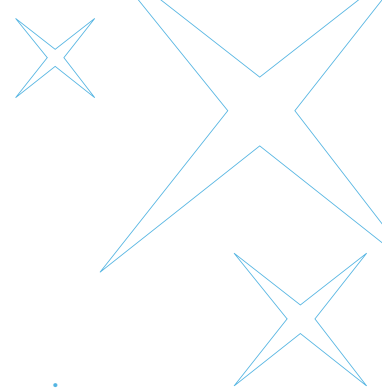




CENTRE FOR
**Sustainable
Finance**
TOITŪ TAHUA

Accelerating clean energy
finance in New Zealand
Insights and opportunities

Introduction



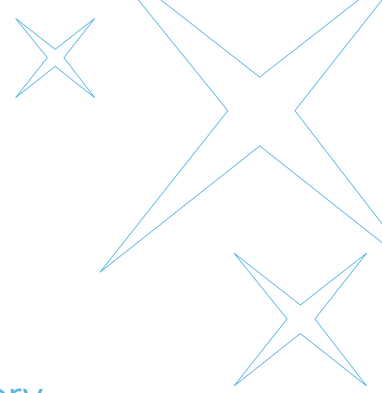
The Centre for Sustainable Finance (CSF) Clean Energy Financing Solutions workstream commenced in July 2024, focusing on identifying opportunities to utilise novel financing solutions to accelerate the activity that supports New Zealand’s national-level objectives of affordable, abundant, clean energy for all. This required building a deep understanding of the barriers currently preventing increased investment, as well as working in collaboration with stakeholders across the finance and energy sectors to explore solutions to overcome these barriers.

To develop a strong evidence base for proposed financing solutions, CSF engaged extensively across the finance and energy sectors, as well as with energy end-users. Facilitated by a strategic partnership with the Ministry for the Environment, we worked closely with the Energy Efficiency and Conservation Authority (EECA), leveraged the expertise of our other non-government partners (including major New Zealand financial institutions) and participated in the industry-led Energy Transition Framework (ETF).

Following the initial stakeholder engagement phase, the scope of the work became focused on the shift to low-carbon energy sources (i.e. ‘energy transition’) at the household and business level. This reflected findings from the research that grid-scale renewable electricity investment faces comparatively few barriers, as well as the fact that New Zealand’s electricity system is already highly renewable, pointing to bigger decarbonisation opportunities elsewhere. Consequently, this document primarily examines energy transition opportunities and challenges at the household and business level.

While the primary focus of the workstream was on financing solutions, CSF also progressed related initiatives that had the potential to contribute to increased deployment of capital into energy transition. The following outputs, which include both financial solutions and related initiatives, have been delivered directly by CSF as part of the overall workstream.

1. An indicative business case submitted to the Minister of Climate Change, proposing a blended finance solution, including leveraging Crown guarantees, to help gas-powered industrial businesses invest in fuel-switching. This work contributed to Government policy (announced May 2026) that has the potential to unlock up to \$1.2bn in bank lending and reduce gas demand by approximately 10%.
2. Recommendations on information enhancements to better enable home energy-upgrade investment decisions, developed in collaboration with EECA, as well as the development of voluntary best practices for assumptions used in ‘investment payback’ calculations in home energy-upgrade calculators and tools, to deliver consistency for consumers making these decisions.
3. Engagement with and insights delivered to policy makers on the barriers to investing in energy transition, along with potential solutions that could accelerate investment.
4. Leading the Finance Market Gaps workstream within the Commercial and Industrial Electrification work programme established under the industry-led ETF.
5. An established CSF position on the Rewiring Aotearoa Energy Impact Loans initiative (including through engagement with Rewiring Aotearoa) that forms part of the Ratepayers Assistance Scheme proposal.



Across stakeholder engagement, research and project delivery activities, consistent themes emerged that help explain the barriers and opportunities in the context of accelerating investment in energy transition. The energy system is complex and intertwined, including in its interaction with policy, regulation and finance, and as such, the four insights below should not be considered in isolation. There are overlapping factors and interdependencies across each.

Key Insights

1

The primary constraint on household and business energy transition investment is weak underlying economics rather than access to finance or the availability of technology.

2

A clear and durable national energy strategy is needed to provide confidence in future policy settings and support decision-making in the context of long-term investments.

3

Low-cost finance for energy transition is already broadly available to most mortgaged homeowners; however, policy may be required to extend it to a wider pool of households.

4

Information gaps and inconsistencies suppress demand for energy transition investment by making it difficult for households and businesses to easily assess the costs and benefits of such investments, even where the economics of this shift are improving.

Key Insight 1

The primary constraint on household and business energy transition investment is weak underlying economics rather than access to finance or the availability of technology.

Across residential and commercial and industrial (C&I) energy consumers, the primary barrier to energy upgrades is not access to finance or technology availability but rather, an economic proposition that is insufficiently compelling to drive action at scale.

While investment journeys are often complex and friction-filled – from finding out what options are available, to understanding end-to-end costs and savings, to choosing a technology and installer – these are secondary constraints. When the economic proposition is strong, consumers and businesses are willing to overcome complexity. Conversely, when returns are marginal or uncertain, even relatively low levels of friction are sufficient to stall uptake.

In the C&I sector, fuel-switching projects are often capital-intensive, technically complex and operationally disruptive, while delivering only a modest financial upside relative to the historical energy cost structures. Even where projects are prioritised, uncertainty around future fuel costs, technology performance and operational impacts can increase perceived risk, driving up financing costs and creating additional economic headwinds. While this dynamic is not unique to New Zealand, the rapid decline in our domestic gas supply creates a sense of urgency that is more acute here than in many other markets.



The Opportunity

Stronger underlying economics in the area of energy upgrades would stimulate demand, which in turn would create greater incentive for customer journeys to be enhanced, reducing the level of friction and increasing the conversion rates – potentially driving a self-reinforcing cycle of growth. The economic case can strengthen in a number of ways. The falling costs of technology have strengthened the case for EVs, solar power and storage batteries, but this largely manifests over the medium to long term. Policy support, or spikes in the price (or constraints on the availability) of fossil fuels, as has been experienced in 2026 with both oil and gas, can have a more immediate impact.

The economics dynamic is evident in the surge in EV and PHEV uptake in New Zealand in early 2026, in response to rising petrol prices. Waka Kotahi data shows that the March 2026 registrations of full battery EVs **jumped nearly four-fold**, from an average of 800 a month during the last two years to 3,100 in March. This highlights how quickly behaviour can shift when the economic proposition improves, suggesting similar elasticity could be unlocked for other energy upgrades in areas such as insulation, double glazing and replacing fossil-fuelled appliances and systems.

What We Did

We identified the areas posing the greatest obstacles to New Zealand's objective of having abundant, affordable, clean energy, while also considering wider societal impacts. As the severity of the domestic gas supply crunch became clear, we recognised that a solution that could help businesses to transition away from gas could enhance business resilience, save jobs and safeguard communities.

Working closely with policy makers and the finance and energy sectors, we developed a blended finance proposal that would lower costs for business, leverage private sector networks, expertise and processes, and deliver capital efficiency from the perspective of the use of public funds. This was submitted as an indicative business case to the Minister of Climate Change in December 2025. Following submission, we discussed the mechanics of our proposal with officials from Treasury and the Ministry of Business, Innovation and Employment, and we were pleased to see core elements of it announced as policy in May 2026, through the Gas Transition Loan Guarantee Scheme. Government has estimated that the policy has the potential to unlock \$1.2bn of bank lending and reduce demand for gas by roughly 10%.

Where To From Here?

We are encouraged to see the Government, via the New Zealand Banking Association, engage with financial institutions on scheme design. Making sure the guarantee mechanism is simple to utilise and apply will be key to success, and it is positive that Government will be able to leverage the approaches and learnings of historic schemes that have had similar characteristics.

CSF continues to provide policy and market insights, in addition to continuing to communicate that action to enhance the economic proposition is likely to have the greatest effect on take-up of clean energy and energy efficiency solutions.

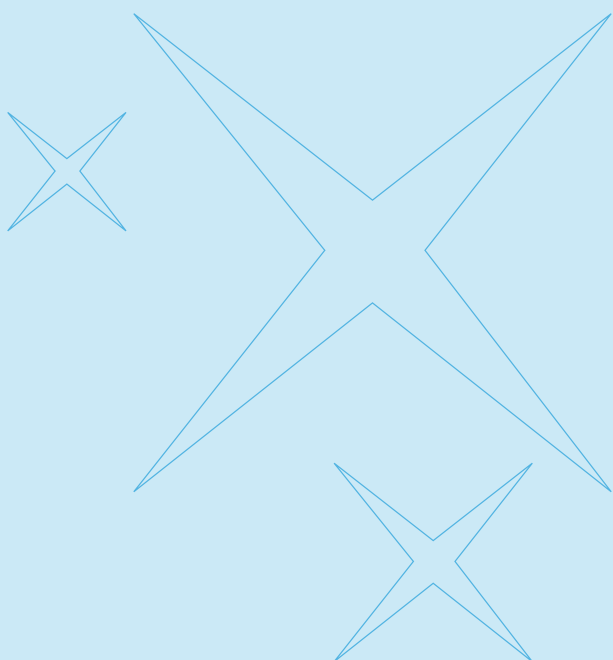
Key Insight 2

A clear and durable national energy strategy is needed to provide confidence in future policy settings and support decision-making on related investments.

Making major investment decisions requires a minimum level of certainty. As confidence in future market and policy settings increases, perceived risk declines and investment activity grows. Consistent policy, supported by a long-term strategy, provides this confidence and helps to create an environment that facilitates investment.

New Zealand's three-year political cycle can make it hard to establish a culture of long-term policy certainty. Potential shifts in government priorities – whether relating to EV incentives, solar energy schemes or the role of oil and gas – can create uncertainty that influences investment decisions. This makes the provision of clear, enduring policy signals particularly important.

Our research found that businesses operating coal-fired assets generally had a stronger understanding of alternative fuel options and transition pathways than the businesses that were reliant on gas. A key reason for this was the existence of a clearly signalled phase-out date for coal boilers (2037), which provided both certainty and a long-term timeframe for planning investment decisions. While short-term supply constraints and energy price increases can also drive action, the evidence suggests that well-signalled policy with a long-term horizon is a powerful enabler of investment. Clear direction allows businesses to plan with greater confidence and supports more coordinated industry transition, and this can reduce the overall cost of achieving our national energy and emissions objectives.



The Opportunity

An industry-supported bipartisan energy strategy is not easy to deliver. However, long-term goals and objectives that plot a rough path and a clear sense of direction should be achievable. This is especially true in New Zealand, where energy security and independence largely go hand in hand with a clean energy system.

What We Did

We have advocated (and continue to advocate) for an investable national energy strategy and transition pathway, and at a minimum, some clear, consistent, long-term signals to give confidence to investors and decision-makers. Certainty enables better investment decisions for New Zealand investors and also meets the requirements of overseas investors, who may view New Zealand as an optional market in which to deploy capital.

Where To From Here?

CSF continues to be a member of the industry-led ETF, within which work is underway on developing an industry-endorsed New Zealand Energy Strategy. We will continue to remain engaged with the framework and advocate for this work.



Key Insight 3

Low-cost finance for energy transition is already broadly available to most mortgaged homeowners; however, policy may be required to extend it to a wider pool of households.

For most mortgaged homeowners, access to affordable finance for energy transition is not the binding constraint. Banks offer competitively priced 'green loan' products, which are characterised by low introductory interest rates. Some offers also include the ability to integrate borrowing into existing mortgage structures at the end of the promotional period, enabling repayment at an affordable rate over the long term.

The responsiveness of consumers to changing economics provides further evidence that finance availability is not the primary barrier to energy transition. As fossil fuel prices spiked in March 2026, the major New Zealand banks reported a **50% to 65%** increase in enquiries and drawdowns for their loans related to energy upgrades. The loans themselves were not materially different; rather, the underlying economics of energy upgrades had improved. This suggests that awareness and access are sufficient to support rapid uptake when the economics become compelling.

These financing offerings represent a highly cost-effective pathway for mortgage holders and compare favourably with similar products available in overseas markets. There is limited practical scope for further enhancement through interest rate concessions.

The low-interest-rate loans are typically limited to existing mortgage customers because of regulatory capital requirements that largely constrain banks' ability to extend similarly competitive offerings to homeowners who do not have mortgages. Different challenges exist in the rental market, where split incentives between landlords and tenants, as well as legal and contractual complexities, present hurdles.



The Opportunity

Apart from the major economic levers, well-crafted regulation can also be effective and stimulate finance sector innovation. The introduction of residential energy performance certificates (EPCs), for example, could provide a signal to prospective home buyers about future energy bills and as such, potentially influence house prices. On top of this, EPCs could also enable banks to explore tiered mortgage rates to incentivise energy efficiency or similar activities (noting that lower energy bills could enhance house affordability and reduce the credit risk for a bank). However, policy and product design are important here because of the potential unintended consequences that could eventuate from an equity perspective.

For mortgage-free homeowners, the Energy Impact Loans initiative proposed under the Ratepayers Assistance Scheme (RAS) presents a promising pathway. If effectively designed and implemented, these loans could extend access to low-cost finance to a significantly broader range of homeowners, thus addressing a key structural gap in the current system. In the rental space, emerging

trials – such as the ‘solar for renters’ initiative within the Queenstown Electrification Accelerator – are promising. However, the complexities identified in this sector have proven difficult to overcome internationally.

What We Did

Our research examined approaches taken in comparable international markets to identify any novel financing strategies that may be relevant for New Zealand. In the UK, where the majority of homes rely on gas boilers for space and water heating, there is considerable friction in the end-to-end journey for households installing heat pumps. UK mortgage provider Lloyds partnered with energy firm Octopus to trial a collaborative model for heat pump applicability investigation, selection, financing and deployment. The approach removes process-related barriers at numerous points of the customer journey and as such, has the potential to improve conversion rates. Similar cross-sector collaboration could be explored in New Zealand, and sector participants could look into the merits and feasibility of any such approaches in this country.

Where To From Here?

Government is uniquely positioned to assess the feasibility of the RAS Energy Impact Loans proposal, which has the potential to expand homeowners’ access to cost-effective finance for energy upgrades and to complement the bank offers that exist today.

The rental market remains a challenge. The most compelling model for converting to solar energy that was observed internationally was ‘community’ or ‘remote’ solar. Successfully deployed in markets such as Lithuania, this approach allows households to purchase or lease solar capacity from utility-scale (or community-scale) solar farms.

This model resolves several key barriers: it eliminates the need for upfront capital investment in on-site systems; it removes dependence on roof ownership or suitability; and it enables participants to retain access to their energy assets when moving from one property to another. The success of the model is reliant on enabling regulation, highlighting the important role that regulation will likely need to play in unlocking similar models in New Zealand. However, it is encouraging to see energy sector participants – such as [Lodestone](#) – look to deliver a solution that directly links properties with community-scale solar farms.

Key Insight 4

Information gaps and inconsistencies suppress demand for energy transition investment by making it difficult for households and businesses to easily assess the costs and benefits of such investments, even where the economics of this shift are improving.

Accessible, consistent and decision-useful information is also a critical enabler of investment. To make informed decisions, consumers and businesses require reliable information on costs, savings, technologies, installers and future energy prices.

In many cases, the currently available information is either fragmented, inconsistent or insufficiently relevant. For households, differences in assumptions regarding future electricity prices, borrowing costs and asset lifespan can materially alter the projected returns for the same energy upgrade. For businesses, high-level gas supply forecasts often provide limited practical guidance regarding the likely availability and cost of future contracts. In both cases, inconsistent or insufficiently relevant information can undermine confidence and delay energy transition investment decisions.

Improving the quality, consistency and usability of information could therefore support stronger uptake by enabling better-informed decision-making.



The Opportunity

As interest in energy upgrades increases, there is an opportunity across the ecosystem to support informed decision-making by consumers and businesses. Most energy users do not need to become experts in solar panels, inverters, batteries or other energy technologies. There is an opportunity for industry participants to provide trusted information, standards and certifications that will give consumers confidence in both technology and installer selection.

Consistency of assumptions is essential. Even relatively small variations in assumptions can materially alter projected outcomes and undermine confidence in investment decisions. Enabling consistency through agreed best practices can reduce the risk of this.

What We Did

CSF entered into a strategic partnership with EECA to leverage and strengthen the complementary expertise and insights of both organisations. EECA's work to develop and maintain high-quality, usable information supports those undertaking energy-

upgrade investments, while also reducing friction for lenders. Standardised tools and certifications – such as the [EV Smart Charger Approved List](#) – enable lenders to more efficiently assess and approve low-cost 'green' lending applications by providing trusted, pre-validated benchmarks. In a similar vein, the New Zealand Taxonomy, led by CSF in conjunction with partners and key stakeholders, is currently under development. When complete, it will also provide a benchmark from which lenders and industry participants can leverage for decision-making.

To support informed decision-making for households that are considering an energy upgrade, CSF is working to deliver voluntary best practices for core assumptions within online energy-upgrade tools / calculators that present a return-on-investment (or payback) period for any given upgrade. These decisions can feel significant for households, and our research showed that consistency of information helps to instil confidence. Noting that the hosts of such tools straddle multiple sectors – including finance and energy, as well as public entities such as EECA itself – there is potentially a higher risk of inconsistent approaches. Best practices help to deliver consistency.

Where To From Here?

We encourage finance and energy sector participants to adopt and advocate for the use of the voluntary best practices developed by CSF, where appropriate within their online tools. These best practices will be published on the CSF website and will remain open to review and enhancement as the energy-upgrade market evolves.

These best practices are limited to the elements of the customer journey that are directly impacted by financing. However, we recognise that a number of other key assumptions can also materially affect the customer's return on investment, such as the number of kilometres driven by the customer each year, the amount of electricity a household consumes (and when it is consumed) and the level

of solar irradiance in a given location. We encourage relevant energy sector participants to establish mechanisms that promote consistency in these and other underlying assumptions and, consequently, enable greater consistency in the outputs presented to consumers.

CSF will continue to participate in the ETF and, through this as well as our ongoing partnership with EECA, will remain connected to key stakeholders and developments across the energy sector. As opportunities arise to further enhance the information available to consumers through finance-enabled solutions, CSF remains committed to supporting and contributing to that work.



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