

Terms of Reference for the Residential and Small and Medium-Scale Solar Sector Review

Purpose

1. The purpose of the regulatory review of the residential and small and medium-scale solar sector (the Review) is to simplify and streamline regulations to support the goal that New Zealand is the simplest place in the developed world to install solar.

Background

2. Solar energy is an increasingly attractive option for households and small businesses in New Zealand, with most households able to save over \$1,000 per year by installing solar. Despite this, uptake remains low, with only 3–4% of households having solar systems, compared with over 30% in Australia.
3. Regulatory barriers may be limiting uptake. Requirements are fragmented across multiple regimes (including building, electricity, and resource management), creating multiple approvals, misaligned risk thresholds, and longer approval times than in some comparable countries. In addition, current settings can limit the adoption of emerging low-risk technologies, such as plug-in solar (designed as a low-cost, easy-access entry point to small and medium-scale solar generation), which are widely used overseas but not currently permitted in New Zealand.

Review procedure

Approach

4. For all proposed reviews, the approach is to identify:
 - regulations that are justified;
 - regulations that are not justified but are being addressed by other government workstreams; and
 - regulations that are not justified nor being addressed.
5. To address whether regulations are justified or not, a first principles framework is used. The main components of this framework include consideration of the following questions:
 - What is the rationale for government intervention (i.e., what is the market failure)?
 - If there is a market failure, what is the proportionate response, including if it needs to come from government (e.g., co-regulation)?
 - What are the costs and benefits of regulation and the distribution of those across different parties?
 - How are the regulations working, including compared to equivalent regimes in other countries?

Reporting and oversight

6. The Review team will report to the Minister for Regulation. The Review will provide advice to the Minister that will include the Review's findings and recommendations.

Engagement

7. The Review will seek to hear from a variety of different voices including the regulated parties in the residential and small and medium-scale solar sector, consumers and other stakeholders who are impacted by the regulations.
8. The Review will use a variety of engagement methods including in-person and online meetings. Consideration will be given as to how we ensure that we consider as wide a range of views as possible.

Scope

9. **In scope** of the Review is regulation applying to residential and small and medium-scale solar installations, including rooftop, ground-mounted, plug-in and any other systems primarily intended to supply electricity to a dwelling, business, or local site. Relevant legislation includes:
 - Building Act 2004
 - Electricity Act 1992
 - Electricity Industry Act 2010
 - Resource Management Act 1991
10. **Out of scope** are *utility-scale or grid-scale solar developments*, including solar farms primarily intended for large-scale commercial generation and wholesale electricity supply.

Roles

Cabinet

11. Where appropriate, Cabinet will be responsible for deciding the government's response to the Review recommendations.

Ministers

12. The Minister for Regulation will have oversight and decision-making for the recommendations of the Review. This Review does not affect the portfolio responsibilities or decision-making of other relevant Ministers, and policy decisions on any regulatory changes remain with Cabinet. Other relevant ministers will be informed and engaged as necessary, including:
 - Minister for Energy (Simeon Brown)
 - Minister Responsible for RMA Reform (Chris Bishop)
 - Minister for Building and Construction (Chris Penk)

Agencies

13. The Review will be led by the Ministry for Regulation within its central agency mandate to strengthen the regulatory management system and improve regulatory quality.
14. While the Review will be undertaken with cross-agency and stakeholder input, the Ministry for Regulation retains its independence and the ability to make comments and recommendations that may not be fully supported by other agencies or stakeholders. In saying this, the Ministry for Regulation recognises that change is more likely to succeed and be enduring where there is consensus between Ministers and between agencies. Other agencies will be engaged with where appropriate.

Implementation

15. The Ministry for Regulation will focus on how the Review's recommendations can be implemented. Reviews are independent but findings and recommendations will be socialised with relevant agencies. Recommendations identified through the Review will need to be made with sufficient analysis of implications including costs and resourcing and be agreed to by Joint Ministers and Cabinet where appropriate.
16. The Ministry for Regulation will work in collaboration with the relevant agencies to develop the Review's recommendations.
17. It is expected that Ministers responsible for the regulatory systems will oversee the implementation and prioritisation of any Cabinet decisions.
18. If legislative change is required, it is expected that those changes would be progressed within six months of Cabinet consideration of the recommendations. The responsible portfolio ministers and their agencies are expected to lead the Bill through the legislative process. The Ministry for Regulation may provide some limited support through this period.

Timing and milestones

19. The Review is expected to be launched in **April 2026**, with initial advice on options delivered to the Minister for Regulation in **May 2026**. It is expected that Cabinet will be consulted in **July 2026**.