

8 June 2018

Low-Emissions Economy
New Zealand Productivity Commission
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Dear Sir/Madam

Christchurch City Council submission on the Low Emissions Economy Draft Report April 2018

Christchurch City Council staff welcome the opportunity to submit on the New Zealand Productivity Commission's Low Emissions Economy Draft Report 2018.

If you require clarification on the recommendations and points raised in this submission or require additional information or further comment, please contact Kevin Crutchley, Resource Efficiency Manager at kevin.crutchley@ccc.govt.nz or 03 941 8209.

Yours faithfully



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Christchurch City Council staff submission in response to the New Zealand Productivity Commission's Low Emissions Economy Draft Report 2018

Introduction

Christchurch City Council welcomes the New Zealand Productivity Commission's (Commission) Low Emissions Economy Draft report that re-enforces the requirement and the opportunity for New Zealand to start, with measured urgency, transitioning to a low emissions economy.

Christchurch City Council has recognised the need to transition to a low emissions economy and has implemented the following initiatives.

Global Covenant of Mayors for Climate and Energy

Christchurch City Council joined the Global Covenant of Mayors for Climate and Energy in December 2017. Council is working on completing Christchurch's Community Carbon Footprint 2016/2017 which will show transportation as the major contributor to the City's CO₂ equivalent (CO₂e) emissions.

Net Carbon Neutral Target

Council has set a target for Council's activities to be net carbon neutral by 2030.

Resource Efficiency and Greenhouse Gas Emission Programme

Council is implementing a measurement and management framework for energy use, greenhouse gas emissions, solid waste generation and water use from Council activities.

Transportation

The Council initiated, researched and led the development of the Christchurch 100% battery electric car sharing service which resulted in the Yoogo Share service being launched on 15 February 2018. The service is available for use by organisations and the public and currently includes 100 battery electric vehicles at hubs across the city.

The Council has a continuing programme of work supporting the installation of electric vehicle charging infrastructure across the city and outreach work encouraging the uptake of electric vehicles by Christchurch organisations and residents.

Council Climate Change Strategy and Action Plans

In 2018/2019 Council will be reviewing two Strategies the 2010 Climate Smart Strategy and the 2008 Sustainable Energy Strategy for Christchurch and will also be reviewing the 2015 Christchurch Energy Action Plan to produce one Strategy document and produce a Climate Action Plan and an Adaptation Plan. The 2015 Christchurch Energy Action Plan includes a number of programmes of work relating to renewable energy.

As part of the Strategy review process and the development of a Climate Action Plan and Adaptation Plan (a requirement under the Global Covenant of Mayors for Climate and Energy) Council will be consulting with stakeholders.

The New Zealand Productivity Commission's Low Emissions Economy Draft Report

The Christchurch City Council is in general agreement with the Commission's draft report recommendations that recognise the need for New Zealand to transition to a low emissions economy and that this will require significant change and leadership to deliver this change.

The Christchurch City Council requests that the Commission includes the following recommendations in their report.

Local Government

Local Government has a significant role to play in working alongside its residents and businesses on the transition to a low emissions economy.

It is recommended that the report includes recognition of the importance of the role Local Government has in co-ordinating efforts with its residents and businesses to transition to a low emissions economy. The importance of the role of Councils in setting an example to reduce their own greenhouse gas emissions from their activities should be stated in the report. It is also recommended to include in the report how key stakeholders, including the Government, can support Local Government in this role.

Transport (Chapter 11)

In this submission where reference is made to battery electric vehicles this means battery electric zero tailpipe emission vehicles.

Plug-in Hybrid Electric Vehicles

It is recommended that Government policy, incentives and funding concentrate on promoting the uptake of zero tailpipe emission battery electric vehicles and that the Government does not have incentives and funding for plug-in hybrid electric vehicles or electric range extender vehicles.

Even now, particularly with urban daily driving, there is not a good case for promoting plug-in hybrid electric or electric range extender vehicles when compared to the better range of benefits offered by battery electric vehicles.

The range (distance) of battery electric vehicles available in the market is increasing rapidly and is expected to match the range of internal combustion engine vehicles in the near future. These zero tailpipe emission vehicles, which also have the benefit of lower maintenance costs when compared to plug-in hybrid electric vehicles and electric range extender vehicles, and have better environmental and health benefits, especially in urban centres, should be the vehicles to be promoted by the Government.

Plug-in hybrid electric vehicles or electric range extender vehicles generally have limited battery electric range and it has been suggested in a recent overseas investigation that users of plug-in hybrid electric vehicles tend to use fossil fuel as the main energy source for these vehicles.

Another reason why the Government should not invest either grant funding or rebate funding into plug-in hybrid electric vehicles or electric range extender vehicles is that the Government cannot determine CO₂e emission savings for that investment because the Government cannot guarantee how the users of plug-in hybrid electric vehicles or electric range extender vehicles will fuel the vehicles.

Phase Out Internal Combustion Engine Vehicle Imports

It is recommended that New Zealand phases out the importation of any vehicle that has an internal combustion engine and only allows the importation of zero tailpipe emission vehicles by a specified future date. It is recommended that the specified date to phase out the importation of internal combustion engine vehicles should be 2030. By 2030 it is expected that there will be a significant number of affordable models of battery electric light and heavy vehicles available to import.

Setting a specified future date for phasing out the importation of any vehicle that has an internal combustion engine will demonstrate to the global community and to vehicle manufacturers that New Zealand is joining other countries in a leadership role in committing to reducing our transport emissions and is determined to promote battery electric vehicle imports.

Regulating Light and Heavy Vehicle Emissions

It is recommended that there is an introduction of emissions standards for new and used imported light and heavy vehicles with urgency.

Feebate Scheme

It is recommended that a feebate scheme is introduced as soon as possible with fees placed on all new and used light vehicles and buses entering the country to provide rebates for new battery electric light vehicles and for new battery electric buses.

It is recommended not to provide a rebate for plug-in hybrid electric vehicles or for electric range extender vehicles but just provide a rebate for zero tailpipe emission vehicles for the reasons mentioned earlier in this submission.

In regard to heavy vehicles such as battery electric buses there are already proven technologies that are available that have at least 400km range and can be charged in three hours when not in use in the early morning hours. The current barrier to purchase battery electric zero tailpipe emission buses is the purchase price so a feebate scheme would assist in the uptake of zero tailpipe emission buses.

In regard to the timing of the implementation of the feebate scheme for other types of heavy vehicles this may need to be delayed until there are a greater number of battery electric zero tailpipe emission heavy vehicles available in the market, e.g. 2021.

Battery Electric Zero Tailpipe Emission Buses

It is recommended that the Government provide support and incentives for the procurement of battery electric zero tailpipe emission buses. This support could include arranging, through MBIE, a bulk procurement option for battery electric zero tailpipe emission buses for New Zealand bus service providers. A bulk procurement option may assist in bringing the procurement price down for bus service providers.

It is recommended that the Government investigate the opportunity to significantly subsidise, in the short term, bus fares on battery electric zero tailpipe emission buses to assist in their uptake.

Buy-back/Trade-in Scheme

As indicated in the Commission's report, converting the current fleet in New Zealand will take a long time due to the long average car ownership period in this country. It is recommended that the Commission include in the report bolder practical mechanisms to accelerate the conversion of the current internal combustion engine fleet to a battery electric zero tailpipe emission fleet over a quicker timeframe so the range of environmental, health and fuel resilience benefits can be realised earlier.

There needs to be a significant incentive to increase the turnover of the current registered internal combustion engine vehicles currently in New Zealand to convert to battery electric vehicles. It is recommended that a buy-back incentive (trade-in voucher scheme) is implemented for registered internal combustion engine vehicles of a defined age (e.g. 2003 to 2012), for a limited period (e.g. 2 years) and for a defined number of vehicles, to be used for purchasing a new or used battery electric vehicle. The internal combustion engine vehicle that was traded-in for a battery electric vehicle would be scrapped.

The trade-in voucher amount for the purchase of a battery electric vehicle could be scaled depending on the size of the internal combustion engine in the vehicle being traded-in and depending on the battery electric vehicle being purchased.

Energy Efficiency of Battery Electric Vehicles

It is recommended that the Government ensure that new and used vehicle retailers clearly display on all the battery electric vehicles the kWh used per 100km rating for the vehicle. Different models and types of battery electric vehicles can vary on their energy efficiency and therefore vary on their CO₂e emissions. This rating will assist consumers to compare the energy efficiency of different vehicle models.

Range of Battery Electric Vehicles

Suppliers of battery electric vehicles can have different rating schemes for the distance range of their vehicles because there are several rating standards. There is a United States Environmental Protection Agency (EPA) rating and a New European Driving Cycle (NEDC) rating. NEDC is being replaced by the Worldwide Harmonised Light Vehicles Test Procedure (WLTP). It is recommended that the Government ensure vehicle retailers use and display the Government's accepted best practice international range rating for battery electric vehicles that reflects real world driving of the vehicle. This will assist consumers to compare the driving range of different battery electric vehicles through comparing vehicles using one Government accepted rating.

Marine Transport

It is recommended that the Commission includes in the report how the Government could support the timely transition of marine transport to battery electric zero emission technology and include in the report the benefits of this support and investment.

Aviation Transport

There are a number of battery electric developments underway for aviation, such as pilot training battery electric planes available on the market and short haul regional battery electric planes in development.

It is recommended that the Commission include how the Government could support the timely transition to battery electric planes for domestic short haul regional routes.

Zero Tailpipe Emission Zones

It is recommended that the Government enable Councils the ability to set up zero tailpipe emission zones in their cities, e.g. in central business districts.

Heat and Industrial Processes (Chapter 13)

Cement Standards

An amendment to the cement standards would be welcome if the standard reduces greenhouse gas emissions and the integrity of the cement product is at least comparable to existing best practice cement products. Careful consideration and analysis would need to be undertaken to determine that there is no risk of compromising the lifespan and integrity of the cement products for their intended use.

A higher effective emissions price may help encourage the use of low emission cement but ultimately it will be the confidence in the cement product that will determine the level of its use.

Fonterra

In regard to the question in the report about Fonterra - Fonterra should be able to refuse milk supply where this would lead to inefficient land use and/or a significant increase in the company's greenhouse gas emissions. However, this may simply see other processors take the supply instead.

Waste (Chapter 14)

Waste Reduction

It is recommended that the Commission include in the report strategies to reduce waste being sent to landfills. The report should include strategies that the Government could implement to focus on the elimination of single use consumable products.

More emphasis is required in the report on the role of mandatory product stewardship schemes and how these schemes would put the responsibility back onto the producer to prevent waste and how this will assist in the transition to a low emissions economy.

The report also needs to focus on reuse options for materials. Recycling should not be a central focus because prevention of the waste in the first place is the priority objective. Recycling also generates greenhouse gas emissions through transport and processing emissions.

Wastewater Treatment Plants and the ETS

The ETS could be extended to cover wastewater treatment plants however there will be varying ability across the country to act on greenhouse gas emission reduction opportunities at different

treatment sites and therefore resulting in a potentially unbalanced impact on different ratepayer groups. This will be as a result of widely varying territorial local authority size and financial capacity, but also due to widely varying treatment processes that are driven by large differences in treated water quality achieved, depending on the capacity of the receiving environment to assimilate contaminants - in essence the conditions of their discharge consents.

What is needed is a clearer understanding of what greenhouse gas emissions result from the different treatment processes and discharges to both water and land, so that all wastewater treatment plants work from the same reporting basis. Guidance in this assessment is needed before the inclusion of wastewater treatment plants into the ETS could be supported.

The Built Environment (Chapter 15)

NABERSNZ

It is recommended that the NABERSNZ rating scheme is expanded for use for other facilities in New Zealand not just office buildings, e.g. for use for hotels, shopping centres, hospitals, swimming pool complexes etc.

It is recommended that the NABERSNZ public displayed rating for a building also clearly states the CO₂e emission component of the rating so potential tenants and the public can also easily see the CO₂e emission element of the rating for comparison purposes between buildings. This would publicly promote the level of greenhouse gas emission generated by building services which is important for greenhouse gas emission evaluations between buildings.

It is recommended that the Government investigate and consult on having a mandatory requirement for New Zealand commercial facilities, of a certain size in square metres, to have, and display, a NABERSNZ rating for these facilities as is done in Australia.

Higher Density Living

Incentivising higher density living in cities is required to reduce the need for private vehicle travel (reduce urban sprawl) and to make shared transport (car share, bike share, public transport) a more viable option. High density living can be further incentivised with increased Government funding for walking, cycling and public transport, ahead of road capacity projects, to make short trips easier by modes other than a private vehicle.

Greenhouse Gas Emission Data

It is very important that consistent best practice and internationally recognised methodology for determining and reporting on greenhouse gas emission footprints for organisations, cities, districts and regions is used. Transitioning to a low emissions economy requires robust, accurate and consistent data reporting for measuring and managing greenhouse gas emissions.

It is recommended that the Ministry for the Environment, using best practice and internationally recognised methodology, further develop their currently available on-line greenhouse gas emission calculation guidance into a step by step guidance tool. This would include how different types of organisations can calculate their CO₂e emission footprint and how New Zealand cities, districts and regions can calculate their community greenhouse gas emission footprint. It is recommended that the Ministry for the Environment develop on-line greenhouse gas emission calculation tools for use

by organisations, cities, districts and regions to calculate their organisation and community CO₂e footprints. A comprehensive range of emission factors to use in the Ministry for the Environment's on-line greenhouse gas emission calculator tools would need to be developed, verified and updated by the Ministry for the Environment.

It is recommended that the online guidance and calculator tools are hosted on the Ministry for the Environment's website and are freely available to users.

It is recommended that the Government implements a public reporting regime (at least every two years, on a financial year basis) on New Zealand's national greenhouse gas emission inventory which also is broken down by city, district and regional level. This would assist cities, districts and regions to monitor their greenhouse gas emissions, know where their emissions are generated from and how they are progressing with reducing their emissions. This would also assist with the education of the community on how the cities, districts and regions are performing in relation to greenhouse gas emission reductions.

Education of Consumers

The Government could support Environmental Choice New Zealand to develop an easy to follow, cost effective, practical labelling scheme for a specified list of priority consumer products sold in New Zealand to show the amount of CO₂e emissions typically emitted during the manufacture and through the use of the product. The labelling scheme could start as a voluntary scheme for product suppliers.

It is also recommended that a CO₂e rating is developed for products alongside the current energy efficiency rating used on products.

General

There is urgency required in regards to the Government deciding on if and when a feebate scheme and a buy-back scheme would be introduced because uncertainty in the market would delay potential purchasers taking action to purchase a battery electric vehicle.

It is recommended that when Government is considering raising the vehicle speed limit on motorways that it also takes into consideration the negative effect that this will have on increasing fuel use and increasing related greenhouse gas emissions.

It is recommended that the benefits of a timely and early investment in the transition to a low emissions economy need to be more strongly recognised throughout the report. This includes the range of opportunities, for example with new types of employment, innovation, and environmental, health and economic benefits. The report also needs to clearly state the costs to New Zealand if we do not take early action to transition to a low emissions economy.

Thank you for receiving the Christchurch City Council submission recommendations and we welcome any opportunity to provide further comment to the Commission.