MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Summary of Underpinning Analysis: Offshore Renewable Energy (Levies) Regulations 2026

Agency responsible	Ministry of Business, Innovation and Employment
Portfolio	Energy
Date finalised	8 July 2026
Identification Number	REG-1906

Good law-making: 9(i)

The importance of consulting, to the extent that is reasonably practicable, the persons or representatives of the persons that the responsible agency considers will be directly and materially affected by the legislation

Inconsistency identified?	NO

Summary of agency analysis

Cost recovery was first consulted on in the August 2023 *Developing a Regulatory Framework for Offshore Renewable Energy* consultation document. Targeted consultation with offshore wind developers who have an interest in New Zealand, and iwi and hapū on detailed cost recovery proposals was then completed in late 2024.

The regulations give effect to policy decisions made by Cabinet in March 2025 [EXP-24-MIN-0022]: https://www.mbie.govt.nz/dmsdocument/30731-offshore-renewable-energy-cost-recovery-minute-proactiverelease-pdf

The consultation and how the feedback informed decisions is summarised in the April 2024 Regulatory Impact Statement: https://www.mbie.govt.nz/dmsdocument/29132-regulatory-impact-statement-offshore-renewable-energy-regime and the March 2025 Cost Recovery Impact Statement: https://www.mbie.govt.nz/dmsdocument/30732-cost-recovery-impact-statement-offshore-renewable-energy-cost-recovery-pdf

Good law-making: 9(j)

The importance of carefully evaluating—

- **the issue concerned; and**
- **the effectiveness of any relevant existing legislation and common law; and**
- **whether the public interest requires that the issue be addressed; and**
- **any options (including non-legislative options) that are reasonably available for addressing the issue; and**

- **who is likely to benefit, and who is likely to suffer a detriment, from the legislation**

Inconsistency identified?	NO

Summary of agency analysis

The regulations are part of a new regime for offshore renewable energy under the Offshore Renewable Energy Act 2026. Cabinet's June 2024 decisions included that the regime would be fully cost recovered, the case for which is set out in the April 2024 Regulatory Impact Statement: https://www.mbie.govt.nz/dmsdocument/29132-regulatory-impact-statement-offshore-renewable-energy-regime

Options for the levy design were set out in the March 2025 Cost Recovery Impact Statement: https://www.mbie.govt.nz/dmsdocument/30732-cost-recovery-impact-statement-offshore-renewable-energy-cost-recovery-pdf

There are no non-regulatory options as the liability and the levy rate or calculation must be set out in regulation to be enforceable. The obligation to pay the levy will be placed on feasibility permit holders as they are the primary beneficiaries of the regime. The regulations set out an annual levy to recover the costs of the regulator, with an annual reconciliation process to recover any shortfall or refund any overcollection of funding to levy payers. The Ministry of Business, Innovation and Employment (MBIE) will be the regulator for the new regime.

Without the regulations, MBIE's costs of administering the regime once feasibility permits are granted would have to be met by the Crown and therefore taxpayers. The costs include implementation, monitoring and compliance, maintenance of a permit register, stakeholder engagement, regulatory stewardship, and reporting to the Minister. Given that the costs of administering the regime only arise as a result of permit applications and holdings, it is more appropriate that feasibility permit holders pay the costs of the regime, rather than the Crown subsidising these costs.

A further cost recovery proposal will be needed for a levy on commercial permit holders. It is expected to be some time before this will be required as feasibility holders have up to 7 years to apply for a commercial permit.

Good law-making: 9(k)

The importance of the responsible agency identifying and developing effective arrangements for implementing the legislation

Inconsistency identified?	NO

Summary of agency analysis

Implementation of the regulations will be undertaken by MBIE. The function will sit alongside the existing Crown Minerals permitting regime, which is also cost recovered. Work on operational policy and guidance is well advanced, and funding for 2026/27 ($980,000) was allocated in Budget 2026 ahead of cost recovery from permit holders.

Good law-making: 9(l)

Legislation should be expected to produce benefits that exceed the costs of the legislation to the public or persons	
Inconsistency identified?	NO
Summary of agency analysis	

This first set of levy regulations sets a levy design for feasibility permit holders. A further proposal will need to be progressed in future for commercial permit holders.

The regulations implement Cabinet policy that the offshore renewable energy regime should be cost recovered from regulated parties rather than general taxpayers. The principal benefit of the levy framework is that it provides a basis for recovering the costs of administering the regime. It does this by allocating the costs of administering the regime to permit holders who benefit from the regime. The principal costs are the compliance and levy costs borne by feasibility permit holders, plus the costs of administering the levy.

While the costs and benefits were not fully quantified due to uncertainty regarding the number of permits and future regime costs, the analysis undertaken through the Cost Recovery Impact Statement concluded that a levy-based approach is expected to provide a more equitable and sustainable funding model than ongoing Crown funding.

Good law-making: 9(m)

Legislation should be the most effective, efficient, and proportionate response to the issue concerned that is available	
Inconsistency identified?	NO
Summary of agency analysis	

The regulations are intended to provide a proportionate and administratively efficient mechanism for recovering the ongoing costs of administering the feasibility permitting stage of the offshore renewable energy regime. It is more equitable and efficient to recover these costs from feasibility permit holders (as the primary beneficiaries of the regime) rather than taxpayers, as permit holders face the cost of the regime and can take that into account in their decisions.

Alternative approaches, including full Crown funding or greater reliance on application fees, were considered but assessed as less effective or less equitable. The regulations also include an annual reconciliation mechanism to reduce the risk of over- or under-recovery.

Rule of Law: 9(a)(i)

The law should be clear and accessible	
Inconsistency identified?	NO
Summary of agency analysis	

The regulations have been drafted to be clear and accessible to the intended audience. The primary users of the legislation are feasibility permit holders and the regulator.

The regulations will be published on the Legislation website (www.legislation.govt.nz). The regulator can issue guidance relating to the levies if necessary.

Rule of Law: 9(a)(ii)

The law should not adversely affect rights and liberties, or impose obligations, retrospectively	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Rule of Law: 9(a)(iii)

Every person is equal before the law	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Rule of Law: 9(a)(iv)

There should be an independent impartial judiciary	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Rule of Law: 9(a)(v)

Issues of legal right and liability should be resolved by the application of law, rather than the exercise of administrative discretion	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Liberties: 9(b)

Legislation should not unduly diminish a person's liberty, personal security, freedom of choice or action, or rights to own, use, and dispose of property, except as is necessary to provide for, or protect, any such liberty, freedom, or right of another person	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Taking of property: 9(c)

Legislation should not take or severely impair, or authorise the taking or severe impairment of, property without the consent of the owner unless- • **there is a good justification for the taking or severe impairment; and** • **fair compensation for the taking or severe impairment is provided to the owner; and** • **the compensation is provided, to the extent practicable, by or on behalf of the persons who obtain the benefit of the taking or severe impairment**	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Taxes, fees and levies: 9(d)

The importance of maintaining consistency with section 22(a) of the Constitution Act 1996 (Parliamentary control of taxation)	
Inconsistency identified?	NO
Summary of agency analysis	

Section 175 of the Offshore Renewable Energy Act 2026 empowers the making of regulations relating to fees and levies for the purpose of recovering all or part of the reasonable direct and indirect costs of administering the Act. The regulations may specify the amount or rate of the levy, or how the amount or rate of the levy is calculated.

The regulations are consistent with this principal as they are made under this empowering provision and set out a levy design to manage the risk of over- or under-collection.

Taxes, fees and levies: 9(e)

Legislation should impose, or authorise the imposition of, a fee for goods or services only if the amount of the fee bears a proper relation to the

cost of providing the good or service to which it relates	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Taxes, fees and levies: 9(f)

Legislation should impose, or authorise the imposition of, a levy to fund an objective or a function only if the amount of the levy is reasonable in relation to both—

- **the benefits that the class of payers is likely to derive, or the risks attributable to the class, in connection with the objective or function; and**
- **the costs of efficiently achieving the objective or providing the function**

Inconsistency identified?	NO
Summary of agency analysis	

The regulations set out the design for a levy on feasibility permit holders, not the levy amount (as costs can and will change over time). The levy is intended to recover the costs of MBIE administering the regime, including implementation costs, monitoring and compliance, maintaining the register of permits, stakeholder engagement, regulatory stewardship, and reporting to the Minister. These costs arise as a result of parties applying for and holding feasibility permits, which enable them to establish the feasibility of offshore renewable energy investments.

The levy collected cannot be more than the amount that is appropriated for the purposes of MBIE administering the regime, meaning that Ministers and Cabinet will have oversight of the amount through the annual budget process.

An equal split between feasibility permit holders was considered appropriate because there is expected to be limited differences in the amount of administrative work required between permit holders.

The amount each feasibility permit holder will ultimately pay will depend on the final costs of the regulator and the number of permits granted. The annual reconciliation mechanism is intended to manage uncertainty regarding the final costs and the number of permit holders, as well as reduce the risk of over- or under-recovery.

Role of courts: 9(g)

Legislation should preserve the courts' constitutional role of ascertaining the meaning of legislation

Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

Role of courts: 9(h)

Legislation should make rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	