

Your submission to Zero Carbon Bill

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Clause

1. What process should the Government use to set a new emissions reduction target in legislation?

Position

The Government sets a 2050 target in legislation now

Notes

Setting the 2050 target now will help the Government plan on how to fulfill New Zealand's commitments under the Paris Agreement. As the Ministry for the Environment acknowledges in the Consultation Document, a 2050 target in the Zero Carbon Bill would provide more certainty about the direction for the transition. Providing a clear signal to New Zealand businesses and governments will assist them in implementing appropriate strategic responses, including assessing the risks and opportunities resulting from the economy-wide transition to achieve the 2050 target. Until businesses and governments know the 2050 target, they may be inclined to defer key strategic planning.

Clause

2. If the Government sets a 2050 target now, which is the best target for New Zealand?

Position

Net Zero Emissions - Net zero emissions across all greenhouse gases by 2050

Notes

As a signatory to the Paris Agreement, New Zealand has committed itself to achieve post-2020 reductions in greenhouse gas emissions and take action on climate change. New Zealand's greenhouse gas emissions profile is quite rare amongst the Paris Agreement's signatories; emissions from New Zealand's agriculture sector constitute a significant plurality of the country's greenhouse gas inventory.

Clause

3. How should New Zealand meet its targets?

Position

Domestic emissions reductions only (including from new forest planting)

Notes

Emissions reductions to meet the net zero by 2050 target should be domestic. International carbon units have longstanding challenges with verification, and their prices will increase dramatically as other countries compete for them. Further, keeping our emissions reductions domestic would also keep the co-benefits at home in New Zealand.

Clause

4. Should the Zero Carbon Bill allow the 2050 target to be revised if circumstances change?

Position

Yes

Notes

New Zealand is particularly at risk from severe earthquakes and other natural disasters that could necessitate a revision to the 2050 target. The Zero Carbon Bill should allow the 2050 target to be revised only if the Bill also states expressly which changing circumstances would open up the 2050 target for revision. Such circumstances should be specified as clearly as possible, be likely to produce major consequences for New Zealand and New Zealanders, and be difficult to predict – a major seismic event is a relevant example. This approach would be consistent with the Ministry's proposed approach to revising emissions budgets in the event of natural disasters. One area the Government should carefully consider is whether including significant changes to economic or other non-natural circumstances is also appropriate. Climate change and technology, amongst other factors, will lead to significant disruption that may alter the composition of New Zealand's economy dramatically between the time the Zero Carbon Bill is written and 2050. In contrast, a market correction may be a changed circumstance but not necessarily one that businesses do not already account for, and New Zealand is not noticeably more at risk than any of the other Paris Agreement signatories of being impacted by changing global economic and geopolitical circumstances. To reduce the risk of the 2050 target being changed based on the political priorities of a new government rather than climate science, and to better ensure revisions to the 2050 target are appropriate and properly implemented, the Zero Carbon Bill should require the Government to seek the advice of the Independent Climate Change Commission on whether a revision is prudent and, if so, the extent to which the 2050 target should be adjusted.

Clause

5. The Government proposes that three emissions budgets of five years each (i.e. covering the next 15 years) be in place at any given time. Do you agree with this proposal?

Position

Yes

Notes

A five-year emissions budget, with the next two five-year budgets set afterwards, should provide a reasonable certainty for most New Zealanders.

Clause

6. Should the Government be able to alter the last emissions budget (i.e. furthest into the future)?

Position

Yes - the third emissions budget should be able to be changed but only when the subsequent budget is set

Notes

For the reasons also stated in response to Question 4 regarding changes to the 2050 target, the third emissions budget should be able to be changed based only on certain specific, legitimately unanticipated changes in circumstances. Making changes to the third budget only if the subsequent emissions budget is set helps to offset the uncertainty created by the changes to the third budget. And as with changes to the 2050 target, the Zero Carbon Bill should require the Government to seek the advice of the Independent Climate Change Commission on whether a change to the third budget is prudent and, if so, the extent to which that budget should be adjusted. This will also reduce the risk of the third budget becoming a frequent target of changes even when such changes may not be adequately supported by the science or the economics underlying the net zero by 2050 target.

Clause

7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances? See p36 Our Climate Your Say

Position

Yes

Notes

The Government has the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances. Although New Zealand may not be more at risk than any of the other Paris Agreement signatories of being impacted by changing global economic and geopolitical circumstances, New Zealand is certainly more at risk of natural disasters, such as a severe earthquake. That said, changing the second emissions budget raises serious implications for business certainty and the equity of the resulting impacts. For that reason, the Zero Carbon Bill should allow the second budget to be revised only under extreme circumstances if those extreme circumstances are specified as clearly as possible, be likely to produce major consequences for New Zealand and New Zealanders, and be difficult to predict.

Clause

8. Do you agree with the considerations we propose that the Government and the Climate Change Commission take into account when advising on and setting budgets? See p44 Our Climate Your Say

Position

Yes

Notes**Clause**

9. Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets?

Position

Yes

Notes**Clause**

10. What are the most important issues for the Government to consider in setting plans to meet budgets? For example, who do we need to work with, what else needs to be considered?

Notes

Among the key issues should be considered when setting emissions budgets are: ► businesses' capital allocation and investment planning cycles, particularly for projects and assets intended to mitigate those organisations' greenhouse gas emissions; ► New Zealand's subsequent NDCs, which are intended to keep New Zealand on track with meeting its Paris Agreements; ► aligning emissions budgets with New Zealand business's obligations under the NZ ETS; and ► the Ministry's reviews and the Climate Change Commission's periodic reviews of the emissions budgets. Sufficiently aligning those cycles and timeframes is crucial for ensuring the emissions budgets serve their intended purpose.

Clause

11. The Government has proposed that the Climate Change Commission advises on and monitors New Zealand's progress towards its goals. Do you agree with these functions? See p42 Our Climate Your Say

Position

Yes

Notes

Yes. Moreover, the Government should clarify the extent of the relationships the Climate Change Commission will have with the Parliamentary Commissioner for the Environment, the Climate Change Adaptation Technical Working Group, the Ministry for the

Environment and the New Zealand Productivity Commission, among other Government entities, to reduce inefficiencies where other Government entities are also advising on or monitoring the same or similar issues.

Clause

12. What role do you think the Climate Change Commission should have in relation to the New Zealand Emissions Trading Scheme (NZ ETS)?

Position

Advising the Government on policy settings in the NZ ETS

Notes

The Climate Change Commission will already have its work cut out, advising the Government on policy settings in the NZ ETS and climate change adaptation among its other responsibilities. The New Zealand Environmental Protection Authority and Ministry for the Environment are sufficient to administer and make policy decisions regarding the NZ ETS.

Clause

13. The Government has proposed that Climate Change Commissioners need to have a range of essential and desirable expertise. Do you agree with the proposed expertise? See p45 Our Climate Your Say

Position

Yes

Notes

Clause

14. Do you think the Zero Carbon Bill should cover adapting to climate change?

Position

Yes

Notes

Adaptation to climate change is an essential component of New Zealand's climate change strategy and should likewise be a substantial component of the Zero Carbon Bill. As the Ministry acknowledges in the Consultation Document, New Zealand's climate is changing, and urgent steps are required to manage and mitigate its costly physical impacts. Even as we consider reducing current and future greenhouse gas emissions, we are already locked into some amount of inevitable climate system impacts. The issue is how to manage and mitigate the impacts of climate change when even under a globally binding consensus for action, New Zealanders will need to plan for a future of climate uncertainty. New Zealand businesses and government entities already see these changes are happening. On 6 July, the New Zealand Herald published an op-ed from Kate Beddoe, the Chief Risk Officer of Vector Limited. Ms Beddoe referenced a report, which looked at how Vector's assets network would be impacted around Auckland either directly, with king tides and storm surges, combined with rising sea levels, causing a critical substation to be inundated during flooding; or indirectly — more frequent, strong winds bringing down more trees on to power lines. The report for Vector found climate change would cause increased risks to Auckland's electricity network, mainly from weather related causes, and Vector should prepare now. The big April storm, when nearly a third of Auckland had no power at one point, provided a classic example of how New Zealand's climate is changing in disruptive and costly ways. Hurricane-force winds, the severity of which was possibly due, in part, to existing climate change, blew thousands of trees and branches on to lines all over Auckland. Unsurprisingly, the TCFD Recommendations, which the New Zealand Productivity Commission recommended in April that the Government endorse, require businesses to report on their physical risks from climate change in addition to their transition risks. Adaptation is a way of extracting economic value out of actions that New Zealand businesses are already doing. As Ms Beddoe mentioned, the report provided recommendations to mitigate the increased risks from climate change. And many of those recommendations are already well under way, such as Vector's existing network maintenance and strengthening programmes covering 8000km of overhead lines and 10,000km of underground lines, managing trees near lines, and increasing the share of distributed generation, storage, and demand management across the network to improve the ability to absorb storm events. For reporting and for resilience, New Zealand businesses, as owners of much of the physical assets and infrastructure at risk from the impacts of climate change, will need to collaborate with Government at central, regional and local levels to engage in adaptation planning and implementation. The Zero Carbon Bill should provide a robust mechanism for facilitating that collaboration.

Clause

15. The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions? See p47 Our Climate Your Say

Position

Yes

Notes

The Government's proposal that it, rather than the Climate Change Commission, holds responsibility for the national adaptation plan is reasonable. Also reasonable is that the plan should be updated at five-yearly intervals to synchronise with the five-yearly climate change risk assessment process.

Clause

16. Should we explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks?

Position

Yes

Notes

Consistent with the increasingly accepted view that the climate-related disclosure is overwhelmingly beneficial and that the Task Force on Climate Related Financial Disclosure's Recommendations provide an appropriate framework for New Zealand businesses and governments entities to report on their actions to address the physical impacts of climate change, we agree on the relevance of an adaptation reporting power in which organisations share information on their exposure to climate change's risks. Further, the adaptation reporting power should, like the TCFD Recommendations, encourage voluntary disclosure of opportunities in addition to risks. Consistent with the TCFD Recommendations, opportunities should also be shared. Most of those opportunities are likely to be in the area of climate change's transitional changes rather than the physical changes. However, a government mechanism for sharing lessons learned and mutually beneficial opportunities would be of great value to New Zealand businesses and government agencies.

Clause

Do you have any other comments you'd like to make?

Notes

This is the defining issue of my generation. Be bold in ensuring that we and our children will be able to enjoy decades of the benefits of living in a net zero, prosperous, cleaner and greener New Zealand.