

CCLF Business Opportunities Cluster

Report to CCLF Meeting
August 2008

6 August 2008

Moving business mindset

Current State

- Uninformed
- Negative
- Misunderstood
- Seen as cost
- Don't understand difference between compliance and carbon neutrality

Future State

- Positive
- Proactive
- Clarity
- Informed
- Opportunities maximised
- Businesses know where to find information

ACTIONS

Phase 1:
Education
Initiative

Phase 2:
Stimulating Growth
& Innovation

Phase 3:
Leveraging the
Opportunities

Cluster Focus

- Role of CCLF and Government
 - Leadership & informing the market
- Phase 1: Education and communication strategy
 - Impact of climate change/ carbon price
 - Initiatives
 - Industry focus
 - Roll out
- Phase 2: Stimulating growth and innovation
- Phase 3: Leveraging the opportunities
- Addressing the hurdles – interplay of voluntary market and compliance regime

Proposed Education Initiative

- Neutral document : no politics
- Leadership : inform the market
- Start/ move the thinking – not all doom & gloom
- Agreed process:
 - Simple is best
 - Less is more (not another 50 page handout)
 - Create the picture to move market perception
 - Target audience : Commercial NZ
 - Use Industry Associations, Government Agencies & other supportive organisations to disseminate

Proposed Education Initiative

Creating Opportunities
(Making Profits)
(Generate a Return)...
in a Low Carbon World

Issue 1

Produced by CCLF

Physical Risks

Projected climatic changes in NZ:
Increase in Temperature
Rainfall changes in all areas
Wind & Snow Increases



Physical Opportunities

Look for opportunities:
e.g. Extended growing seasons

Regulatory Risks

Increased costs of compliance:
Policy changes – national climate change
adaptation and mitigation strategies
Restrictions on activities



Regulatory Opportunities

Consulting, legal, advisory services
Encourage innovation & business efficiencies

Commercial Risks

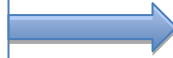
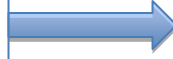
Decreasing market share due to increasing
consumer awareness of climate change.

Declining revenues due to switches in
consumer preferences – leading to changes
in supply chain

ETS – Costs & Liabilities

Distance to market, labelling

“Greenwash”



Commercial Opportunities

Sustainable Business & revenue growth (meeting
consumer & supply chain demands)

New Product creation (e.g. more energy-efficient
ways of heating homes)

Increased efficiencies and effectiveness resulting in
increased profitability (eg farming)

Implement internal Environmental Strategy (staff
retention and satisfaction, corporate social
responsibility benefits)

Investments & niche area growth (new business
ideas, new skill sets, new innovations)

Early adoption competitive advantage (eg Grove Mill)

TWO MARKETS: DIFFERENT DRIVERS

Compliance

vs

Carbon Neutrality

Meeting requirements under an emissions trading scheme.

ETS or Kyoto compliance does not necessarily make you carbon neutral

NZ ETS linked to Kyoto which takes NZ back to 1990 emissions levels. Some sectors have no cap. Over time all sectors will have a price on carbon.

Some Kyoto units represent reductions in emissions (eg Clean Development Mechanism (CERs)). But many don't (eg Assigned Amount Units (AAUs)) represent reducing emissions.

95% of New Zealand emissions likely to be covered by AAUs

Calculating total carbon emissions, reducing them where possible, and then balancing the unavoidable emissions, by purchasing & retiring/cancelling a credible carbon offset for every emission

Carbon neutral can apply to a product, service, event, organisation, or individual activities.

Offsets can be appropriate Kyoto units (not AAUs) or offsets issued under credible voluntary schemes.

Use of international standards, third party verification & registries to ensure integrity and avoid claims of "greenwash"

Top 10 Steps for any Business

- Understand your Carbon Footprint
- Understand your Suppliers' Carbon Footprints (your whole supply chain)
- What are your customers expectations (now and in the future) around carbon neutrality / environmental friendliness? And identify the Brand you want your business to have, or be.
- What are the global / NZ pressures your business is facing?
- Use your best people to develop and implement an appropriate Environmental Strategy: You, Your Market, Your Community
- Take advantages of all efficient uses of energy, potential energy losses, transport, minimising waste/maximising recycling etc.
- Price Carbon into investment decisions
- Are you eligible for any grants?
- Get advice on Kyoto/ETS/neutrality – on what this actually means and the opportunities it creates. (Industry Associations, Government and Advisory firms)
- Are you continually considering all innovative ideas, technologies and business opportunities?

Vertical Opportunities

Energy

Industrial

Transport

Forestry

Agriculture

Key Information

Basic information about Climate Change

- <http://www.climatechange.govt.nz>
- UNFCCC Feeling the Heat: http://unfccc.int/essential_background/feeling_the_heat/items/2918.php
- Pew Centre Climate Change 101: Understanding and Responding to Global Climate Change: http://www.pewclimate.org/global-warming-basics/climate_change_101

Carbon neutrality in New Zealand

- carboNZero: <http://www.carbonzero.co.nz/>
- Meridian's experience: <http://www.meridianenergy.co.nz/AboutUs/News/BecomingCarbonNeutral.htm>

Voluntary compliance:

- NZ Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting: <http://www.mfe.govt.nz/publications/climate/guidance-greenhouse-gas-reporting-apr08/index.html>
- Greenhouse Gas Protocol (GHG Protocol): <http://www.ghgprotocol.org/>
- Guidance for Calculating Emissions in the Agricultural sector: <http://www.maf.govt.nz> and <http://www.carbonfarming.org.nz/>
- Guidance on NZ ETS Registry reporting: <http://>
- Carbon Trust: <http://www.carbontrust.co.uk/default.ct>

Practical information, examples and advice:

- Energy efficiency ideas and available grants: <http://www.eeca.govt.nz>
- Beginners Guide to the Voluntary Carbon Market: <http://www.tz1market.com/assets/beginnersguide.pdf>
- Grove Mill tips for reduction: <http://www.grovemill.co.nz/page/What-is-Climate-Change>

Next steps: Education Initiative

- Finalise document
 - Incorporate other CCLF input
 - Populate vertical opportunities
- Production
 - MfE cost?
- Roll out
 - Support from CCLF? Agreed public output?
 - Press release
 - Covering letter from CCLF Chair to target groups/Govt requesting hard copy dissemination
 - Display on “caring/sharing” websites: Business Associations, Govt, CCLF members

Other: Current Hurdles

- Voluntary Carbon Market vs ETS
- Stimulating fast and real emission reductions
- Greater NZ economic impact due to distance from market
- Desired outcome: credible market & no double counting of emissions
- Realistic costs: no double paying for same emissions
- Current actions: Private sector leadership group
- CCLF role? Support credible actions, encourage Govt support of initiatives

Future role of cluster

- Finalise Education initiative
- Phase 2: Leveraging opportunities
- Phase 3: Stimulating growth and innovation
- Other: Identify hurdles and ways Government and organisations can work constructively to address