

Zero Carbon Bill

NZ Wind Energy Association Submission

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Introduction

1. The New Zealand Wind Energy Association (NZWEA) welcomes the opportunity to provide a submission on the Our Climate Your Say: Consultation on the Zero Carbon Bill Discussion Document.
2. As referenced in the Discussion Document, there are clear and important linkages with Productivity Commission's (PC) inquiry into the Opportunities and Challenges of a Transition to a Lower Net Emissions Economy for New Zealand. The Association has also submitted on both the Low-emissions Economy Issues Paper and Draft Report.
3. The Association is supportive of the Zero Carbon Bill and considers the Bill a key enabler for New Zealand's transition to a low carbon economy through gaining agreement to a future target and then facilitating the achievement of the target.
4. In this submission NZWEA provides overarching comments in an executive summary and then responds to the specific questions where The Ministry for the Environment has sought feedback.

Executive Summary

5. In the Association's view New Zealand has lacked an integrated approach to developing a low carbon strategy and set of implementation actions and this has been a concern. The material level of emissions reduction required and potential cost to meet the 2030 Paris target and a longer-term net zero position warrant a specific focus.
6. The Inquiry by the Productivity Commission, the proposed Zero Carbon Bill and the refresh of the NZ Energy Efficiency and Conservation Strategy are important developments in ensuring the alignment of strategy and actions which the Association supports.
7. The Association considers that it is preferable to address New Zealand's emissions footprint domestically as ultimately a net zero position needs to be achieved under the Paris Agreement. Investment should be focused on achieving this outcome for the benefit of all New Zealanders.
8. A domestic mitigation strategy also reduces the risk from relying on international carbon markets which have not yet been developed.
9. We consider, as the price of carbon increases, future competitive advantage should be able to be obtained by utilising New Zealand's natural advantages in land, water and wind resources. New Zealand has a significant potential to develop low cost renewable energy based on natural resources that are world leading. In particular our wind energy potential is well documented.
10. Given the importance and materiality of the transition having a coherent roadmap is important as it ensures the expected impact of transitioning to a net zero economy does result in growing incomes and improved wellbeing. This is to address the risk of carbon leakage impacting GDP given a significant percentage of current emissions support New Zealand's export sector as noted in the table on page 19 of the Discussion Document.

11. The Association considers that the net zero long-lived gases and stabilised short-lived gases by 2050 option represents the most appropriate target for New Zealand as it:
 - Recognises the distinction between stock and flow pollutants.
 - Encourages a focus on the highest priority pollutants in respect of climate change.
 - Best manages the risk of unintended consequences from reducing New Zealand’s primary sector international competitiveness through carbon pricing and advantaging higher emitting agricultural production in other countries.
12. The consultation timeframe does not allow for consideration of the Productivity Commission’s Final Low-emissions Inquiry Report. NZWEA submits it is important to ensure that the Productivity Commission’s excellent work is taken into account before a final decision is made on the timeframe for achieving the net zero target. The Association therefore considers that the Government should set a goal to reach net zero emissions by the second half of the century with the Climate Change Commission advising on the specific target noting the government’s statement of ambition.
13. While not specifically included in the consultation points the Association notes reference in the Discussion Document to the 100% renewable electricity target in a normal hydrology year.
14. Electricity is recognised as a significant input into other parts of the economy with the electrification of high carbon emitting sectors being central to achieving a low-emissions economy. In the Association’s view it is essential that in lowering electricity sector emissions the cost of electricity to consumers is managed to not disincentivise the larger opportunity from decarbonising emissions across the wider energy and other sectors.
15. In the Association’s view targeting 100% renewable electricity generation, while aspirational, will most likely result in additional consumer and industry costs which may limit the decarbonisation of higher emitting sectors. The Association therefore favours a wider energy sector renewables target.
16. New Zealand is fortunate to be able to leverage the experience of the UK having adopted the UK Climate Change Act. In proposing the adoption of the UK formula of a targeted legislation and carbon budgets New Zealand has the opportunity to address the current issues around uncertainty and how we will achieve current targets let alone a net zero position. The Association is supportive of the Zero Carbon Bill and has responded to each of the questions asked in the Discussion Document.

Response to Specific Proposals in the Zero Carbon Bill

2050 target

1. What process should the Government use to set a new emissions reduction target in legislation?
 - the Government sets a goal to reach net zero emissions by the second half of the century, and the Climate Change Commission advises on the specific target for the Government to set later.

Optional comment

The Association notes that the consultation timeframe does not allow for consideration of the Productivity Commission’s Final Low-emissions Inquiry Report. NZWEA submits it is important to ensure that the Productivity Commission’s excellent work is taken into account before a final decision is made on the timeframe for achieving the net zero target and that the Climate Change Commission has the opportunity to advise on the specific target noting the government’s statement of ambition.

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

- net zero long-lived gases and stabilised short-lived gases:** Long-lived gases to net zero by 2050, while also stabilising short-lived gases

Optional comment

The Association considers that the net zero long-lived gases and stabilised short-lived gases by 2050 option represents the most appropriate target for New Zealand as it:

- Recognises the distinction between stock and flow pollutants.
- Encourages a focus on the highest priority pollutants in respect of climate change.
- Best manages the risk of unintended consequences from reducing New Zealand's primary sector international competitiveness through carbon pricing and advantaging higher emitting agricultural production in other countries.

3. How should New Zealand meet its targets?

- domestic emissions reductions only (including from new forest planting).

Optional comment

The Association considers that it is preferable to address New Zealand's emissions footprint domestically as ultimately a net zero position needs to be achieved under the Paris Agreement. Investment should be focused on achieving this outcome for the benefit of all New Zealanders.

A domestic mitigation strategy also reduces the risk from relying on international carbon markets which have not yet been developed.

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

- yes

Optional comment

While it is desirable for New Zealand to take a leadership position in addressing climate change, as a nation that is dependent on trade for economic prosperity, it is necessary to be able to revise the target in exceptional circumstances. The Association supports having a mechanism contained in the legislation to enable the target to be revised.

Emissions budgets

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

- yes

Optional comment

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

- yes, each incoming Government should have the option to review the third budget in the sequence

Optional comment

7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances?

- yes

Optional comment

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?

- yes

Optional comment

Government response

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

- yes

Optional comment

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?

Comment

Ensuring the plan represents the lowest cost option to achieve the budget, is easily communicated and the economic and social impacts of the plan are understood and able to be managed.

Climate Change Commission

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?

- yes

Optional comment

The Association supports the UK model of having mechanisms built in to hold the Government to account.

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

- advising the Government on policy settings in the NZ ETS

Optional comment

If the Climate Change Commission is to have an advisory role in most of its functions this should also include the ETS to ensure consistency and clarity of purpose.

The Association supports the Productivity Commission's draft recommendation of the Climate Commission making recommendations on unit supply.

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?

- yes.

Optional comment

The Committee should not represent stakeholder groups.

Financial, business and change management expertise also required.

Adapting to the impacts of climate change

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

- yes

Optional comment

15. The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions?

- yes

Optional comment

The Association supports the recommendations of the Climate Change Adaption Technical Working Group

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?

- yes

Optional comment

It is difficult to see how a risk assessment and integrated adaption plan could be developed without information and support from organisations that own public infrastructure.

About the NZ Wind Energy Association (NZWEA)

- The NZWEA is an industry association that promotes the development of wind as a reliable, sustainable, clean and commercially viable energy source.
- We aim to fairly represent wind energy to the public, Government and energy sector.
- Our members are involved in the wind energy sector and include electricity generators, wind farm developers, lines companies, turbine manufacturers, consulting organisations and other providers of services to the wind sector
- By being a member of NZWEA you are assisting the development of wind energy in New Zealand and helping to reduce our greenhouse gas emissions to meet climate change targets.

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