

NZ Climate Change Policy and Forestry

Kimberly Robertson
FORCE Consulting



Overview

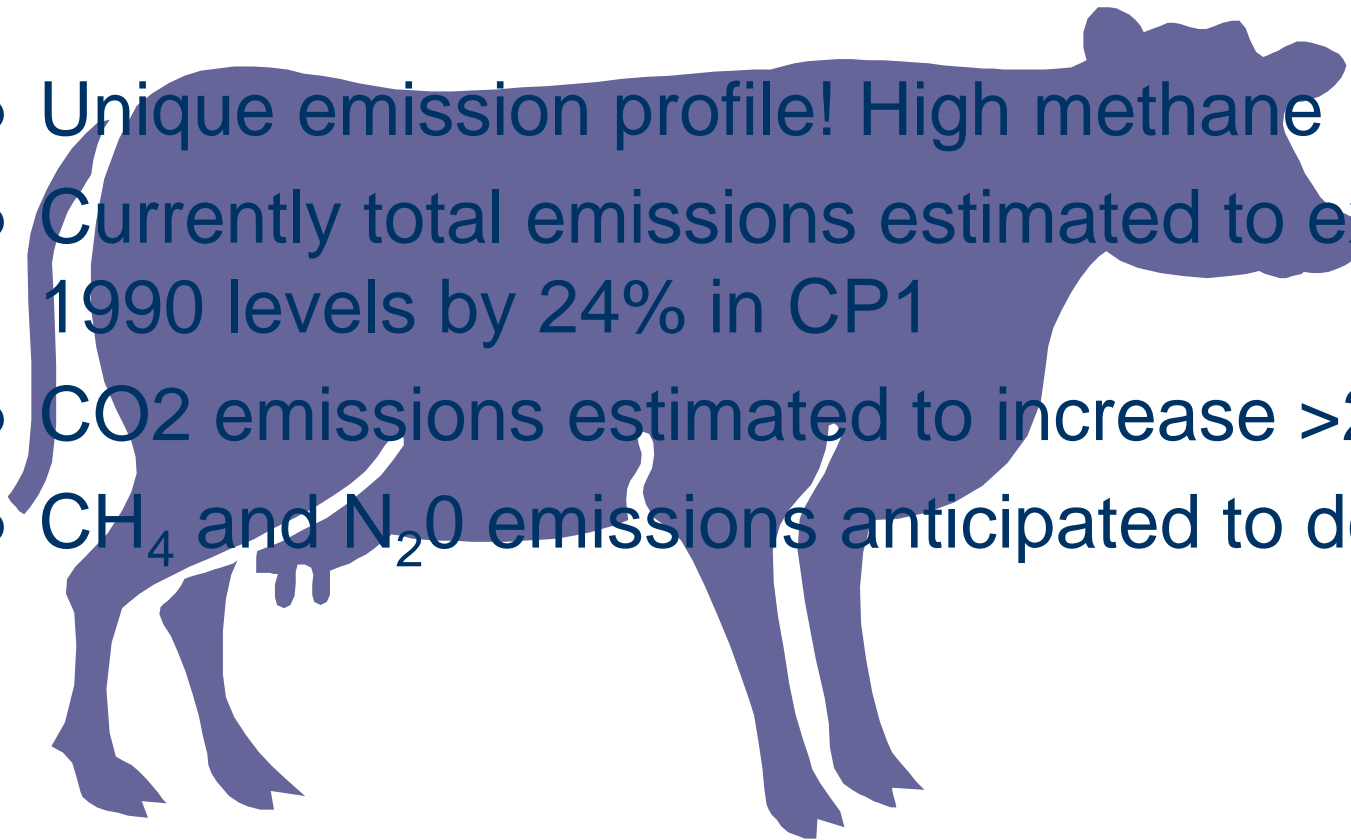
- Background
- Forestry in New Zealand
- NZ Climate Change Policy
- Permanent 'sinks'
- Forest Industry Framework Accord (FIFA)
- Emission Charge
- Negotiated Greenhouse Agreements
- Conclusions

New Zealand's status

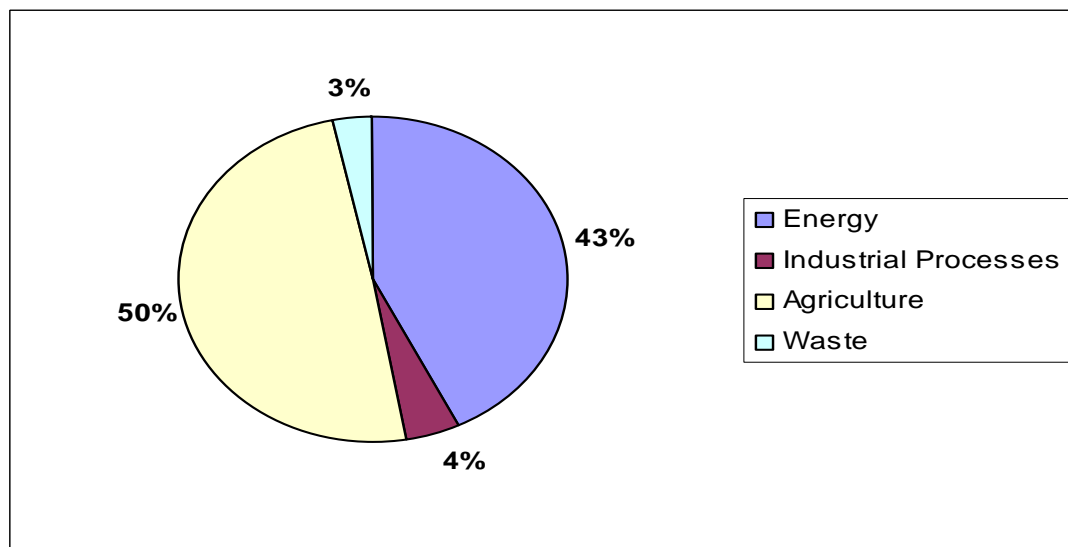
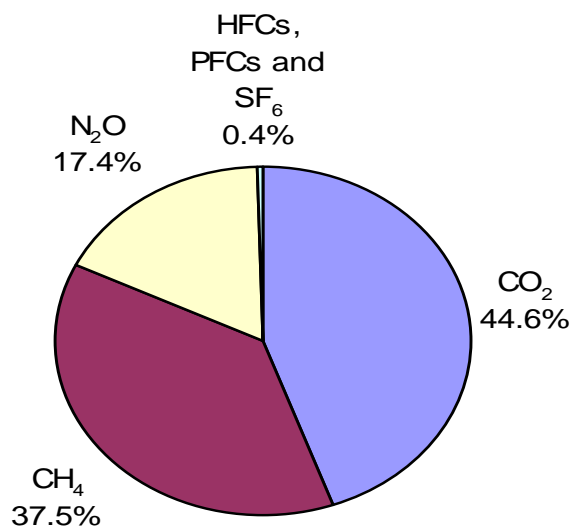
- Government ratified the Kyoto Protocol in 2002
- Kyoto Protocol commitment to reduce emissions to 1990 levels in CP1
- Domestic climate change policies: NEECS, permanent 'sinks', FIFAs, emission charge, negotiated greenhouse agreements, emissions reduction projects, waste management, transport

New Zealand's Status

- Unique emission profile! High methane
- Currently total emissions estimated to exceed 1990 levels by 24% in CP1
- CO₂ emissions estimated to increase >20%
- CH₄ and N₂O emissions anticipated to decline



Emissions by Gas/Sector



- Energy
- Industrial Processes
- Agriculture
- Waste

Forestry in New Zealand

- Total land area of NZ = 27.1 Mha
- 23% Natural Forest
- 7% Plantation Forest
- 90% *Pinus radiata*
- Afforestation/Reforestation of 15 000 ha in 2003

Natural Forest

- 6.2 Mha
- Conservation Estate
- Little harvesting
- Carbon Reservoir
- CMS



Plantation Forest

- 1.8 Mha
- 90% P.Radiata
- A/R = 15000 ha 2003
- Mostly in CNI
- Harvest vol 2003 = 23 Mm³
- Total C seqn 2003 = 22 Mt CO₂e
- Carbon sink CP1 = 95 Mt



New Zealand's position in CP1

BAU projections 2008-2012	399 Mt CO ₂ e
Assigned Amount Units (5 times 1990 emissions = AAU)	308
Article 3.3 sink credits	95
Allowed emissions (AAU + sink credits = 308 + 95)	403
Net impact of Projects (Total – allocated to projects = 13-10)	-3
Impact of Policies (excluding projects)	- 26
Projections 2008-2012 (with policies scenario = 403-370)	370
Net Position - Excess Sink Credits (allowed emissions minus projections = 403 - 370)	+33

Domestic policy

- Sinks/sources in forestry retained by government agency
 - Government responsible for up to 10% deforestation of non Kyoto Forest
 - International Emissions Trading (A17)
- Some of the revenue will be recycled
 - Permanent Sinks
 - FIFA
 - Projects to reduce emissions
- Emissions charge in 2007
- NGAs to continue to reduce emissions

Forest Sinks

- Essential to NZ meeting obligations
- Least cost option for NZ
- Government decisions
 - Not a shield for emitters
 - Credits internationally tradable
 - Some benefit to those with sinks

'Permanent' Forest Sinks Policy

- 5.5 Mha unsustainable agriculture
- A/R under Article 3.3 of KP
- Credits for increase in C stock over CP 1
- Internationally tradeable
- Responsible for any later C stock decrease
- Responsibility for monitoring, verification, ongoing administration costs

‘Permanent’ Forest Sinks Policy

- Carbon sequestration
- Improve biodiversity
- Erosion control
- Flood protection
- Natural forest restoration

'Permanent' Forest Sinks Policy

- Contingent on Kyoto Protocol coming into force
- Use of exotic and indigenous species
- Harvesting on a continuous canopy basis after 35 years
- Exclusion of clear-fell plantations

Forest Industry Framework Accord

- MOU between Govt and Forestry Industry
- Still under discussion
- Aims to encourage a growing, viable forestry industry and to meet climate change objectives (protection of sinks)
- Recycles a proportion of sink credits to industry

Forest Industry Framework Accord

- Regional and industry market development
- Bioenergy
- Industry labour and skills
- Market access
- Contingent on KP coming into force
 - Govt responsibility for deforestation/harvesting where govt has retained credits
 - 10% deforestation liability cap on non Kyoto forest

Emission Charge

- On fossil fuel and industrial process emissions
- From 2007
- International carbon price
- Capped at NZ\$25 /CO₂ e

Negotiated Greenhouse Agreements

- Aimed at 'competitiveness at risk' firms
- Enable appropriate emissions reductions and timeframe for sectors/companies
- Aim for 'best practice' (emissions/unit)
- Full or partial exemption from emission charge
- Includes some wood processing companies

Projects to Reduce Emissions

- Award of Kyoto emission units to projects that will reduce GHG emissions below business-as-usual.
- 15 successful tenderers
- 14 of 15 signed up
- 6 Project announcements made
- Assessment of first round underway
- Call for second round tenders made

Conclusions

- NZ govt to retain forest sink credits
- Some \$\$ recycled to forest industry through climate change policies
- Permanent sinks, FIFA and NGA's

Further information

www.climatechange.govt.nz