

Building the Future: Electrify NZ 2.0



Delivering secure, affordable energy is critical to National's plan to grow the economy and support New Zealanders with the cost of living. That's why over this term National has undertaken a series of significant actions designed to enable new renewable generation, supported by more backup supply, and pro-competition rules that ensure the market works for everyone.

As a result, wholesale electricity prices have fallen significantly, and the country now has the strongest, most secure pipeline of new renewable generation

in a generation – with new wind farms, solar farms, geothermal and battery projects. According to the Electricity Authority, more renewable generation has now been built in the last three years than the previous eight.

For households, that means there now exists a credible path to more affordable electricity prices over time. For businesses, lower wholesale electricity prices also mean manufacturers and exporters can remain internationally competitive, supporting economic growth, job creation, and higher wages.

So far this term, a National-led Government has:

- **Repealed Labour's reckless ban on oil and gas exploration:** Reopening New Zealand's oil and gas fields to bring gas back into the system to firm our renewables, protect manufacturing jobs, and keep power prices down for households and businesses.
- **The biggest boom in renewables in a generation:** New Zealand has been generating up to 96 per cent of its electricity from renewables, with more new renewable generation built in the past three years than in the previous eight, and the first ever permits for offshore wind about to open.
- **Putting power in the hands of households:** More New Zealanders than ever are generating their own affordable electricity, with solar connections up 47 per cent since National came to office.
- **Fast-track consenting:** One-year consent decisions and 35-year consents mean nationally significant infrastructure now has a single, time-bound pathway rather than years of litigation, driving new investment. Eight renewable energy projects have already been approved by Fast-track panels.
- **Restored confidence in energy investment:** National scrapped Labour's Lake Onslow scheme and unrealistic 100 per cent renewables target, both of which were chilling investment in new generation.
- **Stronger competition:** The Energy Competition Task Force was established between the Electricity Authority and the Commerce Commission, delivering eight initiatives to strengthen competition in the electricity market.
- **A level playing field:** Since 1 July, the four big gentailers have had to supply hedge contracts to independent retailers and generators on a non-discriminatory basis, rather than favouring their own retail arms, giving consumers more genuine choice.
- **A strategic coal stockpile:** New Zealand now holds strategic fuel reserves at Huntly, so that a dry year is managed rather than a national crisis that puts jobs and industry at risk.
- **LNG procurement:** New Zealand households and businesses are a step closer to relief on their power bills and greater energy security with National starting a procurement process to deliver an LNG facility that will keep the lights on and protect jobs.
- **EV charging:** National is co-funding a nationwide public charging network so New Zealanders can travel the length of the country with confidence, using the cheapest transport fuel available to us – our own electricity.

However, there is more work to do to put downward pressure on the total cost New Zealanders pay. While wholesale electricity prices have now fallen considerably over the last two years, network charges, the extent of retail competition, and the cost of

keeping the lights on in a dry winter all still determine the price and security of supply that households and businesses get, and the jobs that depend on secure, affordable energy.

That's why, to deliver secure, affordable energy for more households and businesses, a re-elected National Government will introduce our nine-point energy plan, Electrify NZ 2.0:

- **Unlock new energy development zones** by letting developers, major energy users, and investors build and own new transmission, and recover their costs from the parties who use the lines.
- **Make connections faster and cheaper** by giving every household, builder, and business the right to choose an accredited contractor for the connection work they're paying for, not the one their network hands them.
- **Let Kiwis sell their power to the best buyer**, giving every household and business with solar or a battery the right to sell the power they export to any power company, not just the one they buy from.
- **Addressing the dry year problem** by levelling the playing field for backup power. National will use transparency, a standardised backup power contract, and regular auctions to open the closed backup market and draw in the competition and investment that keeps the lights on through dry periods.
- **Tackle lines charges** through a targeted review of Part 4 of the Commerce Act and put an end to slow solar approvals by requiring distribution businesses to sign off residential and small business connections within two working days.
- **Make affordability a core objective for the Electricity Authority** by writing it into law, so the cost of power for households and businesses carries equal weight with competition, reliability, and efficiency in every decision the regulator makes.
- **Cut more red tape holding back renewables at every scale**, from national rules letting Kiwis install solar, micro-hydro, and batteries on their own property without a consent, to implementing the RMA replacement so wind, solar, and hydro get built fast as standard, not the exception.
- **Launch the Home Energy Fund**, giving Kiwis low-interest, long-term loans to invest in their own power and cut their own bills.
- **Require AI data centres to bring new, firmed power**, so new digital investment adds to the grid and creates jobs instead of pushing up prices for families and businesses.

Unlocking new energy development zones

Some of New Zealand's best wind, solar, and geothermal resources are in parts of the country where limited transmission capacity restricts how much new generation can connect and how much power can reach major centres of demand. That makes it harder to build generation where it is needed and stops cheaper power in one region from reaching consumers in another.

Cost allocation is a further barrier. When new transmission is treated as a connection asset, the

first party to trigger the investment can be left paying for infrastructure that will ultimately benefit multiple generators, electricity users, and regions. This first-mover risk discourages the coordinated investment in generation and transmission that New Zealand needs.

The Electricity Authority's transmission pricing methodology already allocates the costs of Transpower's interconnection investments according to who benefits. The same principle should apply where a private investor is prepared to finance, build, and own high-voltage infrastructure that serves a wider interconnection function.

A re-elected National Government will:

- Allow private businesses to help build the transmission New Zealand needs, by amending the Electricity Industry Act and working with the Electricity Authority on changes to the Electricity Industry Participation Code, so the transmission pricing methodology can recover the costs of qualifying interconnection investments made by parties other than Transpower.
- Require privately funded interconnection investments to use the same benefit-based charging methodology as Transpower's, so costs fall on the parties who benefit from the extra capacity rather than entirely on the first mover.
- Provide a clear regulatory pathway for privately owned transmission assets to connect to and operate alongside Transpower's grid, subject to the same fundamental technical, reliability and system-operation requirements as comparable transmission infrastructure.

Faster, cheaper connections

Solar is not the only connection that takes too long. Connecting a new home, subdivision, farm, factory or business to the network can be one of the slowest and most expensive steps in any development, and every week of delay adds to the cost of building homes and electrifying businesses, holding back investment and the jobs that come with it. In most cases the customer pays for the work but has little say over who does it, since the network company sets the requirements, prices the job, and either builds it or picks who will.

This term, the Electricity Authority has set new rules for how connections are priced and processed, and the Commerce Commission has told every distribution business and Transpower that it expects them to let approved independent providers compete for connection work wherever it is safe to do so. National will turn that expectation into a right.

A re-elected National Government will:

- Establish a single accreditation scheme for connection contractors, with standards set by the Electricity Authority and assessed by independent certification bodies rather than by the networks contractors will be competing against.
- Make it so a contractor accredited once will be able to work on any network in the country.
- Allow anyone paying for a new connection, or an upgrade to an existing one, to seek quotes from accredited providers and choose the best price and timeline.
- Require networks, which will still set their own safety and technical rules, approve designs, inspect finished work and connect it, to complete their part within set timeframes so competition cannot be frustrated by delay.

Selling your power to the best buyer

More Kiwi households and businesses are putting in solar panels and batteries, but the rules still assume power flows one way, from a big power station to a customer. Today each home can have only one retailer, so a family exporting surplus solar has to sell it to the same company it buys from. The only way to get a better price for what they sell is to move everything they buy as well. That hurts competition for Kiwis.

This term, the Electricity Authority has consulted on letting households use one company for the power they buy and another for the power they sell. National will turn that proposal into a right, so families who invest in their own power, including through the Home Energy Fund, get the best price for the power they don't use.

A re-elected National Government will:

- Give every household and business the right to sell the power they export to any retailer or buyer they choose, and direct the Electricity Authority, through the Government Policy Statement and legislation if needed, to have this in place within two years.
- Require lines companies to base export limits on the real capacity of their local network, so households can export more wherever there is room, and make any lines company that restricts exports demonstrate the genuine network constraint that justifies it.

Addressing the dry year problem

New Zealand runs on renewable power, some of the cheapest and cleanest in the world. But when the lakes are low for weeks on end, we need backup that can run for weeks or months. Gas used to do that job, but domestic gas is running down, and wind and solar can't store energy for months at a time.

Part of the problem is that the market for backup power is thin and concentrated. The four big gentailers own more than 95 per cent of the flexible generation that backs these contracts, much of it used to cover their own customers. There is now a standard product for covering daily peaks, but still no standard, tradable contract for the weeks or months of cover a dry year needs.

National has already levelled the playing field in the retail and hedge markets this term, with the level playing field reforms, the non-discrimination rules, and the Energy Competition Task Force. Now it's time to do the same for backup power, the next step in the same job.

A re-elected National Government will:

- Require the Electricity Authority to publish a single, regular, independent assessment of the backup gap's size and timing, covering dry periods when the sun's not shining, the wind's not blowing, and the lakes are low.
- Promote greater transparency of the backup market, with the Authority publishing data on contract volumes, lengths, and price ranges, so buyers, sellers, and investors know what cover is worth.
- Require the creation of a backup power contract, so any retailer, business, or new investor can buy guaranteed backup cover from any supplier, on standardised terms, with large generators required to participate in regular auctions of these contracts.

Tackle lines charges

Network charges now make up a substantial and rapidly growing share of household power bills. Unlike generation and retail, they are set by regulation rather than competition. Part 4 of the Commerce Act, passed in 2008 and applying to lines companies since 2009, determines how much revenue most lines companies may recover from consumers and what standards they must meet. It was designed for a stable, one-directional system, not one in which households generate, store and export their own power.

For most lines companies, the Commerce Commission sets a five-year revenue cap that includes a return linked to interest rates. The current cap was set in November 2024, when interest rates were high after the highest inflation in more than 30 years, and it locks in a higher allowed return until March 2030. Over the past year, lines charges accounted for around two-thirds of the rise in the average power bill.

A re-elected National Government will:

- Undertake a targeted review of Part 4 of the Commerce Act on electricity distribution businesses, examining whether the regime delivers value for money for consumers, balances investment with affordability, and gives distribution businesses the right incentives to make efficient use of the networks New Zealanders have already paid for.
- Require distribution businesses to approve residential and small business solar connection applications within two working days, backed by automatic compensation for the customer for every day a network runs over.

Putting affordability at the heart of electricity regulation

Every household and business in New Zealand depends on affordable power, whether it's a family heating their home through winter, a small business keeping its doors open, or a manufacturer competing on the world stage. However, the main objective of the Electricity Authority, New Zealand's electricity market regulator, does not require it to consider what its decisions mean for the power bills Kiwis pay.

Competition, reliable supply, and an efficient market will continue to guide the Electricity Authority's work. National will give affordability for households and businesses the same standing in law, so the regulator considers the cost to families and businesses in every decision it makes.

A re-elected National Government will:

- Amend the Electricity Industry Act to make affordability for households and businesses a core objective of the Electricity Authority, with equal weight alongside competition, reliability, and efficiency.

Cutting red tape for renewables, big and small

RMA reform this term has already made a measurable difference. The Southland Wind Farm was declined under the old Act after years of process, then approved in around five months once it moved to Fast-track. That shows what a properly designed planning system can do, and it should not take a special process to get that result, or that investment and those jobs, delivered.

The same problem shows up at the other end of the scale. Kiwis putting solar, micro-hydro, or a battery on their own land still face costly, confusing rules that vary from council to council. Environment Canterbury has required ground-mounted solar installations to get a water discharge consent, because rain running off the panels could carry bird droppings. Hurunui District Council requires consent for any free-standing installation larger than 25 square metres, barely enough to power an average home. Micro-hydro and battery storage face the same fragmented, region-by-region treatment.

New Zealanders should be able to draw on the resources on their own land, and the country's best renewable resources at scale, with as little red tape as possible.

A re-elected National Government will:

- Implement the replacement of the RMA, with more enabling rules for new renewable generation built in as standard, so wind, solar, and hydro projects are developed quickly and power prices are kept down, without every project needing to compete for a place on Fast-track.
- Set clear, national rules so that small-scale renewables are largely permitted as of right on people's own property, including letting property owners install rooftop solar without a consent, even where height limits or landscape overlays would otherwise get in the way.
- Make small-scale on-farm ground-mounted solar a permitted activity, with standard rules to manage genuine effects.
- Allow small-scale battery storage not enclosed by an existing building as of right, subject only to standard rules.
- Permit small run-of-river micro-hydro for on-site use, within a set size and standard conditions to protect rivers, fish passage and other water users.

The Home Energy Fund

Kiwi families are under pressure from rising power bills. Rooftop solar, batteries, insulation and modern electric appliances can ease that pressure and make homes more resilient, but high upfront cost put them out of reach for many households, and existing green loans from commercial banks are limited.

The Ratepayer Assistance Scheme, long advocated for by Local Government New Zealand (LGNZ) and Rewiring Aotearoa, offers a practical, market-based answer by providing a low-interest loan secured against a homeowner's property and repaid over time on their rates bill.

At the same time, National is enabling plug-in solar so renters, who often cannot install rooftop systems, can also generate their own cheaper power.

A re-elected National Government will:

- Implement a narrower version of the Ratepayer Assistance Scheme, called the Home Energy Fund, a national financing platform jointly owned by central government and participating councils that offers ratepayers low-interest, long-term loans secured against their property.
- Have the Fund pay the approved installer upfront, with the homeowner repaying the low-interest loan over ten years, either through a charge on their rates bill or on sale of their property.
- Make eligible for support: residential solar and battery storage; and insulation, heat pumps, and other investments in residential electrification.
- Amend the Local Government Act and make a one-off Crown equity investment of \$7 million for a 20% shareholding in the new entity, with the balance funded by participating councils and the LGFA.
- Make loans available to ratepayers with at least 20% equity in their property.
- Enable plug-in solar so renters can easily generate their own cheaper power.

Don't put it all at risk

New Zealand's energy security has been hard won this term. Chris Hipkins and Labour would throw it away, again, if given the chance.

- **Labour banned new oil and gas exploration once already**, and has pledged to do it again. A second ban would tell investors New Zealand can't be trusted, choke off the gas that firms our renewables, and push power prices up.
- **Labour let inflation rip out of control**, and construction and network costs went with it. If given the chance again, every dollar lands straight back on the lines charges in power bills.
- **Labour would leave New Zealand exposed to every dry winter, again.** No firming, no fuel reserves, no new generation. Just rationing, outages, and Wellington ideology deciding whether the lights stay on, instead of a plan.

New Zealand is on the right track. A re-elected National Government will keep delivering the secure, affordable energy, and the jobs, that New Zealanders need.

Data centres that bring their own power

Large-scale data centres represent a significant economic opportunity for New Zealand, offering high-value investment, skilled employment and export revenue, particularly in regions like the South Island that combine abundant renewable energy with a cool climate well suited to the technology. That opportunity must not come at the expense of household power bills.

A re-elected National Government will:

- Require new large-scale data centres to bring their own new, firmed power, applying an additionality test so that data centre load is always matched by new generation sufficient to cover it.