

Submission on Low Emissions Economy Inquiry  
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Pathways to a low emissions economy

- The positive economic and social benefits of transitioning to a low-emissions economy need to be well communicated to the general public. For example the health benefits, such as reducing the 399 deaths a year from vehicle emissions (<https://www.transport.govt.nz/resources/research-papers/environmentalresearch/healtheffectsofvehicleemissions/>)

Policies and Institutions

- “Over the last 25 years, New Zealand’s emissions have increased faster than most other developed countries.” (p28). This terrible failure of successive governments will continue until a separate body and robust legal framework is set in place.
  - A key theme of the 2015/2016 ETS review submissions was “the need for regulatory or policy certainty - this was the strongest theme and it was expressed across all sectors”. (<http://www.mfe.govt.nz/climate-change/reducing-greenhouse-gas-emissions/new-zealand-emissions-trading-scheme/reviews-nz-e-2>). This change will create the certainty submitters have demanded and put the essential change to a low-emissions economy beyond the reach of short-term politics.
- The comparison to fiscal and monetary policy (box 7.5) is well made. Government should set targets and provide the levers of control, a separate body is needed to control the levers and provide public reporting. This new body should be responsible for:
  - Setting minimum ETS unit prices for auctions in order to achieve emissions targets, much as the Reserve Bank sets interest rates.
  - Forecasting future ETS unit prices, both short and through to net zero, to give businesses the certainty they need around carbon pricing (refer ETS submissions).
  - Monitoring and public reporting of emissions vs international commitments, such as the Paris 1.5 to 2 degree target.

Emissions sources and opportunities

- Strongly support a “freebate” system to drive adoption of low or zero emission vehicles. This system need to take into account the lifetime emissions of vehicles entering the fleet, so should impact the cost of high emitting near-new cars hardest, whilst possibly subsidising low or zero emissions older imports. The government should also consider partnering with industry to build a nationwide charging network to get rid of “range anxiety”.
- Vehicle manufacturers need a clear signal to invest in and ramp up EV production. Suggest that NZ joins other countries in signalling this transition by setting a date for banning new sales of petrol/diesel vehicles, see [https://en.wikipedia.org/wiki/List\\_of\\_countries\\_banning\\_fossil\\_fuel\\_vehicles](https://en.wikipedia.org/wiki/List_of_countries_banning_fossil_fuel_vehicles).

- Electricity markets are overdue disruption, which will likely come in the form of local generation and storage, including household solar, storage and vehicle-to-grid. We need to create a market that enables this rather than maintaining the status quo, for example pricing distribution on distance travelled (rather than flat rate) and allowing trades at spot prices at all scales, right down to the household level.
- Heat and industrial processes: Government needs to provide green loans for projects that reduce business emissions, along with free business audits to identify opportunities and assist in producing cost/benefit analysis.
- Raising energy efficiency standards in the Building Code: New Zealand is well behind other parts of the world in this regard (e.g. the EU requiring near net zero homes by 2020, <https://ec.europa.eu/energy/en/topics/energy-efficiency/buildings/nearly-zero-energy-buildings>). Given the current housing shortage EECA/MBIE should consider the introduction of an optional “A” standard for energy efficiency which will not impact minimum construction costs in the short term, but will act as an aspirational goal for many home builders (who wants the “B” standard house?). A clear timeline should be set for increasing the regulatory requirements to give the industry time and the expectation to adapt.