



A comparison of the Emission Reduction Plan Discussion Document vs BusNZ/BEC advice

15th October 2021

Taxonomy

The following slides use the taxonomy below to summarise how the Government's advice compares to the BusinessNZ and BusinessNZ Energy Council position, as outlined in our submission:

- ✓ – the changes align with our stated position
- ~ – the changes align with our stated position only partially
- X – the changes do not align with our stated position

Carbon Budgets – CCC v ERP

Table 1: The Commission’s recommended budgets for 2022–25, 2026–30, 2031–35 (Mt CO_{2e})¹

Budget period	2022–25	2026–30	2031–35
All gases, net (AR5) ²	290	312	253
Annual average	72.4	62.4	50.6

Table 2: The Government’s proposed budgets for 2022–25, 2026–30, 2031–35 (Mt CO_{2e})

Budget period	2022–25	2026–30	2031–35
All gases, net (AR5) ²	292	307	242
Annual average	73.0	61.4	48.4

- The differences here are minor, but do reflect a notion that the Government expects and will encourage a more hockey-stick approach to emissions reduction.

Role of the ETS

Our advice	Climate Change Commission Advice	Emissions Reductions Plan	
The ETS should be the primary method of emissions reduction in New Zealand.	The Commission believes that the ETS must sit alongside a range of other policies for targets to be met.	Government acknowledges the NZ ETS is a key mechanism to reduce emissions across sectors.	✓
Alternative policy instruments should have a clearly articulated net-positive benefit.	It is difficult to make a blanket statement regarding the range of policy levers proposed. There are a range of measures and naturally varying degrees of backing. These will be specifically unpacked.	Same as Commission advice.	~

Gov-Business Partnership

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reductions Plan	
Advice must be framed as more of a partnership between business and government than in the draft advice.	This has been emphasised by the Commission at various stages of the report. [12.3.4 in particular].	The tone of the document has this partnership as a focus, with a notable interest paid to Māori.	✓
An additional principle should be included to formalise and acknowledge this.	This was not explicitly included but is implied by the content of the report.	N/A.	~

National Energy Strategy

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reductions Plan	
There should be a strategy (or at the least a commitment to creating one) which focusses on decarbonising all sectors, developed in conjunction with business.	It is recommended that such a strategy be developed by Government, working with those involved in the energy sector.	The Ministry sees the development of such a strategy as important.	✓
Business should be provided with clarity on the expected role of low carbon and clean alternative fuels.	There is no advice of substance in the report. Technological developments will likely drive policy in this area.	Nothing of substance in this area.	✗

Renewable Energy Target

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reduction Plan	
Restate the cost of pursuing the 100% renewable electricity target so it can be seen in context. Leave this target as 'aspirational'.	The Commission affirmed this. It further stated that the Government should consider replacing this target with an aim of achieving 95-98% renewable electricity by 2030.	Investigation on feasibility of reaching 100% renewable electricity. Tone has shifted for 100% to be 'aspirational'. It will be reviewed 2025.	✓
Ensure that proposed policy is able to deliver security of supply. This must be achieved in a cost-effective manner	It was acknowledged that this is a real risk as the result of our shifting towards renewables. Costs on business and individuals is mentioned.	The advice of the Commission is taken. Security is not a contentious issue.	✓
The Commission should explicitly acknowledge the role that fossil fuels may have as a back-up.	Through its modelling, the Commission implicitly acknowledges the presence of this role.	Similar to the Commission, this is implicitly acknowledged.	✓

Energy TIMES Model

Kea	Tūi	Emissions Reduction Plan
96% renewable electricity by 2030 (carbon price NZD 120).	96% renewable electricity by 2030 (carbon price NZD 60).	100% renewable electricity by 2030 (aspirational)
48% renewable electricity by 2035 (carbon price NZD 120) .	45% renewable energy by 2035 (carbon price NZD 60).	Government seeks advice on renewable energy target (Commission suggested 50% by 2035)
Energy (including transport and industry) emission fall by 33% until 2030	Energy (including transport and industry) emission fall by 20% until 2030	N.A.

- The above shows a comparison of the TIMES-NZ 2.0 model results and ERP suggestions. See <https://times.bec.org.nz/> for more information

Repurposing Infrastructure

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reductions Plan	
Remove consideration of banning new gas connections as this could lead to stranded assets.	The Commission still considers this to be a viable option.	Further submissions on this issue have been requested. It is presented as a viable option.	X
The Commission should recognise the important role that gas infrastructure and appliances will have in utilising alternative fuels.	It has been recommended that the role of pipeline infrastructure be a focus of the proposed energy strategy to be developed by the Government.	It is not explicitly stated, but talk of the use of hydrogen and other biofuels would naturally have to leverage off existing infrastructure, at least in the short-term.	~

Transport Network

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reductions Plan	
<p>Research must be undertaken to ensure that the measures designed to shift demand or choices are effective.</p>	<p>There is an implicit need for research in the development of plans, but nothing explicit in regards to the proposed changes.</p>	<p>Same as Commission advice.</p>	<p>~</p>
<p>The development of a mobility strategy must provide clarity on the timelines over which lower-carbon options are introduced.</p>	<p>Emissions reduction from the transport network must happen regardless of technological availability.</p>	<p>Follows Commission advice.</p>	<p>X</p>
<p>There should be a shift from supply-side interventions to actions which drive a demand response.</p>	<p>Lowering the cost of public transport is one of the policy levers available. Further funds should be allocated to public transport infrastructure.</p>	<p>There are a variety of policy levers which will be enacted. These will be a mix of supply and demand side interventions.</p>	<p>~</p>

Electric Vehicle Uptake

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reduction Plan	
<p>Commission recommendations need to align policy with how we might overcome EV supply challenges</p>	<p>The Commission considers this issue and proposes that rolling out ‘more conventional hybrids’ in the interim could still achieve emissions budgets.</p>	<p>Suggests looking to bulk procurement of EVs. General need to work with industry on supply issues is acknowledged.</p>	<p>✓</p>
<p>An emissions standard for vehicles should be introduced.</p>	<p>*Recent Government ‘feebate’ scheme covers this.</p>	<p>See the ‘Clean Car Standard’ and other other measures.</p>	<p>~</p>
<p>There should be note made of the need for collaboration between the public and private sectors to roll out EV battery servicing and recycling.</p>	<p>This is noted by the Commission as a part of Recommendation 18.</p>	<p>No reference to EV battery servicing and/or recycling.</p>	<p>X</p>

Transport TIMES Model



Kea	Tūi	Emissions Reduction Plan
Zero-emissions (battery electric vehicles) make up 34% of the light fleet by 2035 (carbon price NZD 120).	Zero-emissions (battery electric vehicles) make up 13% of the light fleet by 2035 (carbon price NZD 60).	Have zero-emissions vehicles making up to 30% of the light fleet by 2035. (Strategy developed in first budget, actions taken in subsequent budgets).
Freight transport emissions reduce by 35% by 2035 (carbon price NZD 120) .	Freight transport emissions reduce by 12% by 2035 (carbon price NZD 60).	Reduce emissions from freight transport by 25% by 2035. (Full strategy in the second and third budgets).

- The above shows a comparison of the TIMES-NZ 2.0 model results and ERP suggestions. See <https://times.bec.org.nz/> for more information

Alternative Low-Carbon Fuels

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reduction Plan	
Commercial vehicles and heavy freight should not be too prescriptive. This is technology development dependent.	This sentiment is shown in the report. It is acknowledged that the technological future in this area is uncertain.	There is no prescription made in terms of technology.	✓
The Commission should not discount hydrogen as a fuel source, especially in long-haul freight.	This view was revised based on submissions and further evidence. The Commission noted that there were several submissions outlining green hydrogen projects currently underway.	Hydrogen is explicitly mentioned multiple times throughout the plan.	✓



Agriculture

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reduction Plan	
<p>There must be a long-term plan for research and development in this sector to aid business in reducing emissions.</p>	<p>It is specifically noted that R&D will be needed in the agricultural sector.</p>	<p>The Ministry for Primary Industries is developing an R&D plan with interest groups to accelerate emissions reductions.</p>	
<p>Policy recommendations must allow the sector to identify and pursue the most cost-effective emissions mitigation methods as these become viable.</p>	<p>The Commission recommendations go beyond this, stating that advisory services should be provided to farmers in order to help them reduce emissions in a cost-effective manner.</p>	<p>Possible extension of the He Waka Eke Noa Partnership, or complementary advisory services. No concrete steps.</p>	

Forestry

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reductions Plan	
Continue to have cost-effective exotic afforestation as an option.	While the Commission recommends more exotic forests, it claims that this should be less than under current ETS settings.	No decisions to be made until the end of 2022.	~
Native forests are higher cost and less efficient at storing carbon. The role of natives should be investigated and subject to a cost analysis.	The relative higher-cost of native forests is acknowledged, but not given much weight. It is seen that the 'co-benefits' outweigh potential cost increases.	No decisions to be made until the end of 2021, with long-term decisions made by the end of 2023.	~
Regulatory and policy changes in this are should be staggered, especially involving land use constraints.	This is not commented on directly by the Commission. There is however a general sense of urgency in the relevant chapter.	No substantive comments made. Decisions made in line with above timeframes.	~

Waste

Business NZ position	Climate Change Commission Advice	Emissions Reduction Plan	
<p>A comprehensive study should be undertaken to inform an overall view of how waste fits into the bioeconomy. The Commission should suggest this.</p>	<p>The Commission states that the Government ought to deliver a strategy for a bioeconomy.</p>	<p>A bioeconomy strategy is to be developed with a range of partners and stakeholders. Feedback and submissions requested.</p>	
<p>Disposal of cars and car parts requires coordination. There are many small organisations capable of proper disposal but much automobile waste ends up in landfill.</p>	<p>It is noted that wider cooperation and coordination is needed in this area, as well as potential investment in scaling such operations.</p>	<p>There is substantial reference to the need to increase regulation and incentives around waste processing/management. No specific reference to the disposal of cars and car parts.</p>	

Measuring Progress

BusNZ/BEC advice	Climate Change Commission Advice	Emissions Reduction Plan	
Further clarification is needed around how the Commission expects government to deal with forests over 100 hectares that do not use the 'averaging' approach proposed. If this approach is used for national accounting only, how does the Commission propose to reconcile differences in sequestered carbon?	There are no comments on this issue in the report.	The plan acknowledges the issues faced. It will likely be a topic of ongoing discussion with further opportunity to make substantive submissions.	✓
The Commission should revisit its position on excluding benefits to pre-1990 forests.	The Commission has continued with the draft advice position of exclusion.	There is some allusion to the idea that Māori freehold land may be exempted.	~

Summary of key changes

The Role of the ETS

- Government acknowledges the NZ ETS is a key mechanism to reduce emissions across sectors.

Partnership

- There is clear recognition of the need for the Government to partner and cooperate with the private sector to reach emissions targets.

New Zealand's National Energy Strategy

- The general tone of the document shows a commitment to developing the nation's energy strategy with input from a wide range of stakeholders, including business.

New Zealand's Renewable Electricity and Energy Target

- The Government is actively investigating the feasibility of reaching 100% renewable electricity. However, the tone has shifted for 100% to be 'aspirational'.
- It is implicitly acknowledged that fossil fuels will continue to play a role in ensuring security of supply.
- Government is asking more feedback on a renewable energy target

Summary of key changes

Repurposing of Infrastructure

- The Government has not ruled out the possibility of a ban on new gas connections.
- The role of existing gas infrastructure going forward is not referenced.

Transport Network

- The advice of the Government does not vary too much from the Commission
- There will be a variety of policy levers used in this area.

Electric Vehicle Uptake

- There is acknowledgement that supply may be an issue in this area.
- There will be a range of supply and demand side measures used in this area to make EVs the preferable choice for personal and business transport.
- Aims to have zero-emissions vehicles as 30% of the light fleet by 2035.

Summary of key changes

Use of Alternative Fuels

- The Government refers to hydrogen a number of times throughout the plan.

Agriculture

- The Ministry for Primary Industries is developing an R&D plan with interest groups to accelerate emissions reductions.
- There is the possibility for special advisory groups being made available to farmers in order to help emissions reductions.

Forestry

- There is little regarding timeframes in this area – this is the most non-committal part of the plan.

Summary of key changes

Waste

- The Government has effectively committed to developing a bioeconomy strategy.
- There are clear signs that increased regulation will be put in place regarding waste management.
- No reference is made to car or EV battery recycling/waste management.

Measuring Progress

- The Government acknowledged the potential issues with forestry classifications.
- There is suggestion that there may be an exemption for Māori freehold land that contains pre-1990 forests.

An Equitable Transition

- All parties agree that emphasis needs to be placed on ensuring that the implementation of any policies is in an equitable manner.