



INTERIM CLIMATE CHANGE COMMITTEE (ICCC)

PRESENTATION TO MAJOR ELECTRICITY USERS GROUP – 26 JULY 2018



WHAT IS THE ICCC AND WHAT IS ITS ROLE?

- An INDEPENDENT Ministerial Advisory Committee appointed by the Climate Change Minister with the agreement of Cabinet. Members appointed by Cabinet.
- Members were appointed because of their personal expertise and ability to provide independent, strategic assessments of climate change issues. They will not act as advocates or representatives of a particular interest or sector group.

ICCC ROLE

- Provide independent evidence and analysis on TWO KEY QUESTIONS. Outputs to be passed to the Climate Change Commission to inform its recommendations.

COMMITTEE MEMBERS

- Chair - Dr David Prentice
- Deputy Chair - Lisa Tumahai, Kaiwhakahaere/Chair, Ngai Tahu
- Dr Keith Turner
- Dr Jan Wright
- Dr Harry Clark
- Dr Suzi Kerr

ICCC TERMS OF REFERENCE

Two key questions

1. How surrender obligations could best be arranged if agricultural methane and nitrous oxide emissions enter into the NZETS.
2. Planning for the transition to 100% renewable electricity by 2035.

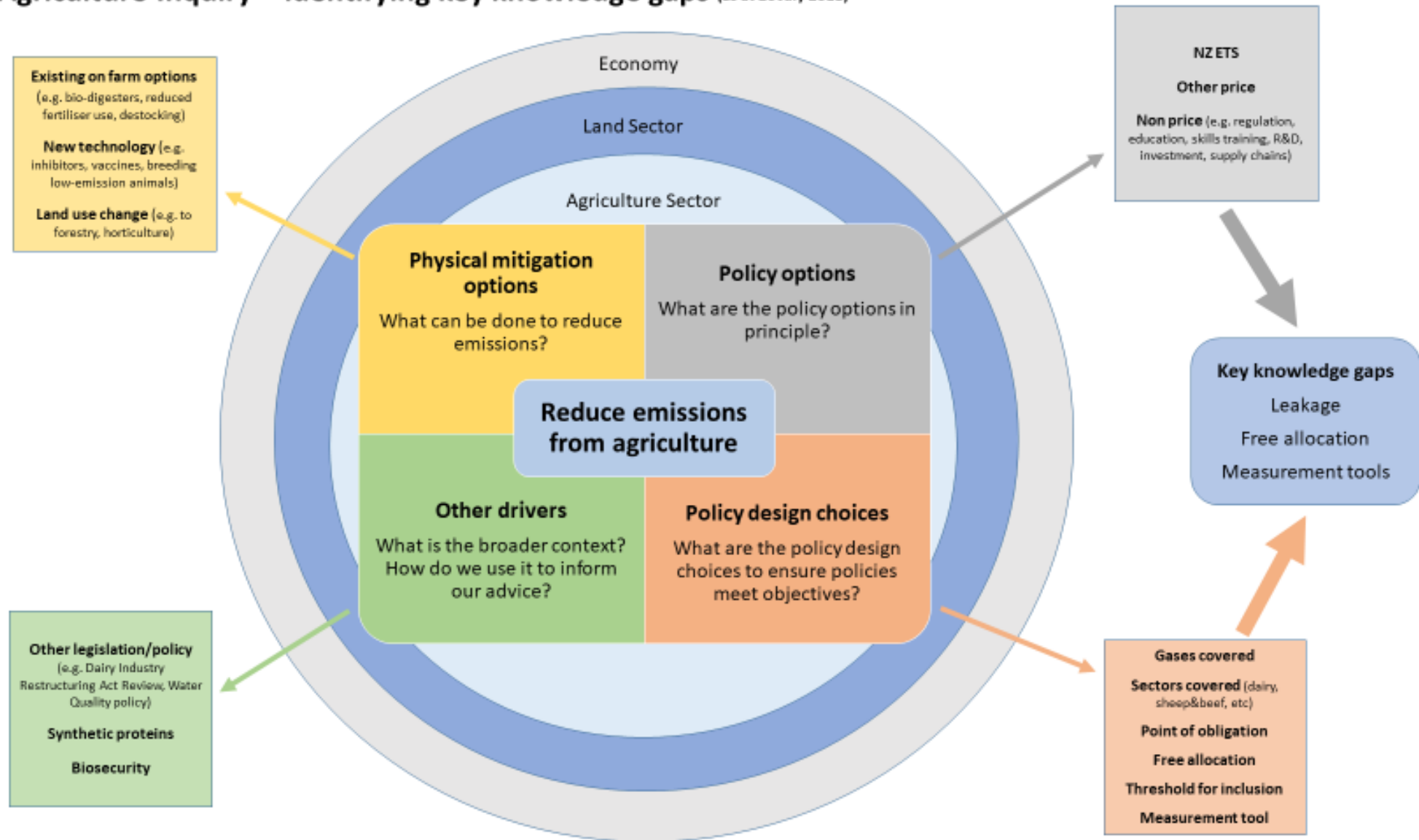
THE SCOPE OF WORK

- After careful consideration of the Terms of Reference, the ICCC advised the Minister of our scope of work around the two questions...

OUR AGRICULTURE WORK SCOPE AS ADVISED TO THE MINISTER

- We will deliver evidence and analysis on ways of delivering efficient emission reductions in the agriculture sector that are consistent with the Government's objective for a just transition.
- We will consider the full suite of options that could deliver those reductions. The New Zealand Emissions Trading Scheme will be a key but not the sole focus of our work.

Agriculture Inquiry – identifying key knowledge gaps (as at 26 July 2018)



OUR ELECTRICITY SCOPE AS ADVISED TO THE MINISTER

We will deliver evidence and analysis on the likely options, costs and practicality of how New Zealand can move toward 100 percent low emission electricity by 2035. In answering this we will consider the whole of the electricity system including:

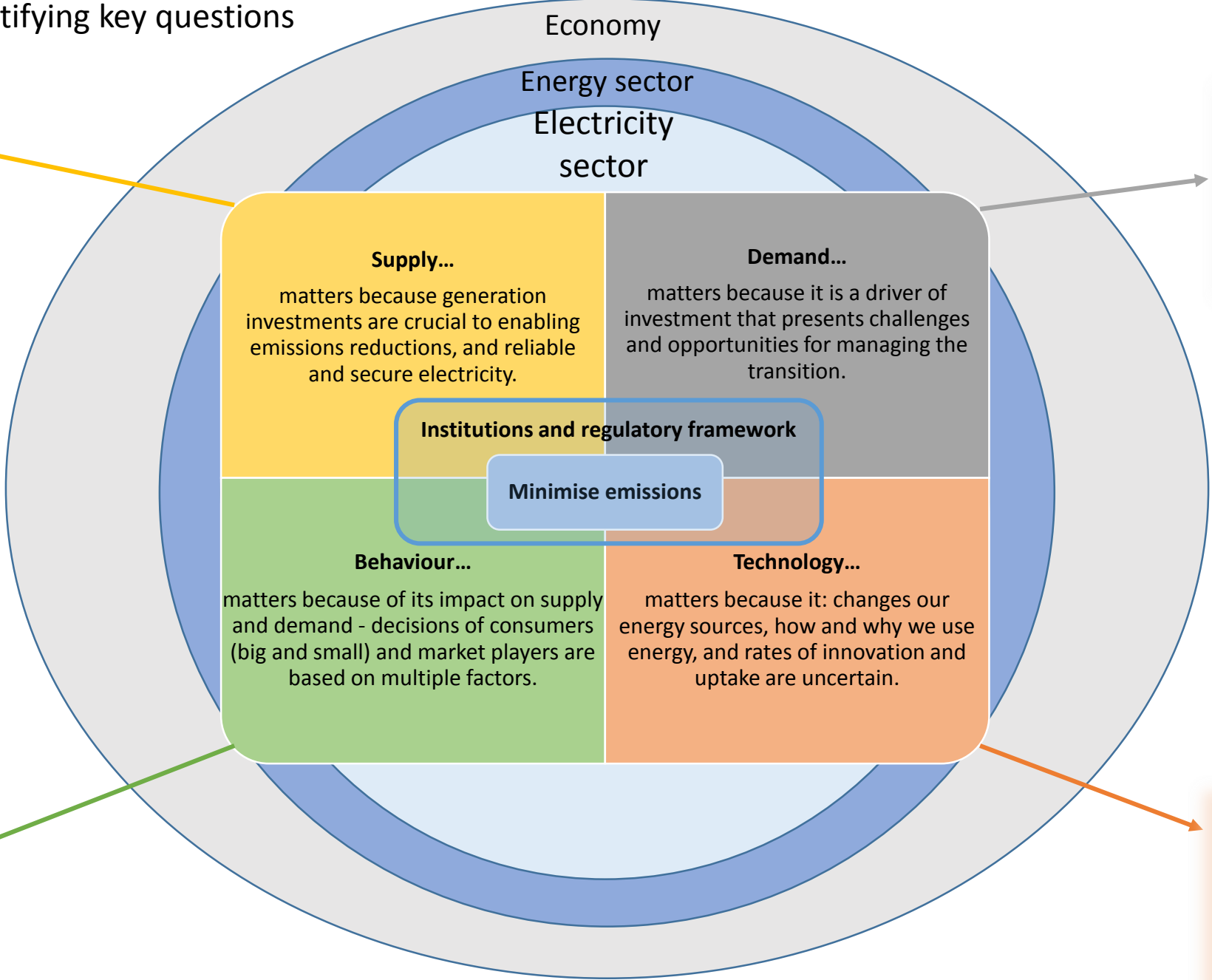
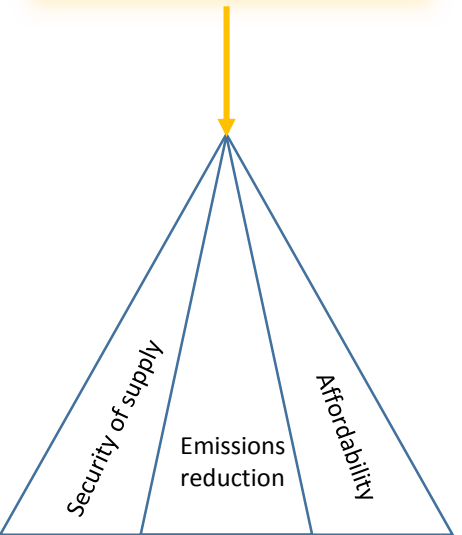
- a) Technological and systemic changes in electricity supply, as well as challenges in real time reliability and grid security
- b) Changes in electricity demand. Changes across the transport system and fuel substitution in the industrial sector, to lower emissions, have the potential to fundamentally change future demand for electricity.

While the terms of reference do not explicitly mention these two sectors, we will consider possible system changes in these sectors explicitly, as far as this would influence overall electricity demand and supply. This will encompass analysis of options to accelerate electrification of those sectors.

Electricity Inquiry – identifying key questions

As at 26 July 2018

How are decisions made about our generation mix?
How do we find the balance?



Supply...
matters because generation investments are crucial to enabling emissions reductions, and reliable and secure electricity.

Demand...
matters because it is a driver of investment that presents challenges and opportunities for managing the transition.

Institutions and regulatory framework
Minimise emissions

Behaviour...
matters because of its impact on supply and demand - decisions of consumers (big and small) and market players are based on multiple factors.

Technology...
matters because it: changes our energy sources, how and why we use energy, and rates of innovation and uptake are uncertain.

What changes will we see in demand (e.g. transport and process heat)?
What opportunities are there to manage demand?

What influences decisions consumers and market players make?
What could change in terms of major users?

What technologies are relevant and how will they facilitate the transition?
What solutions do they provide, and what issues do they create?

ICCC TIMEFRAMES

- May – September: Requirements gathering and relationship building
- October – November: Testing with key stakeholders across NZ
- December – January: Iterating as a result of feedback from test phase
- February – March: Retesting with key stakeholders across NZ
- March – April: Finalising evidence and analysis as a result of retesting.

Handover to the Climate Change Commission

INTERFACE WITH THE ZERO CARBON BILL

- This Bill is intended to define a new 2050 emission reduction target consistent with the international goal of reaching net zero emissions in the second half of this century. The Bill will also propose to establish an independent Climate Change Commission (the Commission).
- The Interim Climate Change Committee is the precursor to the proposed Climate Change Commission.

YOUR ROLE AS A MEMBER OF MEUG

- Can you see fuel switching to electricity as viable for your business?
- What are the key considerations we need to take into account in terms of large electricity use?
- What information can you provide to help us build the evidence base for our analysis?