



## **New Zealand's Climate Change Target**

Eric Pyle, CEO

May 2015

### **Introduction**

NZWEA welcomes the opportunity to comment on New Zealand's climate change target.

### **Q1 Objectives**

We agree that the objectives should be fair and ambitious. Costs do need to be managed carefully but we need to be very clear on what these costs are and in particular how technology could result in lower than expected costs, in fact could result in New Zealanders being better off. We certainly do need a long term target and indeed already have a target for the electricity sector.

### **Q2 Nature of emissions**

New Zealand should focus on the real issue – CO<sub>2</sub> which the IPCC considers is the real issue. We should set targets for the energy and transport sectors. We already have a target for the electricity sector of 90% renewable electricity generation (in an average hydrological year) in by 2025. We should extend that to 95% by 2030 and set an aspirational target of 100%.

Whilst we are justifiably proud of our 80% renewable electricity sector, Costa Rica (population 4.8m) has recently achieved 100% renewable electricity generation for around one third of the year. Spain is 70% carbon free generation of which around 20% is wind generation. A number of other countries are making serious efforts to reduce carbon emissions from the electricity sector, especially OECD countries.

Electric vehicles are likely to increase in number in the coming years. New Zealand should expect a significant uptake of these and set a target for CO<sub>2</sub> emissions accordingly.

The document says that New Zealand's per capita CO<sub>2</sub> emissions are lower than other developed countries. This is not correct. In fact New Zealand's per capita CO<sub>2</sub> emissions are similar to the European Union average. Our per capita emissions of CO<sub>2</sub> tend to be lower in the electricity area and higher in the transport area.

### **Q3&Q4 What level of cost is appropriate?**

The question about costs is poorly framed. Good policy can result in a more prosperous society and lower carbon emissions. For example:

- New Zealand has the potential to increase its exports of renewable energy goods and services. Currently these exports are around \$120m/yr but with government and industry working together could increase to \$300-\$500m/yr.
- Policies that encourage electric vehicles will reduce imports of oil thus saving overseas funds and also improving air quality and health in cities.

### **Q5 Uncertainty**

New Zealand should focus on CO<sub>2</sub> emissions because CO<sub>2</sub> emissions are the critical issue.

Targets should be around reduced CO<sub>2</sub> emissions with a focus on:

- The electricity sector.
- The electrification of transport.

New Zealand has a target of 90% renewable electricity generation by 2025. This target should be extended to 95% by 2030 and New Zealand should set an aspirational target of 100%.

Ambitious but realistic targets should be set for electric vehicles with policies to support these targets.

In terms of electricity and electric vehicles there is very little uncertainty in terms of technologies. The uncertainties are largely around government policies.

## **Targets**

NZWEA proposes targets for the electricity sector as follows:

- 2025: 2.5 Mt CO<sub>2</sub> (which equates to 90% renewable electricity generation, assuming minimal electricity growth to 2025).
- 2030: 1.25 Mt CO<sub>2</sub> (which equates to 95% renewable electricity assuming minimal electricity growth to 2030).
- A long term target of zero CO<sub>2</sub> emissions from the electricity sector.