



If calling, please ask for Democratic Services

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## Climate Committee

Tuesday 8 December 2020, 9.30am

Kotare Room at Ramaroa, Queen Elizabeth Park

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### Members

Cr Nash (Chair)

Cr Brash

Cr Gaylor

Cr Laban

Cr Lee (Deputy Chair)

Cr Connelly

Cr Kirk-Burnnand

Cr van Lier

Dr Maria Bargh

**Recommendations in reports are not to be construed as Council policy until adopted by Council**

# Climate Committee

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Tuesday 8 December 2020, 9.30am  
Kotare Room at Ramaroa, Queen Elizabeth Park

## Public Business

No.	Item	Report	Page
1.	Apologies		
2.	Conflict of interest declarations		
3.	Public participation		
4.	<a href="#">Confirmation of the Public minutes of the Climate Committee meeting on 22 September 2020</a>	20.362	3
5.	<a href="#">Update on progress of action items from previous meetings – December 2020</a>	20.424	8
6.	<a href="#">Climate Emergency Response Programme status update</a>	20.481	13
7.	<a href="#">Emission unit management and carbon offsetting options</a>	20.443	19



Please note these minutes remain unconfirmed until the Climate Committee meeting on 8 December 2020.

Report 20.362

## Public minutes of the Climate Committee meeting on Tuesday 22 September 2020

Council Chambers, Greater Wellington Regional Council  
Level 2, 15 Walter Street, Te Aro, Wellington at 9.30am

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### Members Present

Councillor Nash (Chair)  
Councillor Lee (Deputy Chair) (Until 9.55am)  
Councillor Brash  
Councillor Connelly  
Councillor Gaylor (from 10.15am)  
Councillor Kirk-Burnnand  
Councillor Laban  
Councillor van Lier  
Dr Maria Bargh

### Karakia timatanga

The Committee Chair opened the meeting with a karakia timatanga.

### Public Business

#### 1 Apologies

Moved: Cr Connelly / Cr Laban

That the Committee accepts the apology for lateness from Councillor Gaylor and for early departure from Councillor Lee.

The motion was **carried**.

#### 2 Declarations of conflicts of interest

There were no declarations of conflict of interest.

**3 Public participation**

Russell Bell, on behalf of Friends of Queen Elizabeth Park, spoke to agenda item 8 – Applications to the Low Carbon Acceleration fund.

**4 Confirmation of the Public minutes of the Climate Committee meeting on 23 June 2020 – Report 20.255**

Moved: Cr Kirk-Burnnand / Cr Connelly

That the Committee confirms the Public minutes of the Climate Committee meeting on 23 June 2020 – Report 20.255

The motion was **carried**.

**5 Update on progress of action items from previous meetings – September 2020– Report 20.228 [For Information]**

Luke Troy, General Manager Strategy, and Andrea Brandon, Programme Lead – Climate Change, spoke to the report.

**6 Performance measures for the strategic priorities for the Climate Committee – Report 20.332**

Andrea Brandon, Programme Lead – Climate Change, spoke to the report.

Moved: Cr Connelly / Cr van Lier

That the Committee:

1 Agrees that the performance measures for two of the Climate Committee’s strategic priorities for the 2019-22 triennium are:

a Greater Wellington measures and reduces its own carbon footprint – we “walk the talk”

Carbon budgets and emissions reduction pathways to enable Greater Wellington to reach its carbon reduction goals for corporate emissions are set for the period 2021-2035, are science-based and pragmatic, and an emissions reduction plan for achieving them is in place. Key Performance Indicators are:

i Greater Wellington’s corporate carbon footprint is measured annually and certified on a regular basis

ii Carbon budgets, the emissions reduction pathway and plan are adopted by the Climate Committee

iii Corporate carbon emissions have peaked, meaning they will have begun to track downwards after 2020

iv Funding towards the emissions reduction pathway is allocated in the 2021-31 Long Term Plan.

- b To demonstrate Greater Wellington leads the regional sector in climate action, equitable progress is made towards being a climate-resilient, low emissions region.

Greater Wellington works with the regional sector to build the evidence base required to develop a regional emissions reduction plan and adaptation plan, enabling climate safe decision-making across the Wellington Region in times of uncertainty. Key Performance Indicators are:

- i Regional climate change impacts and risk assessments are up to date and complete at the regional scale
  - ii Regional greenhouse gas emissions are inventoried biennially
  - iii Funding for taking regional climate action is allocated in the 2021-31 Long Term Plan.
- 2 Notes that the third strategic priority to co-design Council's strategy and approach for the Wellington Region to mitigate, adapt and transition to a low emissions regional economy with mana whenua, requires further discussion, additional resourcing and an assessment method for monitoring performance will need to be developed at a later point.

The motion was **carried**.

**Noted:** The Committee requested that assessments of projects be amortised, so that the Committee can review the costs and benefits of each project, including associated carbon savings over each project's life time, and that the annual cost/benefit be shown in terms of carbon savings.

Councillor Lee left the meeting at 9.55am, during questions of the above item, and did not return to the meeting.

## **7 Carbon reduction pathways and budgets for the Long Term Plan – 20.337**

Jake Roos, Climate Change Advisor, spoke to the report.

Moved: Cr Kirk-Burnnand / Cr Connelly

That the Committee:

- 1 Agrees that the measures required to reverse our increasing emissions trend and achieve our carbon reduction goals require a significant change to current practices from 2021 onwards.
- 2 Recommends to Council that two or more options for the corporate carbon emissions pathways and their associated measures (including one option for a scenario that represents a similar level of net emissions reduction to that achieved in the scenario B2-R2-P2 in Attachment 1) be included in the Consultation Document for the 2021-31 Long Term Plan.
- 3 Notes that officers will prepare a report, for the 8 December 2020 Climate Committee meeting, to provide a greater level of analysis into offsetting

options, and to explore the environmental impacts and preferences expressed by Councillors at the 3 September 2020 workshop.

The motion was **carried**.

Councillor Gaylor arrived at the meeting at 10.15am, during the introduction of the above item.

## **8 Applications to the Low Carbon Acceleration fund – Report 20.333**

Andrea Brandon, Programme Lead – Climate Change, spoke to the report.

Moved: Cr Gaylor / Cr Connelly

That the Committee:

- 1 Notes the two applications for funding from the Low Carbon Acceleration Fund (Attachments 1 and 2).
- 2 Considers the cost/benefit ratio of the two applications in reducing our corporate carbon footprint along with the wider co-benefits each project brings to Greater Wellington Regional Council.
- 3 Agrees to recommend the revised application for Queen Elizabeth Park to Council for funding of \$1,399,101 (GST exclusive) from the 2020/21 allocation for the Low Carbon Acceleration Fund.
- 4 Agrees to recommend the application for Kaitoke Regional Park to Council for funding of \$370,810 (GST exclusive) from the 2020/21 allocation for the Low Carbon Acceleration Fund.
- 5 Agrees to explore opportunities for local iwi to contribute to the design and implementation of the projects in recommendations 3 and 4.

The motion was **carried**.

The meeting adjourned at 10.38am and resumed at 10.46am, before the debate of the above item.

## **9 Update on the Wellington Region Climate Change Working Group – Oral Report**

Suze Keith, Climate Change Advisor, reported back to the Committee on the business of the Wellington Region Climate Change Working Group (the Working Group).

Ms Keith advised that the Working Group was set up as a forum to build relationships and share knowledge and ideas with elected representatives from each council in the Wellington Region, and three representatives from Ara Tahi. After being in place for one triennium, the Working Group is reviewing its Terms of Reference, to ensure that the Terms of Reference are fit for purpose. There is agreement within the Working Group that the representation arrangements provided for in the Terms of Reference are not sufficient.

Ms Keith also advised the Committee that at the last meeting, the Working Group elected its Chair and Deputy Chair. Councillor Nash was elected Chair, and Deputy Mayor Swales, from Upper Hutt City Council, was elected as Deputy Chair.

## **Karakia whakamutunga**

The Committee Chair closed the meeting with a karakia whakamutunga.

The meeting closed at 10.55am.

Councillor T Nash  
**Chair**

Date:

Climate Committee  
8 December 2020  
Report 20.424



For Information

## UPDATE ON PROGRESS OF ACTION ITEMS FROM PREVIOUS MEETINGS – DECEMBER 2020

### Te take mō te pūrongo

#### Purpose

1. To update the Climate Committee (the Committee) on the progress of action items arising from previous Committee meetings.

### Te horopaki

#### Context

2. Items raised at Committee meetings, that require actions by officers, are listed in the table of action items from previous Committee meetings ([Attachment 1](#) - Action items from previous Climate Committee meetings – December 2020). All action items include an outline of the current status and a brief comment.

### Ngā hua ahumoni

#### Financial implications

3. There are no financial implications from this report, but there may be implications arising from the actions listed.

### Ngā tūāoma e whai ake nei

#### Next steps

4. Completed items will be removed from the action items table for the next report. Items not completed will continue to be progressed and reported. Any new items will be added to the table following this Council meeting and circulated to the relevant business group/s for action.

### Ngā āpitihanga

#### Attachment

Number	Title
1	Action items from previous Climate Committee meetings – December 2020



**Ngā kaiwaitohu**

**5. Signatories**

Writer	Lucas Stevenson – Kaitohutohu/Advisor, Democratic Services
Approvers	Tracy Plane, Manager, Strategic and Corporate Planning Luke Troy – Kaiwhakahaere Matua Rautaki/General Manager Strategy

<p><b>He whakarāpopoto i ngā huritaonga</b>  <b>Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or Committee’s terms of reference</i></b></p> <p>The action items are of an administrative nature and support the functioning of the Committee.</p>
<p><b><i>Implications for Māori</i></b></p> <p>Māori have a vested interest in climate change issues to the extent identified in <b>Attachment 1</b>.</p>
<p><b><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></b></p> <p>Action items contribute to Council’s and Greater Wellington’s related strategies, policies, and plans to the extent identified in <b>Attachment 1</b>.</p>
<p><b><i>Internal consultation</i></b></p> <p>There was no internal consultation.</p>
<p><b><i>Risks and impacts: legal / health and safety etc.</i></b></p> <p>There are no known risks.</p>

## Attachment 1 to Report 20.424

## Action items from previous Climate Committee meetings

Meeting date	Action	Status and comment
23 June 2020	<p><b>Our climate future – oral report</b></p> <p><b>Noted:</b></p> <p>The Committee requested a report on how society changed and adapted during the Government’s COVID-19 Alert Level 4 and 3 lockdown, and how this can be used as a template to adapt to climate change. The Committee requested that the identified adaptations be promoted and shared with communities.</p>	<p><b>Status:</b> Completed</p> <p><b>Comment:</b></p> <p>As the situation with COVID-19 continues to evolve, as does the impact and response, we will continue to keep a watching brief and report back to the Committee on the opportunities afforded to advance climate action as they arise.</p>
22 September 2020	<p><b>Performance measures for the strategic priorities for the Climate Committee – Report 20.332</b></p> <p><b>Noted:</b></p> <p>The Committee requested that assessments of projects be amortised, so that the Committee can review the costs and benefits of each project, including associated carbon savings over each project’s life time, and that the annual cost/benefit be shown in terms of carbon savings.</p>	<p><b>Status:</b> Completed</p> <p><b>Comment:</b></p> <p>All projects are assessed in terms of costs and benefits over the project’s lifetimes.</p>
22 September 2020	<p><b>Carbon reduction pathways and budgets for the Long Term Plan – Report 20.337</b></p> <p><b>Resolution:</b></p> <p>Notes that officers will prepare a report, for the 8 December 2020 Climate Committee meeting, to provide a greater level of analysis into offsetting options, and to explore the environmental impacts and preferences expressed by Councillors at the 3 September 2020 workshop.</p>	<p><b>Status:</b> Completed</p> <p><b>Comment:</b></p> <p>Report 20.443 has been prepared for the 8 December 2020 committee</p>
22 September 2020	<p><b>Applications to the Low Carbon Acceleration Fund – Report 20.333</b></p> <p><b>Resolution:</b></p>	<p><b>Status:</b> Ongoing</p> <p><b>Comment:</b></p>

**Attachment 1 to Report 20.424**

**Action items from previous Climate Committee meetings**

<b>Meeting date</b>	<b>Action</b>	<b>Status and comment</b>
	<p>Agrees to explore opportunities for local iwi to contribute to the design and implementation of the projects in recommendations 3 and 4.</p>	<p>Officers are exploring opportunities for local iwi to contribute to the design and implementation of the Parks Department projects that are funded through the Low Carbon Acceleration Fund.</p>

Climate Committee  
8 December 2020  
Report 20.481



For Information

## CLIMATE EMERGENCY RESPONSE PROGRAMME STATUS UPDATE

### Te take mō te pūrongo

#### Purpose

1. This quarterly report provides an update on the Climate Emergency Response Programme (the Programme). This report informs the Climate Committee (the Committee) of the Programme status, achievements and outlines the key risks and issues.

### Te tāhū kōrero

#### Background

##### *Greater Wellington Climate Emergency Response Programme*

2. Council declared a climate emergency in August 2019. This decision responds to the urgency climate change presents and encourages a step change in how Greater Wellington addresses climate change, both corporately and in how it uses its influence in the region.
3. In order to demonstrate Council’s commitment to changing the status quo, the decision was strengthened by Council adopting two ten-point action plans - a Corporate Carbon Neutrality Action Plan and a Regional Climate Emergency Action Plan. These action plans are collectively referred to as the Greater Wellington Climate Emergency Response Programme (the Programme).
4. Officers have provided a status report on the Programme ([Attachment 1](#) - Climate Emergency Response Programme Status Report (December 2020)). The overall status of the Programme is on track for this quarter. We continue to make progress despite concerns that the COVID-19 situation and response could derail climate action in prioritising regional economic recovery. This is a large programme of work, however, and it will require continued resources and funding for it to remain on track and build Greater Wellington’s capacity and capability to address climate change.
5. An overview of the current status for each action plan item:

Action Plan	Complete	On track	At risk	Significant delays
Corporate Carbon Neutrality	0	10	0	0
Regional Climate Emergency	1	4	5	0

## **Te tātaritanga Analysis**

### ***Key achievements this quarter***

6. The Low Carbon Acceleration Fund for the 2020-21 year, approved when the 2020-21 Annual Plan was adopted on 25 June, is operational. Two applications were approved by Council on 24 August 2020. We are currently looking at appropriate governance for these projects.
7. Climate change initiatives are currently being included in the 2021-31 Long Term Plan (LTP) process that is underway. 'Responding to the climate emergency' is one of Council's overarching strategic priorities for this LTP and has been a key factor in determining which new initiatives should be successful through the prioritisation process.
8. We have workshopped potential pathways through which our climate goal of being carbon positive by 2035 can be achieved with Council. Potential emissions reduction scenarios have been assessed using information provided by relevant teams across the organisation. Council have been presented with different pathways that could be implemented over the next 10 to 15 years, how much they would cost to implement and how they would impact on GW's ability to meet its agreed emissions reduction targets for 2025, 2030 and 2035. Council agreed to include two of the emissions reductions pathways in the LTP consultation document.

### **Ngā hua ahumoni Financial implications**

9. There are no direct financial implications from the matter for decision or this report. There may be financial implications over time as individual project analysis occurs, business cases are made and budget decisions are taken during the 2021-31 Long Term Plan process.

### **Ngā tūāoma e whai ake nei Next steps**

10. Quarterly updates will continue to be provided as the Programme progresses.

### **Ngā āpitihanga Attachment**

<b>Number</b>	<b>Title</b>
1	Climate Emergency Response Programme Status Report (December 2020)

**Ngā kaiwaitohu  
Signatories**

Writer	Andrea Brandon – Programme Lead, Climate Change
Approvers	Tracy Plane – Manager, Strategic and Corporate Planning Luke Troy – General Manager, Strategy

<b>He whakarāpopoto i ngā huritaonga Summary of considerations</b>
<p><b><i>Fit with Council's roles or with Committee's terms of reference</i></b></p> <p>Updating the Climate Committee on the Programme's status fits with its specific responsibility to "Oversee the development and review of Council's climate change strategies, policies, plans, programmes, and initiatives (including Council's Climate Emergency Response Programme); and recommend these matters (and variations) to Council for adoption."</p>
<p><b><i>Implications for Māori</i></b></p> <p>There are implications for mana whenua and Māori. A mana whenua representative has not yet been appointed to the Committee, so their related views, or impacts on goals and aspirations are not reflected in this report.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>Much of the work carried out this quarter has been focussed on ensuring climate action is included in the 2021-31 Long Term Plan.</p>
<p><b><i>Internal consultation</i></b></p> <p>The Strategic and Corporate Planning team were consulted in the development of this report.</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>There are no identified risks relating to the content of this report.</p>



## Attachment 1 to Report 20.481

## Climate Emergency Response Programme Status Report (December 2020)

## Corporate Carbon Neutrality Project

	Short description	Status Aug Q	Status Dec Q	Progress	% complete
1	Carbon policy	On track	On track	Policy endorsed by ELT, support package to accompany policy completed, policy launched mid-August, roll out to business underway	95
2	CE accountability	On track	On track	Completed for 20/21	100
3	Electricity supply	On track	On track	Meridian has been appointed as new supplier (mainly due to price advantage) and can provide renewable electricity certificates. However whether these certificates can or should be used requires further investigation and consideration given Meridian is not expanding its electricity generation capacity. The imminent closure of the Tiwai Point smelter makes it unlikely to do so for several years. The status of the certificates in relation to emissions inventories is being considered by our carbon footprint certifier Toitū Envirocare as many of their other clients also have an interest in them. Regardless of our electricity supplier, if Central Govt brings forward the target of 100 percent renewable electricity generation to 2030 it will have a positive effect on GW's carbon footprint.	90
4	Accelerate EV bus fleet	On track	On track	Work underway to increase electric bus fleet to 108 by December 2023. Planning for a largely decarbonised bus fleet by 2030 is underway, and in the draft budget for the 2021-31 Long Term Plan.	25
5	GW EV fleet	On track	On track	Internal EV charging infrastructure being increased with move to Cuba St and new build in Masterton. Work continues on adopting the fleet optimisation review's findings. 21-36 vehicles are candidates for replacement with battery electric vehicles. A batch could be changed over once the parking building at Cuba St is completed in February 2021 and prior to the end of the financial year.	60
6	Off road EV supply	On track	On track	Awaiting market developments. Dependent on suitable vehicle being available – there is likely to be something in 2021/22.	5
7	Parks reforestation	At risk	On track	Planning work underway to understand the timing and implications of phasing out grazing, LCAF applications approved for 2 sites, 150 ha; remaining phase out requires significant funding, plus partnerships with other agencies.	10
8	Grazing phase out	At risk	On track	Direction agreed through parks networks plan, phase out in the planning phase as above, implementation dependent on timing and land management funding, but \$26m allocated in draft 2021-31 Long Term Plan for grazing phase down and park restoration	10
9	Align Council Controlled Organisation targets	At risk	On track	CCO's at different stages; WRST still to confirm SOI for 20/21 yr (due to COVID); WREDA plans to measure and reduce emissions; WWL to set emissions reduction target; CentrePort have measured emissions, set a target for 2040 and have developed an emissions reduction plan. CentrePort are interested in ongoing knowledge-sharing and collaboration on carbon reduction with GW.	10
10	Low-carbon fund	On track	On track	Fund operational, funding approved through 2020-21 Annual Plan. ~\$200K remains available to allocate this FY. Formal fund establishment requires consultation through 2021-31 LTP process.	80

## Regional Climate Emergency Project

	Short description	Status Aug Q	Status Dec Q	Progress	% complete
1	Governance	Complete	Complete	Climate Committee established	100
2	CC impacts analysis	On track	On track	Tools reviewed, new guidance created, to build capability/capacity across business. Carbon policy completed, Climate Change Consideration guide revised. To be rolled out to the business through the change programme, now underway	30
3	Strategy review & GM champion assigned	On track	On track	GM Strategy is Programme Sponsor. New direction, set through the two 10-pt plans, provides components of a revised strategy, although overall approach yet to be determined.	50
4	Central Government advocacy	At risk	On track	Opportunity taken with "Briefing to incoming ministers" to advocate for climate action, MfE officials presented to WRCCWG-officers meeting on adaptation, Climate Commission Chair presented to WRCCWG	NA (ongoing)
5	Support the region's TAs to adapt	At risk	At risk	Good relationships with TAs, but no funding allocated to this, unclear what GW's contribution should be. Requires additional advisory resource in order to work effectively with partners. Need to work through with the Council and via the LTP process.	10
6	Technical research to support regional adaptation	At risk	At risk	Work underway, responsibilities lie across GW teams & TAs, WRGF interaction identified, some lack of alignment and lack of resourcing in this area	20
7	Funding	At risk	At risk	Researching potential funding opportunities underway, but currently limited capacity to progress	10
8	Regional mitigation	At risk	At risk	Regional inventory completed for 2019, target may be informed by the Zero Carbon Act, 2 regional working groups established in previous triennium - WRCCWG (councillor reps) meet quarterly, officer level equivalent meet 6-weekly, there is interest in working together across the region, working on value proposition for TAs and mana whenua, this is likely to be led as a project within the Wellington Regional Growth Framework	5
9	Increase forested area	At risk	At risk	Work underway with GW Parks and with HCC. But underlying issues remain including need to partner with iwi, TAs, communities, MPI, unclear who has lead responsibilities, limited capacity to progress (as with Action 7)	10
10	Embed regional emissions reduction targets in key programmes	On track	On track	Good collaboration occurring with Regional Land Transport Plan, WCC and LGWM on agreeing targets, also strong climate focus in the Wellington Regional Growth Framework, potential to work with WREDA/WellingtonNZ on the economic transition approach, progress is being made	20

Climate Committee  
8 December 2020  
Report 20.443



For Decision

## EMISSION UNIT MANAGEMENT AND CARBON OFFSETTING OPTIONS

### Te take mō te pūrongo

#### Purpose

1. To advise the Climate Committee on options for managing Greater Wellington's increasing stock of emissions units (NZUs) and approach to voluntary offsetting.

### He tūtohu

#### Recommendations

That the Committee:

1. **Notes** that there is both an opportunity cost to voluntary offsetting and uncertainty on the future of offsetting in New Zealand post-2020
2. **Agrees** to recommend that Council defers selling Greater Wellington's emissions units until the 2024-34 Long Term Plan
3. **Agrees** to recommend that Council continues to borrow against the value of those units to fund Council's Low Carbon Acceleration Fund for the first three years of the 2021-31 Long Term Plan, subject to any change in market conditions
4. **Agrees** to recommend that Council defer the decision regarding offsetting Greater Wellington's own emissions from 2025 onwards until there is sufficient clarity on the matter of voluntary offsetting.

### Te horopaki

#### Context

2. On 21 August 2019, Council declared a climate emergency and agreed to adopt the following greenhouse gas (carbon) reduction targets for its corporate operations and areas of direct influence, using the 2018-19 year as a baseline (Setting a carbon neutrality target for GWRC (Report 19.364)):
  - a 40 percent net reduction in 2024-25 financial year
  - b 100 percent net reduction (carbon neutral) in 2029-30 financial year and thereafter
  - c Become a net producer of emissions units ('carbon positive') by the 2034-35 financial year.
3. The climate emergency declaration was accompanied by two 10-point action plans, one driving corporate activities, the Corporate Carbon Neutrality Action Plan and the

other focussed on regional action. Action 10 in the Corporate Carbon Neutrality Action Plan is to:

- a Sell down the free allocation of carbon credits, New Zealand Units (NZU) Greater Wellington received for its pre-1990 forests to create a 'low carbon acceleration fund' to reduce the rates impact of this programme of work.
4. At that meeting Council also agreed to:
    - a Set five-yearly carbon budgets for the organisation to guide progress towards the targets, but did not set what those budgets should be, or how these should be managed across the Greater Wellington 'group'
    - b Set the targets for Greater Wellington on a net basis, but did not address the exact approach to using carbon offsets to help achieve the targets.
  5. While this provided a strong direction for Greater Wellington, more detailed planning was required. On 3 September 2020 a Council workshop was held to achieve the following objectives:
    - a consider Greater Wellington's 5 yearly carbon budgets (net emissions) within the context of possible carbon reduction pathways (gross emissions) to 2030
    - b Discuss the use of carbon offsets to help achieve them.
  6. Since that workshop Council has agreed its preferred carbon emissions pathways for the 2021-31 Long Term Plan (LTP) and endorsed the draft budget for public consultation.
  7. Through the 2020/21 Annual Plan, Council agreed to borrow against the value of these NZUs to enable the fund to be established and projects to reduce emissions to begin in 2020/21. Borrowing allows for action sooner while taking advantage of likely increases in the price of NZUs by selling the NZUs later. It was agreed that the continuation of the fund after 2020/21 and any sale of NZUs will be decided subsequent to public consultation for the LTP process.
  8. This paper brings forward recommendations regarding its emissions units (which can be borrowed against, sold or used as carbon offsets), how Greater Wellington can manage its stock of them and how they can be leveraged to accelerate emission reductions in ways other than to sell or cancel them for offsetting.

## **Te tātaritanga Analysis**

### ***Greater Wellington's emissions units***

9. Greater Wellington has acquired and earned emissions units for its forestry estate since the New Zealand Emissions Trading Scheme (ETS) became operative in 2008. Greater Wellington's current stock of emissions units are detailed in table 1.

**Table 1**

Free allocation NZU for pre-1990 planted forests	255,660
2008-2019 permanent forest NZUs	81,295
2019-2020 permanent forest NZUs (estimated)	4,834

10. The pre-1990 free allocation emissions units were obtained via a one-off compensatory offer from the government, so their number will not increase. However, the value of the units may increase. These are currently being leveraged to debt fund the Low Carbon Acceleration Fund.
11. The remaining units have been earned from the 440Ha of regenerating permanent forest on Greater Wellington-managed land registered in the ETS (after being transferred from the defunct Permanent Forest Sinks Initiative). The number of these units will grow as the forests themselves grow and more Greater Wellington forests are registered.
12. Council has agreed to increase the number of emissions units it holds by expanding and registering our native forests on Greater Wellington-managed land. This has multiple benefits and minimal risks.
13. Greater Wellington's permanent forests are what underpins the 'carbon positive' goal for 2035 – the flow of units/rate of sequestration from them must exceed our rate of gross emissions from 2035 onwards for the organisation to be carbon positive. The stock of Greater Wellington's permanent forest emissions units 'banked' prior to 2030 could be used to achieve and maintain carbon neutral status, but will not help Greater Wellington become carbon positive.

***Why Greater Wellington cannot claim carbon credits from soil carbon or wetlands***

14. To date, the ability to claim emissions units for carbon sequestered in non-forest ecosystems has been excluded from the ETS as these ecosystems did not meet conditions for compliance markets for carbon originally adopted by New Zealand. This is because under the Kyoto Protocol, New Zealand accounts for all "Article 3.3 activities" (i.e. new forests that have been established since 1989 and all deforestation).
15. The ETS was originally designed to operate within the broader global cap set by the Kyoto Protocol, enabling trading with other Parties to the Kyoto Protocol and therefore needed to match those rules and eligible activities for meeting targets set under the Kyoto Protocol.
16. Parties to the Kyoto Protocol could voluntarily account for other activities under Article 3.4 (management effects), which included accounting for net emissions from vegetation and soil from forest management (of forests that existed prior to 1990), grazing land management and cropland management.
17. New Zealand chose not to account for these voluntary activities during the first commitment period of the Kyoto Protocol (2008-2012). For the second commitment period (2013-2020), accounting for forest management under Article 3.4 became mandatory and an additional voluntary activity was included for wetland

management. While New Zealand's emissions reduction target for the period was taken under the UNFCCC, it applied the Kyoto Protocol framework of rules to accounting, and continued to account only for forestry activities.

18. New Zealand subsequently signed up to the Paris Agreement which allows countries to develop their own nationally determined contribution (NDC) to reduce national emissions and adapt to the impacts of climate change. In its first NDC under the Paris Agreement, after exploring and considering whether to broaden its accounting into non-forest activities, New Zealand again chose only to account for forestry activities.
19. New Zealand may reconsider its approach for future NDCs in the future. For now, Greater Wellington is restricted to following the Government's decision to only account for forestry activities. This means that Greater Wellington is unable to earn units for rewetting our peatlands, a rare type of wetland, at Queen Elizabeth Park, and there is no incentive available to other land owners/managers to do the same.
20. In recognition of this Greater Wellington has taken the opportunity through our 2020/21 Briefing to Incoming Ministers to seek the Government's commitment to reconsider its position on this matter. Enabling the enhancement of permanent carbon sinks in non-forest land uses (including wetlands) to be recognised and incentivised through a market mechanism or scheme that rewards such activities (e.g. as is currently available for post-1989 forests in the NZ ETS) would improve outcomes for the climate as well as providing multiple benefits to the environment.

### **Offsetting**

21. When emissions units are used for offsetting they are cancelled in an equivalent quantity to the gross emissions to be offset, and subsequently are not available for any other purpose including sale.
22. Council has implicitly committed to offsetting by adopting a carbon neutral goal from 2030 and a net emissions target for 2025. As Greater Wellington has its own emissions units, it may not incur any significant direct costs by engaging in carbon offsetting. However, there will be an opportunity cost.
23. The amount of offsetting which might be required depends on how much Greater Wellington reduces its gross emissions. Various scenarios for this have been developed for the 2021-31 LTP presented to councillors, including offsetting estimates. For example a reasonably aggressive carbon reduction scenario could require approximately 46,000 tonnes of gross emissions to be offset during the period mid-2025 to mid-2030, assuming a carbon budget reducing linearly between the 40% target for 2025 and the net-zero target in 2030.
24. Assuming the number of Greater Wellington's emission units that would be needed to offset this could instead be sold sometime during the same period for \$100 each, the opportunity cost of this offsetting would be \$4.6M. This cost could instead be channelled into investments in additional emissions reduction projects which would have the added benefit of reducing the cost of decarbonisation and future offsetting requirements on the ratepayer.
25. Alternative offsetting accounting methods that do not involve claiming emission units from the government for sequestration on Greater Wellington land but still count

against a particular year's gross emissions effectively give the same result: an emissions removal used to balance out or neutralise an emission cannot be used again.

26. Complicating the situation is the upcoming change to national accounting rules for emissions units. Kyoto-Protocol era rules have allowed for cancelled emissions units (offsets) to be removed from the national Emissions Unit Trading Register each year, and therefore are unavailable for target accounting purposes. This meant New Zealand as a country received no help in reducing its emissions from these cancelled units (offsets) – the claim of reduced or neutralised emissions was attributed solely to the entity who paid for the offsetting/emissions units to be cancelled.
27. From 2021 there will be no Kyoto-Protocol removals process, meaning an emissions reduction from forest growth will be reflected in the national greenhouse gas emissions inventory regardless of whether it had been claimed as an offset by an organisation or some other sub-national entity or not. Such 'double-counting' is not compatible with carbon offset and carbon neutrality claims according to the Ministry for the Environment's (MfE's) present guidance. If MfE's stance does not change, it will mean no sub-national entity in New Zealand will be able to offset, or be carbon neutral.
28. In all likelihood the issue will be resolved and voluntary carbon offsetting will be allowed to continue because of the useful, additional emissions reduction activity it motivates. There is no inconsistency or perverse outcome that results from a sub-national entity and a country (which is after all, a collection of sub-national entities) both recording the effect of the same emissions reduction activity. Only if two countries claim the same emissions reduction would problematic double-counting occur.
29. Should for any reason voluntary offsetting not be possible in the future, Greater Wellington's emissions units will still be in demand for organisations to meet their obligations in mandatory schemes – such as the New Zealand ETS.
30. Given the uncertainty in this space, this report recommends that Greater Wellington defers the decision regarding offsetting Greater Wellington Regional Council's own emissions from 2025 onwards until there is sufficient clarity on the matter of voluntary offsetting.

## **Nga kōwhiringa**

### **Options**

31. Emissions units are increasing in value, and the medium and long term outlook is for this to continue. Emissions units originating for native reforestation command a premium compared to standard NZUs.
32. Therefore the sensible financial strategy is not to sell them at present and continue to borrow against their value to finance emissions reductions. At some point it will become necessary to sell the units to realise the value to both meet the costs of the money leveraged against them (e.g. interest costs, repayments) and to hedge against the risk of a price drop.

## **Ngā hua ahumoni**

### **Financial implications**

33. Officers will monitor market conditions and advise council on when to sell emission units. Treasury have advised that the interest costs associated with the Low Carbon Acceleration Fund are negligible and as such there is unlikely to be any reason to sell any emissions units during the first three years of the 2021-31 LTP period.
34. Decisions to cancel emissions units (offsetting) to meet Greater Wellington's 2025 and 2030 carbon targets do not need to be made now. Deferring decisions will also allow more time for the status of voluntary offsetting in the post-Kyoto rules environment to be settled.
35. Emissions units can also be loaned to others (similar to a financial loan) to earn a return from them (similar to interest payments) without selling them. This will be explored further as it presents another way Greater Wellington's emissions unit assets can be leveraged.
36. At this point emissions units are not 'strategic assets' as defined as by the Local Government Act or by Greater Wellington itself. However, given the value of these units, and the fact they will likely increase in value in the future, selling emissions units could be considered significant or material in accordance with Greater Wellington's Significance and Engagement Policy, meaning we would need to consult with the community when selling. As this report is recommending we defer selling the emissions units until the next LTP, this will not be relevant for the next three years.

## **Te huritao ki te huringa o te āhuarangi**

### **Consideration of climate change**

37. The proposed matter concerns Greater Wellington's goals in relation to climate change in that carbon offsetting is necessary to attain its carbon reduction targets.
38. As the recommendation is to defer decisions regarding sale of emissions units and carbon offsetting, the proposed matter will not impact on greenhouse gas emissions positively or negatively to any significant degree.
39. The proposed matter does not require an approach to reduce emissions.
40. Climate change impacts will not have any direct effect upon the proposed matter for decision.

## **Ngā tikanga whakatau**

### **Decision-making process**

41. The matter requiring decision in this report was considered by officers against the decision-making requirements of Part 6 of the Local Government 2002.



**Te hiranga  
Significance**

42. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matter for decision, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that this matter is of low significance. Since the declaration of a Climate Emergency on 21 August 2019 by Council a degree of public interest exists in Greater Wellington increasing its climate action. However, the matters remain consistent with existing Council policy and strategy and do not impact on the Council's capability and capacity.

**Te whakatūtakitaki  
Engagement**

43. As the matter for decision is of low significance it is recommended that no external engagement is required.

**Ngā tūāoma e whai ake nei  
Next steps**

44. Officers will investigate opportunities to loan Greater Wellington's emissions units to other organisations to gain a return from them without selling.
45. Officers will ensure the 2021-31 LTP consultation document explains that while the Low Carbon Acceleration Fund is backed by the council's free allocation NZUs, it does not anticipate needing to sell any for the next 3 years at least.
46. Officers will continue to monitor carbon market conditions and the post-2020 voluntary offsetting regime and will report back to the Committee to advise of changes.

**Ngā kaiwaitohu  
Signatories**

Writers	Jake Roos – Climate Change Advisor Andrea Brandon – Programme Lead, Climate Change
Approvers	Tracy Plane – Manager, Strategic and Corporate Planning Luke Troy – General Manager, Strategy

<b>He whakarāpopoto i ngā huritaonga</b> <b>Summary of considerations</b>
<p><b><i>Fit with Council’s roles or with Committee’s terms of reference</i></b></p> <p>The Committee’s involvement in and consideration of Greater Wellington’s carbon budgets and emissions reduction pathways fits with its specific responsibility to “Oversee the development and review of Council’s climate change strategies, policies, plans, programmes, and initiatives (including Council’s Climate Emergency Response Programme1); and recommend these matters (and variations) to Council for adoption”.</p>
<p><b><i>Implications for Māori</i></b></p> <p>There are implications for mana whenua and Māori. A mana whenua representative has not yet been appointed to the Committee, so their related views, or impacts on goals and aspirations are not reflected in this report.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>The matter for decision contributes towards meeting the Council’s goal to be carbon neutral by 2030.</p>
<p><b><i>Internal consultation</i></b></p> <p>Treasury and Finance were consulted regarding the content of this report.</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>There are no identified risks relating to the content or recommendations of this report.</p>