
REPORT 4b
(1215/52/IM)

CLIMATE CHANGE: THE COUNCIL'S APPROACH

1. Purpose of Report

To outline the approach to refocusing our corporate carbon neutral goal with a focus on actions aimed at reducing emissions and preparing for the impacts of climate change.

2. Recommendations

Officers recommend that the Committee:

1. *Receive the information.*
2. *Agree to refocus the corporate carbon neutrality goal by:*
 - (a) *retaining the carbon neutral goal as an aspirational vision but removing the 2012 deadline*
 - (b) *having a primary focus on the existing corporate and community emission reduction goals*

3. Background

The Council has formally committed to achieve carbon neutrality for its corporate activities by 2012¹. Councillors were presented with the Council's revised corporate emissions inventory and a range of practical issues associated with the concept of carbon neutrality in August 2008. The Council has also agreed targets for corporate emissions reductions (based on a 2003 base year) and community reductions (based on a 2001 base year) as follows:

Year	Corporate Target: Wellington City Council Emissions	Community Target: City Emissions
2010	Stabilise (best efforts)	Stabilise (best efforts)
2020	40% reduction	30% reduction
2050	80% reduction	80% reduction

¹ Councillors amended the emissions reduction targets of the Draft Climate Change Action Plan in December 2007 to include the corporate carbon neutral goal for 2012.

A strong focus on emissions reductions is in line with best practice internationally. The three steps to emissions management are to (i) measure, (ii) mitigate and (iii) offset. Given the issues with carbon neutrality (see section 4.1) it is appropriate to place the emphasis on measurement and mitigation (emissions reductions).

A description of the proposed refocusing of the carbon neutral goal is included in general climate change material as part of the LTCCP engagement process.

4. Discussion

4.1 *Issues with Carbon Neutrality*

The field of voluntary carbon markets and carbon neutrality is rapidly evolving and dynamic. At the moment, there are a range of unresolved issues that could have an impact on the definition and credibility of carbon neutrality claims in New Zealand. There is wide agreement that the issues surrounding carbon neutrality are complex and significant. The Council is actively participating in these debates and are keen to see resolution of these issues as soon as practicable.

Key issues with claiming carbon neutrality are:

- Cost: Carbon neutrality could cost the Council \$300,000 to \$1,700,000² per annum starting in 2012. The price would be dependent on the price of carbon credits at the time of purchase. This cost would need to be factored in to long-term planning.
- Payback: Purchasing carbon credits represents a cost without a financial return. Council may instead choose to invest in projects that lead to increased energy efficiency, and that result in attractive financial paybacks over time.
- Credibility: There is no definition or standard for carbon neutrality internationally and carbon neutral claims are coming under increasing scrutiny.
- Uncertainty: It is unclear how the Government's Emissions Trading Scheme will affect the Council's carbon neutrality goals. A realistic possibility is that the Council would pay twice for the same emission: paying once for its obligations under the Emissions Trading Scheme and paying again for its commitment to carbon neutrality.
- Lack of local linkages: Due to regulations governing carbon markets, the presence of the Emissions Trading Scheme (a regulatory scheme) would make it difficult or impossible for the Council to purchase locally generated carbon credits (from the voluntary market). This means that ratepayer funding would pay for emission reduction projects overseas as opposed to Wellington or even New Zealand projects.

4.2 *Proposed Approach*

In response to uncertainties around carbon neutrality, a revised approach to focus on responsible carbon management is proposed. This would involve:

² This cost would be \$220,000 to \$1,100,000 per annum if the Council divested from Spicer Landfill.

- enhancing the focus on achieving cost-effective emissions reductions for corporate and community emissions
- preparing for any obligations and cost increases resulting from Government climate change policy (likely to include an Emissions Trading Scheme)
- ongoing review of our Climate Change Action Plan to develop a robust framework upon which actions can be based
- recommending that Council remove its target of 2012 for achieving corporate carbon neutrality but retain carbon neutrality as an aspiration.

4.3 Communicating the Proposed Approach

By refocusing its approach to its carbon neutral goal the Council may be seen as slowing its commitment to climate change action. This is not the case. It is also not well understood that the Council set the carbon neutral goal of 2012 for its own corporate operations and not for Wellington city in its entirety. As discussed above there are good reasons for taking the proposed approach. The key messages to be included in any communications from Council are:

- The Council views climate change as one of the key challenges facing Wellington.
- The Council is aiming to reduce its own corporate carbon emissions – using less energy and reducing emissions from waste, which means potential cost savings for ratepayers.
- The Council is focusing on reducing carbon emissions as part of our aspirational vision of carbon-neutrality. This provides better value for ratepayers. All opportunities for reducing emissions need to be understood before we start thinking about purchasing offsets.
- There are still a lot of ambiguities around measuring and offsetting carbon emissions and the impact of the Emissions Trading Scheme. Until these issues are resolved, our focus and efforts will be on reducing our carbon emissions.

A “Questions & Answers” document has been put together in response to common concerns (attached at **Appendix 1**).

5. Conclusion

The Corporate carbon neutral goal should be refocused for a variety of reasons, such as cost, credibility with carbon neutral claims, and uncertainty relating to the New Zealand carbon market. Focusing on emissions reductions (as opposed to offsetting) is viewed as international best practice in carbon management. Despite commitment to best practice, this amendment may be viewed publicly as slowing of Council commitment to climate change action. The proposed approach needs to be supported by clear messaging.

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Supporting Information

1) Strategic Fit / Strategic Outcome

Consistent with the Council's Environmental, Transport and Urban Development Strategies.

2) LTCCP/Annual Plan reference and long term financial impact

Costs associated with corporate carbon neutrality would need to be included in LTCCP if the 2012 goal is not amended as recommended in this report.

3) Treaty of Waitangi considerations

Nil.

4) Decision-Making

This decision does not trigger the significance policy.

5) Consultation

a) General Consultation

This proposal will be consulted on as part of the 2009-2012 LTCCP.

b) Consultation with Maori

This proposal will be consulted on as part of the 2009-2012 LTCCP.

6) Legal Implications

Nil.

7) Consistency with existing policy

This report proposes a refocusing of our approach and corporate target for carbon neutrality, consistent with best practice and allowing for a range of considerations and uncertainties.

Q & A for Carbon Neutrality Goal

Q: Shouldn't the Council take responsibility for its greenhouse gas emissions?

A: Yes – and we are. We see climate change as one of the key challenges facing Wellington. We have several initiatives underway to reduce our own emissions. We're looking at ways to use less energy at our facilities, as well as reducing emissions from waste. As well as this, the soon-to-be-introduced Emissions Trading Scheme will mean we'll be obliged to pay for our landfill emissions and the emissions associated with increased energy charges that reflect the price of carbon.

Q: Why is the Council not taking responsibility for offsetting its corporate emissions?

A: We're focussing on reducing our carbon emissions by using less energy and reducing emissions from waste and this means ratepayers get better value for money. Offsetting emissions to claim carbon neutrality is a complex issue. There are no agreed carbon neutrality standards for local authorities. Another complicating factor is that carbon credits generally fund overseas projects, whereas reducing carbon keeps the environmental and cost-savings benefits right here. Carbon neutrality is still our aspiration but this needs to be better understood and defined before we can commit our ratepayers.

Q: What is so difficult about carbon neutrality?

A: Currently there are a number of issues with carbon neutrality being faced here and overseas. These include uncertainty about the voluntary carbon market and its relationship to the Emissions Trading Scheme. If we choose to offset our emissions we could end up paying twice. We need to think about how we can reduce emissions before purchasing offsets. Paying for offsets delivers no financial payback, while many measures to reduce emissions can.

Q: What is the Council doing to reduce its corporate emissions?

A: We have completed a detailed inventory to establish the level of Council corporate greenhouse gas emissions. This gives us a baseline from which to set targets and monitor performance. We are identifying ways to reduce the energy we use in all our facilities. We've installed equipment to capture landfill gas which has reduced our emissions from waste. Current reviews of Council's procurement and vehicle fleet policies are considering environmental impacts. A waste audit for the civic complex and an organisation-wide travel survey have also been completed.

Q: When will the Council consider offsetting to become carbon neutral?

A: We still aspire to be carbon neutral. However we'll only consider buying carbon credits as offsets once some of the complexities and practical issues are resolved and we've reduced our emissions as much as we can.

Q: What is the Council doing to reduce emissions across Wellington City?

A: A number of existing projects have climate change benefits, including our focus on compact growth and enhancing public transport services. Developing enhanced broadband networks is shown to reduce transport demand. The Council has areas of forest which can earn carbon credits as forest sinks, and we'll look at developing more. The Council supports local service providers to deliver insulation retrofits in Wellington. Our District Plan promotes and encourages renewable energy. Work is taking place to identify other climate change opportunities.