

Cover Note for Board Paper

Title of Paper:	Section 5K request – input into NDC2 advice		
Board Meeting Date:	29 May 2024	No. pages:	4
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Peer Reviewer:	Chris Holland	ELT sign off:	
Consulted:			
Title of any referenced previous Board Paper/s:			

Action sought

It is recommended that the Board:

- 1) Note** in October 2023, the previous Minister of Climate Change, under Section 5K (s5K) of the Act, requested advice from the Commission on New Zealand's second Nationally Determined Contribution (2031-2035, NDC2) under the Paris Agreement
- 2) Note** the existing [Terms of Reference](#) for this s5K request include:
 - a. Analysis of NDC2 emissions levels consistent with global 1.5°C ambition
 - b. Analysis of impacts of different levels of domestic emissions reduction for NDC2
 - c. Options for target presentation and accounting for progress
- 3) Note** we indicated to the Minister at the time of the s5K request that we could not start work without additional funding
- 4) Note** we noted in the Briefing to the Incoming Minister Hon Simon Watts in December that this work was paused subject to resourcing
- 5) Note** the Commission has received no additional funding for this work
- 6) Note** the limited time to deliver this work now further constrains the feasible scope
- 7) Note** we have been working with MfE officials as they develop options for the Minister to re-scope the Terms of Reference for the s5K request
- 8) Note** a manageable scope would be to focus on the impacts of different levels of domestic mitigation as a contribution to NDC2
- 9) Note** the Minister has now indicated he would like MfE to consult with us on new Terms of Reference along these lines
- 10) Note** we will work with MfE based on the broad scope outline described in this paper
- 11) Note** the Minister has indicated the advice will be needed by September or October 2024
- 12) Note** we will work towards the Minister being able to provide revised Terms of Reference for the Board's consideration at the 19th June Board meeting
- 13) Note** the advice will be delivered as a short, standalone report with basic formatting



Purpose

1. To update the Board on the Section 5K request on New Zealand's second Nationally Determined Contribution (NDC2) and to seek the Board's comfort with the new proposed focus for the advice.

Update

Section 5K request

2. In October 2023, the previous Minister of Climate Change, under Section 5K of the Act, requested advice from the Commission on New Zealand's second Nationally Determined Contribution (NDC2) under the Paris Agreement. The [Terms of Reference](#) are provided here.
3. NDC2 covers the period 2031-35. The Minister requested this advice be delivered by 31 December 2024.
4. The Commission indicated at the time of the original request that additional resource would be needed before work could start. The Commission also noted in the December Briefing to the Incoming Minister that the work was on hold subject to resourcing. No additional funding has been allocated for the work.

Recent engagement with MfE and the Minister

5. Commission staff have been engaging with MfE officials to understand the Minister's preferred approach to this advice, given the lack of funding being provided and the lack of time remaining to deliver the advice as originally scoped.
6. Under s5k the Minister must consult the Commission about the Terms of Reference for requested reports.
7. We have indicated we could still feasibly deliver advice that would be a useful input into the Government's consideration of NDC2. This advice would need a narrower scope which focusses on feasible scenarios of domestic emission reductions. We have considered how we could deliver this advice within the Commission's time and resource constraints.
8. We propose to continue working with MfE to refine the following broad outline scope:
 - A focus on achievable domestic emissions reductions as a contribution to NDC2
 - Presenting a range of plausible future NDC trajectories to 2050 and associated actions and impacts, based on existing high and low-ambition scenarios (HTHS, LTLS)
 - No advice on 1.5° compatibility
 - No advice on international offsetting
 - Brief coverage of:
 - o Progression of ambition from NDC1
 - o Options for target accounting
9. This option is valuable and deliverable since it:
 - a. uses existing modelling outputs,
 - b. provides supplementary analysis to the EB4 advice by describing the actions and impacts of higher and lower ambition pathways, and



- c. may reveal a longer term NDC pathway that relies little on international offsetting and would allow the government to pursue its considerations with a longer term, more strategic lens.

Risks

- 10. There are some risks associated with this work:
 - a. There may be high external scrutiny of the advice, including any choices made around metrics and target accounting. We are working to identify suitable external reviewers for the work to help mitigate this risk.
 - b. The work will use model results from our draft EB4 advice, which could change following consultation. As a result, the NDC2 work may not be consistent with the EB4 and Targets advice delivered in December. This could be mitigated by updating the NDC2 work in December for material changes in modelling results as necessary.

Next Steps

- 11. We will continue to engage with MfE officials as they develop options for the Minister, with the objective of having a revised draft Terms of Reference for the 19 June Board meeting. If progress is slower then we will provide a verbal update.
- 12. Once the Board has provided any feedback on a revised draft Terms of Reference we will:
 - a. seek to formalise it through an exchange of letters between the Board Chair and the Minister, and
 - b. publish it as soon as practicable, as required by the Act.
- 13. Appendix 1 shows the expected high-level Board process.
- 14. Once the Terms of Reference have been finalised we will formally initiate the project and report on progress to the Board in accordance with our Programme Management Framework (as with our other statutory advice deliverables).



Appendix 1

NDC2 advice: Draft process for Board (September delivery)

28/29 May	Board considers this paper
19 Jun	Board meeting: <ul style="list-style-type: none"> - Consider New Terms of Reference - Agree approach to work and discretionary scope questions
July	Board workshop to socialise draft advice
27/28 August	Board signs out final advice
December	[If necessary] Board signs out version 2 of advice updated for any material modelling updates