

Energy Impact Loans

CSF position on Rewiring Aotearoa's proposed expanded actions by local government to support financing options for residential energy upgrades

CSF supports the careful consideration of the Energy IMPACT Loans concept outlined by Rewiring Aotearoa as part of the proposed Ratepayers Assistance Scheme. We believe the concept has sufficient merit to warrant further exploration, while noting that thorough due diligence should be undertaken by government and relevant agencies to ensure any risks around repayment capacity and other potential unintended consequences are appropriately considered.

In partnership with the Ministry for the Environment, EECA, Rewiring Aotearoa, as well as a number of energy sector and financial sector organisations, CSF has undertaken research which highlights that finance can play a key role in helping households achieve greater energy independence, build greater energy resilience, and crucially lower monthly energy bills. Our research focused on the full end-to-end household energy upgrade journey, with a key insight being that there are multiple points of friction, however it suggested that low-cost finance could be a core component in accelerating household activity.

We agree with the proposal put forward by Rewiring Aotearoa that long-term, low-interest energy loans have the potential to play a key role in the finance offering ecosystem. These loans can provide a solution that helps to affordably overcome the upfront costs of home energy upgrades, helping to deliver lower monthly bills.

The “green finance” products offered by New Zealand’s big banks do just this. They are attractively priced and represent a cost-effective approach to financing upgrades. However, eligibility criteria typically limits access to those who hold mortgage accounts, as this allows energy upgrade debt to be secured against a property, significantly reducing both risk and costs for a bank. Noting that current regulatory and capital settings mean lenders are generally unable to offer similarly priced products to non-mortgage holders, a meaningful segment of homeowners remains without access to comparable options. This likely results in a drag on mortgage-less property owners taking action to enhance their energy resilience and reduce their energy bills. Furthermore, this prevents increased optimisation of the energy system which could lead to lower costs for all.

Local councils, however, effectively hold similar security rights over ratable properties through the rating system, regardless of whether a mortgage is in place. This places councils in a comparatively strong security position across a much broader population than the banking sector, and positions them well to help address the existing gap through the provision of low-cost finance.



At the same time, private sector debt must remain a core component of the overall market offering. Any Ratepayers Assistance Scheme should therefore be designed to complement private sector finance, forming part of a balanced market ecosystem, rather than acting as the sole or dominant driver.

CSF is an independently governed charitable trust. We receive funding from public and private sources, including central government and the Local Government Funding Agency. Given this, and noting that the proposed Ratepayers Assistance Scheme extends beyond energy-related loans (for example, deferred development contributions), CSF is not in a position to explicitly support or sign the open letter associated with the broader proposal.

While CSF is supportive of expanded options for residential energy upgrade loans, we do not hold a position on the other loan types proposed under the Ratepayers Assistance Scheme and are not a signatory to the Rewiring Aotearoa letter to Ministers on those matters.