

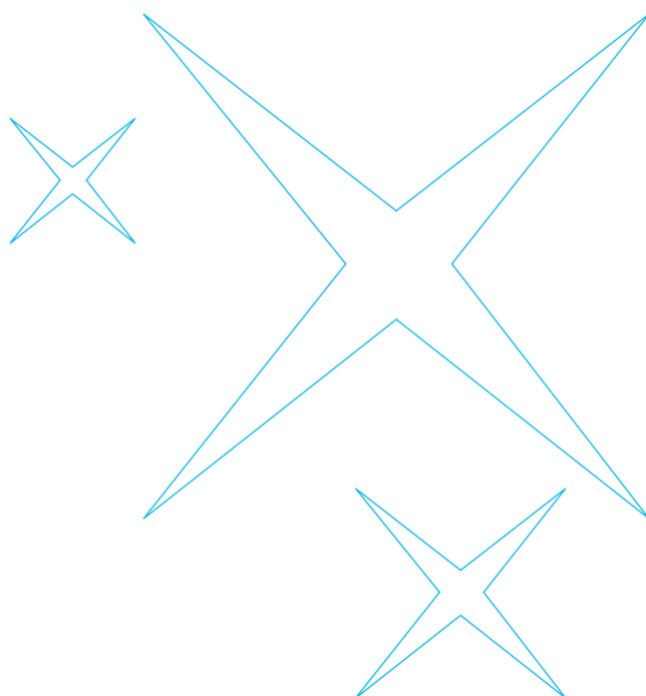
October 2026

Aotearoa New Zealand Sustainable Finance Taxonomy

Construction and Buildings sector

*Climate change mitigation Substantial Contribution
(SC) criteria*

Draft for public consultation





Construction and Buildings sector Substantial Contribution criteria for climate change mitigation – draft for public consult

This section presents the draft Substantial Contribution (SC) criteria for climate change mitigation, as they apply to the Construction and Buildings sector for the NZ Taxonomy.

The SC criteria define the thresholds and requirements that an economic activity or measure must meet to be considered as making a substantial contribution to an environmental objective – in this case, climate change mitigation.

The SC criteria are designed to ensure that activities go beyond business-as-usual and meaningfully advance emissions reduction towards alignment with the Paris Agreement.

The SC criteria are the core component of the framework specifically designed to drive positive outcomes for one of the Taxonomy's environmental objectives.

The Construction and Buildings sector climate change mitigation SC criteria are available for feedback in this consult.

Instructions for respondents

The climate change mitigation Substantial Contribution (SC) criteria set out the thresholds and requirements that an economic activity or measure must meet to be classified NZ Taxonomy aligned under the climate change mitigation objective.

Through this consultation, we are seeking feedback on the SC criteria, including whether they are appropriate for achieving the purpose of the NZ Taxonomy of directing and mobilising capital to activities that are aligned with the long term temperature goal of the Paris Agreement (limiting warming as close as possible to 1.5°C), and whether they strike an appropriate balance between credibility, usability and interoperability.

In the development of the Construction and Buildings Sector criteria, technical group members expressed differing views in a number of areas. In some areas, alternative approaches are being considered. In others, a lack of data or technical expertise means appropriate criteria details remain unresolved. This consultation is focused on understanding preferred approaches in key areas, as well as drawing out additional data and feedback to shape and finalise technical details.

Input received through consultation will assist the groups to determine what a fit-for-purpose, usable NZ Taxonomy framework for this sector will be.

Areas where input is particularly sought are:

1. Possible approaches to setting new and existing buildings' energy intensity targets to measure operational performance;
2. The design of a potential Transition category for the Acquisition and Ownership activity - to support the rapid transition of existing building stock;
3. The approach the NZ Taxonomy should take toward refrigerant global warming potential (GWP)s;
4. The inclusion and details of proxies to existing frameworks and standards;
5. The usability of criteria that protect Māori rights and interests in this sector;
6. Whether to include and if so, the minimum requirements for eligibility in relation to the construction or ownership of data centres; and
7. The appropriate thresholds for criteria that are applied based on the size of a building (m²) e.g., for embodied GHG emissions.

Throughout the drafted criteria which follow, these areas are highlighted where they become relevant, and additional context and details of proposed approaches are provided. Placeholders denote where the agreed outcomes from these areas will appear in the final criteria.

You can also review these focus areas as a single document [here](#), or respond to them via the online form [here](#).

We also welcome comments on any other aspect of the proposed SC criteria, as drafted in this document.

Consultation is also open on the:

1. Sector-specific Whitelist of measures for climate change adaptation and resilience; and
2. Activity-specific Do No Significant Harm criteria for the Construction and Buildings sector.

Sector context

The building sector represents a significant opportunity for Aotearoa New Zealand to reduce greenhouse gas emissions and contribute to the goals of the Paris Agreement. Buildings generate emissions directly through energy use in operations, and indirectly through the materials used in construction. Achieving low-emission or net zero-emission buildings is central to any credible decarbonisation pathway.

According to the Ministry for the Environment (2026)¹, buildings account for around 12 percent of annual gross domestic greenhouse gas emissions, comprising operational emissions of approximately 6.7 Mt CO₂-e (9 a), arising from energy used to operate buildings, and embodied emissions of approximately 2.8 Mt CO₂-e (just under 4 percent), associated with the manufacture and assembly of building materials.

Energy efficiency requirements established in voluntary rating tools such as NABERSNZ, Green Star, and Homestar provide frameworks for measuring and improving building performance. These frameworks rely on voluntary uptake by the sector, and further and accelerated uptake and continual refinement of benchmarks is encouraged to ensure fit for purpose across multiple asset classes and user types.

Targeted tools and incentives to accelerate electrification, improve energy efficiency, and retrofit existing building stock are not yet adequately in place. Existing building stock is large and slow to turnover and upfront capital costs continue to deter investment in low-emissions solutions. At the same time, New Zealand's highly renewables-based electricity grid, (approximately 85 percent of generation) offers a structural advantage where electrifying building services can deliver immediate and substantial emissions reductions.

Based on the preliminary research noted above, the principal levers for decarbonising the sector appear to be:

- Eliminating fossil fuels as an energy source for building operations.
- Lifting the energy efficiency of existing buildings through targeted retrofits and renovations.
- Setting higher ambition for new construction, both to reduce impacts during the build phase and to ensure buildings are optimised for low-emission operation over their lifetimes.
- Expanding onsite renewable energy generation to reduce grid demand and support broader electricity decarbonisation.
- Reducing the use of high GWP Synthetic Greenhouse Gases in refrigeration and heat pump systems, through appropriate selection of lower impact alternatives in new construction and proactive retrofit of existing systems.

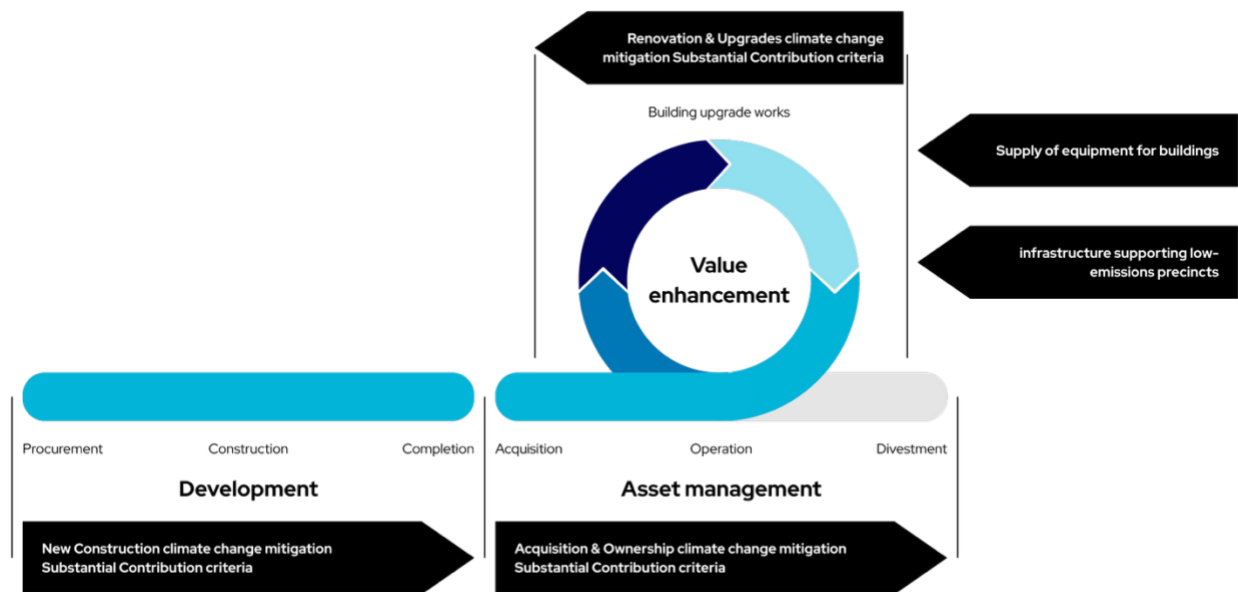
Activity inclusion methodology

Each activity included within the Construction and Building sector is screened by the [NZ Taxonomy Methods Report](#) for inclusion eligibility classification as Green and/or Transition. Technical Screening

¹ Ministry for the Environment (2026), Our journey towards net zero New Zealand's second emissions reduction plan 2026–30. Available at: <https://environment.govt.nz/assets/publications/climate-change/ERP2/New-Zealands-second-emissions-reduction-plan-Amended-January-2026.pdf>

Criteria (TSC) are then developed in accordance with the NZ Taxonomy design principles. The TSC assesses the performance of the activity.

The activities considered for inclusion are those to a building's economic life cycle, and are shown below:

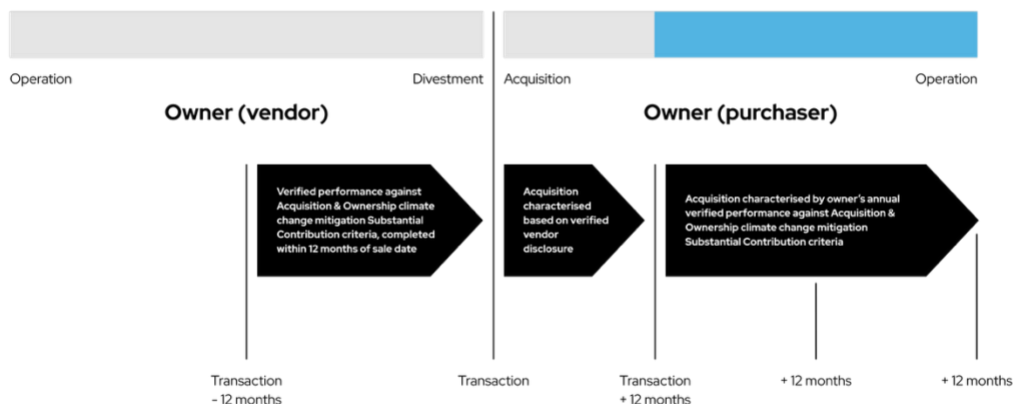


Activities across the buildings' lifecycle

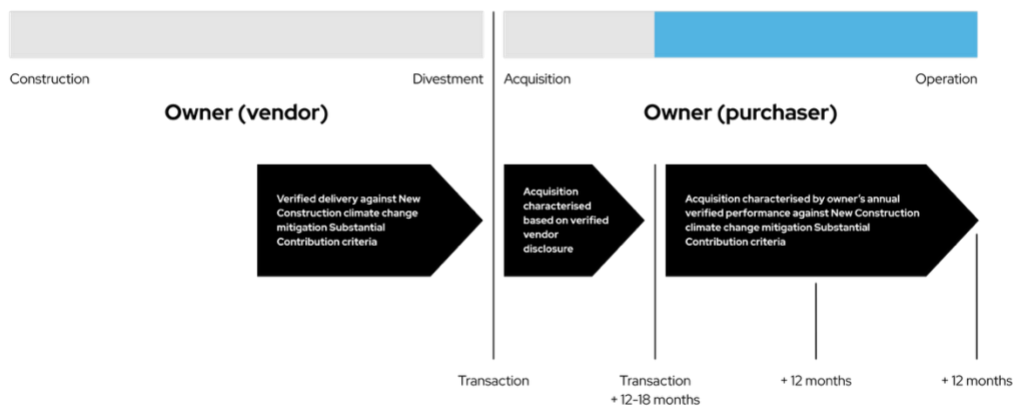
The criteria provide a benchmark for tracking buildings' contribution to greenhouse gas emissions over their lifecycle. They distinguish between:

1. Activities in the development phase, which are contained in New Construction;
2. Activities for the ongoing management of the asset which is contained in Acquisition and Ownership; and
3. Activities which enhance the asset value, which includes renovations, upgrades, equipment supply and infrastructure.

Purchase of existing building



Purchase of new building



Performance targets for activity criteria

The following section sets out targets and caveats for specific areas of building performance, such as operational performance or embodied carbon. The activity-level criteria that follow specify which of these must be complied with for a particular activity to align with the NZ Taxonomy.

Not all activities require demonstrating performance in every area; only those referenced in the relevant activity criteria are required for NZ Taxonomy alignment under that activity.

The activity criteria denote whether the alignment pertains to the asset (e.g., Construction of New Buildings/Acquisition and Ownership), or only to the project being undertaken (e.g., Renovations and Upgrades). Activities related to a project do not result in the designation of a 'green asset'.

Several activities include alignment for both Green or Transition, with varied performance targets for the achievement of each.

A focus of the current consultation is a proposed Transition category and appropriate performance targets for the Acquisition and Ownership – see [here](#) and [here](#).

Fossil fuel use

For criteria that specify an exclusion for the use of the fossil fuels, this covers all combustion of fossil fuels for normal on-site operations, including within buildings, and for plant and equipment.

On-site fossil fuel combustion for standby power within a building is permissible. However, standby power generators shall not be used for peak load topping, dispatchable generation, or any purpose other than standby power (and associated testing).

No fossil fuel plant is eligible under the "Renovation and Upgrades: Replacement of Major Plant and Equipment" screening criteria.

A focus of the current consultation is the proposed Transition category for Acquisition and Ownership, which may include a sunset period for energy efficient assets with residual natural gas use – see [here](#).

Constructed to limit GHG emissions resulting from the materials used and the process of construction

For the Construction of New Buildings activity, embodied GHG emissions screening criteria is applicable where the buildings are above a specified size (m²) (see [below](#)). Where these criteria are applicable, a building's upfront embodied GHG emissions must be reduced by the amounts provided in the following table:

Table 1. Upfront embodied GHG emissions screening criteria

Building types	2027	2028	2029	2030	2031	2032	2033	2034	2035+
Office	20%	29%	36%	39%	45%	49%	55%	60%	63%
Other	14%	21%	28%	34%	36%	42%	48%	53%	56%

The reduction of upfront embodied GHG emissions is to be measured for modules A1-A5 in accordance with the method and procedures provided in the New Zealand Green Building Council Embodied Carbon Methodology v2.0 published by the Green Building Council of New Zealand.

The relevant target year is the year of building consent or percentage reduction requirement in line with the registration date of the project per NZGBC rules (whichever is earlier).

The percentage reduction required has been determined by using alignment with the Science Based Targets initiative (SBTi) 1.5-degree pathway for the building sector's embodied carbon emissions as the starting point. In the interests of making the thresholds domestically relevant, the SBTi Buildings Target-Setting Tool was adjusted using BAU reference values for New Zealand. The reference values

were derived from prior work undertaken for the New Zealand Green Building Council for the purpose of testing practical feasibility for carbon caps to support the development of Green Star. It should be noted that these reference values were not developed for the NZ Taxonomy use case and are very likely not representative of new build embodied emissions. As such, they have resulted in significantly reduced percentage reduction requirements compared to a global average approach. On balance, the technical groups preferred to have some attempt at locally 'ground truthing' the targets, but are clear that these targets should be reviewed once better local data becomes available.

The final applicability threshold for application of these targets will be detailed in this section and in the applicable of the criteria once agreed following consultation feedback. See [consultation focus here](#).

Consultation focus: Size-based applicability threshold for embodied carbon targets

Requirements relating to upfront embodied carbon only apply to buildings in the New Construction activity category that are above a specified size.

The technical group's views have differed on where the threshold should be set, based on considerations related to useability, interoperability and impact.

The Australian Taxonomy uses a gross floor area (GFA) threshold of 5,000 m², where embodied carbon requirements are applied to buildings larger than this.

Some technical group members support a smaller GFA (<5,000m²) applicability threshold for the NZ Taxonomy, so that the embodied carbon thresholds apply across a greater proportion of the building stock, supporting higher performance. Others in the group consider that the administrative and financial burden associated with assessment and reporting means that the requirements should initially apply only to buildings >5,000m², in line with the Australian Taxonomy.

Insufficient market data on the ratio of active and future projects in either size band means a threshold cannot be calibrated to capture a defined proportion of New Zealand buildings.

The technical groups are seeking feedback or provision of data to help set this threshold appropriately in New Zealand.

Questions for respondents:

1. What is a GFA threshold you consider appropriate for when the embodied GHG emissions thresholds should apply? Please provide justification and any supporting evidence.
2. Can you provide New Zealand data that would help assess the proportion of buildings, construction activity and/or emissions captured at alternative threshold levels? * The NZ Taxonomy Secretariat will contact you to discuss this further. Agreements regarding confidentiality and use can be discussed.

Refrigerant global warming potential (GWP) thresholds

The approach to refrigerant GWPs and any applicable targets/measures will be detailed in this section of the criteria once agreed following consultation feedback.

Consultation focus: Approach to refrigerant GWPs

Refrigerants are substances used to transfer heat in cooling and heating systems and are commonly found in building services such as air conditioning, heat pumps, chillers and refrigeration systems. Many systems in Aotearoa New Zealand currently use hydrofluorocarbon (HFC) refrigerants, which can have significant global warming potentials (GWP) and can contribute significantly to climate change when leaked during operation, servicing or at end of life.

In development of these criteria, there were varied views on how refrigerant GWPs should be addressed through a sustainable finance taxonomy. All technical group members noted the agreed ambition of the NZ Taxonomy to support the long-term temperature goal of the Paris Agreement (limiting warming as close as possible to 1.5°C) requires the progressive phase-down of high-GWP refrigerants and increased uptake of low- or near-zero-GWP alternatives, as well as effective management to minimise leakage and ensure refrigerants are recovered at end of life.

Some technical group members preferred to set thresholds for refrigerant GWPs for all **new** plant and equipment installs, which ratchet down over time.

Other technical group members were concerned that the New Zealand market is not yet able to support the achievement of specific threshold targets due to supply chain, installer and other market constraints, and that reducing high GWP refrigerant use through prescriptive threshold criteria at the proposed sunrise date is premature for the market at this stage. They also note confidence that refrigerant GWP phase-down will be supported through existing market incentives and national commitments.

The technical groups are seeking feedback on the preferred approach to addressing refrigerant GWPs in the NZ Taxonomy and any suggested refinements or alternatives. If a threshold approach is taken, the groups are interested in any evidence base to support availability at the proposed time horizons and/or what support the market might need to achieve such thresholds.

Option #1 - Set thresholds for refrigerant GWPs for all **new** plant and equipment installs, which ratchet down over time.

If respondents are supportive of Option #1, the groups are also interested in views on what suitable thresholds and a sunrise date for phase-down are.

A draft of proposed thresholds is presented in the table [here](#). It is proposed they would come into effect in Jan 2029 (sunrise date), to allow two years for market preparation.

The draft thresholds were informed by the Australian Taxonomy. Early technical feedback on the proposed thresholds with New Zealand heating, ventilation, and air conditioning (HVAC) stakeholders has been mixed. There has generally been support for the proposed thresholds for 'large' systems. For 'small' systems, stakeholders expressed different views on the feasibility and timing of transitioning to very low-GWP refrigerants. For medium-sized systems, concerns have focused primarily on commercial viability and cost-effectiveness rather than technical feasibility, as well as the proposed GWP limit of 500, which would exclude projects with **new** equipment installs using R32 from NZ Taxonomy alignment, after the 2029 sunrise date. Industry suppliers also raised

concerns related to supply chain, installer availability, ongoing maintenance contractor availability and potential insurance concerns for highly flammable low-GWP refrigerants.

Option #2 - No refrigerant GWP thresholds are detailed in this version of the NZ Taxonomy at this time.

Thresholds may be reconsidered for future versions of the NZ Taxonomy as the market constraints are better understood/overcome.

Questions for respondents:

1. Do you prefer approach Option #1 or Option #2, OR, do you have a different proposed approach for how the NZ Taxonomy considers the issue of refrigerant GWPs? Please provide any details and supporting evidence for your choice.
2. If you prefer Option #1:
 - a. Are the drafted GWP thresholds suitable, giving consideration to the purpose of the NZ Taxonomy (moving rapidly towards the temperature goals of the Paris agreement to limit warming as close as possible to 1.5 degrees) and usability? Please provide any alternative thresholds you propose, and any evidence that supports your response.
 - b. What sunrise date (if any) would you support for the application of refrigerant GWP thresholds for NZ Taxonomy alignment? Please provide any alternative proposed dates and evidence that supports your response.
3. If you prefer Option #2:
 - a. Should the technical groups consider any non-threshold-based practices and measures for inclusion in this area? If so, what is suggested? Please provide any supporting evidence for your answer.
 - b. What should trigger the review and consideration for inclusion of threshold-based criteria for refrigerant GWPs in the future?
4. For either option preference, please provide any further feedback about what actions, market development, or implementation support could enable the industry to achieve a step-change in this area.

Offsite renewable energy

Offsite renewable energy is not generally recognised within the screening criteria. There are two exceptions in **Data Centres (TBC)** and Infrastructure Supporting Low-Emissions Precincts. In these cases, to qualify, renewable energy must demonstrate additionality, and can be sourced offsite and evidenced by the transfer and voluntary surrender of Renewable Energy Certificates. Renewable Energy Certificates must be issued under an internationally recognised energy attribute certificate tracking standard (GHG Protocol aligned REC product such as the I-REC Standard or Bravetrace) by an accredited issuer, to ensure non-duplication of claim through unique serialisation, registry-based tracking, and single-point retirement. Additionality is to be demonstrated separately, for example through a long-term power purchase agreement with a new or not-yet-constructed generation asset.

List of eligible activities, and their categorisation, at a glance

Activities/measures	Building type(s)	Categories	Energy efficiency	No fossil fuel	Synthetic greenhouse gases	Embodied carbon
Construction of New Buildings	New	Green Activity				
Acquisition and Ownership	Existing	Green Activity				
		PROPOSAL FOR CONSULTATION: TRANSITION ACTIVITY	TBD: View and respond to consultation on design of this category			
Renovation and Upgrades: Building Renovation	Existing	Green Activity				
		Transition Activity				
Renovation and Upgrades: Replacement of Major Plant and Equipment	Existing	Green Activity				
		Transition Activity				
Renovation and Upgrades: Residential and Small Commercial Upgrades	Existing	Transition Measure				
Supply of Equipment for Buildings	New + existing	Transition Measure				
Infrastructure Supporting Low-Emissions Precincts*	New + existing	Transition Measure				
Research, Development and Innovation of Building Technologies	New + existing	Green Activity				

* Precincts are defined as 'defined masterplan or development area'.

Green criteria | Green criteria implemented after sunrise date | Transition criteria only available before sunset date

Proxies for demonstrating alignment

Consultation focus: Inclusion of proxies

The draft criteria details rating tools, certifications or other frameworks which can be used as proxies to demonstrate alignment with relevant NZ Taxonomy criteria.

The technical groups broadly support the use of proxies to improve usability, reduce duplication and recognise established industry frameworks available in this sector.

In the development process, the technical groups discussed the role of proxies in the NZ Taxonomy. The Technical Experts Groups directed that because rating systems can have different objectives, methodologies and thresholds, and can change over time, they prefer to clearly articulate the criteria for Taxonomy alignment, and also allow established tools to demonstrate alignment with these criteria to reduce burden for users.

The current draft recognises Green Star, Homestar, NABERSNZ, and Climate Bonds Initiative as proxies for specific criteria, where sufficient evidence can be provided.

The technical groups have also reviewed the [Proxy Inclusion Guidance](#) on the minimum requirements for proxy frameworks to be considered for inclusion, covering the transparency, quality assurance, governance and ongoing maintenance of the frameworks.

The technical groups seek feedback on the guidance for the inclusion of different frameworks, as well as any specific feedback on the proxies currently drafted.

Questions for respondents:

1. Please identify any proxies that should be added, removed, or applied differently. Please provide supporting explanations and evidence for your recommendations.
2. Are there any additional or different safeguards you would recommend in the proposed Proxy Inclusion Guidance?

Activities	Proxies	Proxied criteria	Explanation re why the proxy's proposed
Construction of New Buildings Noting that proxies may be added/changed based on consultation outcomes on energy intensity targets.	Green Star Buildings v1.0 certified	Green Criterion A – all-electric building with no fossil fuel use in normal operation. Green Criterion E (except for residential buildings) – provision of load-managed EV charging infrastructure <i>[requires achievement of 3 points for the Movement and Place credit]</i> . Green Criterion F – consideration of Māori values and appropriate engagement with affected stakeholders <i>[requires achievement of 1 point for the Tohu Mauri Ora credit]</i> .	Fossil fuel-free is a mandatory requirement for Green Star Buildings certification. The optional EV requirements within the Movement and Place credit are aligned with the Taxonomy's SC criteria. The optional Tohu Mauri Ora credit requires engagement with local hapū/iwi to identify project priorities and demonstrate that these have been addressed to their satisfaction. It was developed with New Zealand Green Building Council's Māori Technical Working Group and is designed to embed Māori perspectives throughout the design process rather than as a standalone requirement.

	Homestar v5.1 certified	Green Criterion A – all-electric building with no fossil fuel use in normal operation. Green Criterion C (until 2032) – refrigerants meet proposed GWP thresholds (from 1 Jan 2029) [if GWP requirements are included – this is currently under consultation – see here]. Green Criterion E (for standalone dwellings only) – provision of load-managed EV charging infrastructure <i>[requires achievement of 1 point for the LV4: Sustainable Transport credit using the ‘Standalone’ pathway. Apartments, Terrace Houses and other points’ options cannot be used]</i>.	Fossil fuel-free is a mandatory requirement for Homestar certification. Homestar v5.1 includes a mandatory requirement to limit GWP of refrigerants. Its methodology is significantly different but is considered a suitable proxy with regards to outcome – if GWP requirements are included. The optional Sustainable Transport credit meets the screening criteria for single houses. However, it does not require infrastructure to be future-proofed to 100% of parking spaces for apartments. Hence, application of the credit is limited to standalone dwellings.
	Climate Bonds Initiative certified	Green Criterion A – all-electric building with no fossil fuel use in normal operation.	CBI New Buildings criteria are consistent with the proposed Taxonomy criteria, providing confidence that CBI-approved proxies are suitable for use.
Acquisition and Ownership Noting that proxies may be added/changed based on consultation outcomes on energy intensity targets and the inclusion of a Transition classification.	NABERSNZ certified (base building and whole building)	Green Criterion A (for offices only) – energy intensity at or below the applicable published target. <i>[requires achievement of 5.5-star and above (specific rating level to be tested and determined through consultation)]</i> Green Criterion B (for offices only) – no fossil combustion on site. <i>[requires zero fossil fuels recorded as a fuel source in the NABERSNZ report (excluding standby diesel use)]</i>	The 5.5-star rating aligns with the current Australian Taxonomy. However, due to voluntary adoption of the tool and a limited sample size in the NZ context, this threshold may not be representative of a ‘top 15%’ proxy. The building-specific report issued by NABERSNZ shows energy consumption by fuel type (including coal, gas, LPG and liquid fuels). A report showing zero use across these four categories (excluding standby diesel) would confirm alignment with the no fossil-fuel combustion requirement.
Renovation and Upgrades: Building Renovation	NABERSNZ certified	Green Criterion C (for heritage-constraint buildings only) and Transition Criterion A – reduction in operational energy use by more than 30%. <i>[requires improvement in stars Base Buildings Energy rating by at least 1 star]</i> Transition Criterion B (for offices only) – no fossil combustion on site. <i>[requires zero fossil fuels recorded as a fuel source in the NABERSNZ report (excluding standby diesel use)]</i>	This proxy is consistent with Method 2 of the New Zealand Green Building Council Sustainable Finance Guide V2 (see page 8 here), which requires a minimum 30% improvement in energy efficiency. See above for the rationale regarding the appropriateness of building-specific NABERSNZ reports’ energy consumption information being used as a proxy for no fossil combustion on site.

Read the [Proxy Inclusion Guidance](#).

Climate change mitigation Substantial Contribution criteria for Aotearoa New Zealand's Construction and Buildings sector

Consultation focus: Approaches to setting energy intensity performance targets

The draft criteria for Construction of New Buildings (Activity #1) and Acquisition and Ownership (Activity #2) include energy intensity as a metric to demonstrate operational performance. While views varied in the development, the energy intensity performance metric has been agreed as the preferred metric (as opposed to an emissions intensity metric). However, there is limited data available from the New Zealand domestic market, making it difficult to derive robust targets across all building types.

There are two approaches proposed to set the performance targets for this metric. The technical groups are seeking feedback on the preferred approach, considering both rigour and usability.

The technical groups acknowledge the data limitations for either approach, and support the methodology and targets to be updated as better New Zealand data becomes available.

Option #1 - Leveraging existing models and frameworks from the New Zealand building sector

For the Construction of *new* buildings, this approach would require demonstration of designed energy intensity at X% below a reference building. The New Zealand Green Building Council reference building model is proposed.

This reference building is defined in the New Zealand Green Building Council Energy Use Calculation Guide. This reference building performance is based on H1/AS2 1st edition, amendment 1 and code-compliant building systems. A relative reduction of 53% from 2031 onwards, increasing progressively from 31% in 2027, 38% in 2028, 43% in 2029 and 48% in 2030, relative to this reference building, was determined to be consistent with a Paris-aligned emission intensity level.

The target for the percentage improvement compared to the reference building is yet to be determined for the NZ Taxonomy and views are welcomed in consultation. The technical groups note the target should seek to align with a pathway to a Paris-aligned future.

For the Acquisition and Ownership of *existing* buildings, this approach would require alignment with a threshold consistent with the NABERSNZ star rating system or Green Star Performance rating system. Under NABERSNZ, proposed targets currently only pertain to offices, with targets for Shopping Centres, Cold Stores and Retail Stores expected in September 2026, and with other building types in the Green Star Performance system (e.g., Shopping Centres and Industrial facilities). Work to align these proposed benchmarks under the NZ Taxonomy should be pursued when robust datasets become available.

Under this option, the technical groups are also interested in views on which target ratings constitute the appropriate Green or Transition (if included – see consultation focus area below) thresholds. Current draft proxies would set the Green threshold at a 5.5 Star Rating under NABERSNZ for Offices, with Green Star Performance as yet undefined pending consultation feedback.

Option #2 - Alignment to a performance target set by a climate-adjusted model from Australian building sector data

An alternative approach is to align with a performance target derived from other jurisdictions' data, which have been climate-adjusted for New Zealand. The methodology for these targets is outlined [here](#), and the resulting performance targets based on the current Australian Taxonomy dataset are available [here](#). These targets should be subject to regular review and updated if there are revisions to the Australian dataset. This approach relies on the Australian dataset being maintained to ensure the ongoing fidelity of the targets. No stewardship arrangement has been made for this at this time.

The technical groups note that this approach also requires a number of assumptions to be made - including that a top 15% benchmark is applied to performance data, with no certainty/evidence basis that performing above this threshold is aligned with a Paris-aligned pathway. The top 15% 'best-in-class' threshold was developed under the EU Taxonomy and replicated by the Australian Taxonomy in absence of evidence for a Paris-aligned performance metric.

Questions for respondents:

1. Do you prefer approach Option #1 or Option #2 and why? OR do you have a different proposed approach for how the NZ Taxonomy sets performance targets for energy intensity criteria? Please provide justification and any supporting evidence for your preferred approach.
2. If you prefer Option #1:
 - a. Do you have any views and/or evidence on where the percentage improvement target should be set for Construction of New Buildings? AND/OR
 - b. Any views and/or evidence on what NABERSNZ rating, and/or Green Star Performance points threshold for the Energy credit as part of a rating, would be appropriate for the Acquisition and Ownership (of existing buildings) performance threshold?
 - c. Are there any other operational performance rating frameworks/tools that should be considered as appropriate proxies for your preferred targets?
3. Do you hold any New Zealand building energy-performance data that could assist with setting or validating thresholds? * The NZ Taxonomy Secretariat will contact you to discuss this further. Agreements regarding confidentiality and use can be discussed.

Consultation focus: Refinement of clause for protection of Māori rights and interests across all criteria

All of the draft criteria for the activities include specific provisions relating to activities that affect Māori land, marae, papakāinga, wai, taonga, wāhi tapu, urupā, mahinga kai, customary resources or cultural landscapes.

The technical group members have supported the intent of including protections for Māori rights and interests, but have raised questions regarding the practical application, scope and scale of the clause, as well as the risk of creating unintended constraints.

The current draft clause reads:

Where an activity affects Māori land², Marae, papakāinga, wai, taonga, wāhi tapu, urupā, mahinga kai, customary resources or cultural landscapes, the proponent should show how Māori-defined environmental, cultural, social and intergenerational outcomes have been considered, and, where material, responded to in the design, delivery or decision-making for the activity.

Wherever there is evidence of a potential effect, a self-declared statement by the proponent alone is not sufficient. There should be evidence either through a cultural impact assessment (CIA) report, cultural values assessment, tangata whenua assessment or another form of evidence agreed with the relevant Māori rights-holders appropriate to the nature and significance of the effects and any applicable statutory or planning requirements.

Engagement should be conducted in line with the principle of Free, Prior and Informed Consent (FPIC), as conferred by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Where Māori interests are affected, there should be evidence of appropriate engagement with the relevant mana whenua, iwi, hapū, marae, Māori landowners or other Māori rights-holders, and that this engagement has been early enough, informed enough and sufficiently resourced to influence the outcome.

The technical groups are seeking feedback on the usability of the proposed clause and any further refinements that may be needed.

Questions for respondents:

1. Is the proposed scope of the clause appropriate, including the circumstances in which it is triggered and the Māori interests and rights-holders it applies to? If not, what refinements would you propose?
2. Are the proposed evidencing and engagement requirements sufficiently clear and practicable to apply? If not, what refinements would you propose?
3. Do you have any suggested or additional guidance, evidence pathways or refinements that would make the requirements clearer and more workable while retaining their intended protections?

² Legally defined under [Te Ture Whenua Māori Act 1993](#) as specific categories of land in New Zealand held by Māori. It is designed to be retained, used, and controlled by whānau, hapū, and iwi as a taonga tuku iho (treasure handed down).

Consultation focus: Whether to include and if so, the minimum requirements for eligibility in relation to the construction or ownership of data centres

In the development process, some members of the technical groups requested that additional criteria be added to the draft NZ Taxonomy criteria for protections related to the construction and ownership of data centres. These members noted the potential effect of large new electricity loads on grid demand, water use, and that the potential scale of consumption from data centres warranted these additional protections.

Other technical group members acknowledged the potential effect of data centres in New Zealand and have questioned whether the Construction and Building sector taxonomy is the place to set minimum requirements. There was also feedback on whether singling out data centres means that similar consideration should be given to other possible large demand users in this or other sectors. They have also questioned whether proposed protective criteria are technically workable for the market at this stage, especially as the construction/operation of data centres in New Zealand is nascent.

The technical groups are seeking feedback on the preferred approach to treatment of data centres from the below options:

Option #1

Specific criteria are detailed to **provide additional protections and considerations** (alongside activity criteria) in relation to electricity and water use, as well as adaptation and resilience considerations associated with data centre construction and operations.

Proposed protective criteria include:

- For Construction of New Buildings criteria, facilities would be required to support grid reliability through i) peak-demand reduction or curtailment capability and ii) non-fossil-fuel dispatchable demand-response capacity formally agreed with the relevant system operator or lines company.
- For Acquisition and Ownership criteria, data centres would also be required to use 100% additional renewable electricity, with facilities of 5MW IT load or more subject to the demand-management requirements.
- These are complemented by proposed additional climate change A&R and water-related DNSH requirements:
 - Climate change A&R:
 - Data centres would need to complete a climate risk assessment identifying material physical climate risks to facility operations, including risks to i) cooling system performance under projected increases in ambient temperatures, ii) water supply reliability where water-based cooling is employed, and iii) grid supply resilience in the face of more frequent extreme weather events.
 - Where material risks are identified, the developer must document proposed mitigation measures or adaptation responses, with implementation timelines proportionate to the severity and likelihood of the identified risk.

- Sustainable use and protection of water and marine resources: Data centres with an IT load capacity of 5MW or greater must not use once-through water cooling. Where any evaporative cooling system is employed, either a minimum cycles of concentration (concentration ratio) of 9 must be demonstrated through a documented water treatment programme at the time of commissioning; or the total water demand for evaporative cooling is met entirely with recycled water.

Option #2

The alternative proposal is to **exclude data centres from NZ Taxonomy alignment** even if they are able to otherwise meet the activity criteria for the NZ Taxonomy, at this time. Future versions of the NZ Taxonomy could reconsider their inclusion and any applicable protective criteria, as knowledge of the impacts and potential protections needed increases.

Questions for respondents:

1. Do you prefer approach Option #1 or Option #2, OR do you have a different proposed approach for how the NZ Taxonomy considers data centres at this time? Please provide any details and supporting evidence for your choice.
2. If you prefer Option #1, are the proposed protective criteria suitable, given consideration to both the intent and usability? Please provide any alternative criteria you would propose, and any evidence that supports your response.
3. Are there any proxies for assessing environmental considerations/protections related to the constructing and ownership data centres which criteria could be tested against?
4. If you prefer Option #2, what should trigger the review and consideration for inclusion of data centres and potential protective criteria in the future?

1. Construction of New Buildings

Activity description	Development of buildings by bringing together financial, technical and physical means to realise the buildings for later sale, as well as the construction of complete buildings on one's own account for sale, or on a fee or contract basis.
Associated ANZSIC codes	• E301 Residential building construction • E3020 Non-residential building construction • E32 Construction services
Green Activity	The construction of new buildings must comply with criteria A, B, C, D, E, and F. Data Centres with an IT load capacity of 5MW or greater must also comply with G. A. Be an all-electric building, with no fossil fuels used for normal operations. B. Be designed and constructed to operate in line with the energy intensity performance requirements. NB: The energy intensity performance targets approach is currently being consulted on. The final agreed targets will be added here. See consultation focus here. C. Installed equipment complies with the refrigerant GWP requirements (if any). NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus here. D. From 1 January 2029: Constructed to limit the amount of greenhouse gas emissions resulting from the materials used and the process of construction (for buildings over Xm^2). NB: the appropriate size-based applicability threshold is currently being consulted on. The final agreed threshold will be updated here. See consultation focus here. E. Provide load-managed EV charging infrastructure for any communal or shared carparking provided (multi-unit residential, commercial, public and institutional buildings; single residential dwellings excluded). F. The final agreed clause for protection of Māori rights and interests will be applied here. This clause is currently being consulted on. See consultation focus here. G. Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently being consulted on. The final agreed requirements (if any) will be added here. See consultation focus here.

Proxies: New Construction Noting that proxies may be added/changed based on consultation outcomes.	<u>Green Star Buildings:</u> - Buildings certified under the Green Star Buildings NZ v1.0 (or later) standard, to be confirmed in a commitment to post-construction certification from the New Zealand Green Building Council, can confirm compliance with Part A of the SC climate mitigation criteria. Achievement of 3 points for Movement and Place can confirm compliance with Part E of the SC criteria for non-residential buildings. Achievement of 1 point for Tohu Mauri Ora can confirm compliance with Part F of the SC criteria. <u>Homestar:</u> - Buildings certified under the Homestar v5.1 standard (or later), to be confirmed in a commitment to post-construction certification from the New Zealand Green Building Council, can confirm compliance with Parts A of the SC climate mitigation criteria[#]. Achievement of 1 point for LV4: Sustainable Transport using the Standalone pathway can confirm compliance with Part E of the SC criteria; the Public Access pathway for Apartments and Terraced Houses cannot be used. [#] Demonstration on Part C compliance with Homestar v5.1 is applicable until 2032. <u>International:</u> - International new construction activities can use the Climate Bonds Initiative new construction certification criteria to confirm compliance with Part A of the SC criteria, including using Climate Bonds Initiative proxies.
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2. Acquisition and Ownership

Consultation focus: Considering a Transition classification for Acquisition and Ownership (of existing buildings)

The draft criteria for Acquisition and Ownership provide a Green classification for existing buildings (see criteria below).

The technical groups are considering whether to also include a Transition classification for existing buildings.

Supporters of this approach note that some high-performing existing buildings were designed with gas systems and face heritage, spatial, structural or seismic constraints that make immediate electrification difficult. They also note that while Activity #3: Renovation and Upgrades: Building Renovation includes a Transition classification for upgrades, renovations and replacement of equipment, financing is often undertaken at a whole-building or portfolio level. In addition, the members supporting the introduction noted a Transition category for Acquisitions and Ownership aligns with the Australian Taxonomy.

This consultation seeks to explore transition pathways that could address the challenges and provide support for existing buildings:

1. currently operating legacy fossil-fuel systems; and
2. not currently meeting Green energy intensity targets,

where they are rapidly moving towards full conversion of those legacy gas systems or meeting Green energy intensity targets.

The inclusion of any Transition classification must be consistent with the NZ Taxonomy's methodology. Under the methodology, Green activities already operate at very low or no emissions, while Transition classifications are available only in limited circumstances where the activity:

1. is socially or economically necessary;
2. has no commercially available lower-emissions alternative;
3. is moving rapidly towards a Green pathway and/or can deliver substantial emissions reductions across Scopes 1, 2 and 3 beyond business-as-usual within a defined timeframe, where appropriate; and
4. avoids high-emissions lock-in.

The full Green and Transition methodology can be reviewed [here](#).

The Transition classification is intended to facilitate a credible and rapid transition of activities, beyond business-as-usual (BAU). The criteria for activities in this category must ensure and safeguard this.

The technical groups are seeking feedback on whether and how a Transition pathway(s) for existing buildings can genuinely accelerate emissions reduction beyond BAU and, if so, what criteria and safeguards would be needed to ensure this.

Respondents are invited to provide specific proposals on operationalising Transition pathways and safeguards, such as how documented and time-bound electrification plans or committed capital expenditure and milestones would be implemented through the Taxonomy criteria, ongoing

reporting and assurance requirements, what a defined sunset date for the category should be, and any exclusions/restrictions.

Questions for respondents:

1. Do you support the inclusion of a Transition pathway to support existing energy efficient buildings with legacy fossil fuel systems to be eligible for a limited time period, provided they plan to decommission fossil fuel systems in line with Green criteria by a set date?
2. Do you support the inclusion of a Transition pathway to support existing buildings which are currently performing below the Green energy intensity targets to be eligible for a limited time period, provided they plan to align with the Green energy intensity targets by a set date? It is intended this option would not be available to buildings which also have legacy fossil fuel systems.
3. If a Transition classification is included, how could the transition commitment be operationalised to ensure that in practice it delivers a credible, rapid transition beyond business-as-usual, and results in achievement of the Green criteria? e.g., what sunset date ensures transition beyond BAU, what reporting requirements and frequency could be used to credibly demonstrate progress?
4. Are there particular building types or circumstances where a Transition pathway would be most suited (i.e., no current all-electric building standard or example in market) or building types that should not be able to access this pathway? Please provide evidence or examples where possible.

Activity description	Purchasing of real estate and exercising ownership or control of real estate operations.
Associated ANZSIC codes	• L6712 Non-residential property operators • L6711 Residential property operators • H4400 Accommodation • Q8601 Aged care residential services
Green Activity	The activity must comply with criteria A, B and C. Data Centres must also comply with D. A. An energy intensity at or below the published target. NB: The energy intensity performance targets approach is currently being consulted on. These criteria will reference the agreed targets. See consultation focus here. B. No fossil combustion on site. C. The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus here. D. Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently

	being consulted on. The final agreed requirements (if any) will be added here. See consultation focus here .
Consultation focus: Transition Activity	Criteria and safeguards to be determined. See consultation focus here .
Proxies: Acquisition and Ownership Noting that proxies may be added/changed based on consultation outcomes.	<u>NABERSNZ:</u> Office buildings with a current star rating of 5.5 and above [specific rating level to be tested and determined through consultation] under the NABERSNZ Energy scheme can confirm compliance with part A of the criteria (under either approach option) and Part B of the criteria (where zero fossil fuel is listed on the report excluding standby diesel).

3. Renovation and Upgrades: Building Renovation

Three activities are covered within Renovation and Upgrades to suit different scales of intervention and investment, from renovating a building or replacing major plant and equipment to installing domestic scale low-carbon appliances and equipment.

Where the criteria specify percentage reductions in energy use, use is to be measured before and after the works (renovations, upgrades, installs etc) for which finance is being sought. To finance the works, energy savings required to meet the mitigation activity requirement demonstrated through calculation and must be included in the works contract and delivery of the activity confirmed by contracted post-works verification requirements.

Renovation activities cover any work within a building that results in repositioning the building's in-use operating performance. The Green criteria do not require a pre-works measure of performance. The Transition criteria are to be assessed based on the building's operational energy reduction, not the reduction in energy consumption of the work components.

Activity description	Renovation and upgrade of buildings by bringing together financial, technical and physical means to improve, either on own account or on a fee or contract basis.
Associated ANZSIC codes	- E301 Residential building construction - E3020 Non-residential building construction - E32 Construction services
Green Activity	The renovated building must meet A and B, or B and C if heritage constrained: A. Meet all relevant Green screening criteria provided for the Acquisitions and Ownership of existing buildings. B. Newly installed equipment complies with the refrigerant GWP requirements (if any). NB: The approach to refrigerant

	GWP's is currently being consulted on. The final agreed requirements will be added here. See consultation focus here. C. Where a building is constrained by heritage listing, a minimum 30% reduction in operational energy use is to be achieved[#]. Heritage constraints are established by listing on the New Zealand Heritage List/Rārangī Kōrero maintained by Heritage New Zealand Pouhere Taonga, or by scheduling as a heritage item in the relevant territorial authority's District Plan under the Resource Management Act 1991, supported by a conservation management plan confirming that heritage constraints prevent the works necessary to achieve the Green criteria for the Acquisition and Ownership of buildings. The baseline from which to measure the reduction in energy use is to be demonstrated from a third-party verified assessment of the building's current annual operational energy use.
Transition Activity*	The renovation activities must meet all of the following criteria: A. Reduce the operational energy use of the building by more than 30%[#]. B. Not include fossil fuel combusting equipment, or extend the life of existing fossil fuel combusting equipment. C. Not extend the life of existing HFC- or HCFC-charged equipment, or not include refrigerants above specified GWP requirements (if any). NB: The approach to refrigerant GWP's is currently being consulted on. The final agreed requirements will be added here. See consultation focus here. D. The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus here.
Proxies: Building Renovation Noting that proxies may be added/changed based on consultation outcomes.	<u>NABERSNZ:</u> Buildings that improve their certified NABERSNZ base building energy rating by at least 1 star can confirm compliance with Part C of the Green SC criteria or Part A of the Transition SC criteria and Part B of the criteria (where zero fossil fuel is listed on the report excluding standby diesel).
Notes	* The Transition criteria are subject to a sunset date of 1 July 2031. After this date, the activity must meet the Green criteria if it is to remain Taxonomy-aligned.

	# The boundaries of operational energy are to be consistent with those defined under the Acquisition and Ownership Substantial Contribution criteria, and as detailed in Appendix 2 .
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4. Renovation and Upgrades: Replacement of Major Plant and Equipment

The boundary of energy improvement to be measured is limited to the plant and equipment that is being replaced. The savings required can be demonstrated through calculation and must be included in the works contract and contracted post-works verification requirements. Major plant and equipment refers to building services plants such as chillers, boilers, central heat pump systems, that serve a building or a precinct, irrespective of building type or scale, and may include all associated controls, distribution and delivery systems.

Activity description	Replacement of major plant and equipment either on own account or on a fee or contract basis.
Associated ANZSIC codes	• E301 Residential building construction • E3020 Non-residential building construction • E32 Construction services
Green Activity	The plant replacement works must meet A or B, and criteria C: A. Improve the annual energy efficiency of the replaced services by more than 30%. B. Replace fossil fuel combusting plants and equipment with electric alternatives. Comply with the refrigerant GWP requirements (if any) at the time of purchase. NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus here. C. The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus here. Criteria B and C are to be assessed for all assets within the activity's scope of works or funding.
Transition Activity*	The plant replacement works must meet A and D, and either criteria B or C: A. Improve the annual energy efficiency of the replaced services by more than 30%. B. Not include fossil fuel combusting equipment or extend the life of existing fossil fuel combusting equipment. C. From 1 January 2029: Not include refrigerants above the refrigerant GWP requirements (if any) or extend the life of existing HFC- or HCFC-charged equipment. NB: The

	approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus here. D. The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus here.
Notes	* The Transition criteria are subject to a sunset date of 1 July 2031. After this date, the activity must meet the Green criteria to remain Taxonomy-aligned.

5. Renovation and Upgrades: Residential and Small Commercial Upgrades

This activity applies to upgrades undertaken in residential and small commercial buildings. Where a financed upgrade matches one of the measures listed below, it is automatically taxonomy-aligned, without requiring project-specific measurement or verification of the energy saving achieved. This removes the cost and complexity of verification for residential and small commercial financing, where bespoke savings verification is often disproportionate to the scale of the works.

Activity description	Installation of small-scale equipment/appliances and upgrades that support the sector's climate alignment.
Associated ANZSIC codes	• E301 Residential building construction • E3020 Non-residential building construction • E32 Construction services
Transition Measure	The installation of any of the following components: A. Heat pumps*. They must meet the refrigerant GWP requirements (if any) at the time of purchase. NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus here. B. Electric vehicle charging equipment. C. Induction cooktops. D. Rooftop solar and batteries. E. LED lighting. F. Window and glazing upgrades, including secondary glazing retrofits. G. Electric appliances replacing gas-fired equivalents, including permanent removal of gas connections. H. Appliances with the top 15% of the best star ratings under the GEMS programme. If containing refrigerants, they must meet the refrigerant GWP requirements (if any) at time of purchase. NB: The approach to refrigerant GWPs is currently

	being consulted on. The final agreed requirements will be added here. See consultation focus here. I. Thermal envelope improvements installed to meet the requirements of national or regional regulations, or as a condition of eligibility under a government-administered incentive scheme.
Notes	Eligible GEMS star ratings can be found in Appendix 2, Table 2. * Heat pump technologies refer to high-efficiency systems designed for domestic hot water, space heating, and cooling applications. These include, but are not limited to, air-source, ground-source (geothermal), and water-source configurations. The scope encompasses the heat pump unit itself, all associated plant and balance-of-system equipment (such as tanks, pumps, and heat exchangers), and integrated control systems required for operational delivery.

6. Supply of Equipment for Buildings

The criteria support manufacturing, importation, and wholesaling of equipment activities that support the building sector's climate alignment.

Activity description	Manufacturing, importation, and wholesaling of equipment activities that support the sector's climate alignment.
Associated ANZSIC codes	• C24 Machinery and equipment manufacturing • F349 Other machinery and equipment wholesaling
Transition Measure	Any of the following products and their key components are manufactured, imported or distributed: A. Heat pumps and compressors and air conditioning systems not using HFCs refrigerants or blends. B. Electric vehicle charging equipment. C. Induction cooktops. D. Rooftop solar and batteries. E. LED Lighting. F. Appliances with the top 15% of the best energy label index under the GEMS programme. If containing refrigerants, they must meet the refrigerant GWP requirements (if any) at time of manufacture. NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus here.

Notes	Eligible GEMS energy label indexes can be found in Appendix 2 , Table 3.
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7. Infrastructure Supporting Low-Emissions Precincts

The criteria support the delivery and operation of infrastructure at the precinct scale. Precinct infrastructure is usually delivered to support buildings in a defined master plan or development area.

Utility-scale infrastructure delivered and operated independently of a defined masterplan or development activity is to be assessed under the relevant criteria of the Energy sector.

Activity description	Construction, refurbishment, and operation of precinct and community-wide infrastructure for reducing the operation emissions of a precinct.
Associated ANZSIC codes	• E32 Construction services • E3109 Other heavy and civil engineering construction • E2619 Other electricity generation • E263 Electricity distribution
Transition Measure	The following infrastructure is installed to provide physical delivery of low-emissions and efficient energy sources to buildings within a precinct, community or district: A. Embedded electricity networks providing 100% renewable energy through on-generation and long-term voluntary retirement of the renewable energy attributes from offsite generation such that the renewable energy claim is attributable to the network itself and remains unaffected by occupants' choice of, or changes to, their electricity retail contracts. B. Central thermal energy, including hot water and chiller water provisions that do not use fossil fuels or refrigerants with a GWP greater than X [specific threshold to be tested and determined through consultation – see here]. C. Site works associated with the decommissioning of fossil fuel infrastructure in support of precinct electrification or replacement with biomass/biogas.

8. Research, Development and Innovation of Building Technologies

Activity description	Research, applied research and experimental development of building construction and operations related solutions, processes, technologies, business models and other products dedicated to the reduction, avoidance or removal of GHG emissions. The ability to reduce, remove or avoid GHG emissions in the target economic activities has at least
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	been demonstrated in a relevant environment, corresponding to at least Technology Readiness Level (TRL) 5.
Associated ANZSIC codes	• 6910 Scientific research services • 6950 Market research and statistical services
Green Activity	The activity fulfils <u>all</u> of the following criteria: A. The activity researches, develops or provides innovation for technologies, products or other solutions that are dedicated to one or more economic activities for which the technical screening criteria have been set out in the Construction & Buildings sector of the NZ Taxonomy. B. The results of the research, development and innovation enable one or more of those economic activities to meet the respective criteria for substantial contribution to climate change mitigation, while respecting Do No Significant Harm (DNSH) criteria.³ C. The activity aims to bring to market a solution that is either not yet in the market or that improves an existing market solution, fulfilling either one of the following requirements: a. The solution is expected to have a lifecycle GHG emissions performance that is better than the best commercially available technology with the same application and/or comparable technologies, based on public or market information. The implementation of the technologies, products or other solutions being researched results in overall net GHG emissions reductions over their lifecycle. b. The solution is expected to have a lifecycle GHG emissions performance that is at least in line with the best commercially available technology with the same application and/or comparable technologies. It should also provide new significant advantages, such as lower cost. D. Where the researched, developed or innovated technology, product or other solution is at TRL 5 or 7, lifecycle GHG emissions are evaluated in simplified form by the entity carrying out the research. The entity demonstrates one of the following, where applicable:

³ For avoidance of doubt, Research, Development and Innovation (RD&I) activities that come under criteria A(a) above should refer to their respective activity criteria for substantial contribution and DNSH. Activities that come under criteria A(b) should, until 2030, meet a maximum 100gCO₂e/kWh lifecycle emissions intensity threshold, while fulfilling the generic DNSH criteria. Compliance with DNSH criteria for both types of RD&I activities will be phased in at a later stage and is voluntary for this Taxonomy iteration.

	c. A patent not older than 10 years associated with the technology, product or other solution, where information on its GHG emission reduction potential has been provided; or d. A permit obtained from a competent authority for operating the demonstration site associated with the innovative technology, product or other solution for the duration of the demonstration project, where information on its GHG emission reduction potential has been provided; or e. A current lifecycle GHG emissions assessment calculated using ISO 14067:2018 or ISO 14064-1:2018 and verified by an independent third party. E. Where the researched, developed or innovated technology, product or other solution is at TRL 8 or higher, lifecycle GHG emissions are calculated using ISO 14067:2018 or ISO 14064-1:2018 and are verified by an independent third party.
Notes	For the purposes of criteria D and E, lifecycle GHG emissions are assessed from raw material extraction through to end of useful life, consistent with the system boundary definitions in ISO 14067:2018 or ISO 14064-1:2018 as applicable.

Appendices

Appendix 1: Framework for recognising certification schemes as proxies in the NZ Taxonomy

For the purposes of this framework:

Recognised Proxy Scheme means a certification, rating, labelling or equivalent assessment scheme recognised under the NZ Taxonomy as providing evidence that specified screening criteria have been satisfied.

Certification Body means the organisation responsible for operating a Recognised Proxy Scheme and issuing Certifications under that scheme.

Certification means a determination issued by a Certification Body under a Recognised Proxy Scheme confirming that an activity satisfies the applicable requirements of that scheme.

Relying Party means a person or entity entitled under the NZ Taxonomy to rely on a Certification for Taxonomy purposes.

Purpose

This framework establishes the criteria by which a Recognised Proxy Scheme may be recognised as a proxy for demonstrating compliance with specified screening criteria under Version 1 of the NZ Taxonomy for Construction and Buildings.

Where a Recognised Proxy Scheme provides Certification that may be relied upon as a proxy for demonstrating satisfaction of specified screening criteria, the Scheme must operate appropriate governance arrangements to ensure the integrity of Certifications issued under that Scheme.

The review, ongoing recognition and inclusion of additional Recognised Proxy Schemes should be incorporated into future versions of the NZ Taxonomy.

Recognition criteria

Recognised Schemes will be assessed against the following attributes.

Credibility

The assessment methodology supporting Certification should demonstrate a strong correlation with the underlying requirements of the relevant screening criteria.

Where the screening criteria are binary, the assessment methodology must demonstrate full alignment. Where the screening criteria are numeric, the methodology should demonstrate consistent and good correlation when applied to the relevant activity.

Usability

Usability considers the extent of current market use together with the ease and cost efficiency of broader adoption. Consideration should also be given to consistency with other climate-related reporting and investment frameworks, together with the accessibility of records required by financiers and other Relying Parties.

The primary objective is to minimise implementation friction while maintaining confidence in Taxonomy outcomes.

Accessibility

The assessment criteria and criteria supporting of the Certification should be sufficiently accessible to enable Relying Parties to understand the basis upon which Certification has been granted, subject to the transparency requirements below.

The nomination of a Recognised Proxy Scheme with the Taxonomy is not intended to mandate the use of a particular Certification.

Certification assessment methodologies should avoid unnecessary dependence on proprietary or bespoke processes where these would create unreasonable barriers to adoption.

Balance

Recognition should also take account of the practical characteristics of the relevant economic activity. For example, owners of commercial investment-grade buildings may be able to capture and report detailed operational data, whereas residential buildings may present greater challenges for obtaining reliable information. Recognition criteria should therefore be proportionate to the nature of the activity being assessed.

Governance requirements

To obtain and maintain recognition under Version 1 of the NZ Taxonomy, a Recognised Proxy Scheme must operate governance arrangements commensurate with its role as an independent third-party verification of Taxonomy eligibility.

These arrangements include, at a minimum:

Transparency

Where Certification is relied upon to demonstrate Taxonomy eligibility, the certifying body must, upon request by any relying party, disclose the basis on which the relevant certification criteria were assessed, including any professional advice received and the manner in which that advice was considered in the certification outcome.

Conflicts of interest

The Certification Body must maintain documented procedures to identify, disclose and appropriately manage actual, potential and perceived conflicts of interest involving the Certification Body, assessors (where applicable), and applicants for Certification.

Consistency with published criteria

Certification outcomes must be consistent with the published requirements of the Recognised Proxy Scheme as approved for recognition under the NZ Taxonomy.

Where a Certification is issued that departs from the published requirements of the Recognised Proxy Scheme, the Certification Body must provide details of that determination to any party known to be relying upon that Certification for Taxonomy purposes.

Ongoing eligibility

Recognition under the NZ Taxonomy is conditional upon continued compliance with this framework.

Evidence of systematic non-compliance with the published requirements of the Recognised Proxy Scheme, or failure to provide required information in accordance with this framework, may result in suspension or withdrawal of recognition.

Appendix 2: Construction and Buildings supporting guidance

This section describes additional supporting guidance for the application of the screening criteria.

New Construction

Forecasting operational energy performance

For New Construction, Taxonomy eligibility requires that a building be designed and constructed to operate within the energy intensity thresholds [**TBD post consultation on approaches – see focus area here**]. Unlike existing buildings, where operational energy performance can be directly measured, New Construction requires a forecast of expected energy performance based on the design. The taxonomy does not prescribe a specific method for producing this forecast, recognising that appropriate methodologies will vary by building type, scale, and complexity. However, the forecast should be produced with sufficient rigour and transparency to allow an independent verifier to assess whether the design is reasonably expected to meet the relevant threshold in operation.

At a minimum, a credible forecast would be expected to: Use a recognised building energy simulation tool or equivalent method; reflect the actual design intent including building fabric, system specifications, occupancy assumptions, and climate data appropriate to the location; clearly document the assumptions and inputs underpinning the forecast; and be prepared or reviewed by a suitably qualified practitioner. Where the forecast relies on simplified or conservative assumptions, the verifier should be satisfied that those assumptions do not materially understate expected energy consumption. To demonstrate robustness, the energy model should also test a range of off-axis scenarios such as variations in occupancy patterns, equipment loads, or climatic conditions, to confirm that the building is expected to meet the energy intensity threshold across a reasonable range of operating conditions, not only under a single set of assumed conditions.

Once energy intensity targets are established post public consultation, Buildings with a **Green Star Buildings NZ v1.0 or Homestar v5.1 or later rating energy modelling output referencing minimum thresholds or NABERSNZ modelling report referencing the minimum proxy rating outcome** will be deemed to satisfy the energy efficiency requirement.

Future emissions from the onsite combustion of fossil fuels

All-electric servicing can be demonstrated by the compliance certification of the design and inclusion of requirements in construction contracts.

Buildings with a **Green Star Buildings NZ v1.0 or later rating** will be deemed to satisfy the all-electric requirement (because such rating can only be obtained for all-electric new buildings).

Provide load managed EV charging infrastructure

Load managing electric vehicle charging infrastructure can be demonstrated by providing the following:

Provision of electrical distribution boards dedicated to EV charging that are sized to support the future installation[#] of a 7kW (32A) type 2 electric vehicle charger in:

- 100% of the car parking spaces associated with a multi-user residential building; or
- 10% of car parking spaces associated with a commercial building; or
- 20% of car parking spaces associated with a hotel or a public building; and

Provision of a charging control system with the ability to manage and schedule charging of electric vehicles in response to total building demand:

- when associated with a multi-user residential building, have capacity for each circuit to support an electric vehicle charger able to deliver a minimum of 12kWh from 11:00pm to 7:00am daily; or
- when associated with a commercial building, have capacity for each circuit to support an electric vehicle charger able to deliver a minimum of 12kWh from 9:00am to 5:00pm daily; or
- when associated with a hotel building, have capacity for each circuit to support an electric vehicle charger able to deliver a minimum of 48kWh from 11:00pm to 7:00am daily.

[#] The intent of this requirement is to future proof newly constructed buildings and remove all barriers for the future installation of electric vehicle charging infrastructure. At the time of construction, all necessary infrastructure of sufficient capacity is to be provided to the point of connection at the dedicated EV switch boards. Chargers and cabling do not need to be provided at the time of construction.

Acquisition and Ownership

Energy intensity

A building's annual energy must be less than the energy intensity target [**TBD post consultation on approaches – see focus area [here](#)**].

Energy intensity must be measured consistently with the boundaries established for the relevant building target. The basis of measurement for each building type is described below.

Where any building use type represents less than 90% of the building's floor area, the building must be assessed as mixed-use. Mixed-use buildings can demonstrate qualification by comparing the total energy intensity to a target for all building uses derived by area-weighting the targets for each component of building use.

The energy intensity to be compared to the required target [**TBD post consultation on approaches – see focus area [here](#)**] can be calculated from annual energy use and the floor area. The scope of energy uses and area measurement should be consistent with those described for the required targets for each building use type.

The following methods are also able to confirm energy intensity for qualification against criteria A: **NABERS energy rating certificates** issued by the NABERSNZ administrator can be used to confirm energy intensity for Offices.

- The sum of all energy consumption (kWh)/rated area (m²).

Basis of measurement for building energy targets

When screening Acquisition and Ownership criteria, the basis of measurement and energy boundaries are varied to suit each building type. The following table summarises the activities and building use types with Acquisition and Ownership screening criteria and the boundary and basis of measurement for each.

Table 1. Basis of measurement for building energy targets

Building use type	Boundary	Basis of measurement	Notes
Office	Landlord energy	/m ² of net lettable area/annum	Where landlord energy is not separately metered, a whole building target, that includes the consumption of the building tenants, can be used.
Co-located data centre	PUE/Operator energy	The sum is: PUE = Total facility energy/IT equipment energy	The basis of measurement used is consistent with the ISO/IEC 30134-2-2016 PUE measure. The PUE is adjusted based on the provisioned IT capacity of the data centre.
Shopping centre	Landlord energy	/m ² of gross lettable area retail/annum	Where the landlords provide HVAC services to the retail tenants the target is adjusted to in proportion to the percentage of lettable area served.
Hotel	Operator energy	/guest room/annum	Separate targets are provided for each hotel service grade star rating. Operator energy includes the energy consumed within the guest rooms.
Serviced apartment	Operator energy	/apartment/annum	Operator energy includes the energy consumed within the apartments.
Built to rent	Operator energy	/apartment/annum	Operator energy includes the energy consumed within the apartments.
Residential dwelling	Occupier energy	/dwelling/annum	Separate targets are provided for single dwelling, terrace and apartment topologies, and the number of bedrooms in each.
Supermarket	Operator energy	/m ² of retail floor area/annum	The retail floor area is the trading area of the supermarket.

Aggregation for portfolio and entity reporting

When reporting overall performance of a portfolio of buildings under the Acquisition and Ownership substantial contribution criteria, energy intensity targets and building performance against those same targets should be weighted by the measure denominator to derive an area weighted comparison of the portfolio performance against the taxonomy.

For example, the overall performance of a portfolio of buildings with energy targets given as kWh/m² should be weighted by the floor area of each building when calculating the portfolio's performance.

Feedback on this approach is welcomed in consultation, and could be included in response to the Energy Intensity targets consultation questions.

Additional information for confirming GWP refrigerant limits for small air conditioning appliances

The requirement to limit the maximum GWP of refrigerants for small air conditioning appliances is a sunrise provision.

The GEMS star rating and, where relevant, the refrigerant type may be demonstrated from the manufacturer's published data or the relevant record in the GEMS database.

The following refrigerant types are used in air conditioning units found in the GEMS database in September 2024 and below the initial GWP₁₀₀ threshold of 700: M50, M60, R290, and R32.

The 15th percentile of an appliance's GEMS rating is to be based on a statistical test of the full GEMS equipment database for the relevant product type no more than 18 months before the activity.

Table 2. Minimum star rating for residential and small commercial upgrade activities [as at June 2026]

Product type	Minimum GEMS Star ratings
Clothes Dryer	9.0-star
Clothes Washer	5.0-star
Dishwasher	4.0-star
Air conditioning Hot Climate	4.5-star cooling and 3.5-star heating
Air conditioning Mixed Climate	4.0-star cooling and 3.0-star heating
Air conditioning Cold Climate	4.0-star cooling and 2.5-star heating

Table 3. GEMS energy label indexes for supply of equipment activities [as at June 2026]

Product type	Metric	Minimum score
Clothes Dryer	New SRI	9.091
Clothes Washer	New SRI	5.015
Dishwasher	New SRI	4.139

Air conditioner	ACOP; and EER	4.332 and 4.045
Chiller	Decl. COP	6.037

Background on energy performance targets

To be detailed post consultation, depending on the approach.



The consultation is open from Monday 5 October to 5pm NZT, Friday 30 October 2026.

Please contact taxonomy@sustainablefinance.nz for any questions or assistance.