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Renewable Energy 2025

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NEW ZEALAND

Law and Practice

Contributed by:
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Contents

Russell McVeagh employs approximately 350 staff and partners across its Auckland, Wellington and Te Waipounamu South Island offices, recently expanding with the opening of its Queenstown office in April 2025. The firm's renewable energy team is a market leader in New Zealand and has represented local and international clients on some of the most high-profile renewable energy transactions. The team has significant experience in advising on all aspects of renewable energy, including on the equity and debt financing, property, consenting and construction aspects of renewable energy projects and advising on the acquisition and sale of projects and project platforms. Russell McVeagh has a deep understanding of the key drivers and issues faced by project sponsors and deploys experts across its full-service practice to manage any issues that arise over the life cycle of a renewable energy project.

Authors

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Mei Fern Johnson is a partner at Russell McVeagh. She is a multi-award-winning lawyer with 25 years' experience advising on energy, infrastructure, technology and transport projects. Mei Fern's energy projects include renewable energy generation, BESS, contribution to policy development for regulatory regimes for offshore renewable energy, and investments in oil and gas. Mei Fern is the lead editor for Russell McVeagh's popular Energy Blog. She was director of the National Infrastructure Funding and Financing Limited (formerly Crown Infrastructure Partners) with NZD3.9 billion in investment and a member of the Capital and Infrastructure Board Committee for Health New Zealand Te Whatu Ora, which runs the New Zealand health system.

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1. Overview

1.1 Energy Transition

Current Energy Mix

The current share of renewable energy in New Zealand's energy mix is higher than in most OECD countries. In 2023, approximately 43% of primary energy supply and 30% of final energy consumption came from renewable sources, according to the Ministry of Business, Innovation and Employment (MBIE).

The share of renewable energy in electricity generation is significantly higher than this. In 2024, renewable energy accounted for approximately 86% of the electricity generated in New Zealand.

This high proportion of renewable energy generation is, in large part, representative of the favourable geography of New Zealand, which includes consistent rainfall and wind and access to geothermal resources.

The Energy Transition Ahead

Against this backdrop, the focus of New Zealand's energy transition in the coming years is likely to involve the following:

- increases in renewable energy generation (and an associated need for investment in transmission and distribution infrastructure) driven primarily by future expected increases in demand for electricity;
- the need to ensure that the electricity system can support increasing levels of intermittent generation;
- mitigating the exposure of New Zealand's electricity system to "dry year risk" (being the risk that overall generation capacity falls as a result of extended periods of low inflows into New Zealand's hydro lakes); and
- the need to transform New Zealand's broader economy to the use of cleaner sources of energy and to a lower emissions economy, particularly in industrial processes, transport and the agricultural sector.

New Zealand's Net Zero Target

New Zealand set a domestic "Net Zero by 2050" target under the Climate Change Response Act 2002 (CCRA) for all greenhouse gases other than biogenic methane. Under the CCRA, the government is required to prepare five-yearly emissions budgets and produce emissions reduction plans that set out the proposed policies for meeting each emissions budget.

Any sector-specific emissions reduction targets are decided by the government of the day as a matter of policy. In relation to renewable energy, the current government has committed to doubling generation from renewable energy sources by 2050.

Oil and Gas

The role of oil and gas in New Zealand's energy future is a matter of debate across the political spectrum. The current government has reversed the previous government's ban on new oil and gas exploration. The cited reasons for the reversal include the need

to address energy security challenges and regional economic development opportunities.

1.2 Renewable Energy Technologies

The vast majority of electricity in New Zealand is generated from renewable sources (86% in 2024). See **3.1 Electricity** for a breakdown of generation between different renewable energy sources.

Hydroelectric and geothermal generation are hugely important to New Zealand's current generation capacity. Looking ahead, as electricity is increasingly used in place of fossil fuels and electricity demand increases generally, MBIE predicts that significant new generation capacity will be required. New wind and solar projects are expected to play a large role in helping to meet this increase in demand.

In addition, activity in battery energy storage systems (BESS) and green hydrogen projects is also expected to increase. See **1.3 Renewable Energy Market and Recent Developments** and **4.1 Electricity** for further information.

1.3 Renewable Energy Market and Recent Developments

Tiwai Point and Demand Response

In 2024, long-term agreements were signed to supply 572 MW of renewable energy to the Tiwai Point Aluminium Smelter (Tiwai Point), New Zealand's sole aluminium smelter. Tiwai Point, which is owned by New Zealand Aluminium Smelter (NZAS), is the largest user of New Zealand's electricity and accounted for 12.14% of New Zealand's annual demand in 2023.

For some time prior to this, there had been material uncertainty as to whether NZAS might ultimately carry through with past threats to close Tiwai Point. The signing of the 20-year agreements with NZAS brought comfort to renewable energy developers regarding the continued existence of a large proportion of New Zealand's total load. Meridian Energy Limited (Meridian), Mercury Energy Limited (Mercury) and Contact Energy Limited (Contact) were the providers of the new agreements.

In conjunction with these long-term agreements, Meridian and Contact also entered into demand response agreements with NZAS, under which NZAS may be called upon to reduce electricity consumption up to an agreed limit.

The risk of electricity shortages in New Zealand increases during long periods of low rainfall, given the resulting impact that this has on lake inflows for New Zealand's hydroelectric dams. Large demand response agreements such as these can help to alleviate the level of stress on the system, and/or reduce the quantity of coal reserves that may need to be burned, during such times.

Development of BESS Projects

There has been a significant recent increase in the development of grid-scale BESS in New Zealand over the past 12 months. Some recent project developments include the following:

- In May 2025, Meridian finished constructing its 100 MW Ruakākā BESS.
- Contact is developing the 100 MW Glenbrook BESS, which is expected to be operational by early 2026.
- Genesis Energy has also started construction of a 100 MW BESS at the Huntly Power Station, which is expected to be operational by late 2026.

Corporate PPAs

New Zealand does not have any subsidy, tax deduction or contract for difference regimes for renewable energy projects. Accordingly, the sourcing of a power purchase agreement (PPA) for power offtake is a critical workstream for many developers. Corporate PPAs are becoming more common in New Zealand, as to which see **5.5 Renewable Energy Certificates and (Corporate) Power Purchase Agreements**.

Interest From International Capital

New Zealand is seeing increased interest from global infrastructure investors in the build-out and ownership of renewable energy projects. In particular, as independent developers progress their pipelines, opportunities are arising for investors to participate in capital raises and M&A transactions in this sector. International investors and developers are also looking to form strong partnerships with relevant local participants. By way of example, in August 2025, Mint

Renewables and Ngāi Tahu Holdings (the investment arm of the Ngāi Tahu iwi (Māori tribe)) announced a partnership to invest NZD100 million in large-scale wind and solar projects across the South Island.

2. Legal and Regulatory Regime

2.1 Governing Law and Upcoming Changes

Legal and Regulatory Framework

The principal laws and regulations governing the energy market in New Zealand are summarised in broad terms below:

- Electricity Industry Act 2010 (Electricity Industry Act): This provides a governing framework for electricity sector industry participants, which includes retailers, generators and distributors, among others.
- Electricity Industry Participation Code 2010 (Code): This sets out responsibilities for all industry participants and provides detailed rules that govern the physical interaction between transmission, distribution and generation and the operation of the wholesale electricity market (also known as the "spot market").
- Resource Management Act 1991 (RMA): This establishes a regulatory framework that controls the use of land, air and water (within 12 nautical miles from the coast) in New Zealand. This includes the use and development of energy and renewable energy projects. The RMA is the primary legislation for the consenting of new renewable energy projects.
- Resource Management (Consenting and Other System Changes) Amendment Act 2025: This amends the RMA in key areas such as consent timeframes, making the medium-density residential standards optional, providing more natural hazards tools, and increasing penalties. Applications for renewable energy projects must be decided within one year and the default consent duration is 35 years.
- Fast Track Approvals Act 2024: This establishes a permanent regime to "fast track" consents for nationally and regionally significant projects, including renewable energy projects. It is intended to provide shorter consenting timeframes for major projects with appeal rights limited to points of law only.
- National Policy Statement for Renewable Electricity Generation 2011: This sets out objectives and policies for renewable electricity generation under the RMA. Public consultation on proposed amendments to this statement, which took place as part of a broader proposal for a new national direction under the RMA to better support national infrastructure and development, closed in July 2025.
- National Policy Statement on Electricity Transmission 2008: This sets out objectives and policies for New Zealand's electricity transmission network under the RMA. As above, consultation on proposed amendments to this statement, as part of the proposal for new national direction under the RMA, closed in July 2025.
- Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (EEZ Act): This manages the effects of activities in the exclusive economic zone (EEZ) (12 to 200 nautical miles from the coast of New Zealand) and in/on the continental shelf. This includes the use and development of renewable energy and other energy projects, although renewable energy projects are not expressly enabled.
- Crown Minerals Act 1991: This relates to Crown-owned minerals (including oil and gas) that may (via permit) be prospected, explored and mined for within New Zealand. The legislation also provides decommissioning requirements (see **6.5 Decommissioning Requirements**).
- CCRA: This sets the overarching framework to drive emissions reduction in New Zealand. It establishes New Zealand's emission trading scheme (ETS) and requires the preparation of an Emission Reduction Plan.

Upcoming Legislative Changes

The government plans to replace the RMA with two new acts. The Natural Environment Act will focus on the use, protection, and enhancement of the natural environment. The Planning Act will focus on land-use planning to enable development and infrastructure. A dual-act approach is proposed to reduce overlap and to provide a clearer framework for managing environmental effects. The government anticipates introduc-

ing these Bills to Parliament in late 2025 and passing them into law in mid-2026.

The government also plans to enact the Offshore Renewable Energy Bill later in 2025, which will provide a framework for selecting and managing offshore renewable energy developments. The proposed regime creates a two-stage permitting regime and sets requirements around consultation, decommissioning, and financial security. Permit holders can apply for consents under the RMA, EEZ Act or Fast-Track Approvals Act 2024 (see **6.2 Offshore Project Development**).

2.2 Regulating Authorities

MBIE is New Zealand's primary government department overseeing and delivering regulation and policies for the energy sector (including renewables). The Ministry for the Environment (MfE) advises the government on environmental matters and related legislation such as the RMA.

Regulatory and quasi-regulatory agencies and authorities in the energy sector include:

- Regional and district councils: These councils make decisions on RMA consents and monitor such consents. Councils may issue infringement and abatement notices, take enforcement action and prosecute offences under the RMA.
- Environmental Protection Authority (EPA): The EPA regulates a range of functions, including those under the RMA, the EEZ Act and the Hazardous Substances and New Organisms Act 1996 (HSNO Act), and has powers to investigate, issue infringement notices and pursue court proceedings for non-compliance with the RMA.
- Electricity Authority: This is an independent Crown entity which oversees and regulates the electricity market. It investigates breaches of the Code and electricity regulations.
- Gas Industry Company Limited (Gas Industry Co): An industrial body that works alongside industry and government to co-regulate gas, including "green gasses" such as hydrogen and biofuels.
- Energy Efficiency and Conservation Authority (EECA): The authority seeks to improve energy efficiency and sustainability for New Zealand homes, vehicle fleets and businesses. The authority is focused on accelerating the uptake of renewable energy.
- Commerce Commission: The commission is responsible for regulating New Zealand's competition and consumer laws. It oversees Transpower New Zealand Limited (Transpower) (the owner of New Zealand's national grid (Grid)) and distribution companies, including overseeing investments, charges and revenue in each pricing year.

The regulatory enforcement powers of certain of the above authorities (not including the Gas Industry Co or the EECA) are outlined below:

- An authority may have powers to investigate breaches and potential breaches relating to the authority's respective legislation, regulations and rules.
- In some cases, there is a specific dispute resolution scheme, or the authority is able to refer to the court system to obtain, for example, interim injunctions to stop an industry body from breaching the relevant legislation, regulations and rules.
- In some circumstances, an authority may have the discretion to make remedial orders for breaches of the relevant industry code/guidelines, such as a private or public warning, or an order to pay compensation or a pecuniary penalty.

2.3 Regulated Activities

Resource Consenting

The use and development of physical and natural resources in New Zealand is regulated under the RMA. Territorial, regional and district authorities implement regional and district plans which operate as "rulebooks" for land use, including for energy and renewable energy activities (eg, solar farms or wind farms). Generally, resource consent is required for renewable energy projects in New Zealand, although this can differ between regions or districts.

Land use consents for solar and wind farm projects are generally granted for indefinite periods. On the other hand, renewable energy projects using hydro, geothermal or marine resources have limited duration consents of up to 35 years (meaning that consent

renewal is required for the continuation of operations beyond consent expiry).

Other Approvals and Registrations

In addition to the RMA, renewable energy projects may require approvals or registration under other legislation, such as:

- the owner of the project and other relevant participants may need to be registered as industry participants with the Electricity Authority;
- building consents under the Building Act 2004 for the construction of structures (such as wind turbines);
- approvals under the Overseas Investment Act 2005 (OIA) to allow overseas companies to purchase or lease sensitive land or to acquire or establish a business over a certain threshold (see **2.5 Market Access and Foreign Investment**);
- authorities under the Heritage New Zealand Pouhere Taonga Act 2014 to allow pre-1900 features to be modified or destroyed; and
- marine consent under the EEZ Act if an activity is to occur in the EEZ; marine consents may be granted for up to 35 years.

Hydrogen is an approved hazardous substance with controls enforced by the EPA and regulated under the HSNO Act and the Health and Safety at Work Act 2015. Similarly, most biogases, such as methane, are categorised as approved hazardous substances that are also subject to controls as enforced by the EPA.

2.4 Ownership and Transfer of Control

Onshore Renewable Energy Assets

There are no specific restrictions on the types of persons that may own onshore renewable energy assets in New Zealand, although certain restrictions and/or requirements may be triggered on the transfer of ownership interests in such assets. In particular:

- OIO Consent: Where an "overseas person" (as defined under the OIA) develops a new renewable energy project or acquires an ownership interest in an existing renewable energy project, a requirement for consent from the Overseas Investment Office (OIO) may be triggered depending on the nature of the project and the investment (see **2.5 Market Access and Foreign Investment**).
- Code Requirements: An electricity generator (other than an owner of small-scale distributed generation) is required to register as an industry participant with the Electricity Authority.
- RMA: The mechanism for transfer of resource consents varies depending on the type of (and terms of) the resource consent (and purchasers will need to review the scope of applicable resource consents to understand any restrictions on use or transfer), for example:
  - (a) Land use and subdivision consents will generally run with the land and remain in place following a transfer of the land (except if the conditions of the consent specifically provide otherwise, such as restricting a consent to the original applicant only – which is sometimes the case for wind farms).
  - (b) Other consents (ie, regional resource consents such as discharge permits) may be granted for a term and may only be relied on by a specific person, unless transferred under the RMA.
  - (c) Typically, resource consents do not regulate changes of control in respect of the entity which holds the consent.
- Other Consents: Certain consents may be required in connection with the transfer of ownership interests under the terms of relevant project contracts, including under the connection arrangements with Transpower or a relevant lines company.

Offshore Renewable Energy Assets

The government is currently progressing a regulatory regime for offshore renewable energy assets under the Offshore Renewable Energy Bill; see **2.1 Governing Law and Upcoming Changes**. Under the proposed regime, developers will be required to obtain permits to undertake offshore renewable energy activities. The proposed regime will also include restrictions on transferring these permits, which will require the permit holder and proposed transferee to jointly apply to the Minister to approve the transfer. Noting that permit holders will, in many cases, be established as special-purpose project vehicles, changes in the persons that have "significant influence over the permit holder" (which, in summary, would capture a person with control of more than 25% of the governing body

of or voting rights in the permit holder) will, under the proposed Bill, also require Minister approval.

2.5 Market Access and Foreign Investment

OIO Consent Requirement

Investment in the renewable energy market in New Zealand by foreign investors may trigger a requirement for consent under the OIA. The OIA sets out New Zealand's regulatory regime for investment by "overseas persons" in "sensitive land" and/or "significant business assets", and which investments must be approved by the OIO.

A foreign investor will be an "overseas person" under the OIA if they are a person or an entity that is domiciled, or owned by a person or an entity domiciled, outside New Zealand. New Zealand-registered entities are also classified as overseas persons where more than 25% of their ownership or control interests are held by overseas persons.

Renewable energy transactions that involve the following factors are likely to trigger the requirement for OIO consent:

- "significant business assets": if the foreign investment exceeds NZD100 million in the manner outlined in the OIA (or the applicable higher threshold that applies to Australian non-government investors, and other non-government investors under certain free trade agreements); and
- "sensitive land": if the renewable energy transaction involves ownership of, or long-term land rights to, sensitive land that are qualifying interests under the OIA ("sensitive land" includes non-urban land (eg, farmland) with an area greater than five hectares, or land that contains or adjoins national parks, foreshore, seabed, lakebed or conservation land).

OIO Consent Pathways

The following OIO consent pathways apply where consent is required under the two bullet points above:

- Pathway for "Significant Business Assets": The "investor test" requires that relevant entities and individuals with control meet specified character and capability criteria, to determine whether the investor is suitable to own or control sensitive New Zealand assets.
- Pathway for "Sensitive Land":
  (a) The "investor test" referred to above applies.
  (b) "Benefit to New Zealand Test": In addition, the investment must provide benefit to New Zealand, based on the following seven benefit factors: economic, environmental, access, heritage, government policy, participation and oversight and flow-on benefits. To meet the benefit to New Zealand test, the investor must submit an investment plan with their OIO consent application which establishes that the benefits of their investment are proportionate to the size and nature of the land, nature of the investment, and sensitivity of the land.
  (c) Additional Requirements for Farmland: To ensure New Zealanders have sufficient opportunity to purchase farmland, it must be advertised on the open market before the overseas persons enter into the transaction. The benefit to New Zealand test is also analysed differently, such that greater economic benefits are required and that benefits to New Zealand will be, or are likely to be, substantial.

The government has recently announced a series of reforms of the OIA, which are expected to come into force in early 2026. If enacted as proposed, the reforms will (among other things) reduce the OIO's review period for low-risk transactions.

Strategically Important Businesses

Notification to the Minister of Finance, via the OIO, can also be mandatory or voluntary for certain transactions that are less than the NZD100 million threshold but involve "strategically important businesses". The Minister of Finance can also call in such transactions relating to strategically important businesses (which include a business involved in electricity generation with a total capacity exceeding 250 MW) for review, and block, impose conditions on, or unwind them, if the Minister considers the transactions pose a significant risk to New Zealand's national security or public order.

3. Production/Generation

3.1 Electricity

Renewable Energy Generation

Generation from renewable energy in New Zealand is concentrated in the following sources:

- Hydroelectric schemes generate the highest proportion of electricity in New Zealand, accounting for approximately 54% of total generation in 2024.
  (a) Manapōuri hydropower station, owned and operated by Meridian, is New Zealand's largest hydropower station with a total installed capacity of 850 MW (although generation is limited to 800 MW by resource consents).
  (b) Other hydropower stations include Benmore Dam Hydro Station (also owned and operated by Meridian) with an installed capacity of 552 MW, the Clyde Dam (owned and operated by Contact) with an installed capacity of 432 MW, Roxburgh Power Station (owned and operated by Contact) with an installed capacity of 320 MW and Maraetai Power Station (owned and operated by Mercury) with an installed capacity of 360MW.
- Geothermal energy is New Zealand's second largest source of electricity, accounting for approximately 20% of total generation in 2024.
- Onshore wind accounted for approximately 9% of total generation in 2024.
- Solar accounted for approximately 1% of total generation in 2024.

The proportions of generation represented by onshore wind and solar respectively are expected to increase in the coming years, as new wind and solar projects are constructed in response to the anticipated growth in demand for electricity.

Renewable Energy Generators

The generation of electricity from renewable sources in New Zealand involves the following generators:

- three "mixed ownership model" companies (each 51% owned by the government), being Meridian, Genesis Energy Limited and Mercury;
- a large privately owned and widely held company, Contact, and its recently acquired subsidiary, Manawa Energy Limited; and
- various other smaller generators.

Regulation

Electricity generation in New Zealand is regulated primarily by the Electricity Industry Act and the Code. See **5.1 Electricity** and **5.5 Renewable Energy Certificates and (Corporate) Power Purchase Agreements** for information in relation to New Zealand's electricity wholesale market, electricity futures market and private PPA market.

3.2 Gas

Renewable Gas

New Zealand's current production of gas from renewable sources is at an early stage and is concentrated into four main sources:

- Landfill gas capture systems are required to be used by large landfills under the RMA. Production is then typically used to generate electricity that is either utilised on-site or injected into a relevant local distribution network (Local Network).
- Anaerobic wastewater treatment of industrial wastewater is used by some industrial facilities, such as meat and milk processing plants. Fonterra Co-Operative Group Limited operates one of the largest anaerobic digesters in the southern hemisphere at its Tīrau plant, generating biogas to offset natural gas consumption in the processing of milk.
- There are more than 320 wastewater treatment plants in New Zealand. Typically, the biogas produced is used to generate electricity which is then utilised to offset the plant's electricity demand.
- In 2022, Ecogas began operating New Zealand's first biogas plant for large-scale organic waste, and has recently completed a biogas upgrade facility (see **5.2 Gas**).

Regulatory Regime

Gas Industry Co jointly develops, with the Government, the regulations and rules governing the gas market in New Zealand. In the Gas Transition Plan Issues Paper from August 2023, the Gas Industry Co reported it was considering work to develop a regula-

tory framework and monitoring regime for renewable gas certification providers.

3.3 Heat

Geothermal

New Zealand has significant geothermal resources, which are predominantly utilised for electricity generation. These serve as a dependable renewable baseload in New Zealand, accounting for 20% of the country's total electricity generation in 2024.

Hot water and steam from geothermal sources (including as a by-product of electricity generation) is to some extent used as process heat directly for industrial processes. The Kawerau Industrial Complex in the Bay of Plenty has industrial users located nearby to geothermal resources to make use of geoheat.

Geothermal resources are managed by the environmental consenting regime under the RMA. The RMA requires that no person can take, use, dam or divert water (including geothermal water) or heat or energy from geothermal water unless expressly allowed by a resource consent or a national, regional or district planning document. There are no current express allowances under any national planning documents, although some limited exceptions may apply under regional or district planning documents for small offtakes.

In July 2025, the government released a draft Geothermal Strategy to help unlock investment in the sector. The Geothermal Strategy set an ambitious target of doubling geothermal generation by 2040. The five key action plan goals are to:

- improve access to data and insights;
- ensure regulatory and system settings are fit for purpose;
- advance knowledge and uptake of geothermal technologies;
- enable place-based geothermal clusters; and
- drive science, research and innovation including in supercritical geothermal technology.

Heat From Other Renewable Sources

New Zealand does not have large-scale district heating schemes within its urban areas. Some small-scale district heating schemes are operated, including in Christchurch. The Washdyke Energy Centre, which supplies steam to local industry in Timaru, transitioned to 100% sustainable biomass in April 2023. The Dunedin Energy Centre was also converted to run on biomass in 2023.

3.4 Hydrogen and Other Biofuels and Renewables

Green Hydrogen

New Zealand does not have a well-established industry for the production of green hydrogen. Nevertheless, considering the availability of renewable energy, New Zealand is well-placed for such an industry should markets for green hydrogen and ammonia offtake develop.

The government is actively working to improve the regulatory framework for green hydrogen. MBIE released the Hydrogen Action Plan in November 2024, which creates a strategy for unlocking private investment in the hydrogen sector. The Action Plan identifies establishing an enabling regulatory environment (including the reduction of consenting barriers) as critical to supporting hydrogen development.

Hiringa Energy Ltd (Hiringa) is a key player in green hydrogen in New Zealand. Hiringa is in the process of constructing green hydrogen production and refuelling infrastructure across New Zealand for hydrogen-powered trucks.

Biofuels

New Zealand's biofuels industry is small. There are, however, a number of key players across different industries that are looking to use biofuels to decarbonise their operations, with a particular focus on biofuel production using residue from existing forestry and wood processing. In late 2024, Air New Zealand purchased its largest order of sustainable aviation fuel, securing more than 30 million litres.

3.5 Local and Domestic Production

Small-scale generation of renewable energy for own or domestic use in New Zealand is regulated on a district-by-district basis through district plans. Any restrictions will often depend on the size of the structure and the zoning of the land where it is located. As a

rule of thumb, small-scale, behind-the-meter solar or wind generation can be undertaken without resource consents. However, the need for a resource consent can depend on factors such as the size and mounting specifications for solar or the type of turbine for wind. Often, building consent will still be required, for example, if solar panels or wind turbines are mounted on an existing building. However, in June 2025, the government proposed changes to the Building Act 2004 that would remove the requirement for building consent when installing rooftop solar panels on existing residential buildings. As a further incentive, it was also proposed that building consents for new homes with solar panels must be processed by councils within ten working days, reduced from the previous 20-day standard.

Additional compliance requirements need to be met should a small-scale energy producer connect to the grid or a local network to sell power.

4. Infrastructure: Transportation and Storage

4.1 Electricity

Transportation

In New Zealand, electricity is transmitted via the grid and distributed to end users via local networks.

The grid is managed by system operator and state-owned enterprise, Transpower. Transpower is required to operate and maintain the grid and oversee the transmission of electricity across New Zealand, ensuring that electricity transmission is safe, reliable and cost-effective.

The local networks in New Zealand are owned and managed by 29 electricity distribution businesses (EDBs).

Transpower charges the EDBs (and other users of the grid) a fee to use the grid. This fee is typically passed on from the EDBs to the retailers, together with distribution pricing that the EDBs themselves charge in respect of their own networks. Retailers pass these costs onto the end users via the electricity price they charge.

The Commerce Commission regulates the maximum revenue that Transpower and the EDBs (other EDBs that are consumer-owned) may earn over a set period (typically five years).

The Electricity Authority regulates the way in which Transpower charges its customers and the reliability and service levels required to be maintained by Transpower. The Electricity Authority is responsible for ensuring that EDBs comply with the Code and publishes distribution pricing principles applicable to EDBs.

In an effort to establish more efficient connection pricing, the EA has announced four new mandatory Code-based requirements for EDBs: enhancement cost allocation, network capacity costing, a pioneer scheme, and connection charge reconciliation. These measures are designed to improve the transparency, consistency, and efficiency of connection pricing by requiring EDBs to apply standardised methodologies. The new rules will apply to connection quotes received from 1 April 2026, except the enhancement cost allocation requirement, which takes effect from 1 April 2027.

Storage

It is expected that BESS will become increasingly relevant as New Zealand moves closer to 100% renewable electricity generation. The Electricity Authority has determined to improve current market settings to better facilitate the development of BESS. In particular, the Electricity Authority had identified that:

- the way in which BESS participates in the wholesale and instantaneous reserve markets is cumbersome, with the market system not being able to model a resource (such as BESS) that can transition from load to generation; and
- the revenue stream available to a BESS for ancillary services in New Zealand (alongside arbitrage opportunities) may be impacted by current market settings; this limits the ability of BESS to provide frequency-keeping ancillary services to periods where the BESS is discharging (ie, acting as a generator), despite the fact that a BESS may also be capable of providing such services whilst charging (ie, acting as load).

Following its 2024 consultation paper, the Electricity Authority released a draft two-year BESS regulatory roadmap in June 2025, which outlined a comprehensive programme of work to support BESS investment and integration. Key initiatives include:

- removing barriers to efficient BESS connection to distribution networks;
- improving network pricing to maximise consumer benefits from emerging technologies;
- enhancing investor participation in BESS wholesale and ancillary service markets; and
- ensuring BESS can connect efficiently to distribution networks.

4.2 Intermittency, Grid Congestion and Flexibility

Security of Supply and Winter Peak Demand

Security of supply in New Zealand's electricity system is becoming increasingly important, given the continued transition to higher proportions of intermittent renewable generation sources.

During winter months, it can at times become challenging to co-ordinate generation resources to meet peak demand in New Zealand. Managing this issue is a focus area for the Electricity Authority, as set out in its July 2025 roadmap, which outlines initiatives to accelerate BESS investment and integration (see **4.1 Electricity**). Demand response agreements have also become an important tool to handle supply security issues during winter (see **4.1 Electricity**).

Transpower (as system operator) is responsible for managing New Zealand's security of supply; this includes the provision of information to the market (such as supply forecasting), as well as managing supply emergencies. If Transpower considers that the electricity market will be unable to meet demand, it has various powers it is able to invoke, including to require that contingent hydro storage be utilised as a fuel of last resort or to make a "supply shortage declaration" (as specified in the Code). When this declaration is made, Transpower may require specified participants (eg, EDBs) to reduce electricity consumption by implementing outages or taking any other action specified.

Transpower can also issue different notices to encourage voluntary curtailment where it foresees a potential supply emergency (eg, for potential shortfalls, low residuals, forecast deficits, or real-time deficits).

Grid Congestion

The Grid is operated on open access principles, which allows developers to request to build and connect at any location on a "first ready, first served" basis and means that Transpower may connect subsequent generation in the same area (provided that Transpower's ability to operate the power system is not compromised). Developers of new projects are required to consider the risk of other nearby projects coming online, and the impact on congestion on relevant transmission infrastructure.

Managing Intermittent Supply

The Electricity Authority released a consultation paper in 2024 on the future operation of New Zealand's power system, which considered potential solutions for managing intermittent supply and electricity capacity issues. Proposed solutions included:

- short-term solution (less than two years): improve the co-ordination of existing generation resources and ensure that New Zealand is prepared for emerging technologies;
- medium-term solution (two to four years): wider adoption of BESS and participation in ancillary markets by generators and the industry; and
- long-term solution (more than five years): significant new generation and storage options.

4.3 Gas

New Zealand's bulk natural gas transmission network is privately owned by First Gas Limited (First Gas) and includes over 2,500 km of high-pressure gas pipelines. First Gas, Powerco Limited and others also own gas distribution networks that deliver gas to residential, commercial, and industrial end users in the North Island. As discussed in section **5.2 Gas**, renewable gas (biomethane) is now being injected into the public gas grid and transported through the distribution network.

4.4 Heat

As noted in **3.3 Heat**, there are no large-scale district heating or heat grids operated in New Zealand. Small-scale district heating regimes are typically privately owned, with customers being supplied steam and other services under individual supply contracts.

4.5 Hydrogen and Other Biofuels and Renewables

Green Hydrogen

New Zealand does not have a meaningful transportation network for green hydrogen.

MBIE's Interim Hydrogen Roadmap outlined several options for the future transportation and storage of hydrogen. In relation to transportation:

- MBIE noted that hydrogen may be able to be transported through the existing gas pipelines, although this would require the network to be repurposed and modified. On the whole, this option was expected to be the lowest-cost method of transmission. However, given biomethane (as an alternative to hydrogen) is expected to be more cost-effective in the medium term, MBIE did not consider that there would be a role for hydrogen in the reticulated network until at least the mid-2030s.
- Another option would be to blend hydrogen with fossil gas. However, to use this method within the existing network, a maximum concentration of approximately 20% hydrogen could be used.

Key players in the hydrogen-fuelled vehicle sector include Hiringa (see **3.4 Hydrogen and Other Biofuels and Renewables**) and H.W Richardson (HWR). HWR is New Zealand's largest privately owned transport business and is invested in dual-fuel hydrogen technology, with a particular focus on dual-fuel truck fleets and a hydrogen refuelling network. Fabrum Solutions Limited is also well respected as a leader in liquid hydrogen liquefaction storage and fuel tanks in small to medium volumes.

As mentioned in **3.4 Hydrogen and Other Biofuels and Renewables**, the regulatory framework for green hydrogen is being developed, however, in the meantime, the current regime for renewable energy generation will be relevant (see **2.1 Governing Law and Upcoming Changes**) and the HSNO will apply (see **2.3 Regulated Activities**).

Biofuels

Generally, the transportation or storage of any biofuel classed as a hazardous substance, such as bioethanol or bio/mineral diesel blends, is subject to controls and requirements that are regulated under the HSNO Act and the Health and Safety at Work (Hazardous Substances) Regulations 2017.

5. Trade and Supply

5.1 Electricity

Wholesale and Retail Markets

The trade of electricity (including renewable electricity) between generators and retailers in New Zealand occurs via the wholesale market. In order to participate in the wholesale market, generators must make offers to the system operator (being Transpower) to supply a certain amount of electricity, at a particular pricing node, at a proposed price in auctions run at 30-minute intervals in the future. Transpower will select the lowest-cost offers that can satisfy demand whilst ensuring reliability of supply, taking into account a range of factors (including distance between the location of the generator and the electricity demand). All generators that are dispatched receive the same clearing price.

Electricity retailers purchase electricity at wholesale prices and supply their customers with the electricity they need. The cost that retailers charge their customers for electricity typically includes the costs of transmission and distribution.

Electricity Futures Market

Market participants are able to hedge their financial risk of electricity price movements (over up to the next three calendar years) via the electricity futures market, operated by the Australian Securities Exchange. This market allows participants to enter into electricity futures contracts against the Ōtāhuhu Grid reference node and the Benmore Grid reference node on a cash-settled basis.

PPAs

Subsidies or contracts for difference are not available to generators in New Zealand to support the development of new renewable energy projects. Accordingly, if developers require long-term pricing certainty for all or any part of the electricity to be produced by a proposed project, they must independently procure and negotiate a satisfactory offtake contract themselves (see **5.5 Renewable Energy Certificates and (Corporate) Power Purchase Agreements**).

5.2 Gas

New Zealand does not have a significant market for the trade of renewable gas. However, the renewable gas market in New Zealand is seeing notable early developments.

The First Renewables biogas upgrade facility, drawing feedstock from the Ecogas organics processing site in Reporoa, is now in operation. This facility is expected to supply enough biomethane to power up to 7,200 homes. This milestone marks the first time biogas has been distributed commercially through New Zealand's gas network.

5.3 Heat

The domestic market for the supply of heat from renewable sources is largely limited to individual supply contracts between generators and consumers, such as the Pita Te Hori District Energy Scheme or the Dunedin District Energy Centre.

5.4 Hydrogen and Other Biofuels and Renewables

Hydrogen

As mentioned in **3.4 Hydrogen and Other Biofuels and Renewables**, Hiringa is in the process of developing a green hydrogen refuelling network across New Zealand, which will allow heavy-duty transport vehicles to use green hydrogen instead of fossil fuels.

HWR introduced the first hydrogen-diesel dual-fuel truck in the Southern Hemisphere and is trialling dual-fuel trucks in its fleet. In respect of its refuelling network, HWR is utilising Allied Petroleum's fuel stop network to distribute hydrogen as an alternative fuel by adding this capability to existing and new sites. To support the uptake of hydrogen transport technologies, the Energy Efficiency and Conservation Authority administered the Low Emissions Heavy Vehicle Fund in August 2024, which subsidises the cost of certain hydrogen vehicles and retrofits.

Biofuels

There is not a significant domestic market for the trade of biofuels in New Zealand.

5.5 Renewable Energy Certificates and (Corporate) Power Purchase Agreements

RECS

New Zealand does not have a mandatory or regulated market for renewable energy certificates (RECs). BraveTrace and Energy Market Services (owned by Transpower) are providers of RECs in New Zealand. BraveTrace administers the New Zealand Energy Certificate System upon which a form of RECs (referred to as "NZ-ECs") can be acquired. Energy Market Services issues International Renewable Energy Certificates (referred to as "I-RECs") in New Zealand, which are governed by the International Renewable Energy Certificate Foundation.

Corporate PPAs

Developers of renewable energy projects are increasingly seeking to source corporate PPAs as a means of reducing merchant power price risk and with a view to raising project debt. This is particularly the case for independent developers who, unlike New Zealand's gentailer-developers, do not have their own retail books to service.

Corporate PPAs are typically structured either as:

- a physical ("sleeved") PPA, which involves a retailer (in substance) purchasing the electricity produced from the seller and passing on the benefits of that trade to the corporate buyer (typically with a firming solution attached); or
- a virtual PPA (structured as a contract for difference), under which the buyer and seller make payments to one another depending on whether the agreed price is above or below the referenced market price.

The key benefit of a PPA for a renewable energy generator is the revenue certainty it provides and the

resulting de-risking of the investment case and ability to raise (or maximise the level of) project financing debt.

The key benefits of a PPA for a corporate buyer are as follows:

- Price Benefit and Certainty: The corporate buyer can fix its electricity costs for the volume it purchases under the PPA, typically at a discount to expected market pricing.
- Access to RECs: The corporate buyer typically receives the RECs associated with the purchased volume, which can then be used to validate claimed reductions in energy-related emissions.

6. Renewable Energy Projects

6.1 Onshore Project Development

In recent years, the development of onshore renewable energy projects in New Zealand has predominantly been in wind, solar and geothermal. Development activity in BESS is also increasing, and several solar developers are pursuing projects in a manner that allows for the option of a co-located BESS to be installed at a later date.

A significant change in the onshore renewable energy market in recent years has been the large increase in the number of independent developers that are pursuing new solar projects in New Zealand. New Zealand now has a substantial pipeline of solar projects at various stages of development.

The following parties play a key role in the development of onshore renewable energy generation projects in New Zealand (in addition to the providers of equity and debt capital to the project):

- Landowners: A key initial step for a developer is to secure appropriate rights to the land on which the project is proposed to be constructed and operated. Such rights are, for the most part, negotiated privately. Developers typically seek initial rights to enter the land for the purpose of conducting feasibility studies, under a licence arrangement, together with an option to acquire long-term land rights for the project (eg, by way of a lease, easement or freehold ownership), with the intention of exercising that option following a final investment decision.
- EDB/Transpower: Depending on whether the project will be connected to a local network or the grid, connection rights with the relevant lines company and/or Transpower will need to be secured. A key consideration impacting the timeline is the work required to connect the project and, for a grid-scale project, where the project stands in Transpower's generation connection pipeline.
- Regional and District Councils: Where consent under the RMA is required, this must be sought from the relevant council. Detailed environmental effects assessments are required to be undertaken to support the application for consent.
- Local Communities: During the planning stages of the renewable energy projects, local communities and iwi (Māori tribes) are often consulted to ensure all potential effects of these projects are identified and responded to.
- Offtaker: In order to mitigate the project's exposure to merchant power price risk and, accordingly, to attract infrastructure-style equity investors and support a project debt financing, many developers will seek to secure a long-term PPA providing fixed pricing for the project's output.
- Construction and Operations Contractors: The arrangements for the construction and operation of renewable energy projects in New Zealand are varied. For solar, an approach which involves a full scope engineering, procurement and construction (EPC) contract is common, particularly where project financing is involved. For onshore wind, turbine supply and installation are typically contracted separately from balance of plant. The approach to contracting balance of plant varies depending on a number of factors, including the experience of the particular sponsor that is involved.
- OIO: If the project will involve equity investment from an overseas investor, consent under the OIA may be required (see **2.5 Market Access and Foreign Investment**).

6.2 Offshore Project Development

Proposed Regulatory Regime

The offshore renewable energy market is still in its infancy in New Zealand. In Taranaki, there is oppor-

tunity for offshore wind to supplement the transition away from oil and gas exploration.

The Offshore Renewable Energy Bill will manage the regulatory system for offshore renewable energy. Once enacted, the first feasibility permits under this regime are expected to be granted from 2026.

The framework will follow a developer-led approach where developers select the sites for their applications (although the Minister will take the initiative of launching an application round for a specific geographic area). Feasibility permits are to be granted for up to seven years to undertake studies on the specified seabed area (on a "use it or lose it" basis). Feasibility permit holders will have the right to apply for a commercial permit to construct and operate the project. Commercial permits will have a duration of 40 years from the start date. For further information, see the New Zealand Trends & Developments chapter for Renewable Energy.

Potential Locations for Offshore Wind

Researchers and developers have identified Taranaki, Waikato and Southland as prime locations for offshore wind, due to the quality offshore wind and the relatively shallow seabed. Several developers have begun engaging with local communities and undertaking early feasibility work to understand New Zealand's operating landscape and environment.

Development Considerations

There are a number of considerations that developers are focused on in relation to the development of offshore energy projects in New Zealand:

- The supply chain will need to be developed, including for specialised equipment required to be supplied from outside New Zealand. New Zealand may seek to find opportunities to draw on capabilities developed for Australia's supply chain.
- Expertise in the local workforce for construction and operations activities will be required. There will be some overlap here with the existing expertise in Taranaki's oil and gas sector.
- Port facilities will need to provide sufficient capacity and capability for the storage and onshore construction of offshore wind components, as well as to service the vessels required for construction and to facilitate ongoing asset maintenance. It is expected that Port Taranaki will serve as a "hub" for offshore wind development in New Zealand and that upgrades may be needed to port infrastructure.
- A further consideration is the availability of offtake arrangements providing long-term fixed pricing for electricity generated by the project, whether under a government-provided contract for difference or similar support mechanism or through privately negotiated PPAs.

6.3 Project Finance

Key Features of Project Finance Structures for Renewable Energy

The project finance structure for renewable energy projects in New Zealand is usually very similar to the project finance structure for other asset types. In particular:

- The project financing is non-recourse and the project obligors (typically limited partnerships in New Zealand) are special purpose vehicles.
- The financiers receive all asset security from the project obligors (including security over the equity interests in the project vehicle).
- The financiers have direct agreements with key counterparties, including the landlord, any PPA offtaker and any material construction contractor.

Key Legal Considerations

Key legal considerations for financiers that apply to renewable energy projects specifically include:

- The project site is often leased farmland, so the robustness of the lease terms, access to the site (including the interaction with any creditors of the landlord in an enforcement scenario), the landlord's rights to use the site and obtaining consents for the financiers to have a mortgage of the lease are important.
- For projects where there are multiple construction and supply contracts, the interface risk (including between construction works and supply of turbines or solar panels) needs to be managed appropriately.

- The project vehicle must operate within the regulated wholesale market, including compliance with the Code.
- The project vehicle needs dependable access to a grid or local network connection (which might require the construction of a new connection).
- Virtual PPAs are financial instruments and are therefore regulated as derivatives under the Financial Markets Conduct Act 2013.

There are no specific rules or regulations that apply to the project financing of renewable energy projects in New Zealand (as opposed to the project financing of other asset types).

6.4 Subsidies and Incentive Schemes

Subsidies and Incentive Schemes for Renewable Energy

New Zealand does not have any direct government incentive schemes aimed specifically at renewable energy, such tax deductions, subsidies or contracts for difference. The government signalled in its August 2024 policy decisions for the proposed new offshore wind (and other offshore renewable energy) regulatory regime that it does not intend to offer price support or stabilisation mechanisms.

The Emissions Trading Scheme (ETS)

The ETS, introduced in 2008, is the primary legislative tool intended to incentivise emissions reductions in New Zealand. The ETS is a "cap and trade" system, that imposes a price on each tonne of carbon dioxide equivalent emitted by participants. The ETS applies to all sectors and all gases (except for agricultural emissions). The ETS operates as a domestic-only system.

Under the ETS, mandatory participants are required to "surrender" one New Zealand Unit (NZU) for each tonne of carbon dioxide equivalent emitted. The ETS operates as a "net" scheme, in that certain removal activities (most notably, forestry) can earn NZUs, with one NZU available for each tonne of carbon dioxide equivalent sequestered. Participants in the ETS can acquire NZUs to meet surrender obligations in a number of ways:

- by purchasing units at quarterly government auctions (provided that relevant reserve prices are met);
- by earning them through eligible removal activities;
- by purchasing them on the secondary market; or
- being awarded free units in certain circumstances.

The particular activities that trigger a person to be a mandatory participant in the ETS and to incur surrender obligations are defined in legislation and are subject to minimum thresholds. They include a wide range of activities across the forestry, liquid fossil fuels, stationary energy, industrial processes, synthetic gases and waste sectors.

Impact of the ETS

Because the ETS is a net scheme with emissions and removals treated on a "like for like" basis, the ETS has incentivised high rates of afforestation, especially in exotic species such as pinus radiata. The credits awarded for these projects can then be sold to mandatory participants for use in meeting emissions liabilities.

A surplus of NZUs in the system has kept prices low, which plays into decisions on whether it is cheaper to meet the emissions liability under the ETS or invest in decarbonisation initiatives. Despite the ETS undergoing numerous reforms since it was introduced in 2008, there remain questions about its effectiveness in incentivising the energy transition.

6.5 Decommissioning Requirements

The cessation of renewable energy activities is regulated under the conditions of resource consents granted under the RMA for those activities. Conditions generally include requirements for decommissioning and site rehabilitation within specified timeframes. Bonds may also be required to be provided to ensure decommissioning is undertaken.

For offshore wind (and other offshore renewable energy technologies), commercial permit holders will be subject to decommissioning obligations that must be backed by one or more financial securities. Feasibility permit holders will, when applying for a commercial permit, be required to provide a decommissioning plan, a decommissioning cost estimate and a

proposal on financial securities. The quantum of the financial securities will be determined by the Minister for Energy, based on the risk profile of the developer, and the Minister may adjust these requirements over time if required.

7. Outlook

7.1 Renewable Energy Policy Developments

In summary, the significant future developments of renewable energy policy in New Zealand include the following:

- The reform of the RMA system is designed to better enable infrastructure and renewable energy (see **2.1 Governing Law and Upcoming Changes**).
- The strengthening of national policy statements for renewable energy and transmission infrastructure will be relevant when consenting to those projects under the RMA (see **2.1 Governing Law and Upcoming Changes**).
- A consultation document was released by MBIE in July 2024 in relation to proposals for a regulation regime for carbon capture, utilisation and storage (CCUS). Following a consultation period ending in August 2024, the government stated their commitment to progressing CCUS legislation in 2025, including recognising CCUS activities in the ETS to encourage CCUS operators.
- Following the release of the Hydrogen Action Plan in 2024, in May 2025 the government released a discussion document on regulatory proposals for natural and orange hydrogen development; in particular, it discussed whether this should be regulated under existing legislation, or a new bespoke regime.
- A range of work is being undertaken by the Commerce Commission and Electricity Authority to update regulatory settings to support New Zealand's shift towards electrification. This may result in changes to the Code (see **4.1 Electricity**).
- Government has (in principle) agreed to pass a law removing regulatory barriers to the construction of an import terminal to import Liquified Natural Gas.

Trends and Developments

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Russell McVeagh

Russell McVeagh employs approximately 350 staff and partners across its Auckland, Wellington and Te Waipounamu South Island offices, recently expanding with the opening of its Queenstown office in April 2025. The firm's renewable energy team is a market leader in New Zealand and has represented local and international clients on some of the most high-profile renewable energy transactions. The team has significant experience in advising on all aspects of renewable energy, including on the equity and debt financing, property, consenting and construction aspects of renewable energy projects and advising on the acquisition and sale of projects and project platforms. Russell McVeagh has a deep understanding of the key drivers and issues faced by project sponsors and deploys experts across its full-service practice to manage any issues that arise over the life cycle of a renewable energy project.

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Introduction

In the past year, various regulatory reforms aimed at supporting the ongoing development of new renewable energy projects and the transition to a low-emissions economy have been introduced or proposed in New Zealand.

Renewable energy generation already represents a very high proportion of New Zealand's overall generation mix, with approximately 86% of total electricity generation coming from renewable sources in 2024. Forecasted increases in electricity demand are nevertheless driving significant development activity in new renewable energy generation, and the proportion of generation sourced from renewables is expected to continue to increase.

As is the case in many other countries, the need for investment in transmission and distribution infrastructure to support increasing electrification, increasing generation capacity and a more decentralised distributed generation system has become hugely important in the context of the overall solutions required for the electricity system in New Zealand. In a fast-changing sector, investors and developers are required to keep abreast of the many regulatory changes that will impact development activities and shape the sector for years to come.

Recent changes to environmental and planning laws, including fast-track consenting and amendments to the Resource Management Act 1991 (RMA), aim to streamline approvals for significant infrastructure projects, including in renewable energy. Proposed reforms to the Overseas Investment Act 2005 are expected to simplify approvals for low-risk foreign investment.

Alongside these developments, other regulatory developments include the progression of New Zealand's proposed offshore wind permitting regime, the Electricity Authority (EA) outlining its roadmap to support battery energy storage system (BESS) investment, the EA consulting on changes to cost allocation for instantaneous reserves (which could affect wind and solar generators connected at scale) and the Energy Competition Task Force progressing several initiatives designed to improve the performance of electricity markets.

Resource Consenting Reform

The government has passed recent reforms and is in the process of further reforming New Zealand's environmental and planning laws to support investment in renewable energy and other significant infrastructure projects. These changes generally aim to streamline and hasten the consenting process, as well as give more consideration to the benefits of development projects.

As part of the recent reforms passed, the Fast Track Approvals Act 2024 (FTAA) was enacted in December 2024, which created an accelerated consenting pathway for projects with significant regional or national benefits. The FTAA specifically listed 22 renewable energy projects that could utilise the fast-track process without needing to make a referral application.

However, the FTAA is also expected to speed up consenting for other renewable energy projects that are not listed but are deemed to have significant regional or national benefits.

Further, the Resource Management (Freshwater and Other Matters) Amendment Act 2024 was enacted in October 2024, which makes targeted amendments to the RMA, with a key aim to streamline the process for preparing and amending the national direction.

As part of the proposed reforms, the government released four consultation packages on a new national direction. Package 1 of the consultation proposed changes to the National Policy Statement for Renewable Electricity Generation. In particular, Package 1 proposes a new objective for renewable energy to increase at a rate and in a manner necessary to achieve New Zealand's energy targets, as well as enhance renewable energy resilience and security of supply. It is also proposed that the list of renewable energy benefits in the policy statement be increased and that decision-makers give greater weight to the national significance and benefits of renewable energy projects. Further, increased flexibility of consent conditions is proposed to facilitate upgrades to adapt to new technology.

The Resource Management (Consenting and Other System Changes) Amendment Act was enacted in August 2025 and is the second amendment to the RMA. The second amendment includes key changes to support renewable energy projects, including the provision for a default duration period of 35 years for renewable energy-related resource consents, extending default lapse periods from five to ten years for resource consents for renewable energy activities and reducing consenting timeframes.

Both the recently passed and proposed reforms aim to make the resource consent process generally more efficient and simplified, providing benefit to renewable energy developers, operators and investors. Many renewable energy projects are of a scale that qualifies for use of the fast-track consenting regime, and if passed into effect, the proposed reforms, such as those under the National Policy Statement for Renewable Electricity Generation, will likely increase the feasibility of renewable energy projects obtaining consent and increase flexibility once the infrastructure is in place.

Overseas Investment Act Reform

As of September 2025, the government is reforming New Zealand's Overseas Investment Act as a part of its broader strategy to encourage overseas investment. The Overseas Investment (National Interest Test and Other Matters) Amendment Bill was introduced in June 2025 and is expected to be passed into law in late 2025. The Bill aims to make it simpler and faster for overseas investors to obtain approvals for less sensitive transactions.

Key features of the proposed amendments include consolidating the current investor test, benefit to New Zealand test and national interest tests into a sole streamlined "national interest" test for investments other than in residential land, farmland or fishing quota.

In practical terms, where consent under the Act is required for such investments, the Overseas Investment Office (OIO) will now perform an initial national interest risk assessment within a 15 working-day statutory deadline. If no concerns are found, consent must be granted at that stage. Only transactions that flag potential national interest issues are escalated to a full stage two national interest assessment. Transactions involving residential land, farmland or fishing quota remain outside the expedited track, and will still be subject to the existing advertising requirements and benefit to New Zealand tests. In addition, large-scale renewable assets will also still be subject to the existing national interest test if these meet the "strategically important businesses" threshold – ie, any deal giving an overseas investor control of 250 MW or more of generation capacity will automatically trigger the national interest test.

For renewable energy developers and investors, these reforms are broadly positive, although many solar developments are undertaken on large areas of farmland, which has (as of August 2025) essentially been excluded from the scope of the reforms.

Offshore Wind

In December 2024, the first reading of the Offshore Renewable Energy Bill took place, which proposed a regulatory regime for offshore wind and other offshore renewable energy technologies. The key aspects of the proposed regime include the following:

- seven-year feasibility permits granting an exclusive right to apply for a commercial permit and for relevant environmental consents (for offshore renewable energy) in the specified area, subject to "use it or lose it" provisions;
- 40-year commercial permits covering the construction and operations periods, with the potential to extend for up to another 40 years with approval, subject to "use it or lose it" provisions (including a failure to begin generation operations within a reasonable time);
- allocation rounds for feasibility permits based on a developer-led approach (whereby developers must identify the proposed site), the Minister for Energy having the ability to limit rounds by generation capacity, spatial area or technology type (if appropriate), with applications being assessed on a comparative basis and priority being given to projects that are most likely to be delivered successfully;
- no royalty mechanism, although the government will recover the costs of administering the regime through fees;
- iwi and hapū engagement forming part of the assessment considerations for feasibility permit applications; and
- decommissioning obligations backed by financial securities (the quantum of which will be determined by the Minister for Energy, reflecting the risk profile of the developer), with developers being required to submit a decommissioning plan and estimated decommissioning costs at the stage of applying for a commercial permit.

The Transport and Infrastructure Select Committee recommended that the Offshore Renewable Energy Bill be passed but suggested several amendments to strengthen procedural aspects of the regime. As of September 2025, the bill is still awaiting its second reading in Parliament. The government expects that the first feasibility permits round will be initiated in late 2025, with the first feasibility permits being granted in 2026.

The government also signalled that it does not intend to offer price support or stabilisation mechanisms (such as contracts for difference), which have been a key feature of many successful offshore wind regimes internationally. The government's view was that such mechanisms would depart materially from New Zealand's market-based electricity model.

Investment in Transmission and Distribution Infrastructure

As demand for electricity continues to grow, transmission and distribution networks will play a critical role in the electrification of New Zealand's economy. There is a substantial need for investment to maintain and replace ageing networks and to support new generation capacity and meet domestic energy demand.

New Zealand's transmission network is owned and operated by Transpower, a state-owned enterprise. The distribution networks are owned by 29 EDBs, many of which are owned by consumer trusts or local councils. Transpower and the EDBs are forecast to spend significantly more on capital expenditure than they have previously.

The Commerce Commission (Commission) regulates the maximum revenue that Transpower and certain of the EDBs (being those that are not consumer-owned) may earn. In February 2024, the Commission approved Transpower's nearly NZD400 million "Net Zero Grid Pathways" programme to invest in strengthening the national grid, with a particular focus on resolving grid access constraints in regional areas. In May 2025, Transpower separately launched Te Kanapu – a strategic initiative to bring together key electricity sector stakeholders for long-term grid investment planning. Te Kanapu aims to co-ordinate system-wide upgrades and ensure the grid can support emerging technologies such as distributed solar, battery storage and electric vehicles.

For the regulated EDBs, a new default price-quality path was implemented on 1 April 2025, which regulates the maximum revenues that can be recovered from consumers and the applicable minimum quality

standards. The new revenue limits set by the Commission were set at increased levels to account for the expected investment in reliability and capacity.

Despite the increases in revenue limits, the Commission indicated that the need for new investment cannot be met solely through price increases paid for by customers. Ultimately, EDBs will need to raise the necessary capital themselves to fund significant network investment plans. A key question for a number of the EDBs in raising that capital in the coming years will focus on the extent to which their current ownership and financing structures will facilitate the level of capital investment required.

Regulatory Reforms to the Electricity Market

The EA and the Commission established an Energy Competition Task Force in August 2024 to develop a series of short- and medium-term actions designed to improve the performance of electricity markets. The Task Force's work programme was structured around two key objectives: increasing market competition and expanding consumer choice.

Several Task Force initiatives have been confirmed:

- First, a standardised super-peak hedge contract began trading in January 2025 through fortnightly brokered events on the over-the-counter market. Designed to provide price certainty during morning and evening peak demand periods, the product aims to improve hedge market liquidity and support retail competition.
- Second, new retail pricing rules will require large electricity retailers (those with 5% or more market share) to offer time-of-use pricing plans and variable buy-back rates for households exporting electricity from small-scale generation, such as rooftop solar. The intention is to incentivise consumers to shift consumption away from peak periods and to reward exports during times of high demand, supporting a more flexible and efficient electricity system.
- A third key proposal under consideration is the introduction of mandatory non-discrimination obligations for providers of flexible generation. These obligations would require large generator-retailers to offer hedge contracts to independent retailers and generators on substantially the same terms as those offered internally. The EA has proposed a three-step progressive approach to implementing non-discrimination obligations, starting with principles-based rules and potentially escalating to more prescriptive options if considered necessary. The consultation on this proposal concluded in May 2025.

In addition, in July 2025, the EA sought feedback on a proposed Emergency Reserve Scheme, which is intended to support the electricity system during periods of acute stress via industrial demand-side flexibility. Under the scheme, selected electricity users (such as large industrial consumers) would be compensated for temporarily reducing their power usage when called upon. This targeted reduction would act as a rapid-response reserve, helping to ease pressure on the grid and minimise the risk of forced outages.

BESS: An Evolving Regulatory Landscape

Development activity in BESS is increasing in New Zealand, both in stand-alone grid-scale BESS and BESS co-located with renewable energy generation. As more intermittent generation comes online, it is expected that BESS will play an important role in balancing supply and demand and enhancing the stability and resilience of the electricity grid.

In June 2025, the EA released a draft two-year BESS regulatory roadmap outlining its work to support BESS investment and integration into the electricity system. Key initiatives under the roadmap include:

- removing barriers to efficient BESS connection to distribution networks;
- improving network pricing to maximise consumer benefits from emerging technologies;
- enhancing investor participation in BESS wholesale and ancillary service markets; and
- ensuring BESS can connect efficiently to distribution networks.

Consultation on the draft roadmap closed in July 2025. For more details on the regulatory roadmap, see **4.1 Electricity** of the New Zealand Law and Practice chapter for Renewable Energy.

The EA's Green Paper, published in April 2025, invited public feedback on transitioning New Zealand's centralised electricity system to a more decentralised model, with the aim of improving affordability, resilience, and sustainability by 2040. While no formal policy changes have resulted from this as of September 2025, the paper signals the Authority's intent to develop a regulatory framework that supports decentralised technologies such as BESS in future years.

Transmission pricing methodology (TPM) review

The EA has also undertaken a review of transmission pricing methodology (TPM), to better support investment in BESS and emerging technologies by rectifying issues identified in the TPM. In its August 2024 consultation paper, the EA outlined two key proposals which were confirmed in November 2024 for implementation.

The changes to be implemented are outlined below.

TPM: Connection charges

- Connection charges are charged by Transpower to recover the costs of a connection investment directly from its customers. The charges are shared if there are multiple connected customers. The charges do not include capital costs recovered by Transpower under an investment agreement with a developer, under which Transpower agrees with the developer to make a particular investment in a connection asset (save to the extent a subsequent developer connects to the connection asset, in which case a capital charge is then applied to the subsequent developer to address the first-mover disadvantage that would otherwise arise).
- Under the TPM in force at the time of the consultation paper, the EA identified that BESS customers (who both inject into and offtake from the grid) will face higher connection charge allocations as compared to other load consumers or generators, ultimately creating "an artificial commercial disadvantage" and potentially discouraging investment in BESS.
- To address this issue, the EA decided to amend how connection charges for shared assets are calculated, with a focus on ensuring that charges are capacity-based.

TPM: Residual charge allocations

- Residual charges are charged by Transpower to load customers to recover the remainder of Transpower's maximum allowable revenue (as set by the Commission) not captured by other transmission charges. Under the TPM in force at the time of the consultation paper, the EA identified that residual charges disproportionately affect customers with low load factors (ie, those customers whose energy consumption fluctuates or "peaks") when their energy consumption increases, as compared to customers with high load factors (who maintain steadier, "flatter" demand profiles).
- The EA noted that this disparity risks creating a material distortion in incentives for those investing in BESS, including, potentially, an incentive for a generator to avoid co-locating the BESS with generation (as opposed to in another location) in order to achieve lower residual charges.
- The EA will adjust how residual charges are allocated in order to address this issue, with the intention of ensuring that all customers, regardless of load profile, experience the same proportional increase in residual charges when their consumption increases.

The TPM amendments summarised above are scheduled to come into force on 1 April 2026 (with the EA noting that the connection charges issue does not apply in the first two years from connection and that load customers do not pay a residual charge for the first four years from connection).

In August 2025, the EA also launched a consultation on technical amendments to align the TPM with recent Commission changes and to clarify the benefit-based charge cap under the charges cap formula, for which they are seeking feedback.

Instantaneous Reserves Market: Cost Allocation to Wind and Solar

Transpower, as the system operator in New Zealand, procures instantaneous reserves contracts to insure against the risk of a sudden loss of generation, known as "contingent events". Such events might be caused by a sudden failure of a large generation unit or by the failure of the HVDC link that connects the North Island and the South Island. Instantaneous reserves

can comprise both generation capacity that can be called upon to increase output or interruptible load that can be called upon to be reduced, when required.

The EA issued a consultation paper in July 2024 outlining its proposal to amend the cost allocation methodology for instantaneous reserves. The costs of procuring instantaneous reserves contracts are allocated to generators with units exceeding 60 MW and to the HVDC owner (Transpower). Under the methodology for such allocations, the 60 MW threshold is calculated by reference to the size of individual generating units (being, in the case of a wind farm, the individual turbines). The result has been that individual wind and solar components have not been considered large enough (under the existing methodology) to attract instantaneous reserves charges, notwithstanding the size of the overall wind or solar project.

The EA proposed to amend the cost allocation methodology for instantaneous reserves, by including groups of generating units that share a single grid connection and collectively represent a risk of giving rise to a contingent event. As of August 2025, a final decision has not been issued on this matter.

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