

Consultation on setting New Zealand's post-2020 climate change target



Copy of your submission

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Objectives for the contribution

Do you agree with these objectives for our contribution? Yes

1b. What is most important to you?

I agree, as long as the 'costs and impacts' include a comparison to the full LONG TERM cost impacts of doing nothing (or of tokenism) on the environment, avoided remediation, avoided droughts and floods impacting on our agricultural earnings, investment in responses to climate change etc. Individual buyers and companies do not think long term, but it is a Governments core responsibility to do that - and to be brave enough to put policies in place that encourage the country's consumers to think longer term in their energy investment decisions.

What would be a fair contribution for New Zealand?

2. What do you think the nature of New Zealand's emissions and economy means for the level of target that we set?

This question should also include 'and the nature of NZ's resources'. So the 90% renewable electricity target is fair. We should be setting the same target for the heat-using sector - we have solar thermal, geo-thermal, ground source heat and biomass in abundance. So 90% renewables is also possible in this sector, with the right long-term policy settings.

How will our contribution affect New Zealanders?

3. What level of cost is appropriate for New Zealand to reduce it's greenhouse gas emissions? For example, what would be a reasonable reduction in annual household consumption?

Instead of looking at the short-term headline 'cost' we need to be thinking about the long run cost. Many studies show that renewables have a lower long run cost than fossil fuels, once all factors are accounted for - including job creation, clean green image, international credibility, energy resilience, avoided or at least reduced costs on climate change response or remediation etc.

The second 'example' question above is also couched too negatively : There does not necessarily need to be a reduction in household consumption - as that demand can be met with a plethora of renewables instead - which would have long term positive economic impacts.

4. Of the opportunities for New Zealand to reduce its emissions (as outlined on page 15 of the discussion document), which do you think are the most likely to occur, or be most important for New Zealand?

Methane reductions are clearly a key influence - so efforts in that area need to be re-doubled.

But the area that has been largely ignored so far is the Heat sector - around 30-35% of our energy use. Cost effective technology exists to displace the majority of fossil fuel use in this sector (geothermal, solar thermal, ground source heat pumps, biomass boilers etc) especially IF there is a reasonable cost on CO2 emissions.

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There is a strong case to be setting NZ's targets by sector (electricity, methane, industrial/commercial heat, domestic heating, transport, fugitive emissions) and putting appropriate targets and legislation in place to address each sector. The sub-target for the Heat Sector could be based around based on 'penetration' or 'uptake' levels. For instance, so far Government Policy in this area has incentivised the installation of around 60 wood boilers in the last 10 years or so. We have over 8000 boilers in NZ. A target to have 30% of these boilers converted to renewable energy/carbon neutral by 2030, 50% by 2050 etc, would go a long way towards getting some appropriate programmes in place.

Summary

5. How should New Zealand take into account the future uncertainties of technologies and costs when setting its target?

It should not - or it should assume the cost of carbon abatement will fall, as the market responds. Set policies that encourage the use proven technologies that exist today, and set strong and consistent long term targets, with appropriate carrots and sticks. The supply-side will respond and innovate. We should ensure NZ are rapid adopters, rather than trying to pioneer too much ourselves.

Other comments

6. Is there any further information you wish the Government to consider? Please explain.

The UK and various other European countries have a bi-partisan approach with a shared "Minister for Climate Change Policy" which ensures consistent, long term policy - sending the right price signal to investors and energy users. The UK's Renewable Heat incentive (RHI) is an example of innovative and successful legislation in this field. Australia's Emissions Reductions Fund (ERF) will incentivise the right behaviour in the Heat sector : It is similar to NZ's Projects to Reduce Emissions (PRE) programme, but with the significant improvement that it does not require each project protagonist to develop an expertise in selling carbon credits - instead the Australian Government (the natural buyer anyway) buy them, providing cash at a pre-agreed price, so also eliminating price uncertainty.

The NZ Government ran an Wood Energy Grant Scheme (WEGS) which triggered several dozen users to switch to wood energy as a source of heat. This was administered by EECA, and their own analysis showed that this resulted in carbon abatement at a cost to the Government of \$7/tonne.

Accelerated depreciation is also a creative methods to assist with the financial attractiveness of wood energy (or any investment in renewables) and this has no long-term impact on the Government coffers - other than to accelerate the reduction in carbon emissions.

We also need to be encouraging more on-shore processing of our abundant forestry resource, which would have multiple benefits, one of which being that much more wood waste would be generated in New Zealand, which can be used as a low cost, carbon-neutral fuel for heat users such as meat and dairy factories.