

Terms of Reference

The Minister of Climate Change requests under s5K of the Climate Change Response Act 2002 (the Act) that the Climate Change Commission (the Commission) provides a report on levels of domestic emissions reduction New Zealand could feasibly achieve as part of its second Nationally Determined Contribution (NDC2).

Purpose of the work

In 2021, the Government updated New Zealand's first Nationally Determined Contribution (NDC1) to 50 per cent below 2005 levels by 2030. In 2022, the Government published its first emissions reduction plan and the first three emissions budgets (2022–2025, 2026–2030, 2031–2035) as required under the Act.

In 2025, the Government is required to set New Zealand's NDC2 (2031-2035) under the Paris Agreement and to set emissions budget four (2036 – 2040) under the Act.

As an input to the Government's own consideration of an appropriate NDC2, this report will provide the Commission's assessment of the extent of domestic emission reductions that would be technically and economically achievable under several scenarios, over the NDC2 period and to 2050.

I am asking for this advice so that it can inform the Government's broader considerations around NDC2. It will also allow us to form a more strategic view of the approach to delivering progressively more ambitious NDCs over time.

As part of its NDC2 decision, the Government will be considering an appropriate New Zealand contribution to the global effort to limit the increase in global average temperatures to 1.5°C above pre-industrial levels under the Paris Agreement, and the potential role of international cooperation to achieve the ambition of this contribution. The Minister is not seeking the Commission's advice on emissions reductions that would be consistent with the 1.5°C goal or the role of international cooperation for NDC2.

Advice requested

The Minister requests that the Commission provide a report on feasible domestic contributions to New Zealand's NDC2, including:

- i. Presenting a range of domestic emissions for the period 2031-2035 that could be feasible based on technically and economically achievable emissions reductions and/or removals consistent with different domestic emissions trajectories to 2050, as well as the corresponding range of headline percentage reductions for NDC2 based solely on those domestic emissions levels; and*
- ii. Describing, where possible, the associated impacts (including economic costs and broader positive and negative impacts for households, health and the environment) of the key emissions reduction and removal opportunities associated with those emissions trajectories to 2050, in particular for the period 2031-2035.*

Considerations

In considering feasible emissions trajectories, the Commission should include a range of assumptions about future rates of technological and/or systems change, including changes in economic factors such as price of mitigation options.

As with all advice the Commission provides, it must consider where relevant the matters under s5M of the Act; applying judgement as it deems appropriate.

The report should:

- a) Include a variety of approaches for target presentation and emissions accounting and be clear about these approaches; and
- b) include a presentation of domestic emissions for the NDC2 period that facilitates straightforward comparison with New Zealand's first Nationally Determined Contribution and domestic emissions budgets.

Mode of work

The Commission may engage with relevant persons as provided for by s5N of the Act.

Relevant officials will be available to engage with the Commission and will share related information and data to inform the Commission's work.

Timeframes

The Commission's advice on these matters, in the form of a final report, is to be provided to the Minister of Climate Change by 31 October 2024 at the latest. However, I ask that the Commission makes best endeavours to provide the report sooner if possible, given the urgency of the matter.

The Commission will brief officials on its final advice after it has been provided to the Minister, but prior to the public release of the report.

Publication

s5L of the Act applies, meaning the Minister of Climate Change must present a copy of the report to the House of Representatives no less than ten working days after the Minister receives it, and the Commission must make it publicly available as soon as practicable thereafter (but no later than 20 working days after providing it to the Minister).