24 April 2024.

Siobhan Routledge

Siobhan Routledge
Deputy Chief Executive (Acting), Policy Group

..... / /

Hon Simeon Brown
Minister of Transport

..... / /

- Minister's office to complete:**
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Deputy Chief Executive (Acting), Policy Group	s 9(2)(a)	✓
Erin Wynne, Manager, ERP2 Development		

PROACTIVELY RELEASED BY
THE MINISTRY OF TRANSPORT TE MANATŪ WAKA

TRANSPORT ACTIONS IN FIRST EMISSIONS REDUCTION PLAN (ERP1) AND FIRST NATIONAL ADAPTATION PLAN (NAP1)

You have an opportunity to include some transport actions in a Cabinet paper being prepared by the Minister of Climate Change

- 1 The Minister of Climate Change intends for Cabinet to note some discontinued actions from ERP1 and NAP1. This process is intended to capture actions that have already been halted but where this decision has not been documented. It is not intended to capture actions that are continuing in a modified form more consistent with the Government’s climate priorities and approach to decarbonisation.
- 2 Officials have identified four actions for inclusion, based on previous discussions with you. Three of these actions relate to the Government Policy Statement on Land Transport (GPS-LT) and the fourth is to revise NZTA’s national mode shift plan. **Table 1** notes each action and provides context on the work that has been discontinued. No transport actions from NAP1 have been nominated for inclusion in this Cabinet paper, as these were framed at a general level only.

s 9(2)(h)



Table 1: Transport actions proposed to be included in the Cabinet paper

ERP action #	Title and description	Ministry of Transport (the Ministry) comment
1.1.6	Require new investments for transport projects to demonstrate how they will contribute to emissions-reduction objectives and set a high threshold for approving new investments for any transport projects if they are	The Government issued a draft GPS-LT for public consultation between 4 March and 2 April 2024. Ministry officials have provided you with a briefing summarising the key themes from submissions

	inconsistent with emissions-reduction objectives.	(OC240306 refers) and are now preparing advice to you on potential changes to the GPS-LT.
1.4	Establish a high threshold for new investments to expand roads, including new highway projects, if the expansion is inconsistent with emissions-related objectives.	The draft GPS-LT did not include emissions reduction as a Strategic Priority. It noted: <i>Following the general election and a change of government in late 2023, the intended emissions reduction policies foreshadowed by the previous Government are being reassessed. For this reason, GPS 2024 has not undertaken the alignment exercise as anticipated in ERP1.</i>
4.1	Ensure the next Government Policy Statement on Land Transport (GPS-LT) guides investment consistent with the emissions reduction plan.	The draft GPS-LT also did not include the two 'high threshold' requirements as part of its guidance. Noting that decisions are still to be taken on the final content of the GPS-LT, and there will be ministerial consultation on the consolidated list of actions included in the Minister for Climate Change's paper, we seek your direction on whether you wish these actions to now be included in the Minister of Climate Change's Cabinet paper at this stage. There will be subsequent ministerial consultation on the Minister of Climate Change's paper and a final decision on whether to keep them in that process could be made as the GPS is finalised. These three actions were not modelled for emissions reduction and so no specific impact was attributed to meeting emission budgets. While they may have impacted the second emissions budget, the Government will set out its approach to that budget period in the second ERP.
1.2a.2	Revise NZTA's national mode shift plan (Keeping Cities Moving) to ensure nationally led activities align with the pace and scale of [vehicle-kilometres-travelled] VKT reduction and mode-shift required in urban areas	This was one of three parts of the action to "Design programmes to reduce total light fleet VKT in our largest cities". The Government has previously discontinued the two other parts to develop VKT reduction programmes and targets for New Zealand's major urban areas. This action was not modelled for emission reductions as the action did not set specific enough parameters for that exercise. Ending this action is not expected to have a material impact on the ability to achieve the first emissions budget although it may have impacted the second emissions budget period.

The impact of these actions was not modelled and they are not expected to materially impact achieving the first emissions budget

5 The actions in **Table 1** were not modelled for their impact on emissions reductions. The impact was either indirect as it was targeted at changing the overall system or

the action was not sufficiently developed to include parameters that could be modelled. Given this, ending these actions is not expected to have a material impact on the ability to achieve the first emissions budget.

- 6 These actions were designed as enabling actions to influence the second emissions budget and beyond. Discontinuing these actions may have had an impact on meeting those budgets, however, the Government has the opportunity through the second ERP to set out the approach to achieving the second emissions budget.

Next steps

- 7 Following your decision on the actions to include in this process, Ministry officials will provide input to the Cabinet paper seeking to note discontinued ERP1 actions.
- 8 Ministerial consultation on the Cabinet paper will take place from 3 May to 13 May 2024. The Cabinet paper will be lodged on 23 May 2024.

s 9(2)(f)(iv)

PROACTIVELY RELEASED BY
THE MINISTRY OF TRANSPORT TE MANATU WAKA

IN CONFIDENCE



29 May 2024

Hon. Simeon Brown

Minister for Transport

AIDE MEMOIRE: UPDATED ERP2 TRANSPORT MATERIALS

To: Hon. Simeon Brown, Minister of Transport

From: Siobhan Routledge, Acting Deputy Chief Executive, Policy Group
and Erin Wynne, Manager ERP2 Development

Date: 29 May 2024

OC Number: OC240566

Purpose

- 1 To provide revised transport materials for the Emissions Reduction Plan 2 for your consideration and approval.

We have revised the transport materials for Emissions Reduction Plan 2

- 2 On 30 April 2024, you approved the draft transport content for the Emissions Reduction Plan 2. Since then, officials have updated the transport materials with revisions as part of streamlining the discussion document across government agencies. Some content has been moved to a Supplementary Materials document.
- 3 These documents are attached and have been marked up with drafting notes in red, and changes in grey, to make it clear where edits are proposed. The attachments are:
 - Annex 1: Revised transport chapter for ERP2 Discussion document
 - Annex 2: Transport excerpts from the 'Supporting materials for consultation'.

s 9(2)(h)

- 6 Final revised material will be needed by 6 June 2024 so that consolidated documents can be lodged on 13 June for Cabinet consideration the following week.

IN CONFIDENCE

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive, Policy Group	s 9(2)(a)	
Erin Wynne, Manager, Emissions Reduction Plan 2 Development		✓

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THE MINISTRY OF TRANSPORT TE MANATŪ WAKA

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21 June 2024

OC240681

Hon Simeon Brown
Minister of Transport

Action required by:
Monday, 24 June 2024

MINISTER OF CLIMATE CHANGE MEETING ON THE ERP2 CABINET PAPER AND DISCUSSION DOCUMENT

Purpose

To provide background for your meeting with the Minister of Climate Change on Monday 24 June 2024 at 9.00am. This briefing covers your Transport and Energy portfolios, with input from the Ministry of Business, Innovation and Employment (MBIE).

Key points

- Ministerial consultation began on Thursday 20 June on a Cabinet paper to approve public consultation on the Emissions Reduction Plan 2 (ERP2). Officials recommend you support consultation commencing to enable completion of ERP2 by the end of the year.
- The Minister of Climate Change may want to discuss some policy content related to transport and energy. There may be an opportunity to develop content for the final ERP2 but officials recommend against adding any new policies at this stage as it could delay the public consultation commencing.

Recommendations

We recommend you:

- | | | |
|---|---|----------|
| 1 | approve the transport material provided to you in the Weekly Report of 10 June 2024 (and attached as Annex 1). | Yes / No |
| 2 | note the ERP2 discussion document contains modelling projections from the Ministry for the Environment to support analysis of the sufficiency of ERP2, including on transport and energy policies. | Yes / No |
| 3 | note the MoT caveat on the MfE's modelling in paragraph 7 and the MBIE caveats on the MfE's modelling in paragraphs 11 and 12. | Yes / No |
| 4 | note the ERP2 discussion document will include a list of discontinued actions from ERP1, including several related to transport and energy. | Yes / No |

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5 **discuss** with the Minister for Climate Change the policy areas he has shown interest in (such as hydrogen and sustainable aviation fuels). Yes / No

Siobhan Routledge

Siobhan Routledge
Acting Deputy Chief Executive,
Policy Group

21 / 06 / 2024

Hon Simeon Brown
Minister of Transport

..... / /

- Minister's office to complete:**
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive, Policy Group	s 9(2)(a)	
Erin Wynne, Manager, Emissions Reduction Plan 2 Development		✓

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MINISTER OF CLIMATE CHANGE MEETING ON THE ERP2 CABINET PAPER AND DISCUSSION DOCUMENT

Ministerial consultation on the ERP2 Cabinet paper has begun

- 1 The Minister of Climate Change began ministerial consultation on a Cabinet paper seeking to start public consultation on ERP2 on 20 June 2024. Public consultation is proposed for 11 July to 15 August 2024.
- 2 The ERP2 discussion document contains the transport material you approved on 29 May 2024, with the additional content provided to your office in the Weekly Report of 10 June 2024 (included in Annex 1). It also contains the energy content Energy officials sent your office on 29 May with the minor changes provided to your office in the Weekly Report of 14 June.
- 3 The Climate Change Response Act (CCRA) requires ERP2 to be published by the end of 2024. Delaying public consultation would make it more challenging to publish a final ERP2 by the end of the year. Officials recommend you support public consultation on the discussion document as set out in the Cabinet paper.

Modelling of the ERP2 discussion document content

- 4 To support an assessment of whether the ERP2 is sufficient to achieve Emissions Budget 2 (EB2), the discussion document includes modelling by the Ministry for the Environment on some of the policies being consulted on, where they can be quantified. Overall, MfE's modelling (ENZ) projects net emissions for EB2 to be between 283-319 Mt with a central scenario of 301 Mt. This is better than the EB2 budget of 305 Mt.
- 5 MfE's projections will be refined during the year, especially once decisions are taken on ETS limits and price control settings. These final decisions will have an impact on whether and how EB2 will be achieved, including the balance between gross reductions and removals. Decisions will also influence the ETS price, which will determine what abatement is economic within different sectors, including transport and energy.

Modelling of transport sector emissions and policies

- 6 Overall, the MfE modelling shows the transport sector contributing 1 Mt of gross emissions reductions for EB2. This includes changes to the transport baseline independent of Government policy.
- 7 MoT notes that the MfE modelled emissions estimates of the transport baseline and initiatives are subject to a high level of uncertainty. This reflects uncertainties about people behaviours (e.g. EV uptake and use of public transport and other modes) and the exact details/settings of the initiatives as well as limitations in our understanding of their impacts on emissions. These interim estimates should be expected to change as policies are developed, and the projections and policy impacts modelling is refined. In addition, the interim estimates have not considered any funding implications. A caveat to this effect has been provided to MfE.

- 8 The three transport policies modelled were EV charging, changes to Clean Car Importer Standard (CCS), and public transport investments. The modelled emissions impact of these policies is small, but this is consistent with the Government's ETS-led approach to emissions reductions.
- 9 Of note, MfE's modelling of the CCS changes show it increases emissions of 0.2 Mt CO₂-e during EB2 and by 0.8 Mt CO₂-e during EB3. This differs from MoT's modelling. You have requested further advice on the emissions impact to inform your Cabinet paper on the CCS, which will be with you the week of 24 June 2024. MoT officials will continue to work with MfE to align the underlying assumptions on the impact of the CCS. The broader point however is that all models are subject to high degrees of uncertainty and the numbers are small, meaning that the net impact on our emissions budgets out to 2050 is very small and unlikely to be material.

Table 1: MfE modelling of the emissions impact of proposed transport policies

Proposed policy	How will this policy help meet the second emissions budget?	Interim projected policy impact for EB2 (2026-2030)
Target 10,000 electrical vehicle chargers by 2030	Facilitate private investment in EV charging infrastructure, and review government co-investment approach to ensure it is fit for purpose and targeted to the area where market barriers exist.	Reduces gross emissions by 0.01 Mt CO ₂ -e
Changes to clean car emissions standards	Review light vehicle importers standards to improve average emissions of the light vehicle fleet.	Increases gross emissions by 0.2 Mt CO ₂ -e
Better public transport	A rapid transit network for Auckland, with public transport corridors in the North West, Airport to Botany, and completion of the Eastern Busway; improvements to increase capacity and reliability on Lower North Island train services for passengers and freight.	Reduces gross emissions by 0.1 Mt CO ₂ -e

Modelling of energy sector emissions and policies

- 10 Overall, the modelling shows emissions from the energy sector are expected to trend down around 15 Mt CO₂-e over EB2. This includes changes to the energy baseline independent of Government policy. The consultation document includes modelling for two energy sector policies: Electrify NZ and investigating a regulatory regime for carbon capture, utilisation, and storage (CCUS). In aggregate, these policies are modelled to reduce gross emissions by 1.4 Mt CO₂-e. This is primarily due to the proposed CCUS policy.

NOTE: This was a typo and should read '0.1'

- 11 The emissions reductions attributed directly to Electrify NZ are 0.01 Mt in EB2. This is consistent with the Government's ETS-led approach to emissions reductions. The ETS is assumed to be a key driver of energy emissions reductions in EB2 and additional policies like Electrify NZ remove consenting barriers. While increased uptake of renewable energy generation will reduce emissions, the main determinant of market decisions to new renewable generation and network infrastructure is forecast demand.
- 12 The estimated emissions impact of CCUS come from a draft climate impacts of policy assessment (CIPA). The CIPA figures are not integrated with the wider ENZ model, and the way this interacts with total net emissions and the ETS will not be clear until consultation on ETS limits and price control settings is complete.

NOTE: This was a typo and should read '0.1'

Table 2: MfE modelling of the emissions impact of proposed energy policies

Proposed policy	How will this policy help meet the second emissions budget?	Interim projected policy impact for EB2 (2026-2030)
Electrify New Zealand – reduce consenting burden and double renewable energy	Faster and cheaper consents for renewable electricity generation will support greater investment in renewable electricity capacity and grid infrastructure, which will help achieve the objective of doubling renewable energy generation.	Reduces gross emissions by 0.01 Mt CO ₂ -e
Investigate carbon capture, utilisation, and storage (CCUS)	Reduce barriers to carbon capture, utilisation, and storage (CCUS), including establishing a monitoring and liability regime and exploring ETS treatment of CCUS.	Reduces gross emissions by 1.4 Mt CO ₂ e

We understand the Minister of Climate Change may want to discuss ERP2 policy content related to hydrogen and sustainable aviation fuels (SAF).

- 13 We do not expect meaningful emissions reductions from hydrogen or SAF before 2030 (i.e. in EB2) without additional policy support, because they are not likely to be economic solutions at current ETS prices.
- 14 The current energy chapter talks about the approach the Government is taking to enabling hydrogen and SAF. You are developing a Hydrogen Roadmap, focused on enabling private investment through reducing regulatory barriers. Additional detail has been put into this section of the energy chapter, s.9(2)(f)(iv)
- 15 The transport chapter already includes two proposals related to heavy vehicles that would benefit hydrogen fuelled trucks:
- 15.1 Review Vehicle Dimension and Mass rules to identify and remove unnecessary barriers to zero emissions heavy vehicles
- 15.2 Providing grants to support organisations to purchase low emissions heavy vehicles or to convert heavy vehicles to low emissions technology.
- 16 Sustainable aviation fuel (SAF) is discussed in both the energy and the transport chapters, including an action to work with other like-minded countries to support the supply and uptake of SAF. MoT and MBIE officials are preparing a joint briefing for you on advice on sustainable aviation fuel for New Zealand, due before the end of June 2024.
- 17 Should you wish, there will be opportunities to develop further content on SAF or hydrogen for the final ERP2. Additional content could be added following your consideration of the joint briefing on SAF, and to reflect input received during the public consultation.

Additional policy content

- 18 We understand that the Minister of Climate Change may also want to discuss policy areas that he provided feedback on in the draft ERP2 Discussion Document ahead of

Ministerial consultation. Specifically, he asked for officials to explore new policies in the following areas:

- 18.1 *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.
- 18.2 *Feed-in-tariffs (FiT) for rooftop solar and battery systems*: Further innovation in tariff design (such as feed-in-tariffs (FiT) for rooftop solar and battery systems) and wider tariff innovations that could enhance uptake of household battery systems and encourage businesses and households to change how and when they use electricity. This will include work led by the Electricity Authority. Additional detail has been put into the chapter in relation to measures that could support a smart electricity system.

s 9(2)(f)(iv)

Discontinued actions from ERP1

- 19 The Cabinet paper will also seek Cabinet to note that work has stopped on some ERP1 actions, including transport and energy policies that you have previously directed be discontinued (See Annex 2).¹ This list will be included in the ERP2 Discussion document.
- 20 For any future decisions to discontinue or rescope remaining actions, there will be an opportunity to note these as part of the Government's October response to the Climate Change Commission's ERP1 report. This could include, for example, rescoping "Action 10.1.2 – Implement the Tackling Unsafe Speeds programme to ensure safer speed limits around schools" – depending on the outcome of public consultation on the Land Transport Rule: Setting of Speed Limits Rule 2024. s 9(2)(f)(iv)

Next steps

- 21 The next steps for the ERP are as set out in the table below.

Expected Timeline for the release of ERP2 Discussion Document	
Ministerial Consultation begins	20 June 2024
Cabinet Business Committee	1 July 2024
Public consultation	Commences 11 July 2024

¹ For example, briefing OC240171

ANNEX 2: ERP1 TRANSPORT AND ENERGY SECTOR ACTIONS TO BE NOTED AS DISCONTINUED IN THE ERP2 DISCUSSION DOCUMENT

ERP1 Actions discontinued by the previous government	
10.1.2 Support initiatives to increase the uptake of e-bikes	Transport
10.2.2 Support social leasing schemes to make access to cleaner vehicles affordable for low-income households	Transport
10.2.2 Implement an equity-oriented vehicle scrap-and-replace scheme to make cleaner vehicles and low-emissions alternatives affordable for low-income households	Transport
10.2.2 Investigate whether further targeted support is required to make low-emissions vehicles more accessible and affordable for other disadvantaged groups and communities	Transport
10.3.5 Implement the Sustainable Biofuels Obligation	Transport / Energy
ERP1 Actions discontinued by this government	
10.2.1 Continue to incentivise the uptake of low- and zero-emissions vehicles through the Clean Vehicle Discount scheme and consider the future of the Road User Charge exemption for light vehicles beyond 2024	Transport
10.2.1 Establish whether the Clean Vehicle Discount can be extended to other vehicle classes	Transport
11.1.1 Provide rebates for energy efficient equipment	Energy
11.2.2 Investigate options for dry-year electricity storage through the New Zealand Battery Project	Energy
11.4.1 Set an action plan for decarbonising the industrial sector	Energy
11.4.1 Continue the roll out of the Government Investment in Decarbonising Industry (GIDI) fund	Energy
11.4.1 Fund further decarbonisation of industry and heat through expansion of the GIDI	Energy
11.4.1 Provide grant funding for commercial space and water heating and high efficiency electrical equipment	Energy
Discontinued ERP1 actions still to be noted by Cabinet	
10.1.1.6 Require new investments for transport projects to demonstrate how they will contribute to emissions-reduction objectives and set a high threshold for approving new investments for any transport projects if they are inconsistent with emissions-reduction objectives	Transport
10.1.2 Set sub-national VKT reduction targets for Aotearoa New Zealand's major urban areas (Tiers 1 and 2)	Transport

10.1.2	Develop VKT reduction programmes for Aotearoa New Zealand's major urban areas (Tiers 1 and 2) in partnership with local government, Māori and community representatives	Transport
10.1.4	Establish a high threshold for new investments to expand roads, including new highway projects, if the expansion is inconsistent with emissions-related objectives	Transport
10.1.2	Revise Waka Kotahi's national mode shift plan (keeping cities moving) to ensure nationally led activities align with the pace and scale of VKT reduction and mode-shift required in urban areas	Transport
10.4.1	Ensure the next Government Policy Statement on Land Transport (GPS-LT) guides investment consistent with the emissions reduction plan	Transport
11.2.2	Ban new fossil-fuel baseload generation	Energy
11.3.1	Manage the phase out of fossil gas. Develop a gas transition plan	Energy
11.4.1.a	Develop a mandatory energy and emissions reporting scheme	Energy
11.5.1	Monitor progress towards the aspirational renewable electricity target	Energy

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3 July 2024

OC240750

Hon Simeon Brown
Minister of Transport

MEETING WITH JO HENDY, CLIMATE CHANGE COMMISSION CHIEF EXECUTIVE

Snapshot

You are meeting with Jo Hendy, Chief Executive of the Climate Change Commission. She is likely to highlight the Commission's previous advice on ERP2, and its upcoming advice including on monitoring progress on Emissions Budget 1 and whether emissions from international aviation and shipping should be included in the 2050 target.

This briefing covers your Transport and Energy portfolios, with input from the Ministry of Business, Innovation and Employment (MBIE).

Time and date	10.00-10.30am, 4 July 2024
Venue	Microsoft Teams
Attendees	Jo Hendy, Chief Executive, Climate Change Commission
Officials attending	Erin Wynne, Manager ERP2 Development
Agenda	Introductory discussion – no specific agenda provided
Talking points	See Annex 1

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive, Policy	s 9(2)(a)	
Erin Wynne, Manager ERP2 Development		✓

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MEETING WITH JO HENDY, CLIMATE CHANGE COMMISSION CHIEF EXECUTIVE

Key points

- Jo Hendy, the Chief Executive of the Climate Change Commission, is likely to raise areas of the Commission's advice that apply to the transport and energy sectors.

Jo Hendy is likely to raise several pieces of Commission advice

The Commission's Emissions Budget 1 (EB1) monitoring report will be released this month

- 1 The Commission's first report on progress towards meeting an emissions budget and the 2050 target will be released later this month. The timing for the release of the report is 25 July 2024, which is shortly after the expected start of ERP 2 public consultation on 16 July 2024 (This date is not yet public). The report is likely to discuss actual and projected emissions for achieving EB1 and may comment on ERP1 policies, including those now discontinued.
- 2 The Government's current central estimate of national emissions is below the EB1 limit, noting the caveat that there are uncertainties in the modelling.

The Commission gave advice on the second Emissions Reduction Plan (ERP2)

- 3 The Cabinet Business Committee has approved public consultation on ERP2. This is likely to be confirmed by Cabinet on Monday 8 July 2024. The ERP2 discussion document will set out the Government's approach to achieving emissions budgets with a market-led approach that delivers a least-cost transition.
- 4 The final ERP2 is the formal vehicle for the Government to respond to the Commission's December 2023 advice.
- 5 The Commission gave advice on the direction of policy for ERP2 in December 2023, including relating to transport and energy. Its advice was predicated on driving substantial gross reductions (although still alongside significant removals) and achieving sectoral emission reductions targets.
- 6 Within this context, there were four recommendations for transport. Officials discussed this advice with you during your officials meeting on 19 February 2024. The transport proposals in the ERP2 reflect the Government's approach to achieving emissions, so there are areas of concordance (for example, scaling up on EV charging) and some areas of divergence (for example, focusing more on electrifying transport than reducing vehicle-kilometres travelled).

Energy-related recommendations

- 7 Regarding the energy sector, the Commission advised that:
 - For EB2, the fastest and most substantial emissions reductions are possible in electricity and heat production, through new renewable generation and moving away from coal and fossil gas heating.

- Electrification is key for decarbonisation, and the system must be able to deliver secure, affordable, and low emissions electricity. Renewable electricity generation build therefore needs to scale up quickly.
 - The consenting system can enable a fast-paced and sustained build of renewable generation, but stronger direction is needed to remove barriers to building new renewable generation or re-consenting existing generation. Improving grid resilience has also become increasingly urgent.
- 8 You may wish to acknowledge areas where the Government's approach aligns with the Commission's advice, including on accelerating renewable energy development and rapidly scaling up electric vehicle charging infrastructure.
- 9 The Government's approach differs from the Commission's ERP2 policy advice on several energy recommendations:
- Preventing the installation of fossil gas infrastructure and connections in buildings except where there are no technically viable low emissions alternatives
 - Accelerating comprehensive retrofits to deliver healthy, resilient, low emissions buildings
 - Accelerating the decarbonisation of process heat and pursue opportunities to reduce emissions across other industrial sectors.
- 10 If asked about these topics, you may wish to indicate that the Government is committed to a least-cost transition that does not come at the expense of outcomes like energy security.

The Commission has consulted on emissions from international aviation and shipping

- 11 Earlier this year, the Climate Change Commission consulted on whether emissions from international aviation and shipping should be included in the 2050 target. The Commission's final advice will be delivered to the Minister of Climate Change and published before 31 December 2024.
- 12 The Commission did not include a draft recommendation in its consultation. Its early finding was that an approach 'combining strong international and domestic action' is likely to be in New Zealand's best interests, and to result in the greatest reductions of international shipping and aviation emissions.
- 13 The ERP2 Discussion document contemplates working with international partners to understand the barriers to decarbonising shipping and aviation but officials have not considered the specific question of whether these emissions should be included in the 2050 target. The Minister of Climate Change is required to respond to the Commission's advice within 12 months (so before the end of 2025).
- 14 The Commission also consulted on setting the 4th Emissions Budget, and whether the 2050 target should be amended. While decisions on these matters would affect transport and energy, the Minister of Climate Change is responsible for responding to this advice. We will also provide you with advice on these sectors to inform the Ministry for the Environment's (MfE) advice to the Minister of Climate Change.

Biography

Jo Hendy, Chief Executive of the Climate Change Commission



Jo Hendy is the inaugural Chief Executive of the Climate Change Commission. She previously led the Secretariat of the Interim Climate Change Committee and oversaw the Committee's inquiry into renewable electricity. Hendy was previously Director of Research and Analysis for the Parliamentary Commissioner for the Environment.

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Annex 1: Talking Points

MEETING WITH JO HENDY, CLIMATE CHANGE COMMISSION CHIEF EXECUTIVE

The Commission's Emissions Budget 1 (EB1) monitoring report will be released this month

- The Government's current modelling has New Zealand on track to achieve EB1. There is always a degree of uncertainty with modelling so we will watch this closely.

Public consultation on the Emissions Reduction Plan 2

- I acknowledge the extensive work the Commission has done to advise on our Emissions Reduction Plan. We will soon be consulting on the Government's approach to ERP2.
- The Government has been clear that it is taking a different approach to addressing New Zealand's emissions. The ETS will be front and centre as the critical tool to helping us achieve our targets.
- You can expect to see the ERP2 transport and energy chapters focus more on enabling investment and removing regulatory barriers.
- The final ERP2, due to be published by the end of 2024, will represent the Government's formal response to your advice.
- I note the Government's approach aligns with recommendations such as accelerating renewable electricity generation and rapidly scaling electric vehicle charging infrastructure. These are priorities that we have already set in motion.
- [If asked about areas of non-alignment] I acknowledge we won't align on all matters. The Government is committed to a least-cost transition that does not come at the expense of outcomes like energy security and mobility.

Emissions from international aviation and shipping

- Aviation and shipping are both critical for connecting New Zealanders with the world and ensuring our exports reach international markets.
- The Government's response to advice will need to ensure our economy remains robust and productive.