

# Hon Simon Watts

Minister of Climate Change  
Minister of Revenue



13 NOV 2024

Dr Rodd Carr  
Chair – Climate Change Commission  
By email only: [Roderick.Carr@climatecommission.govt.nz](mailto:Roderick.Carr@climatecommission.govt.nz)

Dear Dr Carr,

As signalled at our meeting on 7 November 2024, this letter provides you a confidential advance copy of the second Emissions Reduction Plan (ERP2), Cabinet minute, and associated technical information. Cabinet considered this version of the plan on 11 November and agreed to plan to publish the plan in week commencing 16 December 2024.

I am keen to ensure that the content of ERP2 is reflected in the Commission's upcoming advice to the Government on ETS unit limits and price control settings for 2026 to 2030. In particular, but not limited to, I would like you to have regard to the direction set out in the ERP on setting the 'ETS cap', as well as the forward-looking projections that reflect our strategy for achieving EB2. You should also consider any other matters contained in the ERP that seem relevant to you. For clarity, this is not a direction under section 5O(2)(a) at this time.

This copy is being given to you in advance of formal publication and in strict confidence to enable you to consider it when preparing your advice.

I appreciate that the timeline for preparing ERP2 has put pressure on the Commission's process to finalise its advice by the start of March 2025. I understand Ministry for the Environment and Commission officials are working together to find a way through this collaboratively and I would like to express my appreciation for this. You have signalled to me verbally at our meeting that the Commission can provide its advice by April 2025. I confirm that a latest delivery date of 18 April 2025 is acceptable to me. I would ask you to reciprocate the process being followed with ERP2 and for Commission staff to provide MFE officials with a briefing on the key decisions the board takes for this round of settings, as soon as possible. I request this sharing of information occurs no later than 4 weeks prior to that date, i.e. 14 March 2025, to allow them to begin to prepare advice on the Government's response.

Please do not hesitate to reach out to Ministry officials if you have queries. They are available to continue to support you through this process. They will also keep you informed of any material changes to the content before publication.

Warm regards,

A handwritten signature in black ink, appearing to be 'Simon Watts', with a long horizontal flourish extending to the right.

Hon Simon Watts  
**Minister for Climate Change**

Attached: Second ERP, Technical Appendix, Cabinet minute