

Abundant Energy

New Zealand is an energy-rich country that behaves as though we are energy-poor.

We have some of the best solar, wind, hydro, and geothermal resources in the world. But we spend over \$20 billion a year buying expensive fossil fuels to burn. And we still live with volatile power prices, kids going to bed cold and Kiwi businesses leaving their machinery idle or shutting up shop altogether.

At Opportunity we know we can do better. We can have abundant clean energy to power warm comfortable homes and thriving businesses.

We will work across Parliament to secure a bold long-term plan to:

- Grow total generation capacity to 30 Gigawatts by 2050, about 2.7 times what we have today.
- Reform the market to make sure generators and distributors are making the big investments needed to power our energy future and putting the needs of consumers first
- Support Kiwis to electrify our homes, communities and businesses

This is an investment in lower household bills, more manufacturing, higher wages, better health, and a safer climate.

Our reforms will:

- Change how our electricity market works so it incentivises new renewable capacity and delivers lower prices for all.
- Invest in smart distribution networks to get clean energy where it needs to go
- Add at least 19 GW of new renewable generation capacity to the grid by 2050 to reach a 30GW energy capacity target
- Electrify our homes and transport to make New Zealand the world's most energy efficient country

The Abundant Energy policy pillars

1. Boost Renewable Generation

New Zealand's current electricity system is not set up for the energy future Kiwis deserve. Decarbonisation will sharply increase electricity demand, as will adding new industries like data centres, high tech manufacturing and green hydrogen, electricity demand could more than double.

1.1 An Ambitious Long Term Strategy

Transpower's "Accelerated Electrification" scenario envisages roughly 22 GW of capacity by 2050. That may be just enough to meet core electrification needs and muddle through decarbonisation. It is not enough to deliver energy abundance.

Reaching a more ambitious target of 30GW total capacity by 2050 means building at least 19.2 GW of new renewable and storage capacity. That means annually building and connecting about 40% more than the 556 MW added in 2024. More of what we've already been doing - sustained and accelerated.

Most importantly, building large-scale renewable generation will require significant private investment over an extended period. And that requires certainty - no more on-again off-again pumped hydro or LNG terminals. That's why we'll work across parties to lock in a 25-year Energy Strategy.

1.2 A New Zealand Capacity Investment Scheme

A capacity investment scheme based on that in Australia will use competitive tenders to award long-term government contracts that guarantee a minimum revenue for new renewables and storage, while also sharing excess revenue with the government above a “ceiling” wholesale price. The Australian scheme has already supported more than 18GW of new generation and storage capacity and across its life will unlock more than \$70 billion of investment.

To avoid over-reliance on government price guarantees and maintain market price signals, the Capacity Investment Scheme will apply to the second decade of operation of new generation. This will provide the certainty necessary to kickstart large-scale investment - especially in riskier prospects such as initial offshore wind facilities and generation or storage capacity in constrained regions. To promote greater competition in the generation market, initial tender rounds will also be restricted to new entrant generators.

1.3 Supporting industrial-process electrification

To maintain momentum in reducing industry carbon emissions, ring-fenced proceeds from future emissions trading scheme auctions will fund a range of measures to support industrial electrification projects. Among the available toolbox are energy savings guarantees. These are the inverse of the capacity investment scheme above, and could be used to “match” new large sources of electricity demand to new renewable capacity. See our statement for more.

2. Make the market work for consumers

High power prices and ongoing reliance on fossil fuels don't happen by accident. They are the result of long-standing perverse incentives that mean we under-invest in our energy infrastructure. We need to align the way our markets work to make sure that our electricity generators, distributors and retailers are all working towards the energy future we want to see.

2.1 Ringfencing government dividend revenue

Currently the single biggest beneficiary of high end-user energy prices is the Government itself through the dividends it receives from its ownership stake in three of the four big gentailers. That has meant that successive governments have been incentivised not to modify the regulatory structures that give rise to these super-profits. By ringfencing the proceeds of the Crown's ownership of these assets we will remove these incentives. That will also allow around \$500 million per year to fund the energy system transformation initiatives below.

2.2 A single regulator and permissive regulatory environment

Five different regulators, agencies, and ministries oversee energy, with overlapping mandates and slow decision-making. This fragmentation causes inefficiency, delays, and poor long-term planning. We will merge key functions of the Electricity Authority, Commerce Commission (energy-related functions), MBIE energy policy, Energy Efficiency and Conservation Authority (EECA), Gas Industry Company and relevant transport-electrification functions into one modern energy regulator, and one Ministry of Energy.

A national policy statement on electricity generation and distribution will make it easier for new generation and transmission infrastructure to obtain resource consent and avoid subsequent litigation. This will include large grid-scale generation and storage, generation for direct commercial use and smaller distributed infrastructure in homes and communities.

2.3 Consolidated management of distributors and reformed pricing rules

New Zealand's 29 fragmented electricity distribution businesses (EDBs) —ranging from Vector (600,000+ customers) to Buller Electricity (< 5,000 customers)—lack the scale to efficiently manage the investment required for decarbonisation. The Commerce Commission's regulatory approach has constrained kept capital investments below the levels demanded in distributors' own asset management plans. At the same time, complex compliance burdens smaller distributors disproportionately.

Consolidating management of the 29 electricity distributors into 6 - 8 larger groupings will give them the scale necessary to manage and invest in their infrastructure, while retaining the local ownership that matters to many communities. Reformed revenue rules for these newly consolidated distributors, as well as Transpower, will free up substantial additional capital for grid upgrades and anticipatory grid investment; building capacity before it is needed rather than in response to new supply or demand.

3. Electrify houses, communities, and businesses

3.1 Adopt Rewiring Aotearoa's low-interest electrification loans as part of a national Ratepayer Assistance Scheme administered by local government

The RAS builds on an established successful model used by councils to access credit via the New Zealand Local Government Funding Agency (LGFA). Using the LGFA, councils reduce borrowing costs while providing investors with a stable return on investment. It is important to note that, because the loan is tied to the individual rateable property and no one shareholder owns more than 20%, the debt from these loans will not appear on the books of the councils, or central government.

3.2 Empower communities to take control of their energy futures

An energy abundant future also means empowering our communities to have a stake. This can mean local initiatives to generate, distribute or store electricity as well as increase energy efficiency or make use of energy differently. In addition to the benefits of New Zealand citizens taking charge of their own energy future, community-level energy initiatives help to increase the efficiency and resilience of our overall energy system. Two funds will help directly support these local initiatives:

A community engagement fund will directly support activities where communities work together with electricity distributors to ensure local initiatives are accommodated and supported within the wider electricity grid

Government will directly co-invest in small-scale (up to 15 MW) community-owned generation and storage initiatives

3.3 Expand the Warmer Kiwi Homes programme to support solar generation and appliance electrification for low-income households

EECA has already been highly successful in delivering subsidised upgrades to insulation and heating for large numbers of lower income households. But why not go the whole way and at the same time upgrade appliances and install solar generation? Warmer Kiwi Homes is funded to \$99.7 million in 2026/27, and that appropriation is exhausted after this year even though it formally runs to June 2028. We will re-fund it and double it, at about \$200 million a year, so it can support the full electrification of those households that are unlikely to be able to realise its benefits on their own.

3.4 Electrify urban public transport

Electrifying our urban bus fleet makes good sense with extensive new generation capacity coming online. A fully funded mandate to Councils to electrify by 2030 will be fully centrally funded, including both charging infrastructure and fleet assets.

In addition to significant decarbonisation and air pollution benefits, there are likely to be spillover benefits to building out capacity to service electrified heavy vehicle fleets; paving the way for electrifying other significant components of the transport industry.

3.5 Encourage businesses to electrify their fleets

Electric vehicles make sense for business - they reduce ongoing fuel costs and are more resilient to volatile global fuel prices. As intense users, businesses are also well placed to benefit from the advantages over time of electric vehicle use. The commercial fleet is also a significant portion of new vehicle purchases - with commercial EVs will be sold in to the secondhand market. Accelerated depreciation and fringe benefit tax exemptions for business electric vehicles worth up to \$50,000 (or \$75,000 for utes and vans) will encourage businesses to upgrade their fleets to electric.

FAQs

How much will this cost?

The operational expenditure for implementing this plan will all come from the ringfenced dividend revenue from the Government's ownership stake in the gentailers; currently around \$500 million annually. This will take this funding away from core crown revenue, so represents a direct cost that will need to be funded through other revenue sources; like the land value tax.

This dividend revenue funds the costs associated with:

- Administering lending to Councils for the ratepayer assistance scheme and low-interest electrification loans (approx. \$6 million annually)
- Administering the capacity investment scheme (approx. \$5 million annually)
- Direct support to communities and electricity distributors to work together to enable greater distributed generation (approx. \$10 million annually)
- Co-funding for small-scale community generation projects in isolated communities, and the grid infrastructure necessary to accommodate them (up to \$25 million annually to support up to \$500 million of capital expenditure)
- Warmer Kiwi Homes initiative expansion (approx. \$200 million annually, being the base programme re-funded from 2028/29 plus the expansion)
- Mandated electrification of bus fleets (up to \$125 million annually to support up to \$2.5 billion of capital expenditure)
- Accelerate depreciation and fringe benefit tax exemptions for fleet electric vehicles (\$126 million initially)

In addition to the above costs, the Capacity Investment Scheme will represent a contingent liability on the Government balance sheet. While its expected value is \$0, as it is designed never to have to be paid out, this still presents risk if power prices fall too dramatically.

What about grid stability?

The main source of grid stability in our proposal comes from overbuilding renewables; having more renewable capacity available than current grid needs. This means that variable renewable sources like wind and solar can be used ahead of hydro. Leaving

water in the hydro dams provides a reserve of highly responsive generation capacity. Additional geothermal and hydro capacity will add to this.

Distributed generation generation and storage at household and community level does not address broader “dry year” stability issues, but builds overall grid resilience and could enable some peak shifting. Grid-scale storage further supports peak-shifting.

Thermal generation will still be available as a backup option; but it will be used in true emergency scenarios, rather than as a routine part of the generation mix.

Why don't you support structural separation of the gentailers?

Structural separation is a lengthy and costly solution, and doesn't address the core issues in the electricity sector. The fundamental problem is the perverse structural incentives that give rise to underinvestment in generation across the board. The gentailers could undoubtedly do better, but they're reasonably competitive with each other at both the retail and generation ends of the market.

Do you support the current Government's commitment to build a LNG import terminal?

No. This locks us in to long-term reliance on imported LNG. In addition to the environmental impacts, this puts us at the mercy of potentially volatile international prices.